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SEP 16 2015

ALABAMA STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY

September 15, 2015

Stephen M. Angelette
(214) 661-5563
sangelette@polsinelli.com

CONFIDENTIAL

VIA FEDERAL EXPRESS AND ELECTRONIC MAIL

Alabama State Health Planning & Development Agency
Attn: Mr. Alva M. Lambert, Executive Director
RSA Union Building
100 N. Union Street - Suite 870
Montgomery, AL 36104
shpda.online@shpda.alabama.gov

**Re: Notice of Change of Ownership
CareSouth HHA Holdings of Valley, LLC (SHPDA ID 017-H7160)
CareSouth HHA Holdings of Dothan, LLC (SHPDA ID 069-H7053)**

Dear Mr. Lambert:

Our firm is counsel to Advanced Homecare Management, Inc. d/b/a Encompass Home Health & Hospice (“**Encompass**”). On behalf of Encompass, we respectfully submit to the Alabama State Health Planning and Development Agency (“**SHPDA**”) this explanatory letter and the enclosed *Change of Ownership* forms pursuant to Alabama Certificate of Need Program Rules and Regulations (“**CON Rules**”) § 410-1-7-.04. The change of ownership (the “**Transaction**”) described herein involves the home health agencies identified above (the “**Home Health Agencies**”) that are owned and operated by (A) CareSouth HHA Holdings of Valley, LLC (“**CareSouth Valley**”) and (B) CareSouth HHA Holdings of Dothan, LLC (“**CareSouth Dothan**”). The parties anticipate closing the Transaction on or about October 1, 2015.

Each of CareSouth Valley and CareSouth Dothan are 100% owned by CareSouth HHA Holdings, LLC, a Georgia limited liability company. CareSouth HHA Holdings, LLC is 100% owned by CareSouth Health System, Inc., a Delaware corporation (“**CareSouth Health System**”). For your reference, the current ownership structure of the Home Health Agencies (i.e., before the anticipated Transaction) is illustrated by the diagram enclosed with this letter as Exhibit A.

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Atlanta Chicago Dallas Denver Kansas City Los Angeles Nashville New York Phoenix St. Louis San Francisco Washington, D.C. Wilmington

Polsinelli PC, Polsinelli LLP in California
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The anticipated Transaction will be effected through a merger of CareSouth Health System with a wholly-owned subsidiary of Encompass named EHH Merger Sub Corporation, a Delaware corporation. The result of the Transaction is that Encompass will become the owner of all of the issued and outstanding stock of CareSouth Health System, and will thereby become an indirect owner of CareSouth HHA Holdings, LLC and, in turn, CareSouth Valley and CareSouth Dothan, as illustrated on the diagram enclosed with this letter as Exhibit B.

After the consummation of the anticipated Transaction, CareSouth Valley and CareSouth Dothan will remain the legal entities that own and operate the Home Health Agencies. Importantly, none of the following will change in connection with the anticipated Transaction:

- the Federal Tax Identification Numbers of CareSouth Valley and CareSouth Dothan;
- the physical addresses of the Home Health Agencies;
- the NPIs or Medicare Provider Numbers of the Home Health Agencies; and
- the type, quantity, and quality of services offered by the Home Health Agencies.

Pursuant to § 410.1-7.06 of the CON Rules and for the purpose of providing SHPDA with all information necessary to perform its regulatory functions, attached hereto are *Change of Ownership* forms concerning the transfers taking place as part of the anticipated Transaction. The following items are provided in response to items 1 through 5 of the *Change of Ownership* form:

1. Financial Scope of the Project. All transfers comprising the anticipated Transaction will be for fair market value consideration for the transferred stock.
2. Services to be Offered. The services offered by the Home Health Agencies will remain the same as those currently offered by the Home Health Agencies. The anticipated Transaction will not result in the addition new services.
3. Whether the Proposal will include the Addition of Any New Beds. The anticipated Transaction will not result in the addition of any new beds.
4. Whether the Proposal will Involve the Conversion of Beds. The anticipated Transaction will not involve the conversion of beds.



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5. Nature of Transaction. As described above, the Transaction will involve Encompass's acquisition of 100% of the stock of CareSouth Health System, Inc. from its current owners.

Based upon the facts presented herein, we respectfully request that you exercise your authority and determine that neither a Certificate of Need, nor any further regulatory review, is required for the consummation of the anticipated Transaction. There will be no change in health services, conversion of or increase in the number of beds or bed capacity, or any capital expenditure in excess of the statutory thresholds set forth in *Alabama Code* § 22-21-263(a)(2).

