



## State of Tennessee

### Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364 Fax: 615-741-9884

October 1, 2020

John Wellborn  
Development Support Group  
4219 Hillsboro Road, Suite #210  
Nashville, TN 37215

RE: Certificate of Need Application – South Nashville Comprehensive Treatment Center  
– CN2009-027

For the establishment of a non-residential substitution based treatment center for opiate addiction to be located at 1420 Donelson Pike, Suite B-19, Nashville (Davidson County), TN 37217. The applicant is owned by Acadia Healthcare Company, Inc. The estimated project cost is \$1,331,511.

Dear Mr. Wellborn:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Laura Young, Chief Nursing Officer, at the Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS) for review. You may be contacted by Ms. Young or someone from her office for additional clarification while the application is under review by the Department. Ms. Young's contact information is [Laura.Young@TN.Gov](mailto:Laura.Young@TN.Gov) or 615-741-7694.

In accordance with Tennessee Code Annotated, §68-11-1607, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project began on October 1, 2020. The first 60 days of the cycle are assigned to the Tennessee Department of Mental Health and Substance Abuse Services, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the 60-day period, a written report from the Tennessee Department of Mental Health and Substance Abuse Services or its representative will be forwarded to this office for Agency review. You will receive a copy of their findings. The Health Services and Development Agency will review your application during the December 16, 2020 Agency meeting.

Mr. Wellborn  
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Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

1. No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
2. All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me at 615-741-2364.

Sincerely,

Logan G. Grant  
Executive Director

cc: Laura Young, Chief Nursing Officer, TDMHSAS



**State of Tennessee**  
**Health Services and Development Agency**

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MEMORANDUM

TO: Laura Young, Chief Nursing Officer  
TN Department of Mental Health and Substance Abuse Services  
Division of Hospital Services  
Andrew Jackson Building, 6th Floor  
500 Deaderick Street  
Nashville, Tennessee 37243

FROM: Logan G. Grant  
Executive Director

DATE: October 1, 2020

RE: Certificate of Need Application  
South Nashville Comprehensive Treatment Center – CN2009-027

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on October 1, 2020 and end on December 1, 2020.

Should there be any questions regarding this application or the review cycle, please contact this office at 615-741-2364.

Enclosure

cc: John Wellborn

**LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY**

The Publication of Intent is to be published in the Tennessean, which is a newspaper of general circulation in Davidson County, Tennessee, on or before September 1, 2020, for one day.

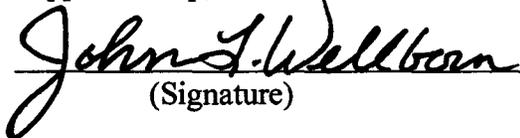
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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that the South Nashville Comprehensive Treatment Center (a proposed nonresidential substitution-based treatment center for opiate addiction), owned and operated by Middle Tennessee Treatment Centers, LLC (a limited liability company), which is wholly owned by Acadia Healthcare Company, Inc. (a corporation), intends to file a Certificate of Need application to establish a nonresidential substitution-based treatment center for opiate addiction and to initiate opiate addiction treatment, at 1420 Donelson Pike, Suite B19, Nashville, TN 37217. The estimated project cost for CON purposes is \$1,331,511.

The project does not contain any major medical equipment, or initiate or discontinue any other health service, or affect any facility's licensed bed complement.

The anticipated date of filing the application is on or before September 4, 2020.

The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

	<u>9-1-20</u>	<u>jwdsg@comcast.net</u>
(Signature)	(Date)	(E-mail Address)

September 4, 2020

Mr. Logan Grant, Executive Director  
Tennessee Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

RE: CON Application Submittal  
South Nashville Comprehensive Treatment Center  
Nashville, Davidson County

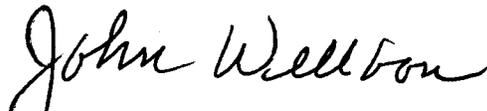
Dear Mr. Grant:

This letter transmits an electronic copy of the subject application, with affidavit and filing fee.

This replaces a prior application for this project, which was withdrawn shortly after filing when the applicant's site control was lost.

I am the contact person for this project. Brant Phillips of Bass Berry and Sims is legal counsel. Please advise me of any additional information you may need. We look forward to working with the Agency on this project.

Respectfully,



John Wellborn  
Consultant

**CERTIFICATE OF NEED  
APPLICATION**

**TO ESTABLISH  
A LICENSED FACILITY FOR  
OPIATE TREATMENT AND  
REHABILITATION  
IN  
SOUTH NASHVILLE  
DAVIDSON COUNTY**

**Filed September 2020**

# CERTIFICATE OF NEED APPLICATION (2019 Form)

## **SECTION A: APPLICANT PROFILE**

### **1. Name of Facility, Agency, or Institution**

South Nashville Comprehensive Treatment Center
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*Name*

1420 Donelson Pike, Suite B-19	Davidson
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*Street or Route*

*County*

Nashville	TN	37217
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*City*

*State*

*Zip Code*

none
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*Website Address*

*Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.*

### **2. Contact Person Available for Responses to Questions**

John Wellborn	Consultant
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*Name*

*Title*

Development Support Group	jwdsg@comcast.net
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*Company Name*

*E-Mail Address*

4219 Hillsboro Road, Suite 210	Nashville	TN	37215
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*Street or Route*

*City*

*State*

*Zip Code*

CON Consultant	615-665-2022	615-665-2042
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*Association With Owner*

*Phone Number*

*Fax Number*

**NOTE:** Please answer all questions on *8.5" X 11" white paper, clearly typed and spaced, single-sided, in order and sequentially numbered. In answering, please type the question and the response.* All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). *Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed and signed notarized affidavit.*

### **3. EXECUTIVE SUMMARY**

#### **A. Overview**

**Please provide an overview not to exceed three pages in total, explaining each numbered point.**

**1) Description -- Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant.**

The proposed South Nashville Comprehensive Treatment Center (“South Nashville CTC”) will be a State-licensed and Federally-certified non-residential substitution-based treatment center for opiate addiction and rehabilitation. It seeks to join 20 similar facilities of this type across Tennessee that are (or soon will be) licensed by the Tennessee Department of Mental Health and Substance Abuse Services (“TDMHSAS”).

These facilities are known as Opioid Treatment Programs, or OTPs, and use a medically assisted treatment (“MAT”) modality with either methadone (known as methadone maintenance treatment (“MMT”) or buprenorphine based products (more commonly called “Suboxone” products).

State-licensed OTPs serve patients who work to free themselves from chronic opioid dependence, and from its dire consequences to their health, their families and their communities.

OTPs achieve this by serving patients who cannot recover without (a) intensive individual counseling, group counseling and social support (rarely available from a private physician office); and (b) methadone medication as an option, which cannot be dispensed or prescribed outside an OTP facility.

OTP patients are enrolled in a comprehensive, disciplined and monitored program of continuous screening, psychological and physical evaluations, and counseling, as well as patient-specific daily dosages of FDA-approved and medically-indicated pharmaceuticals. Medications include methadone (an agonist), buprenorphine or buprenorphine/naloxone (Suboxone, a partial agonist) and naltrexone (Vivitrol). Most OTP patients utilize methadone, which requires daily on-site visits by the patient for an extended period of time.

Designed to promote accountability, OTP programs are highly structured and are considered by government agencies, addictionologists and leading behavioral health specialists to be the “gold standard” treatment option for patients who have severe opioid use disorders (OUD) and require medication, discipline and counseling to re-balance their lives.

The medications used in OTP settings work by suppressing cravings for heroin, oxycontin and other opioids that cause mental and physical deterioration and have led to an epidemic of crime, deaths and suffering in Tennessee. Methadone allows patients to function normally in their families, workplaces and

communities, and to stop the destructive and often criminal behavior that was formerly necessary to obtain opioids illicitly.

Buprenorphine (or Suboxone), unlike methadone, is also available from private physicians who are licensed by the USDEA to prescribe it, but there are not enough of them to treat the epidemic. Additionally, those physician offices rarely provide counseling and other comprehensive patient support measures. Nor are there any reporting requirements by which one can evaluate the numbers of patients they are treating at any given time or whether those patients are obtaining counseling at all.

The applicant will lease 5,948 SF of space (Suite B-19) in a single-story office building at 1420 Donelson Pike in south Davidson County. The site is in a commercial area and is zoned IWD, appropriate for this type of medical clinic. The building is not close to schools, churches or parks. There are more than 150 parking spaces around this building. This is a secure facility for medications, which will be stored in two DEA-approved safes and controlled in compliance with State and Federal rules. Patients cannot stay on-site after treatment.

Approximately 4800 SF of the 5,948 SF of leased space will be renovated for the project. The rest will be held for future expansion or storage. The preliminary architectural design calls for a reception and waiting area, six private counseling offices, a group counseling room, a secure pharmacy/dispensary, two active patient medication stations where nurses prepare and deliver medication to patients, and offices for the Medical Director, Clinical Supervisor, Nurse Supervisor, and Clinic Director. There will be a patient exam area within the physician office, a staff break room, and appropriate support spaces (e.g., supplies, storage, records, IT, toilets, mechanical/electrical). The space will be ADA-accessible. A third dosing station will be constructed but will not be activated initially.

OTP medications enable patients to live productive lives. Therefore, most patients come and go primarily in the early morning hours, in order to get to their jobs or homes for a full workday. The South Nashville CTC will have routine weekday medication hours from 5:30 AM-12:30 PM (7 hours), Saturday from 6:00 AM to 9AM (3 hours), and Sundays from 6 AM to 9 AM (3 hours).

