



**NOLAND HEALTH
SERVICES, INC.**

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APR 06 2010

**STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY**

April 5, 2010

Mr. Alva Lambert
Executive Director
Alabama State Health Planning
And Development Agency
100 North Union Street, Suite 870
Montgomery, AL 36104

RE: Highlands Center for Nursing and Rehabilitation, LLC
Project Number AL 2009-053
CON 2306-NH

Dear Mr. Lambert:

Pursuant to the Alabama Certificate of Need Rules and Regulation §410-1-10-.03, Highlands Center for Nursing and Rehabilitation, LLC ("Highlands") is requesting a project modification to the aforementioned CON. Please accept this letter as notice of Highlands request for a project modification, and place the project on the agenda for the April, 2010 CON Review Board meeting. I have enclosed the original and twelve (12) copies of this notice. Should you have any questions, or need any additional information, please contact me at (205) 783-8470.

Sincerely,

Barbara Estep

Barbara Estep
Director, Regulatory Affairs

Enclosures

Highlands Project Modification
AL

SH04012010

600 Corporate Parkway, Suite 100, Birmingham, Alabama 35242-5451
(205) 783-8440 Toll Free 1-888-363-9693 Fax (205)783-8441

www.nolandhealth.com

Highlands Center for Nursing and Rehabilitation, LLC
Project Modification
AL 2009-053
CON 2306-NH

I. Background

Highlands Center for Nursing and Rehabilitation, LLC (“Highlands”) is requesting that the Certificate of Need Review Board (“CON Review Board”) of the State Health Planning and Development Agency (“SHPDA”) grant Highlands a project modification for AL 2009-053. Highlands is requesting a project modification of CON 2306-NH pursuant to Rule 410-1-10-.03 of the Alabama Certificate of Need Rules and Regulations (the “CON Rules”).

Highlands was issued a CON on November 5, 2009 to relocate to, and build a replacement facility for one hundred four (104) nursing home beds on the campus of Oaks on Parkwood (“Oaks”). A copy of the CON is attached hereto as Exhibit A.

II. Proposed Project Modification

Affinity Hospital, LLC (“Affinity”) owns and operates Trinity Medical Center (“Trinity”), which is a general acute care hospital located in Jefferson County. Trinity operates a twenty six (26) bed skilled nursing facility (“SNF”) unit within Trinity’s acute care hospital.

Highlands seeks a modification to permit the construction of a one hundred thirty (130) bed nursing home, consisting of the one hundred four (104) beds already authorized by CON 2306-NH and the twenty-six (26) bed SNF unit that Highlands will purchase from Affinity. Upon receipt of licensure to operate the 130 bed replacement facility, the twenty-six (26) bed SNF unit located at Trinity will cease to operate.

The relocation of the twenty-six (26) bed SNF unit operated on the campus of Trinity will be accomplished through a transaction whereby Highlands will purchase the right to own and operate the twenty-six (26) SNF beds. The parties will obtain the necessary change of ownership approvals from SHPDA and the Alabama Department of Public Health.

The facility will provide the same services as those authorized in CON 2306-NH, including, but not limited to, skilled nursing facility services, Alzheimer’s care, and rehabilitation services. A schematic of the replacement facility is attached hereto as Exhibit B.

The project modification does not change the total square footage of the replacement facility. It is anticipated that the design features to accommodate the additional twenty-six (26) beds will not add any new construction costs to the project.

The total estimated cost of the project has changed from \$21,298,297 to \$22,067,263 to reflect the additional operating costs for the twenty-six (26) beds. A revised copy of cost projections is attached hereto as Exhibit C.

Highlands certifies that no opposition or intervention was filed to Project AL 2009-053; therefore, no notices were required pursuant to CON Rule 410-1-10-.03(1)(b).

The project modification described herein is consistent with Highlands' objectives as outlined in the original CON application. The replacement facility will be located in Jefferson County, and Highlands' services will be more accessible to residents at the location of the replacement facility than at the current location. Additionally, the project as modified does not increase the number of nursing home beds in Jefferson County.

III. Timeline

Highlands is prepared to begin work on the Project CON immediately upon approval of this project modification.

IV. Conclusion

Based upon the information contained herein, Highlands respectfully requests that the CON Review Board modify CON 2306-NH in accordance with the information contained herein.

