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RV2026-007R

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Nov. 13, 2025

STATE HEALTH PLANNING AND
DEVELOPMENT AGENCY

CHRISTOPHER L. RICHARD
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November 13, 2025

SENT THIS DATE VIA EMAIL TO:

Emily.Marsal@shpda.alabama.gov; shpda.online@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 – Regional Medical Center of Central Alabama
Rural Emergency Hospital Conversion
Our File No. 13308.0001

Dear Ms. Marsal:

Our firm represents The Health Care Authority of the City of Greenville – L.V. Stabler Hospital, an Alabama health care authority (the "Authority"). The Authority owns and operates Regional Medical Center of Central Alabama ("RMCCA" or the "Hospital"), a governmental general acute care hospital located in Greenville, Butler County, Alabama. Butler County is rural and sparsely populated, and health care access in Butler County is limited due to a variety of contributing factors, such as a significant shortage of primary and specialty care health professionals, and recruitment challenges. In addition, the conditions present in today's health care system are putting an immense strain on hospitals like RMCCA. Because of these factors, rising costs, stagnant reimbursement, decreasing revenues, and the Hospital's location in a rural area, it has experienced both financial and operational hardships.

The Hospital has determined it necessary to explore conversion to Rural Emergency Hospital ("REH") status as part of the Hospital's long term strategic planning process. The purpose of this letter is to request a determination by the State Health Planning and Development Agency ("SHPDA") that the conversion of Regional Medical Center of Central Alabama 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 relatively 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

Ms. Emily Marsal
Alabama State Health Planning and Development Agency
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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 care and may provide certain other outpatient services, but they may not provide any inpatient services, other than in a distinct part unit licensed as a skilled nursing facility. 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 a metropolitan statistical area, as determined by the U.S. Census Bureau.³ As of December 27, 2020, the Hospital had fewer than 50 beds, as determined by dividing the number of available bed days by the number of days in the cost reporting period. 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, 2025 and continuing through the date of filing of this request, the CON thresholds are: \$3,436,510.00 for major medical equipment, \$1,373,260.00 for new annual operating costs, and \$6,866,313.00 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: The Health Care Authority of the City of Greenville – L.V. Stabler Hospital d/b/a Regional Medical Center of Central Alabama
- 2) Address and contact information: The Hospital is located at 29 L.V. Stabler Drive, Greenville, Alabama 36037. The Hospital's CEO is Patrick Trammell, and he may be reached at (334) 383-2200 or patrick.trammell@rmcca.com.
- 3) Service area: Butler County, Alabama and portions of the surrounding area
- 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

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.

² 42 C.F.R. § 485.506; see also CMS Letter to State Survey Agency Directors re: REVISED: Guidance for Rural Emergency Hospital Provisions, Conversion Process, and Conditions of Participation, QSO-24-20-REH (Sept. 6, 2024), available at <https://www.cms.gov/files/document/qso-24-20-reh.pdf>.

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

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provide any new or different services compared to what is currently offered by Hospital, but will discontinue all inpatient acute care services, intensive care services, and inpatient psychiatric services.

- 5) Financial breakdown, approximate costs: The Hospital estimates the following new costs associated with the REH conversion project.

- a. Equipment and Furniture: \$0.00
- b. First year new annual operating costs: First year annual operating costs are projected to be \$8,800,110.00 after REH Conversion. Converting to an REH decreases Hospital's projected operating expenses by \$12,066,206 (a reduction of approximately 58% from the base anticipated operating expenses as a general acute care hospital).
- c. Capital Costs:
 - i. Leases: \$0.00
 - ii. Land/Building Costs: \$0.00
 - iii. Construction Costs: \$150,000.00

- 6) The Health Care Authority of the City of Greenville – L.V. Stabler Hospital is the only entity with a financial interest in the project.

We request SHPDA's determination that this proposed offering of REH services in Butler 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 the Hospital will not be using any of its 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."

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Thank you for your timely response to this request. Please do not hesitate to contact me if you have any questions or need additional information regarding this matter.

Very truly yours,

GILPIN GIVHAN, PC



Christopher L. Richard

CLR/rh
Attachment

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AFFIRMATION OF REQUESTING PARTY


The undersigned, Patrick Trammell, being first duly sworn, hereby makes oath or affirms that he is the Chief Executive Officer of Regional Medical Center of Central Alabama and has knowledge of the facts in this request; and, to the best of his information, knowledge and belief, such facts are true and correct.

AFFIANT



Patrick Trammell, CEO

SUBSCRIBED AND SWORN to before me this 13 day of November, 2025.