Additional project details are summarized on two pages at the end of this Executive Summary. Program details are provided in Attachment A-3A-1, including discussions of admission and treatment criteria, patient treatment plans, the medication process, counseling programs, security of the premises and the medications, quality improvement, and community education and involvement. During the Covid-19 pandemic, special measures listed in the Attachment are in place to ensure patient safety.

## **2) Ownership Structure**

The South Nashville CTC's license holder and operator will be Middle Tennessee Treatment Centers LLC. This limited liability company is wholly owned by Acadia Healthcare Company, Inc., a publicly-traded Tennessee company that specializes in behavioral health and addiction treatment.

Acadia provides deep expertise in the operation of OTPs. It is the nation's largest operator of OTP clinics. Its 134 clinics serve more than 65,000 patients per day--approximately 15% of all OTP patients nationwide. This includes one of Tennessee's largest OTPs, Volunteer Comprehensive Treatment Center in Chattanooga. Acadia also operates the Clarksville Comprehensive Treatment Center.

Acadia's other behavioral health facilities in Tennessee include Crestwyn Behavioral Health Hospital in Memphis (a JV partnership with Baptist and St. Francis Hospitals), Erlanger Behavioral Health Hospital in Chattanooga (a JV partnership with Erlanger Medical Center), Delta Medical Center in Memphis, Trustpoint Hospital in Murfreesboro, Mirror Lake Recovery Center in Burns, Clearpath Outpatient Center in Murfreesboro and two behavioral health hospitals under development: one in Knoxville (a JV partnership with Covenant Hospital) and one in downtown Nashville (a JV partnership with St. Thomas Health).

### **3) Service area**

The project site is in southern Davidson County. It will serve patients primarily from south Davidson, Rutherford and Williamson Counties.

### **4) Existing similar service providers**

There is one OTP operating in Davidson County, in central Nashville, 10.9 miles north of the project site. A second Davidson County OTP was approved on June 24 for northeastern Davidson County, in the community of Madison, 21.2 miles north of this project. A third OTP has been approved for Hermitage, on I-40 in far eastern Davidson County, 6.4 miles from this project. An OTP is under construction in Murfreesboro, Rutherford County, 26.2 miles southeast of the South Nashville project site.

### **5) Project cost**

The project cost for CON purposes (including the space lease expense) is estimated at \$1,331,511, of which \$784,595 is the actual capital cost, the balance being the lease cost of the space during its first term.

### **6) Funding**

The total actual capital cost will be funded in cash by the applicant's parent company, Acadia Healthcare Company, Inc.

### **7) Financial Feasibility, including when the proposal will realize a positive financial margin; and**

The South Nashville CTC is projected to reach a positive operating margin by Year 2.

## 8) Staffing

The facility will comply with all staffing requirements of TDMHSAS. Its staff is projected at 7.24 total FTEs in the first year. Of those, 5.74 will be direct patient care positions--including the Medical Director (contracted), a Nurse Practitioner or Physician Assistant (contracted) Nurse Supervisor, Dispensing Nurse, a Clinical Supervisor (licensed master's prepared Addiction Counselor) and Substance Abuse Counselors.

### Summary Description of the South Nashville CTC

#### Identification, Ownership, and Location

Name: South Nashville Comprehensive Treatment Center  
Address: 1420 Donelson Pike, Suite B-19, Nashville, TN 37217  
Ownership: Wholly owned by Middle Tennessee Treatment Centers, LLC, which is wholly owned by Acadia Healthcare Company, Inc.  
Management: Self-managed  
ADA: Accessible

#### Building and Site

Stories: One  
Building Area 85,443 SF  
Leased Area: 5,948 SF  
Acreage: 10.03 acres  
Parking: Over 150 parking spaces used in common for all tenants.  
Zoning: IWD – Industrial, Warehouse, Distribution  
Renovation: 4,800 SF  
Extent of Renovation:

The project will create medical office space because this is a facility providing medical care and counseling to its patients. The construction cost is for internal wall demolition and reconstruction and the mechanical/electrical/plumbing renovations needed to make the facility compliant with local building regulations, the licensing standards of TDMHSAS, the standards of the USDEA and the standards of the accrediting organization (CARF).

#### South Nashville CTC Features:

Entrance/Exit – separate for group participants  
Reception and Waiting  
Secure medication--2 DEA-compliant safes (for methadone and buprenorphine)  
Narcan and Vivitrol stored in physician office  
Dosing stations--2 (1 ADA compliant) with a third if needed for expansion  
Private counseling offices—6 initially with space to expand to 9  
Group counseling room--1  
Clinic Director office  
Physician office with exam area  
Nurse Supervisor/Physician Assistant office  
Clinical Supervisor office  
Support functions--Storage; supplies; medical records; copier; staff break room; toilets, etc.

**Capacity**

**Medication:** Two active stations to serve 150-200 patients each; capacity is 300-400.

**Counseling:** Six private counseling offices  
Capacity of 50 patients per counselor; and Clinical Supervisor can serve 15-25.  
Initial capacity is approximately 320 patients.  
Group counseling room

**Hours of Operation**

<b>Weekdays</b>	<b>5:30AM-12:30 PM (7 hours)</b>
<b>Saturday</b>	<b>6:00 AM-9:00 AM (3 hours)</b>
<b>Sunday</b>	<b>6:00 AM-9:00 AM (3 hours)</b>

**Patient Accessibility**

ADA-compliant throughout  
Private Pay accepted  
Commercial insurance accepted  
Medicare accepted  
Medicaid accepted  
Indigent care available (2%)  
Pregnant patients served with priority status  
Patients with Hepatitis C, HIV, and AIDS served

**Services Provided**

Medical, Social, Psychological--Examinations. Evaluations Treatment Plans, Monitoring Medication--administration (on-site); and dispensing (for home use).  
Controlled substances available: methadone (Schedule II); buprenorphine (Schedule III)  
Other pharmaceuticals available: Vivitrol (injection); Narcan  
Counseling -- private and group  
OBOT (Office-Based Opioid Treatment) (including prescribing for buprenorphine et al.)

## **B. Rationale for Approval**

**A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area.**

**Provide a brief description of how the project meets the criteria necessary for granting a CON using the data and information points provided in Section B of the application.**

### **1) Need for More OTP Clinics**

OTPs are State- and federally-licensed outpatient clinics for *physician-level* treatment of any opiate-dependent persons who are diagnosed with any Opioid Use Disorder. Their caregivers are physicians, nurses, and counselors. Tennessee now has only 20 such clinics existing or approved—far fewer per capita than most other Southern States.

This project addresses three service area needs: (1) the need for additional **OTP capacity**; (2) the need for that capacity to be **more widely distributed, geographically placed and accessible** in this densely populated service area; and (3) patient needs for a **choice of provider** in what is essentially a unique primary care program.

#### **Capacity**

This project will serve primarily Davidson, Rutherford and Williamson Counties. These counties contain almost one-fifth of the State's population. They contain only four approved OTP clinics – one in central Davidson County, one in northeast Davidson County, one in eastern Davidson County, and one in central Rutherford County.

The State Health Plan review criteria for OTP facilities state that service area counties that currently meet less than 20% of the need for OTP care should be considered "**high need counties**" which "**should be given special consideration**" by the HSDA. (The same Plan criterion also explicitly allows approval of projects that meet more than 20% of county needs.) This project's service area meets that criterion.

Under the State Health Plan need methodology, with all three approved OTPs in this area open, **the service area will still meet only 14.7% of its needs for OTP care. Davidson County alone will have only 19.5% of its needs met.**

The need for additional capacity is strengthened by the fact that beginning in 2020, there will be an anticipated surge of demand by TennCare and Medicare patients who have just this year have obtained coverage for these services (Medicare in January; TennCare in July). **Providers are expecting as much as a 25% increase from new Federal and State insurance coverage of OTP care.**

### Improved Distribution and Accessibility

For many months of their enrollment in an OTP, patients must commute to the OTP daily for administration of their medication – usually very early in the morning before going to work. (The majority of OTP patients are employed). This is a huge drive time commitment and burden. The reason so many large urban areas have multiple OTP clinics is to make them more easily accessible, thereby encouraging program compliance.

Acadia's two OTP proposals in Davidson County have been for Hermitage in far eastern Davidson County (approved in August), and this application for South Nashville CTC on Donelson Pike near the Metro Airport. If they are approved (Hermitage in August and South Nashville in October), this will give Davidson County appropriately distributed OTP programs in northeast, central, eastern, and southern Davidson County, on or close to major transportation routes to the Nashville region. It will provide greatly improved access to patients who reside in or drive through those areas on their way to work.

### Consumer Choice

In all types of healthcare, and especially in physician clinic-level care like an OTP, patients need a reasonable choice of provider, as well as a reasonable choice of location. Currently, this service area does not have enough choice. One provider, BHG, owns most of the OTPs in Tennessee. In this service area, BHG has operated the area's only OTP clinic for years and has been given CON approval to develop the next two in Murfreesboro and Madison -- for a total of three locations in the service area. Acadia has had only one Nashville area OTP approved, in Hermitage. This near-monopoly by BHG has no parallel in Nashville's wide array of outpatient health service -- particularly not in physician clinic-level services. Service area patients deserve to have a wider choice of provider.

### The Disadvantages of Delaying Addition of Distributed OTP Resources

The opioid abuse epidemic has reached epidemic proportions in Tennessee. It leads to avoidable illness, injury, and death. From 2014 to 2018, this project's three-county service area experienced almost an 8% increase in hospital admissions and a 48% increase in outpatient visits associated with opioid misuse. Deaths from overdoses of opioids and heroin increased by approximately 118% and 234%, respectively, in that same period.