COPY OF CON
AL 2009-053
CON – 2306 NH

ALABAMA
STATE HEALTH PLANNING & DEVELOPMENT AGENCY
CERTIFICATE OF NEED
FOR HEALTH CARE SERVICES

I. IDENTIFICATION

1. Certificate of Need 2306-NH	2. Date Issued: November 5, 2009	3. Termination Date: November 4, 2010
4. Project Number: AL2009-053	5. Name of Facility: Highlands Center for Nursing and Rehabilitation, LLC	
6. Service Area: Jefferson County	7. Location of Facility: 2728 Tenth Avenue South, Birmingham, Alabama 35205	
8. Type of Facility: Nursing Home	9. Number of Beds: See item #11	10. Estimated Cost: \$21,760,181

11. Services to be provided:
The applicant will construct a replacement facility and relocate the 104 bed skilled nursing facility located at 2728 Tenth Avenue South, Birmingham, Alabama, to 2651 Laurel Oak Drive, Bessemer, Alabama.

II. CERTIFICATE OF NEED

In accordance with Section 22-21-260 through 22-21-279, Code of Alabama, 1975, the Certificate of Need Review Board finds as follows:

1. There is a need for the project.
2. There are in force in the State of Alabama reasonable minimum standards of licensure and methods of operation for hospitals and health facilities.
3. The prescribed standards of licensure and operation will be applied and enforced with respect to the applicant, hospital or other health facility.

III. ISSUANCE OF CERTIFICATE OF NEED

This Certificate of Need is issued to **Highlands Center for Nursing and Rehabilitation, LLC** only, for a period not to exceed 12 months from the date of issuance. This Certificate of Need is not transferable and any action on the part of the Applicant to transfer this Certificate of Need will render the Certificate of Need null and void.

ORIGINAL

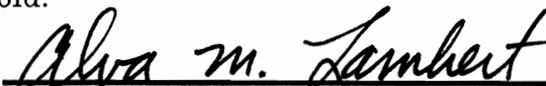
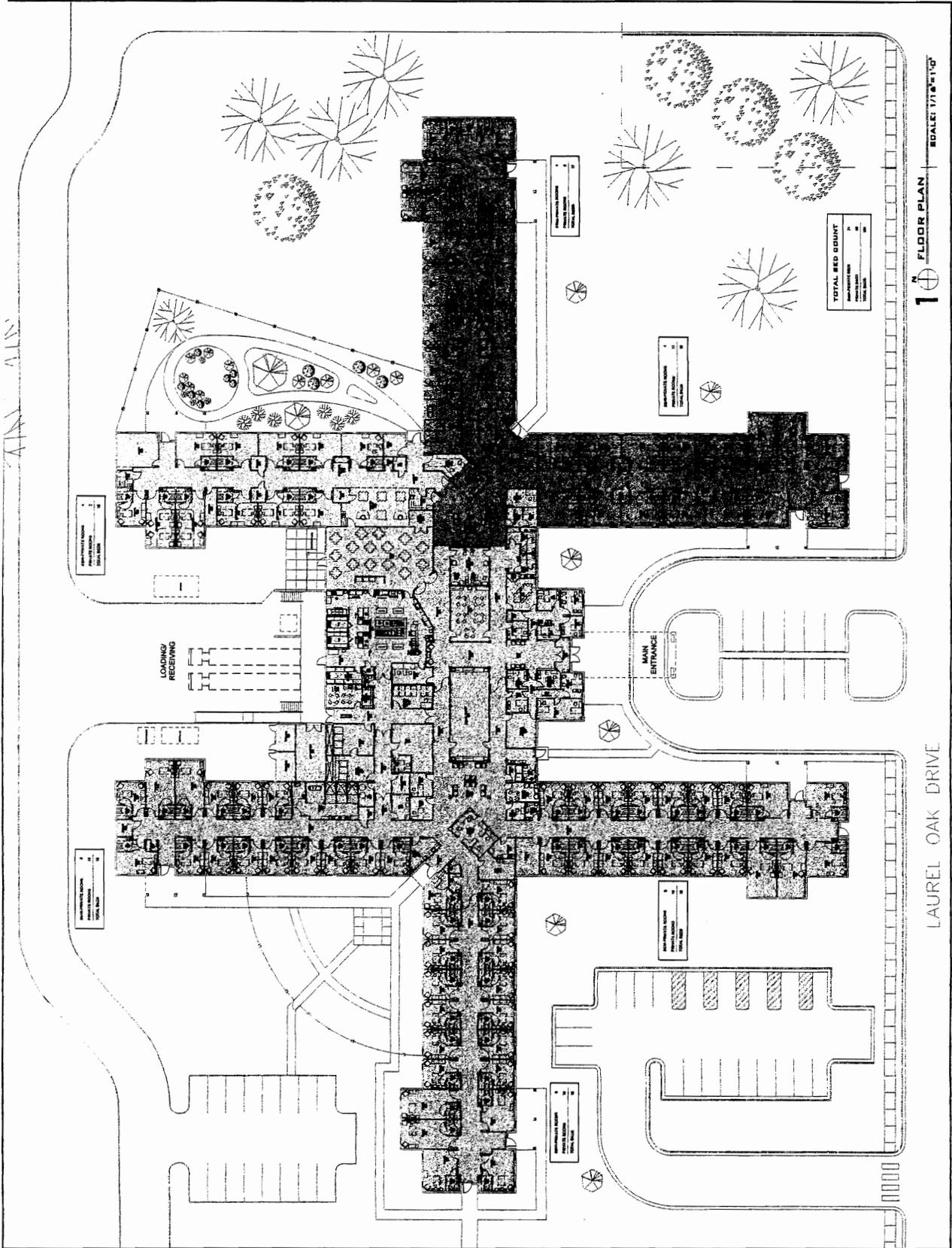