I have attached Change of Ownership Applications for the Home Health Agencies as Exhibit C and Exhibit D. In accordance with CON Rule § 410-1-7-.04, I am enclosing two checks in the amount of \$2,500 and the fully-executed *Change of Ownership* forms.

If you have any questions, please call me at (214) 661-5563 or e-mail me at sangelette@polsinelli.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stephen Angelette', written over the printed name.

Stephen Angelette

Encs.

EXHIBIT A
OWNERSHIP STRUCTURE PRIOR TO THE TRANSACTION

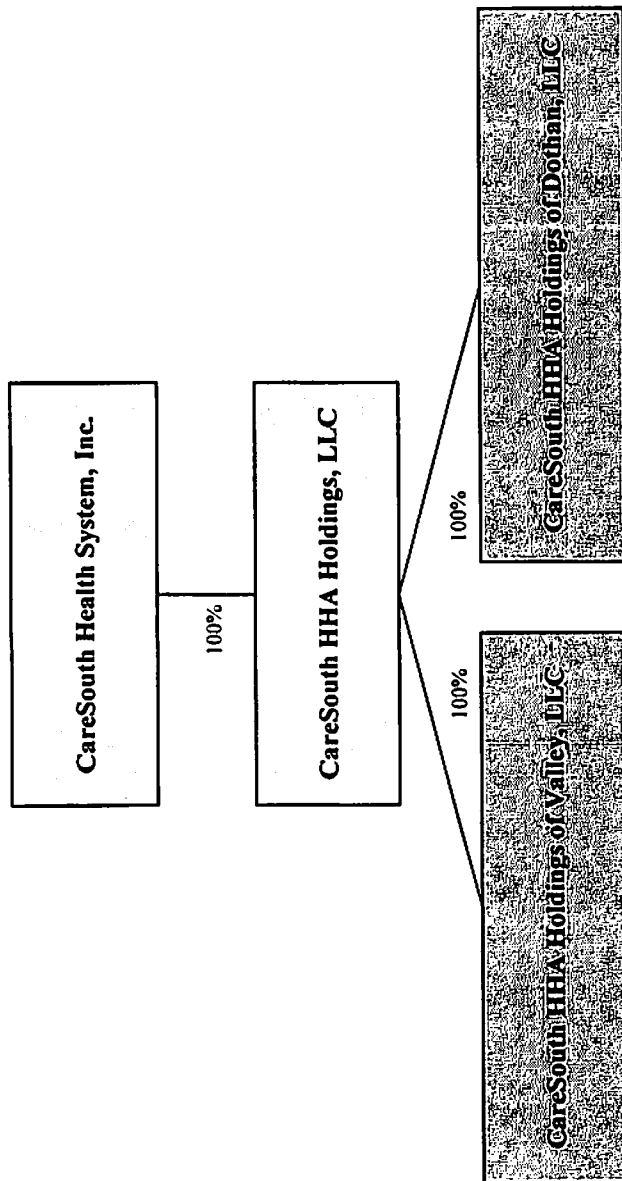


EXHIBIT B
OWNERSHIP STRUCTURE AFTER THE TRANSACTION

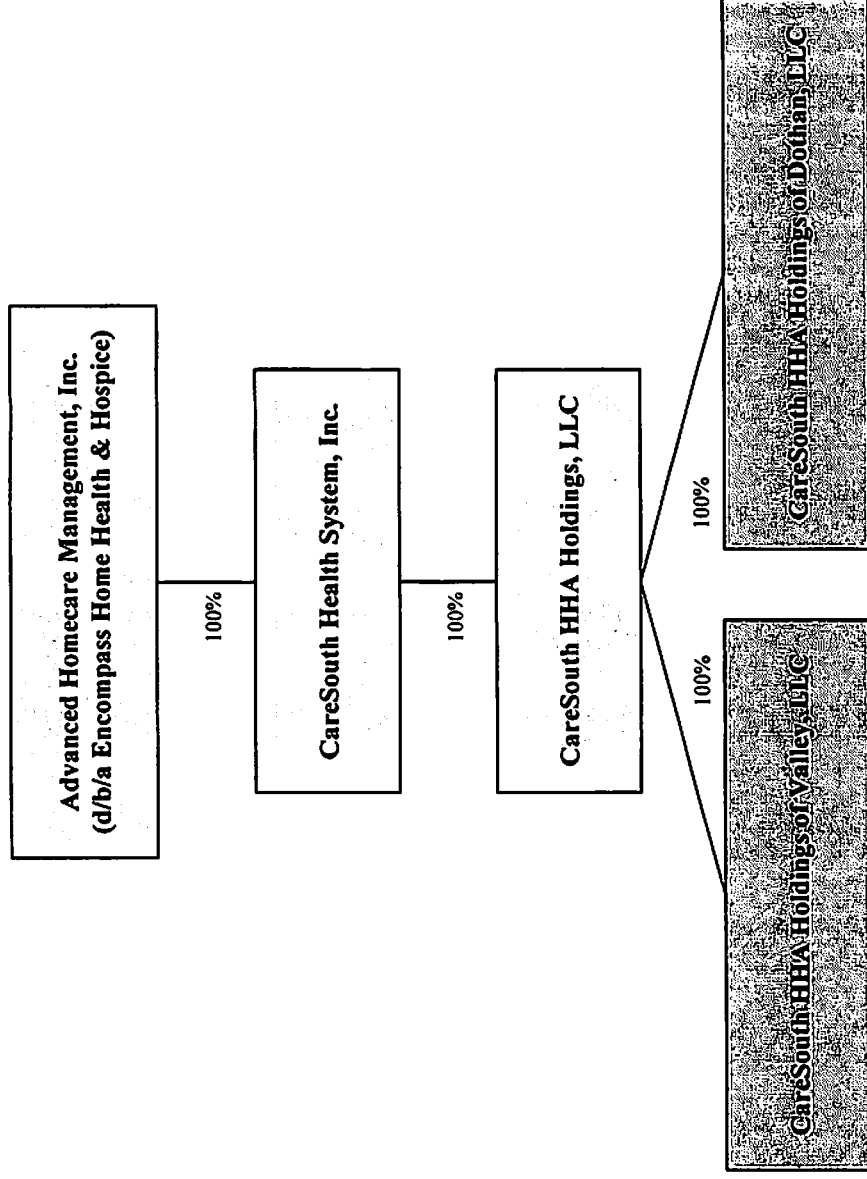


EXHIBIT C

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CHANGE OF OWNERSHIP

SEP 16 2015

STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY**Part I: Purchasing Organization Information**

Name of Organization: Advanced Homecare Management, Inc.

Facility Name:
(ADPH Licensure name) N/A

SHPDA ID Number: N/A

Address (PO Box #): 6688 North Central Expressway #1300

City, State, Zip, County: Dallas, TX 75206 (Dallas County)

Number/Type Licensed Beds: N/A

Owner(s): Advanced Homecare Holdings, Inc.

Operator(s): Advanced Homecare Management, Inc.

Part II: Selling Organization Information

Name of Organization: CareSouth HHA Holdings of Valley, LLC

