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FEB 20 2015  
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*By Hand Delivery*

Mr. Alva Lambert, Executive Director  
State Health Planning & Development Agency  
100 North Union, Suite 870  
Montgomery, Alabama 36130-3025

RE: Request for Letter of Non-Reviewability

Dear Mr. Lambert:

I represent Regional Health Management Corporation ("RHMC"). We respectfully request a Letter of Non-Reviewability pertaining to a proposed project to be located in the Oxford area of Calhoun County. The proposed project would be substantially as follows:

1. RHMC is a for-profit entity owned by the Regional Medical Center Board, a Health Care Authority ("Authority") located in Calhoun County. Authority also owns and operates two acute care hospitals in Calhoun County being RMC - Anniston and RMC - Jacksonville;
2. The proposed project would consist of the following:
  - a. Approximately, 22,000 BGSF are proposed to be leased by RHMC from a private Lessor unrelated to RHMC or its related organizations;
  - b. The lease would be an operating lease at an annual base rent amount of approximately \$267,000 NNN. The NNN is estimated at \$63,000 for the first year. The operating lease is proposed to be 15 years;
  - c. Within the space leased by RHMC, two private physicians' offices are proposed to be operated by RHMC with one being an Internal Medicine office for relocation and the other an Urgent Care Center. These two physicians' offices are proposed to occupy approximately 50% of the building or approximately 11,000 BGSF;
  - d. The remaining 50% of the building is proposed to be subleased by RHMC to RMC - Anniston for operation of a hospital-based<sup>1</sup> Diagnostic Imaging Center ("Center"). Center is proposed to offer: MRI; CT; General Radiology; and Ultrasound. The allocation of space is as follows: MRI 41%; CT 27%; General Radiology 18%; and Ultrasound 14%.

<sup>1</sup> As the term hospital-based is defined by Medicare/CMS, which is sometimes referred to as a HOPD or Hospital Outpatient Department.

RHMC understands the entire proposed project is not subject to CON authority based on the following reasons:

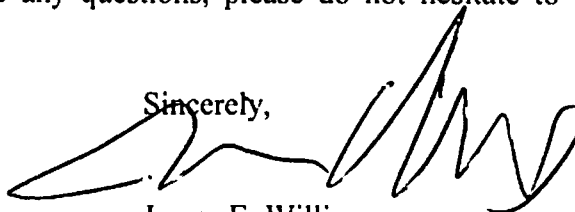
1. The private offices of physicians are not subject to CON authority;
2. MRI services, including operating costs, equipment and facility, are not subject to CON authority;
3. CT services, including operating costs, equipment and facility, are not subject to CON authority under long-standing policy of SHPDA;
4. General radiology and ultrasound, including operating costs, equipment and facility, are not be subject to CON authority under long-standing policy of SHPDA; and
5. No new services are proposed because RMC - Anniston currently offers each of the afore-mentioned imaging services.

While RHMC has concluded that the entire proposed project is not subject to CON Review, General Radiology and Ultrasound are the only services that are not specifically excluded from review. However, the expenditures for General Radiology and Ultrasound are estimated to be below each of the three CON dollar thresholds. The estimates for both General Radiology and Ultrasound are as follows:

1. The proposed capital expenditures for major medical equipment are estimated at \$865,263 (capitalized leases of 7 years at \$123,604 per year). This is below the current CON threshold of \$2,806,834.
2. The proposed first year new annual operating cost<sup>2</sup> is estimated at \$516,976. This is below the current CON threshold of \$1,122,733.
3. The proposed any other capital expenditure by or on behalf of a health care facility or health maintenance organization is estimated at zero, but in any event estimated to be below the current CON threshold of \$5,613,667.

I have enclosed the \$1,000 filing fee for this Letter of Non-Reviewability. I appreciate your consideration. If you have any questions, please do not hesitate to contact me. With kindest personal regards, I am

Sincerely,



James E. Williams

JEW/I  
Enclosure

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<sup>2</sup> Includes, but not limited to: salaries; benefits; supplies; maintenance; utilities; office supplies; marketing; base rent; NNN rent; equipment leases; and billing.