For the severely opiate-dependent person, for whom alternative programs and medications are not working, the optimal resource for treatment of persistent opioid dependence is a TDMHSAS-licensed OTP such as the South Nashville CTC. Only this type of program offers the full range of pharmaceuticals that have proven effective (e.g., methadone, buprenorphine, naltrexone), as well as intensive and prolonged counseling support. No other type of program combines the full range of medications with mandatory, monitored and prolonged support for behavioral accountability and change.

## **2) Economic Feasibility**

The project requires only a small capital expenditure, which is available from the applicant's parent company, Acadia Healthcare. The project will reach a positive cash flow and a positive operating margin early in Year 2 of operation.

The applicant's related OTP in Chattanooga is already an approved TennCare Medicaid Provider (Tennessee starts reimbursements on 7/1/20) and a Medicare Provider (Started 1/1/20). Clarksville CTC, which opened April 1, 2020, will apply for both, once accredited (which occurs within 6 months post-opening). South Nashville CTC will do the same. Third party commercial MCO contracts are already in place with the company and the South Nashville CTC facility will be added to those contracts once it is accredited. In addition, the South Nashville CTC will provide charity care to pregnant women who do not have the means to pay for care.

## **3) Quality Standards**

The applicant has committed to meet Tennessee Licensure criteria, to achieve CARF accreditation as soon after opening as eligible, and to comply with Federal security standards -- as it does in its two existing OTPs in Chattanooga and Clarksville. The applicant's parent company maintains quality assurance programs for its OTPs that comply with the objectives of the CON program.

## **4) Orderly Development of adequate and effective health care**

As of July 1, 2020, the service area's only operational OTP is a large BHG facility in central Davidson County. It is nearing capacity and facing significant increases in demand for admissions of TennCare and Medicare patients, who before now could not afford access to OTP care. To relieve it, on June 24 BHG received approval to build its second Davidson County OTP in Madison, in far northeastern Davidson County. Much of the Madison OTP's patient census will be transferred from the central BHG facility in its first year. Also last year, BHG was granted CON approval to open its second area OTP far to the south in Murfreesboro, in Rutherford County.

These are improvements in service for this patient population, but they do not do enough to meet existing demand/need. Other States than Tennessee have allowed far more of these clinics to be established, to provide patients with a choice of provider, and rapid drive time access to this daily medication regimen.

Nashville-Davidson County patients should have a choice of provider, and a choice of easily accessible locations. It is not orderly development to have a scarcity of OTP clinics, or to have almost all capacity under one corporate provider. For that reason, Acadia recently proposed introducing a choice of OTP provider, with more accessible locations in the suburban communities of Hermitage, and South Davidson County. The Hermitage OTP has just been granted approval in August; this project seeks approval for a South Davidson OTP.

**C. Consent Calendar Justification**

**If consent calendar is requested, please provide the rationale for an expedited review.**

**A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.**

Consent calendar review is not requested.

**4. PROJECT DETAILS**

**A. Owner of the Facility, Agency, or Institution**

Middle Tennessee Treatment Centers, LLC dba South Nashville Comprehensive Treatment Center c/o Acadia Healthcare Company, Inc. (CTC Division)	615-861-6000
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Name

Phone Number

6100 Tower Circle, Suite 1000	Williamson
-------------------------------	------------

Street or Route

County

Franklin	TN	37067
----------	----	-------

City

State

Zip Code

**B. Type of Ownership or Control (Check One)**

1) Sole Proprietorship		6) Government (State of TN or Political Subdivision)	
2) Partnership		7) Joint Venture	
3) Limited Partnership		8) Limited Liability Company	X
4) Corporation (For-Profit)		9) Other (Specify):	
5) Corporation (Not-for-Profit)			

**Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the TN Secretary of State's website at <https://tnbear.tn.gov/Ecommerce/FilingSearch.aspx>.**

Please see Attachment Section A-4AB.

**Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.**

This proposed facility will be owned by, operated by, and licensed to Middle Tennessee Treatment Centers, LLC, a limited liability company that is wholly owned by Acadia Healthcare Company, Inc. An organization chart is shown below.

<b>ACADIA HEALTHCARE COMPANY INC.</b>
<b>I Owns 100% of</b>
<b>MIDDLE TENNESSEE TREATMENT CENTERS, LLC</b>
<b>DBA SOUTH NASHVILLE COMPREHENSIVE TREATMENT CENTER</b>

**5. Name of Management/Operating Entity (If Applicable)**

Not applicable.

*Name*

*Street or Route*

*County*

*City*

*State*

*Zip Code*

*Website Address*

***For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract.***

Not Applicable.

**6A. Legal Interest in the Site**

*(Check the appropriate line and submit the following documentation)*

*The legal interest described below must be valid on the date of the Agency consideration of the Certificate of Need application.*

\_\_\_\_\_ **Ownership (Applicant or applicant's parent company/owner)**  
Submit a copy of the title/deed.

\_\_\_\_\_ **Lease (Applicant or applicant's parent company/owner)**  
Attach a fully executed lease that includes the terms of the lease and the actual lease expense.

\_\_\_\_\_ **Option to Purchase**  
Attach a fully executed Option that includes the anticipated purchase price.

X

\_\_\_\_\_ **Option to Lease**  
Attach a fully executed Option that includes the anticipated terms of the option and anticipated lease expense

\_\_\_\_\_ **Other (Specify)**

*Check appropriate line above: For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements must include anticipated purchase price. Lease/Option to Lease Agreements must include the actual/anticipated term of the agreement and actual/anticipated lease expense. The legal interests described herein must be valid on the date of the Agency's consideration of the certificate of need application.*

Attachment Section A-6A contains the applicant's fully executed option to lease the project space. All required elements of the option are set forth in that document.

Expansion is possible in future years. All Acadia CTC final leases give Acadia a right of first refusal to lease any adjacent space that may become available. The lessor in this project has provided that assurance in lease option discussions. Currently, there is vacant space available in the building.

**6B. Briefly describe the following and attach the requested documentation on an 8.5" X 11 sheet of white paper, legibly labeling all requested information.**

**1) Plot Plan must include:**

- a) Size of site (in acres);**
- b) Location of structure on the site;**
- c) Location of the proposed construction/renovation; and**
- d) Names of streets, roads, or highways that cross or border the site.**

See Attachment Section A-6B-1 a-d.

**2) Floor Plan -- If the facility has multiple floors, submit one page per floor. If more than one page is needed, label each page.**

- a) Patient care rooms (private or semi-private)**
- b) Ancillary areas**
- c) Equipment areas**
- d) Other (specify)**

The floor plan is submitted in Attachment A-6B-2.

**3) Public Transportation Route -- Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.**

Public Transportation Accessibility

See Attachment Section A-6B-3 for bus schedules in the area. The Nashville Metropolitan Transit Authority operates Bus Route 52B between South Nashville and downtown Nashville, from which bus lines run throughout Davidson County. That line's closest stop to the project on Harding Place is Stop 7, the Sheriff's Correctional Facility, approximately a 0.6 mile, 12-minute walk from the South Nashville CTC site.

There is no municipal bus service from Williamson or Rutherford Counties to the project site. However, the TennCare program provides its enrollees with round-trip transportation to all covered services. The applicant expects that this will be available for TennCare OTP patients once TennCare starts reimbursing for OTP services in July 2020. Medicare does not provide transportation to OTP care for its enrollees. However, very few OTP patients are of Medicare age.

Highway Accessibility

Almost all OTP patients utilize private vehicles to access OTP care. Via highways and city streets, the South Nashville CTC site will be very accessible to service area patients.

Residents of the southern part of Davidson County have access to the site via I-65, I-24, Briley Parkway, I-440, and Highway 41, which connect to numerous highways and streets leading to Harding Place.

Rutherford County and Williamson County patients have access to the South Nashville site via I-24, US 41A/US 31, 70S, I-65 and US 70. The table below shows mileage and drive times to the project site in South Nashville, from major communities or key locations in each service area county.

<b>Table A-Need-6b 3)</b>			
<b>Mileage Between Locations in the Service Area and the Project Site</b>			
<b>At 1420 Donelson Pike, Nashville, TN 37217</b>			
<b>Service Area County</b>	<b>Locations</b>	<b>Miles To South Nashville CTC Site</b>	<b>Minutes' Drive Time To South Nashville CTC Site</b>
Davidson	Tennessee State Capitol	10.5 miles	17 minutes
	Bellevue	22.4 miles	27 minutes
	Goodlettsville	21.1 miles	25 minutes
	Madison	14.3 miles	20 minutes
	Hermitage	10.0 miles	16 minutes
	Antioch	3.2 miles	9 minutes
	Tusculum	4.5 miles	11 minutes
Rutherford	Lavergne	12.4 miles	19 minutes
	Smyrna	16.5 miles	25 minutes
	Murfreesboro	26.7 miles	32 minutes
	Eagleville	38.8 miles	40 minutes
Williamson	Brentwood	8.9 miles	19 minutes
	Franklin	20.2 miles	30 minutes
	Nolensville	15.8 miles	24 minutes

*Sources: Google Maps 7-6-20 at 10:30 AM.*

**7. Type of Institution (Check as appropriate—more than 1 may apply)**

A. Hospital (Specify): General Acute	H. Nursing Home	
B. Ambulatory Surgical Treatment Center (ASTC) Multi-Specialty	I. Outpatient Diagnostic Center	
C. ASTC, Single Specialty	J. Rehabilitation Facility	
D. Home Health Agency	K. Residential Hospice	
E. Hospice	L. Non-Residential Substitution-Based Treatment Center for Opiate Addiction	<b>X</b>
F. Mental Health Hospital	M. Other (Specify):	
G. Intellectual Disability Institutional Habilitation Facility ICFF/IID		

