

Falls Marketing Group, Inc.
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March 13, 2009

Alva M. Lambert
Executive Director
State Health Planning and Development Agency
100 North Union Street, Suite 870
Montgomery, Alabama 36104

RECEIVED

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STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY

RE: Reviewability Determination Request
South Baldwin Regional Medical Center

Dear Mr. Lambert:

Under the provisions of Chapter 40-1-7-.02 of the Rules and Regulations of Alabama's Certificate of Need Program (the "Rules"), and on behalf of South Baldwin Regional Medical Center ("SBRMC"), a 112-bed general acute care hospital located in Baldwin County, a determination of reviewability for the provision of elective therapeutic cardiac catheterization services. Based on the following, SBRMC contends that the provision of elective therapeutic catheterization services is not reviewable under Alabama's Certificate of Need law.

Summary of Evidence

- 1 SBRMC is a 112-bed general acute care hospital located in the city of Foley in southern Baldwin County.
- 2 SBRMC currently offers diagnostic cardiac catheterization and, as authorized under the applicable provisions of Chapter 410-2-3-.3, emergent or primary PCI.
- 3 As a geographically defined rural hospital, SBRMC is statutorily exempt from Certificate of Need review for new services, excluding certain long-term care services.
- 4 SBRMC will not have to purchase or lease any major medical equipment to implement this service.
- 5 SBRMC will not have to construct or renovate space to implement this service.
- 6 SBRMC will not have to hire any additional staff during the first year of operation as a result of implementing this service.
- 7 SBRMC has a highly trained team of medical professionals operating and managing the cardiac catheterization laboratory. There are four (4) interventional cardiologists on the active medical staff of SBRMC. These physicians, licensed by the state of Alabama and Board certified by the American College of Cardiology (ACC), are appropriately trained and experienced in performing therapeutic cardiac catheterizations.

Discussion

SBRMC is licensed for 112 general acute care beds and is one of three acute care hospitals in Baldwin County. SBRMC serves southern Baldwin County from Robertsdale in the north to Gulf Shores and Orange Beach to the south. According to ESRI, a demographic studies firm, the population of the Zip Code areas comprising the service area was estimated to be 73,362 inhabitants during 2008. Baldwin County is estimated to have been comprised of 182,156 inhabitants during 2008.

Since 2000, SBRMC has provided diagnostic cardiac catheterization to residents of the service area, those residing in other parts of Baldwin County, and to out-of-state visitors. SBRMC has also provided emergent therapeutic catheterization for patients with ST-Segment Elevation Myocardial Infarction (STEMI).

SBRMC has four, board certified interventional cardiologists on in its active medical staff. These physicians are members of a large cardiology practice with offices in Mobile, Fairhope, and Foley. These physicians currently provide diagnostic and emergent therapeutic catheterization at SBRMC and similar services, also including elective therapeutic catheterizations, at Thomas Hospital and Mobile Infirmary. They, and perhaps other qualified members of their group practice, will conduct elective catheterization at SBRMC upon concurrence by SHPDA that a Certificate of Need is not required to initiate this service.

SBRMC currently offers diagnostic and emergent therapeutic catheterizations. The equipment is technologically and clinically appropriate for both diagnostic and therapeutic cardiac catheterizations. No additional capital expenditures will be necessary to initiate elective therapeutic catheterizations at SBRMC. Furthermore, the service can be initiated without additional employees. While there may be some additional supply costs incurred as a result of the expanded service, additional annual operating costs should not be greater than \$150,000. Therefore, the capital review threshold established in Chapter 410-1-2-.07 of the Rules will not be exceeded.

SBRMC is approximately 20 miles, or about 26 minutes, from Thomas Hospital, which is located in Fairhope. Thomas hospital provides diagnostic and therapeutic cardiac catheterization as well as on-site open-heart surgery. SBRMC and Thomas Hospital cooperate through transfer agreements to ensure appropriate and timely referral of cardiac patients between facilities. This cooperation ensures continuity of care for those patients who, due either to their clinical condition or to complications, must be transferred for further care.

General hospitals classified as rural are exempt, with certain limitations, from Certificate of Need Review for new services under § 22-21-53(a)(4), Code of

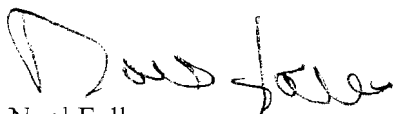
Alabama, 1975 as amended, which states:

Health services, other than those health services involving long-term care services, including without limitation, skilled and intermediate nursing home care, swing beds services, or transitional care services, provided directly by acute care hospitals classified as rural by the U.S. Bureau of Census/Office of Management and Budget, United States Government Health Care Financing Administration or acute care hospitals with less than 105 beds that are located over 20 miles from the nearest acute health care facility located within Alabama shall not be subject to this subdivision but shall be subject to the other subdivisions of this subsection.

