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Apr 9 2020

STATE HEALTH PLANNING AND
DEVELOPMENT AGENCY

April 8, 2020

Via Electronic Filing
(shpda.online@shpda.alabama.gov)Ms. Emily Marsal, Esq.
Executive Director
State Health Planning and Development Agency
100 North Union Street, Suite 870
Montgomery, Alabama 36104RE: Change of Ownership; Fort Payne Hospital Corporation d/b/a DeKalb Regional
Medical Center; SHPDA ID 049-6530455

Dear Ms. Marsal:

We respectfully submit to the State Health Planning and Development Agency ("SHPDA") this letter as an attachment to the Notice of Change of Ownership form that we are filing pursuant to Chapter 410-1-7-.04, Rules and Regulations of the Alabama Certificate of Need Program (the "Rules"). This filing is to inform you of an anticipated change in the indirect owner of Fort Payne Hospital Corporation d/b/a DeKalb Regional Medical Center ("DeKalb Regional" or "Hospital"), a 134-bed hospital in DeKalb County, Alabama. As described more fully below, the proposed restructuring will not result in any change in the direct ownership of DeKalb Regional, nor will it result in any change in the Hospital's legal business name, federal tax identification number, or Medicare provider number. However, we are sending this letter to provide SHPDA with background information about and notification of the proposed restructuring transaction.

I. Overview of Proposed Restructuring

DeKalb Regional is owned by Quorum Health Corporation ("Quorum Health"), a publicly-traded company. On April 7, 2020, Quorum Health and certain of its subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code with the Bankruptcy Court for the District of Delaware to implement a negotiated financial restructuring (the "Restructuring"). Once the Restructuring is approved by the bankruptcy court, Quorum Health will emerge from bankruptcy. As a result of the emergence from bankruptcy, Quorum Health's ownership will change and Quincy Health, LLC will become the new owner of Quorum Health. Quorum Health will remain the direct owner of DeKalb Regional. Additional information concerning the Restructuring, including a copy of the press release issued by Quorum Health, is available at <https://quorumforward.com>

DeKalb Regional will continue to exist and serve patients in DeKalb County through the course of the bankruptcy proceeding and thereafter. The restructuring is expected to bring greater financial stability to a distressed community hospital enabling it to continue to provide essential

healthcare services to Alabama residents, particularly during the COVID-19 crisis. DeKalb Regional will continue to conduct business at the same location, under the same legal entity and federal tax identification number. The Restructuring is not expected to change or alter any of the hospital's day-to-day operations.

Unlike a merger and acquisition transaction where the seller and buyer determine the timing of closing, the approval of the Restructuring plan is subject to the approval and discretion of the court handling the bankruptcy petition. In this matter, the court is expected to confirm the plan of reorganization within approximately 45 days after the bankruptcy filing, and Quorum Health and its subsidiaries, including DeKalb Regional, are expected to emerge from bankruptcy within approximately 60 days from the date of the bankruptcy filing (*i.e.*, likely on or before June 8, 2020).

Enclosed for your reference as Exhibit A is an ownership chart showing the ownership structure of DeKalb Regional before and after the emergence from bankruptcy. As you will see, the Restructuring will not result in any change in the direct ownership of the legal entity that owns and operates the Hospital. Instead, the Restructuring will result in a change in the ownership structure in the levels up the ownership chain from the legal entity that owns and operates the Hospital. The legal entity that owns and operates the Hospital will retain its assets, and there will be no change in the direct ownership of its stock. Again, the legal entity that owns and operates the Hospital will retain its legal business name and federal tax identification number. The Restructuring will not result in a change of ownership for Medicare purposes.

II. SHPDA Requirements for Change of Ownership

Concerning the questions posed in the Change of Ownership Application, please note the following:

1. The Financial Scope of the Project. DeKalb Regional is currently owned by Quorum Health, a publicly-traded company. On April 7, 2020, Quorum Health and certain of its subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code with the Bankruptcy Court for the District of Delaware to implement a negotiated financial restructuring. Once the Restructuring is approved by the bankruptcy court, Quorum Health will emerge from bankruptcy. As a result of the emergence from bankruptcy, Quorum Health will cease to be a publicly-traded corporation and will become a wholly-owned subsidiary of Quincy Health, LLC. Due to the nature of this restructuring transaction, no specific consideration is designated as being for or attributable to the Hospital.

The restructuring does not involve any new costs associated with the Hospital exceeding the following expenditure thresholds: (i) \$3,024,899 for major medical equipment; (ii) \$1,209,958 for new annual operating costs; and (iii) \$6,049,799 for capital expenditures.

2. Services to be Offered. The contemplated restructuring will not result in any new or additional services to those already authorized to be provided by the Hospital.

3. Whether the Proposal will Include the Addition of Any New Beds. The contemplated transaction will not result in the addition of new beds.

4. Whether the Proposal will Involve the Conversion of Beds. The contemplated transaction will not result in the conversion of beds.

5. Whether the Assets and Stock (if any) will be acquired. As described more fully above, the Restructuring will result merely in a change in the upstream ownership structure of the Hospital.

III. Requested Action

Based upon the above description of the proposed restructuring transaction and a showing that there will be no change in health services, conversion of beds, or increase or decrease in bed capacity, we respectfully request that you exercise your authority under Chapter 410-1-7-.04(2) of the Rules and determine that a Certificate of Need is not required for the consummation of the Restructuring. In accordance with the Rules, we will be submitting the required filing fee in the amount of \$2,500 to the Alabama State Health Planning and Development Agency through the electronic payment portal.