**8. Purpose of Review (Check appropriate lines—more than 1 response may apply)**

A. Establish New Health Care Institution	<b>X</b>	G. MRI Unit Increase	
B. Change in Bed Complement		H. Satellite Emergency Department	
C. Initiation of Health Care Service as defined in TCA Sec 68-11-1607(4) (Specify) <i>addiction treatment through a nonresidential substitution-based treatment center for opiate addiction</i>	<b>X</b>	I. Addition of ASTC Specialty	
D. Relocation and/or Replacement		J. Addition of Therapeutic Catheterization	
E. Initiation of MRI		K. Other (Specify)	
F. Initiation of Pediatric MRI			

**9. Medicaid/TennCare, Medicare Participation**

MCO Contracts (Check all that apply):			
<input checked="" type="checkbox"/> Amerigroup	<input checked="" type="checkbox"/> United Healthcare Community Plan	<input checked="" type="checkbox"/> BlueCare	
<input checked="" type="checkbox"/> TennCare Select (The applicant will seek contracts with all of these MCO's.)			
<i>Medicare Provider Number: to be requested</i>			
<i>Medicaid Provider Number: to be requested</i>			
<i>Certification Type: Opioid Treatment Facility</i>			
If a new facility, will certification be sought for Medicare or for Medicaid/TennCare?			
Medicare	Yes	<input checked="" type="checkbox"/> No	N/A
Medicaid/TennCare	Yes	<input checked="" type="checkbox"/> No	N/A

**10. Bed Complement Data**

Not applicable.

**A. Please indicate current & proposed distribution and certification of facility beds.**

	<b>Beds Currently Licensed</b>	<b>Beds Staffed</b>	<b>Beds Proposed</b>	<b>*Beds Approved</b>	<b>**Beds Exempt</b>	<b>TOTAL Beds at Completion</b>
1. Medical						
2. Surgical						
3. ICU/CCU						
4. Obstetrical						
5. NICU						
6. Pediatric						
7. Adult Psychiatric						
8. Geriatric Psychiatric						
9. Child/Adolescent Psychiatric						
10. Rehabilitation						
11. Adult Chemical Dependency						
12. Child/Adolescent Chemical Dependency						
13. Long-Term Care Hospital						
14. Swing Beds						
15. Nursing Home SNF (Medicare Only)						
16. Nursing Home NF (Medicaid Only)						
17. Nursing Home SNF/NF (dually certified MCare/Maid)						
18. Nursing Home- Licensed (Noncertified)						
19. ICF/IID						
20. Residential Hospice						
<b>TOTAL</b>						

*\* Beds approved but not yet in service*

*\*\* Beds exempted under 10% / 3 yrs provision*

**B. Describe the reasons for change in bed allocations and describe the impact the bed changes will have on the applicant facility's existing services.**

Not applicable.

**C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete the chart below.**

<b>CON Number</b>	<b>CON Expiration Date</b>	<b>Total Licensed Beds Approved</b>
CN 1806-022 for Cumberland Behavioral Health Hospital (a JV w. St. Thomas Hospital, Nashville)	Approximately November of 2021	76 acute behavioral hospital beds

Note: The parent company's approved Clarksville Comprehensive Treatment Center (CN 1905-020) began operation at the beginning of April 2020.

**11. Home Care Organizations – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply:** NA

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lauderdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bedford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lawrence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lewis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lincoln	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blount	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loudon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bradley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McMinn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McNairy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cannon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Macon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carroll	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Madison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cheatham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marshall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Maury	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Claiborne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Meigs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Monroe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cocke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Montgomery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Coffee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Crockett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cumberland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Obion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Davidson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decatur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Perry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DeKalb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Pickett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dickson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Polk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dyer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Putnam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fayette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rhea	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fentress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Roane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Franklin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Robertson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gibson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rutherford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Giles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grainger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sequatchie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Greene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sevier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grundy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Shelby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamblen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamilton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Stewart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hancock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sullivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sumner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Tipton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hawkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Trousdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Haywood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Unicoi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Union	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Van Buren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hickman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Warren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Washington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Humphreys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wayne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jackson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Weakley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jefferson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	White	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Williamson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knox	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lake	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

12. Square Footage and Cost Per Square Footage Chart

South Nashville Comprehensive Treatment Center

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
OTP Clinic	NA	NA	NA	NA	4,800	0	4,800
Unit/Department GSF Sub-Total					4,800	0	4,800
Other GSF Total					0	0	0
Total GSF					4,800	0	4,800
*Total Cost					\$399,000	0	\$399,000
**Cost Per Square Foot					\$83.13		\$83.13
<p>Cost per Square Foot Is Within Which Range (For quartile ranges, please refer to the Applicant's Toolbox on <a href="http://www.tn.gov/hsda">www.tn.gov/hsda</a>)</p> <p>Data is not available from HSDA website for OTPs.</p>					<input type="checkbox"/> Below 1 <sup>st</sup> Quartile  <input type="checkbox"/> Between 1 <sup>st</sup> and 2 <sup>nd</sup> Quartile  <input type="checkbox"/> Between 2 <sup>nd</sup> and 3 <sup>rd</sup> Quartile  <input type="checkbox"/> Above 3 <sup>rd</sup> Quartile	<input type="checkbox"/> Below 1 <sup>st</sup> Quartile  <input type="checkbox"/> Between 1 <sup>st</sup> and 2 <sup>nd</sup> Quartile  <input type="checkbox"/> Between 2 <sup>nd</sup> and 3 <sup>rd</sup> Quartile  <input type="checkbox"/> Above 3 <sup>rd</sup> Quartile	<input type="checkbox"/> Below 1 <sup>st</sup> Quartile  <input type="checkbox"/> Between 1 <sup>st</sup> and 2 <sup>nd</sup> Quartile  <input type="checkbox"/> Between 2 <sup>nd</sup> and 3 <sup>rd</sup> Quartile  <input type="checkbox"/> Above 3 <sup>rd</sup> Quartile

**A. Describe the construction and renovation associated with the proposed project. If applicable, provide a description of the existing building including age of the building and the use of space vacated due to the proposed project.**

The South Nashville CTC will be developed in an existing one-story office building. The building was constructed in 1985 and is in good condition, with more than 150 parking spaces around the building.

This building is on the west side of Donelson Pike, just north of its intersection with Harding Place. It is surrounded by commercial buildings.

It is a single-story structure with 85,443 SF of space. The applicant will lease and renovate 4,800 SF of space for OTP clinical and administrative services. The space will be ADA-accessible.

The project's renovation cost is estimated at \$399,000, which is an average of \$83.13 per square foot.

The project will create medical office space, because this is a facility providing medical care and counseling to its patients. The renovation cost will include internal wall demolition and reconstruction, and mechanical and electrical and plumbing renovations needed to make the facility compliant with local building regulations, with licensing standards of TDMHSAS, and with standards of the USDEA and the accrediting organization (CARF).

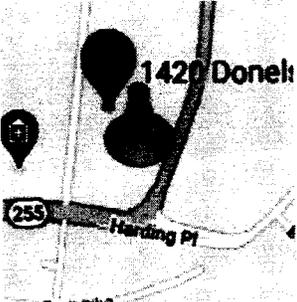


Google

Image capture: Mar 2019 © 2020 Google



Street View



**13. MRI, PET, and/or Linear Accelerator**

The Section A.13 question 2A below is not applicable to this project.

1. **Describe** the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding an MRI scanner in counties with population less than 250,000, or initiation of pediatric MRI in counties with population greater than 250,000, and/or

2. **describe** the acquisition of any Positron Emission Tomography (PET) unit or Linear Accelerator unit if initiating the service by responding to the following:

A. Complete the Chart below for acquired equipment.

<b>LINEAR ACCELERATOR</b>	
Mev: _____	Total Cost*: \$ _____
Types: (indicate one)	By Purchase? _____
SRS _____	By Lease? _____
IMRT _____	
IGRT _____	Expected Useful Life (yrs): _____
Other : _____	New? _____
	Refurbished? _____
	If not new, how old (yrs)? _____

<b>MRI</b>	
Tesla: _____	Total Cost*: \$ _____
Magnet: (indicate one)	By Purchase? _____
Breast _____	By Lease? _____
Extremity? _____	
Open? _____	Expected Useful Life (yrs): _____
Short Bore? _____	New? _____
Other -- _____	Refurbished? _____
	If not new, how old (yrs)? _____

<b>PET</b>	
PET Only? _____	Total Cost*: \$ _____
	By Purchase? _____
PET/CT? _____	By Lease? _____
PET/MRI? _____	Expected Useful Life (yrs): _____
	New? _____
	Refurbished? _____
	If not new, how old (yrs)? _____

*\*As defined by Agency Rule 0720-9-.01(13)*

**B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.**

Not applicable.

**C. Compare the lease cost of the equipment to its fair market value. Note: Per Agency rule, the higher cost must be identified in the project cost chart.**

Not applicable.

**D. Schedule of Operations: Not applicable**

<b>Location</b>	<b>Days of Operation (Sun-Sat)</b>	<b>Hours of Operation</b>
Fixed Site		
Mobile Locations		
Applicant		
Name of other location		
Name of other location		

**E. Identify the clinical applications to be provided, that apply to the project.**

Not applicable.

**F. If the equipment has been approved by the FDA within the past five years, provide documentation of the same.**

Not applicable.