Prior to June 2003, Baldwin County was included as part of the Mobile Metropolitan Statistical Area. However, when the White Office of Management and Budget (OMB) changed the manner in which counties were designated, Baldwin County was removed and is no longer designated, in whole or in part, as a Metropolitan Statistical Area. Its removal from the Mobile MSA is confirmed by designations of the U.S. Bureau of Census. In this regard, CMS (formerly the Health Care Financing Administration) has adopted the geographic definitions promulgated by OMB in developing location-based criteria for reimbursement. Furthermore, although Fairhope and Daphne (also located in Baldwin County) are designated as a micropolitan core-based statistical area, the remainder of Baldwin County, including Foley, is not part of any core-based statistical area. A copy of the findings of the OMB and Census Bureau are attached hereto as Exhibit "A".

On the basis of the evidence above, SBRMC respectfully requests SHPDA's confirmation that it is a "rural hospital" and a determination that Certificate of Need review is not required for SBRMC's provision of elective therapeutic cardiac catheterization.

Sincerely,



Noel Falls

Consultant to South Baldwin Regional Medical Center

Enclosure

CC: Michael Neuendorf

February, 2004

Alabama Metropolitan Statistical Areas

	FIPS Code	Metro Area Title	Principal City(ies)	Component County(ies)
1	11500	Anniston-Oxford, AL	Anniston, Oxford	Calhoun
2	12220	Auburn-Opelika, AL	Auburn, Opelika	Lee
3	13820	Birmingham-Hoover, AL	Birmingham, Hoover	Bibb, Blount, Chilton, Jefferson, St. Clair, Shelby, Walker
4	17980	Columbus, GA-AL	Columbus, GA	Russell, AL Counties in Georgia: Chattahoochee, Harris, Marion, Muscogee
5	19460	Decatur, AL	Decatur	Lawrence, Morgan
6	20020	Dothan, AL	Dothan	Geneva, Henry, Houston
7	22520*	Florence-Muscle Shoals, AL*	Florence, Muscle Shoals	Lauderdale, Colbert
8	23460	Gadsden, AL	Gadsden	Etowah
9	26620	Huntsville, AL	Huntsville	Limestone, Madison
10	33660	Mobile, AL	Mobile	Mobile
11	33860	Montgomery, AL	Montgomery	Autauga, Elmore, Lowndes, Montgomery
12	46220	Tuscaloosa, AL	Tuscaloosa	Greene, Hale, Tuscaloosa

*In February, 2004 Muscle Shoals qualified as a new principal city and the MSA's title was changed. As a result of the change in title, the code was also changed.

Alabama Micropolitan Statistical Areas

	FIPS Code	Metro Area Title	Principal City(ies)	Component County(ies)
1	10700	Albertville, AL	Albertville	Marshall
2	10760	Alexander City*	Alexander City	Coosa and Tallapoosa
3	18980	Cullman, AL	Cullman	Cullman
4	19300	Daphne-Fairhope, AL	Daphne, Fairhope	Baldwin
5	21460	Enterprise-Ozark, AL	Enterprise, Ozark	Coffee and Dale
6	21640	Eufaula, AL-GA*	Eufaula	Barbour County, AL and Quitman County, GA
7	22840	Fort Payne*	Fort Payne	DeKalb
8	42460	Scottsboro, AL	Scottsboro	Jackson
9	42820	Selma, AL	Selma	Dallas
10	45180	Talladega-Sylacauga, AL	Talladega, Sylacauga	Talladega
11	45980	Troy, AL	Troy	Pike
12	46260	Tuskegee, AL	Tuskegee	Macon
13	46740	Valley, AL	Valley	Chambers

*Added February, 2004

Alabama Combined Statistical Areas

	FIPS Code	Metro Area Title	Principal City(ies)	Component County(ies)
1	122	Atlanta-Sandy Springs-Gainesville, GA-AL		Atlanta-Sandy-Springs-Marietta, GA metro area Cedartown, GA micro area Gainesville, GA metro area LaGrange GA, micro area Thomaston, GA micro area Valley, AL micro area (Chambers County)
2	142	Birmingham-Hoover-Cullman, AL		Birmingham-Hoover, AL metro area Cullman, AL micro area
3	194	Columbus-Auburn-Opelika, GA-AL		Columbus, GA metro area Auburn-Opelika, AL metro area Tuskegee, AL micro area (Macon County)
4	222	Dothan-Enterprise-Ozark, AL		Dothan, AL metro area Enterprise-Ozark, AL micro area
5	290	Huntsville-Decatur, AL		Decatur, AL metro area Huntsville, AL metro area
6	380	Mobile-Daphne-Fairhope, AL		Daphne-Fairhope, AL micro area Mobile, AL metro area
7	388	Montgomery-Alexander City, AL*		Alexander City micro area Montgomery, AL metro area

*New combined area, February, 2004.

Source: U.S. Office of Management and Budget, Internet release, February, 2004