Notary Public
My Commission Expires: 03/13/2029

* * * * *



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STATE HEALTH PLANNING AND
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November 21, 2025

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

Re: Reviewability Request – Regional Medical Center of Central Alabama
Rural Emergency Hospital Conversion
SHPDA No. RV2026-007
Our File No. 13308.0001

Dear Ms. Marsal:

We are in receipt of your Request for Additional Information, dated November 17, 2025, in regard to the subject Request for Reviewability Determination, assigned SHPDA RV No. RV-2026-007 (the “Request”), which was filed on behalf of The Health Care Authority of the City of Greenville – L.V. Stabler Hospital (the “Authority”), owner and operator of Regional Medical Center of Central Alabama (the “Hospital”), on November 13, 2025. Below you will find the supplemental information requested by your letter:

- 1. In the referenced request, the applicant states as of December 27, 2020, Regional Medical Center of Central Alabama had fewer than fifty (50) hospital beds. Please provide the specific number of licensed Certificate of Need (CON) authorized beds and authorized beds currently housed at the medical facility in Butler County, Alabama.**

The Hospital is licensed under state law and has CON authorization to operate 72 beds at its facility. Currently, the hospital staffs and operates 57 total inpatient beds, including 37 general med-surg beds, 7 ICU beds, and a 13-bed distinct part psychiatric unit.

While the foregoing totals exceed the rural emergency hospital (“REH”) eligibility bed count threshold, some of the licensed and CON-authorized beds are not staffed and operational (15 total), and some of the staffed and operational beds are excluded from the bed count methodology that is used to determine REH eligibility under applicable law. In order to be eligible for REH status, a facility must, as of December 27, 2020, meet certain preliminary eligibility requirements, including, as applicable here, that the facility was “[a] hospital as defined in section 1886(d)(1)(B) of the Act with not more than 50 beds located in a county (or equivalent unit of

local government) that is considered rural (as defined in section 1886(d)(2)(D) of the Act).”¹ The commentary to the final rule (the “Final Rule”) of the Centers for Medicare and Medicaid Services implementing the REH conditions of participation clarifies how the bed count is determined for purposes of REH eligibility:

Comment: Commenters additionally inquired about the methodology used to determine if a rural hospital with not more than 50 beds meets the bed count requirement to seek REH designation.

Response: The bed count will be determined by calculating the number of available bed days during the most recent cost reporting period divided by the number of days in the most recent cost reporting period. We use this methodology to determine if Medicare-dependent small rural hospitals meet the required bed count for that program. We believe this is an appropriate methodology for determining if a rural hospital meets the bed count requirement to seek REH designation, as this is a known and existing methodology for small rural hospitals seeking to determine bed count for eligibility in Medicare programs. After consideration of the public comments we received, we are finalizing § 485.506 as proposed.²

Looking to the bed count methodology for Medicare-dependent, small rural hospitals as suggested in the commentary to the Final Rule, an eligible hospital is required to have “100 or fewer beds as defined in § 412.105(b) during the cost reporting period.”³ Under this standard, bed count “is determined by counting the number of available bed days in the cost reporting period and dividing that number by the number of days in the cost reporting period . . . exclud[ing] bed days associated with . . . [b]eds in distinct part hospital units,” among other exclusions.⁴ As a result, the bed days associated with the Hospital’s thirteen (13) beds located in a distinct part psychiatric unit are excluded from the REH eligibility bed count methodology.

According to the Hospital’s cost report for the period from October 1, 2020 to September 30, 2021 (attached as Exhibit “A”)—which is inclusive of the key December 27, 2020 date for REH eligibility purposes—the Hospital had 16,060 bed days available, with 365 days in the cost reporting period.⁵ Applying the bed count formula, the Hospital had 44 beds. Therefore, the Hospital had less than 50 beds as of December 27, 2020 and satisfies the REH bed count eligibility requirement.

¹ 42 C.F.R. § 485.506(b).

² 87 Fed. Reg. 71748, 72185 (Nov. 23, 2022).

³ 42 C.F.R. § 412.108(a)(1)(ii).

⁴ 42 C.F.R. § 412.105(b).

⁵ See Exhibit “A”, line 14, column 2. Line 16 and Line 27 on Exhibit “A” are not applicable to the REH bed count equation because bed days associated with inpatient psychiatric facility beds are excluded as distinct part unit beds.