**SECTION B: GENERAL CRITERIA FOR  
CERTIFICATE OF NEED**

**In accordance with T.C.A. § 68-11-1609(b), “no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care.” In making determinations, the Agency uses as guidelines the goals, objectives, criteria, and standards provided in the State Health Plan.**

**Additional criteria for review are prescribed in Chapter 11 of the Agency’s Rules, Tennessee Rules and Regulations 01730-11.**

**The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate.**

**QUESTIONS**

**NEED**

**The responses to this section of the application will help determine whether the project will provide needed health care facilities or services in the area to be served.**

**1. Provide a response to the applicable criteria and standards for the type of institution or service requested. <https://www.tn.gov/hsda/hsda-criteria-and-standards.html>**

Responses begin on the following page.

**STATE HEALTH PLAN  
CERTIFICATE OF NEED STANDARDS AND CRITERIA  
FOR  
NON-RESIDENTIAL OPIOID TREATMENT PROGRAMS**

**Definitions**

**Non-Residential Opioid Treatment Programs or Nonresidential Substitution-based Treatment Centers for Opiate Addiction as referenced in TCA § 68-11-1607:**

**A non-residential opioid treatment program should provide adequate medical, counseling, vocational, educational, mental health assessment, and social services to patients enrolled in the opioid treatment program with the goal of treating the individual with opioid use disorder.**

Response:

The proposed South Nashville CTC will fully comply with this standard. Its Medical Director will have experience in opioid dependency and mental health assessment, as required by Tennessee licensing standards. It will have a qualified and trained nursing and counseling staff, whose preparation and continuing education will meet or exceed Tennessee licensing requirements. Both individual and group counseling will be mandatory for every patient, as required by individual treatment plans. Those treatment plans will include assessments and referrals to community agencies for patients' vocational, educational, and social service needs.

Acadia Healthcare considers it essential for its OTPs to offer a therapeutic environment where individuals are treated with dignity and respect, and where positive behavior and healthy decision making are encouraged and modeled, further enhancing the therapeutic process and facilitating more positive outcomes process. The overall goal for each patient is recovery from drug dependency and the development of an independent and constructive lifestyle.

Acadia has developed a balanced therapeutic program utilizing broad clinical parameters and best practice standards that include a strong rehabilitation component that facilitates quality patient care. Combining this therapeutic program with a science-based approach to treatment benefits patients, staff, communities, and stakeholders.

In an effort to promote and maintain ongoing individualized treatment, the OTP staff and patients work together to develop for the patient relevant and realistic short and long-term goals. Initial goals are designed to maximize the patient's opportunity to succeed and gain confidence in their ability to tackle larger goals. These patient-specific goals are designed to maximize the patient's opportunity to succeed and gain confidence in their ability to achieve their goals and objectives. This therapeutic approach, and both individual and group counseling, are seen as integral components of an effective MAT program.

Attachment A-3 A(1) of the application includes more specific descriptions of the OTPs medical, counseling, vocational, educational, mental health assessment and social services.

## **Standards and Criteria**

**1. Determination of Need: The need for non-residential opioid treatment programs should be based on information prepared by the applicant for a certificate of need that acknowledges the importance of considering the demand for services along with need, while addressing and analyzing service problems as well.**

In the responses below, the applicant presents data on the need and demand for this OTP based on the State Health Plan and data made available by the TDMHSAS.

**The assessment should cover the proposed service area and include the utilization of existing opioid use disorder treatment providers, scope of services provided, patient origin, and patient mix.**

The responses to State Health Plan review criteria below address Statewide and proposed service area providers, utilization, services, patient origin, and patient mix. Limited data is available.

**The assessment should consider the users of opioids as the clients at non-residential opioid treatment programs. Assessment data will be based on prevalence estimates of opioid and heroin use, narcotic-related offenses, opioid-related hospitalizations, deaths, substance abuse treatment admissions, and estimates of medication assisted treatment providers for opioid use disorder and their patient capacity.**

### Prevalence of Opioid and Heroin Use

Table B-Need-State Health Plan Criterion 1, Part A below projects the current and projected number of service area patients with opioid use disorder (“OUD”) (pain reliever abuse and heroin use). These indicate opiate dependency with a need for treatment programs that are effective for that disease.

The projections are based on the most current adult population estimates from the Tennessee Department of Health, and the Statewide OUD prevalence rates from the most recent 2018 National Survey on Drug Use and Health (“NSDUH”) data published by the federal Substance Abuse and Mental Health Services Administration (“SAMHSA”). County-level prevalence rates are not available in NSDUH tables.

Projections (rounded) indicate a current opiate-dependent service area population of 11,162 adults -- increasing to 11,852 adults in CY2024, based on prevalence rates and population increases. That will be an increase of 690 opioid-dependent persons over the next four years.

<b>Table B-Need-State Health Plan Criterion 1</b>							
<b>Part A-1: Prevalence of Opioid Use Disorder (OUD)</b>							
<b>Service Area County</b>	<b>Tennessee Prevalence Rates for Population Ages 18+</b>			<b>Population Ages 18+</b>		<b>Adults Needing Treatment (Rounded)</b>	
	<b>Pain Reliever Disorder</b>	<b>Opioid Use</b>	<b>Combined</b>	<b>CY2020</b>	<b>CY2024</b>	<b>CY2020</b>	<b>CY2024</b>
Davidson	0.78%	0.35%	1.13%	555,191	574,649	6,274	6,494
Rutherford	0.78%	0.35%	1.13%	254,457	277,902	2,875	3,140
Williamson	0.78%	0.35%	1.13%	178,139	196,263	2,013	2,218
<b>Total</b>	<b>0.78%</b>	<b>0.35%</b>	<b>1.13%</b>	<b>987,787</b>	<b>1,048,814</b>	<b>11,162</b>	<b>11,852</b>

**Sources:**

1. *Prevalence rates from 2018 National Survey on Drug Use and Health (NSDUH) published by the Substance Abuse and Mental Health Services Administration (SAMHSA).*
2. *Population data from Boyd Center and Tennessee Department of Health, 2017 series.*

Dependence on opioids and their misuse has become an epidemic in Tennessee. As the TDMHSAS wrote 6 years ago: *“The prescription opioid epidemic is damaging to the State and its residents in multiple ways. Tennesseans are losing their lives or having their lives severely disrupted as a result of their abuse. The State is losing the economic benefits associated with a healthy workforce and productivity is lost and taxpayer dollars are expended to pay for expensive hospital visits, incarceration, and custody of children.”*

*(Source: “Prescription for Success: Statewide Strategies to Prevent and Treat the Prescription Drug Abuses Epidemic in Tennessee,” TDMHSAS, Summer 2014.)*

Since that warning six years ago, the epidemic has worsened. The two tables on the following page show the alarming increases in the problem from 2014-2018, as reflected by significant increases in hospital visits and inpatient admissions associated with opioid and heroin misuse. Over that four-year period, service area admissions from non-fatal opioid misuse increased by almost 8% and outpatient/ED visits increased more than 48%. Deaths from overdoses of opioids and heroin increased by approximately 118% and 234%, respectively.

As the 2018-2019 Annual Report of the Tennessee Bureau of Investigation stated: *“The increase in heroin abuse has created an epidemic rate increase of overdoses and deaths.” (Page 9)*

<b>Table B-Need-State Health Plan Criterion 1</b>			
<b>Part A-2: Hospital Utilization Associated With Opioid Use Disorder</b>			
	2014	2018	% Increase 2014-2018
<b>Davidson County</b>			
Opioid Overdose Deaths	99	200	102.0%
Heroin Overdose Deaths	25	76	204.0%
<b>Rutherford County</b>			
Opioid Overdose Deaths	24	68	183.3%
Heroin Overdose Deaths	5	26	420.0%
<b>Williamson County</b>			
Opioid Overdose Deaths	14	30	114.3%
Heroin Overdose Deaths	5	15	200.0%
<b>Primary Service Area Totals of Reported Deaths</b>			
Opioid Overdose Deaths	137	298	117.5%
Heroin Overdose Deaths	35	117	234.3%

Source: Tennessee Drug Overdose Dashboard, TN Department of Health.

<b>Table B-Need-State Health Plan Criterion 1</b>			
<b>Part A-3: Deaths Associated With Emergency Rooms and Hospital Admissions</b>			
	2014	2018	% Increase 2014-2018
<b>Davidson County</b>			
Outpatient / ER Visits	1,283	1,892	47.5%
Inpatient Admissions	802	969	20.8%
<b>Rutherford County</b>			
Outpatient / ER Visits	541	913	68.8%
Inpatient Admissions	318	252	-20.8%
<b>Williamson County</b>			
Outpatient / ER Visits	270	299	10.7%
Inpatient Admissions	109	104	-4.6%
<b>Primary Service Area Totals</b>			
Outpatient / ER Visits	2,094	3,104	48.2%
Inpatient Admissions	1,229	1,325	7.8%

Source: Tennessee Drug Overdose Dashboard, TN Department of Health.

Arrests associated with OUD are also alarmingly high. As BHG recently documented in its Madison Treatment Center application (CN2003-004), in 2018 there were 887 opioid-related arrests in Davidson County alone. Notably, that did not include crimes related to misuse or abuse of *prescription* opioids. It was the figure for *illicit* opioids only (Heroin).

### **Substance Abuse Treatment Admissions**

Data on admissions specific to Opioid Use Disorder has not been identified. Unless it can be distinguished from admissions for other types of substance abuse, admissions data are not relevant to evaluating the need for a proposed OTP facility.

**Need Formula:** Need should be based on the following formula: The average unique patient count during a 1 (one) year period in existing programs serving individuals who are opiate dependent, divided by the number of individuals estimated to be opiate dependent. Counties with service providers meeting less than 20% of the need shall be considered high need counties.