Address (PO Box #): 1 10th Street, Suite 500

City, State, Zip, County: August, GA 30901 (Richmond County)

Number/Type Licensed Beds: N/A

Owner(s): CareSouth Health System Inc. (100% Indirect)
CareSouth HHA Holdings, LLC (100% Direct)

Operator(s): CareSouth HHA Holdings of Valley, LLC

Part III: Value of Consideration

Monetary Value of Purchase: \$ See Attached Letter No./Type Beds: N/A

Terms of Purchase: See Attached Letter
(add more pages as necessary to describe the sale)

Part IV: List of Certificate of Need Authority

Number of Beds: N/A

Types of Institutional Health Services: Home Health

List Service Area by County for Home Health Agencies: Chambers (Contiguous Counties: Randolph, Tallapoosa, Lee)

On an Attached Sheet Please Address the Following:

- *1.) The financial scope of the project to include the preliminary estimate of costs broken down by equipment, construction, and yearly operating costs.
- *2.) The services to be offered by the proposal (the applicant will state whether he has previously offered the service and whether the service is an extension of a presently offered service, or whether the service is a new service).
- *3.) Whether the proposal will include the addition of any new beds.
- *4.) Whether the proposal will involve the conversion of beds.
- *5.) Whether the assets and stock (if any) will be acquired.