2. The applicant indicates the projected totals for the proposed project are below CON thresholds, noting the expenditures for the hospital conversion are estimated to be \$150,000.00 for construction costs and \$8,810,110.00 for first year annual operating costs. Please note the Certificate of Need thresholds in effect at the time of this filing were \$3,436,510.00 for *major medical equipment*; 1,373,260.00 for *new annual operating costs*; and \$6,866,313.00 for *capital expenditures*. Please provide this Agency with a detailed explanation pertaining to new annual operating costs for the proposed project.

The Hospital will not incur any *new* operating costs if it is approved to convert to REH status. The \$8,800,100.00 included in the Request represents total expected annual operating costs for existing service lines that the Authority currently offers and will continue to offer if approved to become an REH. In fact, converting to REH status would result in a *reduction* of the Hospital's existing operating expenses by 58%. The Hospital is not adding any new or different service lines, is not purchasing any major medical equipment or incurring significant amounts for capital expenditures, and is not incurring any *new* operating costs in connection with this Request. The operating expense figures were included in the Request in an effort toward transparency and to show that they would actually *decrease* upon REH conversion. This may not have been entirely clear from the language used in Section 5 of the Request (*i.e.*, "The Hospital estimates the following *new* costs associated with the REH conversion project") (emphasis added)). We apologize for any confusion and clarify here that there will be no new operating expenses associated with REH conversion; rather, operating expenses will be reduced significantly compared to projected costs to operate as a general acute care hospital.

In sum, the Authority (i) is compliant with REH eligibility requirements, including those applicable to bed count, because the Hospital was located in a rural area with less than 50 beds as of December 27, 2020; and (ii) is below all CON reviewability expenditure thresholds, including the new operating cost threshold, because it will not have any new operating expenditures if approved to convert to REH status.

We believe that this information provides a complete response to your Request for Additional Information. Please do not hesitate to contact me though if you have any questions or need additional information regarding this matter.

Very truly yours,

GILPIN GIVHAN, PC



Christopher L. Richard

Exhibit "A"
Cost Report

Component	Worksheet A Line Number	No. of Beds	Bed Days Available	CAH Hours	I/P Days / O/P Visits / Trips	
					Title V	
	1.00	2.00	3.00	4.00	5.00	
1.00 Hospital Adults & Peds. (columns 5, 6, 7 and 8 exclude Swing Bed, Observation Bed and Hospice days)(see instructions for col. 2 for the portion of LDP room available beds)	30.00	37	13,505	0.00	0	1.00
2.00 HMO and other (see instructions)						2.00
3.00 HMO IPF Subprovider						3.00
4.00 HMO IRF Subprovider						4.00
5.00 Hospital Adults & Peds. Swing Bed SNF					0	5.00
6.00 Hospital Adults & Peds. Swing Bed NF					0	6.00
7.00 Total Adults and Peds. (exclude observation beds) (see instructions)		37	13,505	0.00	0	7.00
8.00 INTENSIVE CARE UNIT	31.00	7	2,555	0.00	0	8.00
9.00 CORONARY CARE UNIT						9.00
10.00 BURN INTENSIVE CARE UNIT						10.00
11.00 SURGICAL INTENSIVE CARE UNIT						11.00
12.00 OTHER SPECIAL CARE (SPECIFY)						12.00
13.00 NURSERY						13.00
14.00 Total (see instructions)		44	16,060	0.00	0	14.00
15.00 CAH visits					0	15.00
16.00 SUBPROVIDER - IPF	40.00	13	4,745		0	16.00
17.00 SUBPROVIDER - IRF						17.00
18.00 SUBPROVIDER						18.00
19.00 SKILLED NURSING FACILITY						19.00
20.00 NURSING FACILITY						20.00
21.00 OTHER LONG TERM CARE						21.00
22.00 HOME HEALTH AGENCY	101.00				0	22.00
23.00 AMBULATORY SURGICAL CENTER (D.P.)						23.00
24.00 HOSPICE						24.00
24.10 HOSPICE (non-distinct part)	30.00					24.10
25.00 CMHC - CMHC						25.00
26.00 RURAL HEALTH CLINIC	88.00				0	26.00
26.01 RURAL HEALTH CLINIC II	88.01				0	26.01
26.25 FEDERALLY QUALIFIED HEALTH CENTER	89.00				0	26.25
27.00 Total (sum of lines 14-26)		57				27.00
28.00 Observation Bed Days					139	28.00
29.00 Ambulance Trips						29.00
30.00 Employee discount days (see instruction)						30.00
31.00 Employee discount days - IRF						31.00
32.00 Labor & delivery days (see instructions)		0	0			32.00
32.01 Total ancillary labor & delivery room outpatient days (see instructions)						32.01
33.00 LTCH non-covered days						33.00
33.01 LTCH site neutral days and discharges						33.01