Applications for proposed service areas that fail to meet the 20% threshold should still be considered for approval. This need formula only designates *high need* counties that should be given special consideration. It does not indicate that high-quality applications for counties with lower demonstrated need should necessarily be denied.

*Note: The applicant shall use the prevalence estimates of persons with opioid (pain reliever and heroin) use disorder using the most recent National Survey on Drug Use and Health (NSDUH) data published by the Substance Abuse and Mental Health Services Administration (SAMHSA).*

*The applicant shall specify the percent of unmet treatment need that will be met by the proposed Non-Residential Opioid Treatment Programs.*

#### Service Area Patients in Treatment for Opioid Dependency

The applicant is not aware of data that identifies the numbers of OUD patients that are currently in OUD treatment in the entire range of non-residential substance abuse treatment programs. The reasons for this are:

- (1) Office-based opiate treatment (OBOT): there is no publicly reported data for the number of patients being treated by physician offices that are federally-authorized to prescribe buprenorphine to treat some OUDs.
- (2) Alcohol and drug rehabilitation program data do not distinguish OUD patients from patients treated for different kinds of substance abuse disorders.
- (3) Alcohol and drug detoxification program data reflect very short-term detoxification services only, and do not distinguish OUD patients from patients treated for different kinds of substance abuse disorders.

In addition, only State-licensed OTPs can offer methadone medication. Methadone is widely considered the “Gold Standard”, most effective pharmaceutical available for treating most all OUD. OTPs offer it only to patients who adhere to strict standards of opioid avoidance and who undertake intensive and prolonged behavioral therapy with OTP counseling staff.

Tennessee’s OTPs do report OUD treatment data to the State of Tennessee. The applicant requested that TDMHSAS provide the number of non-duplicated (unique) patients, by county, that each of its OTPs treated during 2019. The following table uses the data provided by TDMHSAS.

<b>Table B-Need-State Health Plan Criterion 1</b>	
<b>Part B: Unique Patients in OTP Treatment By County of Residence, During CY2019</b>	
<b>Service Area County</b>	<b>Unique Patients Treated (Demand)</b>
Davidson	821
Rutherford	117
Williamson	58
Total	996

Source: TDMHSAS 3-2-20 Response to Records Request of 2-25-20. The response provided unique patients by OTP and by county of residence. It suppressed patient counts of less than 6. Applicant counted all such counties as having 5 patients in treatment, to show maximum patients that might have been in treatment that year.

### The Percent of Opioid-Dependent Patients Currently Being Treated

The State Health Plan defines this percentage as the number of service area patients in OUD treatment, divided by the area's opioid-dependent patients who need treatment.

The following table calculates this based on OTP data available from the two preceding tables (Part A and Part B). The percent of need being met by OTPs is projected for the service area's current adult populations.

Under State Health Plan Criterion 1, a county with less than 20% of its needs being met is considered a "*high need*" county. This is a "*high need*" area. Only 8.9% of its need was being met by existing OTP providers in CY2019. With the recent approval of new OTPs in Murfreesboro and Davidson County, the area percent of need being met will increase to only 14.7%, as discussed below.

<b>Table B-Need-State Health Plan Criterion 1</b>			
<b>Part C: Unmet Need for Opioid Dependency Treatment</b>			
<b>CY 2020</b>			
<b>Service Area County</b>	<b>Patients in OTP Treatment (All Adult)</b>	<b>Adult Residents Needing Treatment</b>	<b>% of Current Need Met By Existing OTPs</b>
Davidson	821	6,274	13.09%
Rutherford	117	2,875	4.1%
Williamson	58	2,013	2.9%
Total	996	11,162	8.9%

Sources: Table Part A-1 and Table Part B above in this section. Residents needing treatment are rounded from prior calculations.

## The Percent of Need That Will Be Met By Approved and Proposed OTPs

Recognizing the enormous problems caused by opioid dependence, effective January 2020 Medicare added a new outpatient opioid treatment benefit, paying for methadone-related treatment in OTPs. Medicaid programs have followed suit (July 2020 in Tennessee). These benefits are the result of a 2019 bipartisan law passed by Congress known as the “SUPPORT Act.” Providers agree that these changes and related commercial insurance changes will significantly increase demand for OTP care from patients who could not afford it until now.

In the past year, four OTP applications have been filed and approved to meet additional needs of the greater Nashville metropolitan area, which for years has had only one OTP (BHG, located in central Davidson County). BHG has received approval for its second and third OTPs in Murfreesboro (central Rutherford County) and in Madison (northeast Davidson County). In August of 2020, Acadia received approval for an OTP in Hermitage (far eastern Davidson County).

Acadia is now proposing to open its second OTP, located in southern Davidson County near the Nashville airport. This will be the fifth OTP in the greater Nashville area.

The State Plan criteria support this project. The plan recommends “special consideration” for new OTP applications serving counties that don’t yet have at least 20% of their needs met by existing providers. It also explicitly authorizes approval of applications where more than 20% of county needs are being met.

As shown in the table on the following page, the four area OTPs already operational or approved will collectively meet only 14.7% of the needs in the project service area. Even Davidson County will meet only 19.5% of its needs through these four projects. These are therefore still “high need” areas meriting special consideration.

The South Nashville CTC will address those needs effectively by placing an OTP option in a part of Davidson County not currently well served – the southern sector, which is heavily populated, has relatively low incomes, is highly accessible to Rutherford and Williamson County residents commuting into Nashville, and is a significant drive time away from other OTP programs.

The table below shows that if CON approval is also granted to Acadia’s (South Nashville), the total area capacity will meet 16.6% of the service area’s needs, consistent with the State Health Plan. Davidson County alone will improve from meeting 19.5% of its needs to meeting 21.7% of its needs.

<b>Table B-Need-State Health Plan Criterion 1</b>					
<b>Part D: Treatment Needs To Be Met By Existing, Approved, and Proposed OTPs</b>					
		<b>Davidson County</b>	<b>Rutherford County</b>	<b>Williamson County</b>	<b>Service Area Total</b>
<b>Patients Needing OTP Care in 2020</b>	<b>(from Criterion 1 Table, Part C)</b>	11,162	6,274	2,875	2,013
<b>Patients in Treatment in Existing OTPs in 2019</b>		996	821	117	58
<b>% of Area Need Now Being Met</b>		<b>8.9%</b>	<b>13.1%</b>	<b>4.1%</b>	<b>2.9%</b>
<b>Existing and Approved Providers: Service Area Patients to Be Treated Once Approved OTPs Are Open</b>	<b>BHG Middle TN (Central Nashville)</b>	1,015	929	35	51
	<b>Other OTPs (Outside Service Area)</b>	65	25	19	21
	<b>Approved BHG Madison</b>	168	168	0	0
	<b>Approved BHG Murfreesboro</b>	286	0	226	60
	<b>Approved Acadia Hermitage CTC</b>	104	104	0	0
<b>Total Patients Treated With New OTPs Open</b>		1,638	1,226	280	132
<b>% of Area Need To Be Met With All Approved OTPs Open</b>		<b>14.7%</b>	<b>19.5%</b>	<b>9.7%</b>	<b>6.6%</b>
<b>Additional Service Area Patients Treated at Proposed South Nashville CTC</b>		213	135	56	22
<b>Total Patients That Would Be Treated In All OTPs</b>		1,851	1,361	336	154
<b>% of Area Need Met With South Nashville CTC</b>		<b>16.6%</b>	<b>21.7%</b>	<b>11.7%</b>	<b>7.7%</b>

**Notes:**

- BHG Middle TN patient estimates** –  
Davidson County: 801 in 2019 (TDMHSAS reports, 2019), minus 58 transferring to Madison (CN2003-004, p. 28 second paragraph and footnote #43) times 1.25 for growth from new payors = 928.75.  
Rutherford County: 102 in 2019 (TDMHSAS reports, 2019), minus 74 transferring to Murfreesboro (CN1907-023, p. 22) times 1.25 for growth from new payors = 35.  
Williamson County: 41 in 2019 (TDMHSAS reports, 2019), times 1.25 for growth from new payors = 51.3.
- Other OTPs (Outside Service Area) patient estimates** (TDMHSAS reports, 2019) –  
Davidson County: 20 in 2019, times 1.25 for growth from new payors = 25.  
Rutherford County: 15 in 2019, times 1.25 for growth from new payors = 18.8.  
Williamson County: 17 in 2019, times 1.25 for growth from new payors = 21.3.
- BHG Madison patient estimates** – CN2003-004, Supp. #1, p. 9 times 1.25 for growth from new payors.
- BHG Murfreesboro patient estimates** – CN1907-023, p. 23 times 1.25 for growth from new payors.
- Acadia Hermitage CTC patient estimates** – CN2005-014, p. 38R (approved 8-26-20), included growth factors.

***In determining need, considerations may be given to alternative treatment modalities. The applicant shall compare estimated need to the existing capacity of non-residential substance abuse treatment facilities, including office-based opiate treatment, opioid detoxification programs, alcohol and drug rehabilitation treatment, and alcohol and drug detoxification facilities.***

Alternative Treatment Modalities Have Been Considered and Found Inadequate

This OTP facility will serve addicted opiate-dependent patients diagnosed with an OUD. Other treatment modalities which do not employ an MAT model are not as effective as a licensed OTP for such patients -- because methadone (or any MAT) is the most effective pharmaceutical for the great majority of these patients, and only an OTP is legally able to provide it using methadone. Methadone cannot be provided through any other alternative treatment program. Moreover, licensed OTPs provide full-range MAT -- requiring continuous long-term counseling and monitoring, which are the key components of achieving lasting behavioral change. The methadone and buprenorphine simply enable and incentivize these addicted persons to commit to long-term, daily abstinence from opioids and to prolonged behavioral change therapy.

