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A change to the Certificate of Need laws in Alabama makes it easier for medical facilities to change ownership.

Revisions clarify bypass of some CON requirements

BY YANN RANAIVO

Reporter - Birmingham Business Journal

Alabama companies no longer need a Certificate of Need to sell or lease existing health care facilities.

Carey McRae, a health care partner at the Birmingham office of Bradley Arant Boult Cummings, spoke with me today about recent changes to the state's CON law. He discussed the changes in more detail in a www.lexology.com article that he co-authored.

McRae said the CON revisions signed into law by Gov. Robert Bentley last month clarify some of the steps health care companies need to take before selling, leasing or transferring ownership of properties.

"In a nutshell, the amendments clarify that transactions involving the sales, lease or change of ownership of CON-owning entities are not subject to CON review," the article said.

Companies in Alabama typically need to obtain a CON from the State Health Planning and Development Agency whenever they plan to build or move a health care facility. CONs are also required when parts of the facility, such as beds, are being transferred.

McRae said the revisions primarily address parent company and stock transfers. The transfer of an entity from a sub-corporate company to a parent company doesn't exactly signify a CON change, he said. Nei-

ther does the purchase of stock from one company, he said.

"If you have a CON to run a hospital, and you've been running it, you don't have to worry about the stock and parent corporate rule," he said. "You can just sell it outright."

"By clarifying the law that way, it makes transactions of existing health care providers less complicated and a little easier to get done."

The online article, however, said the revisions don't mean transactions involving existing health care facilities are now private affairs. It said SHPDA may still require "submission of informational filings related to a transfer of control or ownership interests."