Should you have any questions or need further information, please feel free to contact me at the number or address listed above. Thank you in advance for your assistance with this matter.

Best regards,

A handwritten signature in black ink that reads "Jennifer Clark". The signature is written in a cursive style with a large, looped initial "J".

Jennifer H. Clark

Apr 9 2020

STATE HEALTH PLANNING AND
DEVELOPMENT AGENCY**NOTICE OF CHANGE OF OWNERSHIP/CONTROL**

The following notification of intent is provided pursuant to all applicable provisions of ALA. CODE § 22-21-270 (1975 as amended) and ALA. ADMIN. CODE r. 410-1-7-.04. This notice must be filed at least twenty (20) days prior to the transaction.

☒ Change in Direct Ownership or Control (of a vested Facility; ALA. CODE §§ 22-20-271(d), (e))

☐ Change in Certificate of Need Holder (ALA. CODE § 22-20-271(f))

☐ Change in Facility Management (Facility Operator)

Any transaction other than those above-described requires an application for a Certificate of Need.

Part I: Facility Information

SHPDA ID Number: **049-6530455**

(This can be found at www.shpda.alabama.gov, Health Care Data, ID Codes)

Name of Facility/Provider: **DeKalb Regional Medical Center**
(ADPH Licensure Name)

Physical Address: **200 Medical Center Drive SW**

Fort Payne, AL 35968

County of Location: **DeKalb County**

Number of Beds/ESRD Stations: **134 beds**

CON Authorized Service Area (Home Health and Hospice Providers Only). Attach additional pages if necessary. **N/A**

Part II: Current Authority (Note: If this transaction will result in a change in direct ownership or control, as defined under ALA. CODE § 22-20-271(e), please attach organizational charts outlining current and proposed structures.)

Owner (Entity Name) of Facility named in Part I: **Fort Payne Hospital Corporation**

Mailing Address: **1573 Mallory Lane, Suite 100**

Brentwood, TN 37027

Operator (Entity Name): **Fort Payne Hospital Corporation**

Part III: Acquiring Entity Information

Name of Entity: **Fort Payne Hospital Corporation**

Mailing Address: **1573 Mallory Lane, Suite 100**

Brentwood, TN 37027

Operator (Entity Name): **Fort Payne Hospital Corporation**

Proposed Date of Transaction is
on or after: **Expected to occur on or before June 8, 2020**

Part IV: Terms of Purchase

Monetary Value of Purchase: **See attached letter.**

Type of Beds: **No change.**

Number of Beds/ESRD Stations: **134 beds**

Financial Scope: to Include Preliminary Estimate of the Cost Broken Down by Equipment, Construction, and Yearly Operating Cost:

See attached letter.

Projected Equipment Cost: \$ _____

Projected Construction Cost: \$ _____

Projected Yearly Operating Cost: \$ _____

Projected Total Cost: \$ _____

On an Attached Sheet Please Address the Following:

- 1.) The services to be offered by the proposal (the applicant will state whether he has previously offered the service, whether the service is an extension of a presently offered service, or whether the service is a new service). **See attached letter.**
- 2.) Whether the proposal will include the addition of any new beds. **See attached letter.**
- 3.) Whether the proposal will involve the conversion of beds. **See attached letter.**
- 4.) Whether the assets and stock (if any) will be acquired. **See attached letter.**

Part V: Certification of Information**Current Authority Signature(s):**

The information contained in this notification is true and correct to the best of my knowledge and belief.

Owner: Fort Payne Hospital Corporation

Title: R. Harold McCard, Jr.
SVP and Secretary

Date: 4/8/2020

SWORN to and subscribed before me, this 8th day of April, 2020.

(Seal)



A-84

Cathy M. Brown
Notary Public

My Commission Expires: 6/9/2020

Acquiring Authority Signature(s):

I agree to be responsible for reporting of all services provided during the current annual reporting period, as specified in ALA. ADMIN. CODE r. 410-1-3-.12. The information contained in this notification is true and correct to the best of my knowledge and belief.

Owner: Fort Payne Hospital Corporation

Title: R. Harold McCard, Jr.
SVP and Secretary

Date: 4/8/2020

SWORN to and subscribed before me, this 8th day of April, 2020.

(Seal)



Cathy M. Brown
Notary Public

My Commission Expires: 6/9/2020

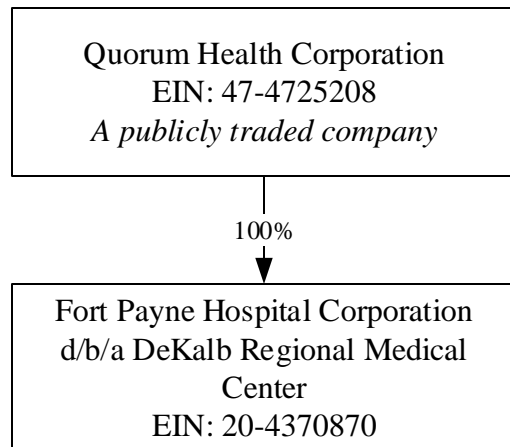
Author: Alva M. Lambert

Statutory Authority: § 22-21-271(c), Code of Alabama, 1975

History: New Rule

Fort Payne Hospital Corporation d/b/a DeKalb Regional Medical Center

OWNERSHIP DIAGRAM

BeforeAfter