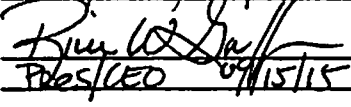
Part V: Certification of Information

I certify that I agree to provide the information necessary (financial, utilization of services and beds, etc.) so the new owner can have the necessary information to complete reports as necessary for the entire fiscal year. The purchaser has agreed to these terms,

Seller(s) Signature(s):

Owner(s):  CareSouth HHA Holdings, LLC
PRES/CEO 10/15/15 Title/Date

 CareSouth Health System, Inc.
PRES/CEO 09/15/15 Title/Date

Operator(s):  CareSouth HHA Holdings of Dothan, LLC
PRES/CEO 09/15/15 Title/Date

I certify that I will be responsible for retaining records as necessary to complete reports required for the entire fiscal year, and agree to these terms. I have enclosed a check in the amount of \$2,500 made payable to 'Alabama State Health Planning and Development Agency' to cover the cost of the change of ownership.

☐ YES ☐ NO The above Purchaser and Seller have agreed to these purchase terms.

Purchaser Signature: _____

Title/Date: _____

On an Attached Sheet Please Address the Following:

- *1.) The financial scope of the project to include the preliminary estimate of costs broken down by equipment, construction, and yearly operating costs.
- *2.) The services to be offered by the proposal (the applicant will state whether he has previously offered the service and whether the service is an extension of a presently offered service, or whether the service is a new service).
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Seller(s) Signature(s):

Owner(s): _____ CareSouth HHA Holdings, LLC
_____ Title/Date

_____ CareSouth Health System, Inc.
_____ Title/Date

Operator(s): _____ CareSouth HHA Holdings of Dothan, LLC
_____ Title/Date

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☒ YES ☐ NO

The above Purchaser and Seller have agreed to these purchase terms.

Purchaser Signature: _____

Title/Date: _____

[Signature]
Vice President

9-15-2015

EXHIBIT D

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CHANGE OF OWNERSHIP

SEP 16 2015

Part I: Purchasing Organization InformationSTATE HEALTH PLANNING
AND DEVELOPMENT AGENCYName of Organization: Advanced Homecare Management, Inc.Facility Name:
(ADPH Licensure name) N/ASHPDA ID Number: N/AAddress (PO Box #): 6688 North Central Expressway #1300City, State, Zip, County: Dallas, TX 75206 (Dallas County)Number/Type Licensed Beds: N/AOwner(s): Advanced Homecare Holdings, Inc.Operator(s): Advanced Homecare Management, Inc.**Part II: Selling Organization Information**Name of Organization: CareSouth HHA Holdings of Dothan, LLCAddress (PO Box #): 1 10th Street, Suite 500City, State, Zip, County: August, GA 30901 (Richmond County)Number/Type Licensed Beds: N/AOwner(s): CareSouth Health System Inc. (100% Indirect)
CareSouth HHA Holdings, LLC (100% Direct)Operator(s): CareSouth HHA Holdings of Dothan, LLC**Part III: Value of Consideration**Monetary Value of Purchase: \$ See Attached Letter No./Type Beds: N/ATerms of Purchase: See Attached Letter
(add more pages as necessary to describe the sale)**Part IV: List of Certificate of Need Authority**Number of Beds: N/ATypes of Institutional Health Services: Home HealthList Service Area by County for Home Health Agencies: Barbour, Coffee, Covington, Dale, Henry, Houston, and Geneva (Contiguous counties: Bullock, Butler, Conecuh, Crenshaw, Escambia, Pike, Russell, Lee)

On an Attached Sheet Please Address the Following:

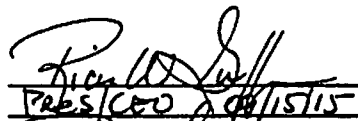
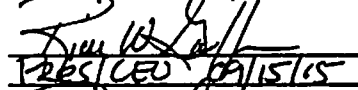
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- *5.) Whether the assets and stock (if any) will be acquired.

Part V: Certification of Information

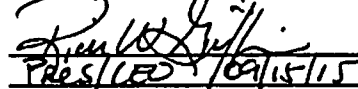
I certify that I agree to provide the information necessary (financial, utilization of services and beds, etc.) so the new owner can have the necessary information to complete reports as necessary for the entire fiscal year. The purchaser has agreed to these terms,

Seller(s) Signature(s):

Owner(s):


PRES/CEO 8/15/15CareSouth HHA Holdings, LLC
Title/Date
PRES/CEO 8/15/15CareSouth Health System, Inc.
Title/Date

Operator(s):


PRES/CEO 8/15/15CareSouth HHA Holdings of Dothan, LLC
Title/Date

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_____ Title/Date

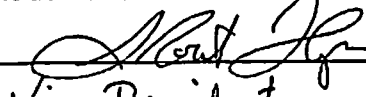
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Purchaser Signature: _____

Title/Date: _____


Vice President

9-15-2015