In the words of the TDMHSAS, MAT is the optimal approach to care for this patient population:

***“Medication Assisted Therapy is the use of medication, in combination with counseling and behavioral therapies, to provide a whole-patient approach to the treatment of substance use disorders. Research shows that when treating substance-use disorders, a combination of medication and behavioral therapies is most successful.... The...Department of Mental Health and Substance Abuse Services is responsible for providing...oversight to certified opioid treatment programs...to ensure that opioid addiction treatment is provided at an optimal level.”*** (Source: “Prescription for Success: Statewide Strategies to Prevent and Treat the Prescription Drug Abuses Epidemic in Tennessee” (TDMHSAS Summer 2014).

None of the other OUD treatment program’s options offers optimal care for the persistently addicted -- which is methadone or buprenorphine combined with mandatory long-term monitoring and long-term behavioral therapies. That scope of care is why additional licensed OTP facilities are needed close enough to residents to encourage daily commuting for care over a long period of time.

For some patients with earlier intervention, buprenorphine can be an alternative to methadone. It will be available in the proposed South Nashville CTC and will be administered to approximately 8% of South Nashville CTC’s patients. But data is not available on how many patients are being served by the area’s buprenorphine providers other than licensed OTPs. (ie., in OBOTs or long-term drug treatment programs and facilities). The applicant is not able to quantify buprenorphine utilization.

Capacity of Alternative Treatment Programs

*Capacity of Area TDMHSAS-Licensed OTPs*

There is only one existing OTP in the three-county service area. BHG, its owner, has recently received approvals to open two more OTPs in the service area. Acadia has received approval to open one OTP in the eastern sector of the service area. These four are listed below with their capacity based on 175 patients per dosing station.

OTP Name	Status	City/County	Dosing Stations	Capacity @ 175 / station
BHG Middle TN	Operational	Nashville / Davidson	5	875 patients
BHG Murfreesboro	Approved	Murfreesboro / Rutherford	4	700 patients
BHG Madison	Approved	Madison / Davidson	5	875 patients
Hermitage CTC	Approved	Hermitage / Davidson	2	350 patients

In CN2003-004, recently approved for Madison, BHG stated in its March 24, 2020 first supplemental responses (pages 8-9), that BHG Middle Tennessee Treatment Center’s existing capacity based on five dosing windows is 875 patients and its capacity for 18 counseling offices is 1,000 patients. *It goes on to say that “BHG was close to its maximum capacity in December 2019.”* The applicant notes that BHG here is projecting an average of 55.5 patients per counselor.

*Capacity of Buprenorphine Providers*

Federal sources provide data on the number of area physicians who are Federally-authorized to prescribe buprenorphine for opiate treatment. The table on the following page provides that data.

However, those physicians are not required to report current buprenorphine patients or even to indicate if they are actively prescribing buprenorphine for any patients at all, let alone their limit.

Only their authorized capacity for treating with buprenorphine is known. Available utilization is not known. But it is not thought to be meeting the public’s needs for treatment. As the OIG website states on its opening page:

*“The waiver program allows physicians and certain other qualified providers to prescribe buprenorphine to patients in office settings rather than limiting this service to specialized opioid treatment programs. Despite these efforts, studies still show that only a small percentage of Americans who need treatment actually receive it.”*

<b>Table B-Need-State Plan-Criterion 1</b>								
<b>Federally Authorized Capacity of Buprenorphine Prescribers in the Service Area</b>								
Primary Service Area (PSA) County	Buprenorphine Providers By Patient Capacity			Total Providers	Patient Capacity	Patient Capacity Rate	High Need for Service (Y or N)	Low-to-No Patient Capacity (Y or N)
	30	100	275					
Davidson	102	49	23	174	14,285	2,087.20	Y	N
Rutherford	24	6	10	40	4,070	1,320.35	N	N
Williamson	19	7	7	33	3,195	1,458.19	N	N
PSA	145	62	40	247	21,550	--	--	--

*Source: USDHS, Office of Inspector General Report OEI-12-17-00240.*

#### *Capacity of Other Alternative Treatment Providers*

Capacity data is not available for the area's opioid detoxification programs, drug rehabilitation treatment programs and alcohol and drug detoxification facilities, but none of them are licensed to use methadone in an MMT model.

Nor is that capacity relevant to demonstrating the need for this project because such prescribers are not comparable to an OTP. None is long-term. None can make methadone available as a long-term substitution for opiates. None offers the program breadth needed for the severely addicted opioid abuser, e.g., mandatory long-term behavioral therapy combined with the daily availability of medication that is usually methadone. This "gold standard" of care for the severely addicted patient is available only from TDMHSAS-licensed OTP facilities.

**The assessment should also include:**

**a. A description of the geographic area to be served by the program,**

The South Nashville CTC will primarily serve Davidson, Rutherford, and Williamson Counties. It will be located in South Nashville on Donelson Pike, south of the Nashville Airport.

The service area contains approximately 1 million adults, and three of the State’s six most populous counties.

Most Populous Tennessee Counties (Adult Populations)	Adult Population CY2020	Adult Population CY2024	Does the county have one or more approved OTPs?
1. Shelby	712,659	724,655	Yes (3)
2. Davidson	<b>555,191</b>	<b>574,649</b>	Yes (3)
3. Knox	370,494	382,954	Yes (2)
4. Hamilton	291,266	300,243	Yes (1)
5. Rutherford	<b>254,457</b>	<b>277,902</b>	Yes (1)
6. Williamson	<b>178,139</b>	<b>196,263</b>	No

*Sources: Population data from Boyd Center and Tennessee Department of Health, 2018 series. OTP Information from HSDA records.*

The South Nashville CTC will serve primarily residents of southern Davidson County, eastern Williamson County, and northern Rutherford County. Its location on Donelson Pike, near Interstates 24 and 65, make it very accessible to patients who live nearby and/or commute to work daily on roadways that are nearby.

**i. The applicant shall provide the number of patients projected to be served by county of residence in year one and year two.  
Please complete the following table to indicate patient origin by county in year one and year two of the proposed project. Additional columns may be added to reflect the appropriate number of relevant counties.**

The table below projects that approximately 60% of admissions will come from Davidson County, 25% from Rutherford County, 10% from Williamson County, and 5% from secondary service area counties farther away.

County:	Davidson	Rutherford	Williamson	PSA Total	SSA	Total Patients
Year 1	72	30	12	114	6	120
Year 2	135	56	22	213	11	224

*Source: Acadia CTC Group and Development Support Group. Patient counts rounded.*

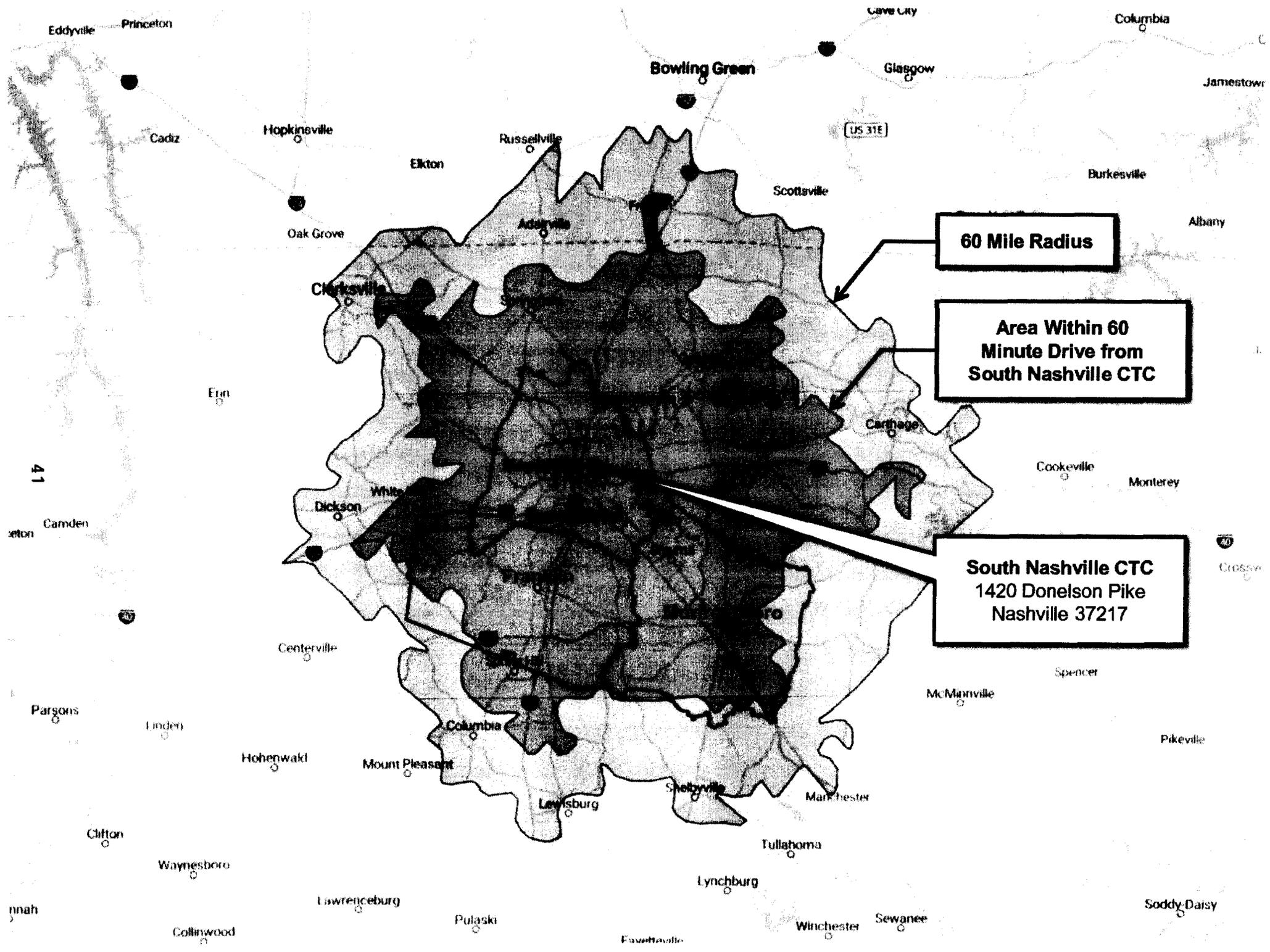
ii. At least 90% of the projected patients in year one and year two reside within a 60 mile radius of the proposed program site or less than a one hour drive time to the proposed program site.