Alva M. Lambert
Executive Director

Exhibit B

Schematic of Building

STATE BOARD OF ARCHITECTURAL EXAMINERS, ALABAMA

ALABAMA STATE BOARD OF HEALTH SERVICES, ALABAMA



TOTAL BED COUNT

WING	NO. OF BEDS
WING A	100
WING B	100
WING C	100
WING D	100
WING E	100
WING F	100
WING G	100
WING H	100
WING I	100
WING J	100
WING K	100
WING L	100
WING M	100
WING N	100
WING O	100
WING P	100
WING Q	100
WING R	100
WING S	100
WING T	100
WING U	100
WING V	100
WING W	100
WING X	100
WING Y	100
WING Z	100
TOTAL	1400

Exhibit C

Financial Projections

Estimated Costs

<u>Project Costs</u>		<u>Project AL</u>	<u>Project Modification 2010</u>
Construction	1. Predevelopment	0	0
	2. Site Acquisition	0	0
	3. Site Development	580,800	580,800
	4. Construction	11,105,053	11,105,053
	5. Architect and Engineering fees	894,541	894,541
	6. Renovations	0	0
	7. Interest during construction	1,800,000	1,800,000
	8. Attorney and consultant fees	1,500	1,500
	9. Bond Issuance costs	0	0
	10. Other : Acquisition Cost	0	877,500
	11. Other	0	0
	Total cost of construction	\$14,381,894	\$15,259,394
Purchase	1. Facility	0	0
	2. Major Medical Equipment	\$638,820	\$638,820
	3. Other Equipment		
	Total cost of purchase	\$638,820	\$638,820
Lease	1. Facility cost per year	0	0
	2. Equipment cost per month	0	0
	3. Land-only lease cost per year	0	0
	Total cost of lease	\$0	\$0
First Year Annual Operating Cost		\$6,277,583	\$6,619,049
Total Cost		\$21,298,297	\$22,067,263

COST (continued)

A. Proposed Finance Charges

1.	Total Amount to Be Financed	\$ <u>12,000,000</u>
2.	Anticipated Interest Rates	<u>5%</u>
3.	Term of Loan	<u>25 years</u>
4.	Method of Calculating Interest on Principal Payment	<u>simple</u>

ANTICIPATED SOURCE OF FUNDING

A.	Federal	Amount	Source
1.	Grants	\$ _____	_____
2.	Loans	_____	_____
B.	Non-Federal		
1.	Commercial Loan	_____	_____
2.	Tax-exempt Revenue Bonds	<u>12,000,000</u>	_____
3.	General Obligation Bonds	_____	_____
4.	New Earning and Revenues	<u>6,080,155</u>	_____
5.	Charitable Fund Raising	_____	_____
6.	Cash on Hand	<u>3,987,108</u>	_____
7.	Other	_____	_____
C.	TOTAL		\$ <u>22,067,236</u>