

Jun 17 2024

STATE HEALTH PLANNING AND
DEVELOPMENT AGENCYGILPIN | GIVHAN
A PROFESSIONAL CORPORATION

CHRISTOPHER L. RICHARD
DIRECT DIAL: (334) 409-2233
EMAIL: CRICHARD@GILPINGIVHAN.COM

June 17, 2024

SENT THIS DATE VIA EMAIL TO:

Emily.Marsal@shpda.alabama.gov; shpda.online@shpda.alabama.gov;
Teresa.Lee@shpda.alabama.gov

Emily Marsal, Executive Director
Alabama State Health Planning and Development Agency
RSA Union Building, Suite 870
100 North Union Street
Montgomery, Alabama 36104

Re: Reviewability Request – J. Paul Jones Hospital
Rural Emergency Hospital Conversion
Our File No. 9198.0000

Dear Ms. Marsal:

Our firm represents Wilcox Hospital Board, an Alabama hospital board (the “Board”). The Board owns and operates J. Paul Jones Hospital (“JPJ” or the “Hospital”), which is a general acute care hospital located in Camden, Alabama. Wilcox County is one of the more rural and sparsely populated counties in the state of Alabama. The Board has determined that conversion to Rural Emergency Hospital (“REH”) status is necessary and desirable in order to align the Hospital’s enrollment status and reimbursement model more closely with the types of services and the level of acuity of care provided by the Hospital. The purpose of this letter is to request a determination by the State Health Planning and Development Agency (“SHPDA”) that the conversion of J. Paul Jones Hospital from a General Acute Care Hospital to REH status is not reviewable under Alabama Certificate of Need (“CON”) laws and regulations.

An REH is a new Medicare provider type which was created through the enactment of the Consolidated Appropriations Act of 2021, Public Law No. 116-260. The Centers for Medicare and Medicaid Services (“CMS”) and the Alabama Department of Public Health (“ADPH”) have implemented rules recognizing a process for conversion of a rural general acute care hospital to an REH.¹ CMS and ADPH generally have the same requirements to convert from a rural general acute care hospital to REH status. Among other things, REHs are required to provide 24-hour emergency

¹ The Alabama Department of Public Health (ADPH) published final REH licensure rules in September of 2023. *See* Ala. Admin. Code Ch. 420-5-23, *available at* <https://www.alabamapublichealth.gov/providerstandards/assets/health-420-5-23-certified-post.pdf>. ADPH’s definition of an REH is found on Pages 4 through 6 of the licensure rules. Generally, the ADPH licensure rules track CMS requirements, with some additional restrictions.

care and may provide certain other outpatient services, but they may not provide any inpatient services. Generally, Critical Access Hospitals (“CAHs”) and rural general acute care hospitals with 50 or fewer beds that were open on December 27, 2020 are eligible to apply for REH status.²

The Hospital is located in a rural area for purposes of the REH requirements because it is not located in an urban area or a metropolitan statistical area, as determined by the U.S. Census Bureau.³ Currently, the Hospital is a general acute care hospital with 30 licensed (CON-authorized) beds and 30 authorized beds. The Hospital plans to discontinue inpatient acute care services and enroll as an REH if a non-reviewability determination is granted, ADPH approves an REH license for the Hospital, and CMS approves the Hospital’s conversion to REH status.

As of October 1, 2023 and continuing through the date of filing of this request, the CON thresholds are: \$3,322,582.00 for major medical equipment, \$1,327,734.00 for new annual operating costs, and \$6,638,679.00 for any other capital expenditures. All of the projected expenditure amounts for this project are below these thresholds.

The following information is provided as a part of this request:

- 1) Name of applicant: Wilcox Hospital Board d/b/a J. Paul Jones Hospital
- 2) Address and contact information: The Hospital is located at 317 McWilliams Avenue, Camden, AL 36726. The Hospital’s CEO/Administrator is Jessica McGraw, and she may be reached at (334) 682-0627 or jcole@jppauljones.com
- 3) Service area: Wilcox County, Alabama
- 4) Services to be provided: Twenty-Four Hour Emergency Department and Outpatient Services as a Rural Emergency Hospital. At this time, the Hospital does not intend to provide any new or different services compared to what is currently offered by Hospital, but will discontinue all inpatient acute care services.
- 5) Financial breakdown, approximate costs: The Hospital estimates the following new costs associated with the REH conversion project.
 - a. Equipment and Furniture: \$5,000.00
 - b. First year new annual operating costs: \$459,890.86⁴

² 42 C.F.R. § 485.506; *see also* CMS Letter to State Survey Agency Directors re: Guidance for Rural Emergency Hospital Provisions, Conversion Process, and Conditions of Participation, QSO-23-07-REH (Jan. 26, 2023), available at <https://www.cms.gov/files/document/qso-23-07-reh.pdf>.

³ 42 C.F.R. § 485.506; Social Security Act § 1886(d)(2)(D) [42 U.S.C. § 1395ww(d)(2)(D)].

⁴ This total includes costs for JPJ's conversion to an REH and first year annual operating costs as an REH.

- c. Capital Costs:
 - i. Leases: \$0.00
 - ii. Land/Building Costs: \$0.00
 - iii. Construction Costs: \$8,500.00

6) The Board is the only entity with a financial interest in the project.

We request SHPDA's determination that this proposed offering of REH services in Wilcox County is not subject to CON review because it does not involve any expenditure in excess of the CON monetary thresholds, because the conversion of a rural general acute care hospital to an REH does not add any health services which are subject to review, and because Hospital will not be using any of its CON-authorized inpatient beds to provide the services. Because the Hospital is rural, no filing fee will be submitted, pursuant to Alabama Code Section 22-21-265 and Rule 410-1-7-02, titled "Reviewability Determination Request."

Thank you for your timely response to this request. Please contact me at your earliest convenience if you have any questions or need additional information regarding this matter.

Very truly yours,

GILPIN GIVHAN, PC



Christopher L. Richard

CLR

Attachment

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AFFIRMATION OF REQUESTING PARTY

The undersigned, Jessica McGraw, being first duly sworn, hereby makes oath or affirms that she is the Chief Executive Officer and Administrator of J. Paul Jones Hospital and has knowledge of the facts in this request; and, to the best of her information, knowledge and belief, such facts are true and correct.

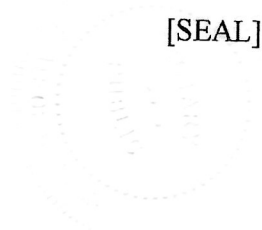
AFFIANT



Jessica McGraw, CEO/Administrator

SUBSCRIBED AND SWORN to before me this 17th day of June, 2024.

[SEAL]



Manique B. Singleton

Notary Public

My Commission Expires: October 12, 2024

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