The table below shows communities distributed across each service area county. Almost all of the patients coming to the proposed South Nashville CTC will be within 60 miles and less than an hour's drive time.

In addition, the following page is a map showing a 60-mile radius around the project site. This demonstrates that residents of the three service area counties are within one hour's drive time of the project.

<b>Table A-Need-1a.ii</b> <b>Mileage Between Locations in the Service Area and the Project Site</b> <b>At 1420 Donelson Pike, Nashville, TN 37217</b>			
<b>Service Area County</b>	<b>Locations</b>	<b>Miles To South Nashville CTC Site</b>	<b>Minutes' Drive Time To South Nashville CTC Site</b>
Davidson	Tennessee State Capitol	10.5 miles	17 minutes
	Bellevue	22.4 miles	27 minutes
	Goodlettsville	21.1 miles	25 minutes
	Madison	14.3 miles	20 minutes
	Hermitage	10.0 miles	16 minutes
	Antioch	3.2 miles	9 minutes
	Tusculum	4.5 miles	11 minutes
Rutherford	Lavergne	12.4 miles	19 minutes
	Smyrna	16.5 miles	25 minutes
	Murfreesboro	26.7 miles	32 minutes
	Eagleville	38.8 miles	40 minutes
Williamson	Brentwood	8.9 miles	19 minutes
	Franklin	20.2 miles	30 minutes
	Nolensville	15.8 miles	24 minutes

Sources: Google Maps 7-6-20 at 10:30 AM.



**60 Mile Radius**

**Area Within 60 Minute Drive from South Nashville CTC**

**South Nashville CTC**  
1420 Donelson Pike  
Nashville 37217

**iii. The applicant shall provide an analysis of driving distances by county from the proposed clinic location site in comparison to the closest existing OTP clinic.**

As the tables below show, many communities in the service area are closer to the project site in South Nashville than to the only existing OTP clinic in the service area, located in central Davidson County. (These communities' mileage to Murfreesboro and Hermitage are shown for additional information).

<b>Service Area County</b>	<b>Locations</b>	<b>Miles To South Nashville CTC</b>	<b>Miles to BHG Middle Tennessee (Nashville)</b>	<b>Miles to BHG Murfreesboro (Under Construction)</b>	<b>Miles to Hermitage CTC (Approved)</b>
Davidson	State Capitol	10.5 miles	1.8 miles	34.3 miles	11.2 miles
	Bellevue	22.4 miles	10.4 miles	45.9 miles	23.1 miles
	Goodlettsville	21.1 miles	15.3 miles	45.1 miles	20.3 miles
	Madison	14.3 miles	11.6 miles	41.4 miles	13.7 miles
	Hermitage	10.0 miles	15.3 miles	38.8 miles	4.6 miles
	Antioch	3.2 miles	12.4 miles	22.9 miles	9.1 miles
	Tusculum	4.5 miles	10.9 miles	25.6 miles	13.4 miles
Rutherford	Lavergne	12.4 miles	20.3 miles	18.5 miles	12.0 miles
	Smyrna	16.5 miles	24.5 miles	11.4 miles	15.9 miles
	Murfreesboro	26.7 miles	34.9 miles	0.9 miles	35.5 miles
	Eagleville	38.8 miles	37.5 miles	18.3 miles	42.5 miles
Williamson	Brentwood	8.9 miles	11.1 miles	29.3 miles	15.9 miles
	Franklin	20.2 miles	22.3 miles	30.8 miles	27.1 miles
	Nolensville	15.8 miles	24.3 miles	21.2 miles	24.7 miles

*Sources: Google Maps 7-6-20 AND 8-18-20.*

***Please complete the following table to demonstrate the driving distances from the counties in the proposed service area to the proposed site and to existing non-residential opioid treatment programs within a 180-minute drive time. This should include programs located in neighboring states. Additional columns and rows may be added to reflect the appropriate number of existing programs and affected counties.***

***Please see the table on the following page.***

**Table B-Need-State Plan-Criterion 1.a.iii Table I:  
Drive Times from Service Area Counties to Existing and Approved OTPs**

Existing OTPs	Davidson-Nashville		Rutherford-Murfrsbo		Williamson-Franklin	
	Miles	Hrs:Min	Miles	Hrs:Min	Miles	Hrs:Min
PROPOSED: South Nashville CTC, Nashville, TN	10.3	0:19	26.2	0:31	20	0:29
BHG Columbia, Columbia, TN	49.6	0:54	53.2	1:00	33.5	0:42
BHG Dyersburg Treatment Cntr-Dyersburg, TN	172	2:39	202	3:07	170	2:45
BHG Jackson Treatment Center, Jackson, TN	128	1:53	155	2:22	123	1:59
BHG Lexington Treatment Cntr, Lexington, KY	214	3:16	245	3:47	234	3:38
<i>BHG Madison Treatment Center, Madison, TN</i>	14.7	0:17	45	0:48	34.5	0:41
BHG Memphis North Trtmnt Cntr, Memphis, TN	200	2:59	227	3:28	194	3:06
BHG Memphis South Trtmnt Cntr, Memphis, TN	208	3:06	235	3:36	203	3:14
BHG Middle TN Treatment Center, Nashville, TN	1.9	0:07	34.9	0:40	22.3	0:29
<i>BHG Murfreesboro, Murfreesboro, TN</i>	33.9	0:36	0.9	0:03	31.6	0:42
BHG Paducah Treatment Cntr, Paducah, KY	142	2:25	167	2:39	156	2:30
BHG Paris Treatment Center, Paris, TN	110	1:55	140	2:28	118	2:08
Bradford Health Services-Madison, Madison, AL	116	1:48	120	1:56	99.9	1:37
Bradford Health Services-Warrior, Warrior, AL	170	2:30	174	2:38	154	2:19
Center for Behavioral Health Kentucky, Inc.						
1402-A Browns Ln, Louisville, KY	177	2:36	207	3:07	196	2:59
1990 Louisville Rd, Bowling Green, KY	70.5	1:06	101	1:37	90.3	1:28
2225 Lawrenceburg Rd, Frankfort, KY	205	3:03	235	3:33	225	3:26
Clarksville Comprehensive Trtmnt Center, Clarksville, TN	46.6	0:46	76.9	1:16	66.4	1:07
Crossroads Treatment Center of Calhoun, Calhoun, GA	180	2:48	148	2:20	177	2:52
Crossroads Trtmnt Cntr of Louisville, Jeffersontown, KY	181	2:40	211	3:11	200	3:04
Crossroads Treatment Center of NW GA, Ringgold, GA	142	2:12	110	1:44	139	2:16
Crossroads Treatment Cntr of Somerset, Somerset, KY	172	2:35	174	3:05	192	2:58
Cullman County Treatment Center, Cullman, AL	145	2:09	149	2:16	129	1:58
Daviess Treatment Services, Owensboro, KY	134	2:04	164	2:35	154	2:28
DRD Knoxville Medical Clinic Central, Knoxville, TN	179	2:41	179	2:42	195	2:58
DRD Knoxville Medical Clinic, Knoxville, TN	181	2:42	181	2:43	197	2:59
E-Town Addiction Solutions, Elizabethtown, KY	134	1:59	164	2:30	154	2:24
Huntsville Metro Treatment Cntr, Huntsville, AL	112	1:56	84.6	1:54	95.8	1:44
Huntsville Recovery, Huntsville, AL	108	1:47	82.9	1:53	91.7	1:33
MedMark Treatment Cntrs of GA, Chatsworth, GA	174	2:52	142	2:23	171	2:55
Mirror Lake Recovery Center, Burns, TN	35.7	0:39	67.6	1:08	30.4	0:42
Metro Treatment Center of AL, Birmingham, AL	197	2:55	201	3:02	181	2:43
Metro Treatment of GA, Fort Oglethorpe, GA	140	2:16	107	1:47	136	2:20
Neptune Clinical Group, Rossville, GA	136	2:07	104	1:39	133	2:11
<i>New Hope Treatment, Center, Newport, TN</i>	226	3:22	226	3:22	242	3:39
Overmountain Recovery, Gray, TN (Johnson City)	275	4:04	275	4:04	291	4:21
Recovery of Columbia, Columbia, TN	46	0:48	49.6	0:54	29.9	0:37
Ringgold Treatment Center, Ringgold, GA	149	2:19	117	1:51	146	2:23
Shelbyville Comprehensive Trtmnt Cntr, Shelbyville, KY	196	2:56	226	3:25	216	3:19
Shoals Treatment Center, Sheffield, AL	134	2:23	138	2:28	118	2:12
Solutions of Savannah, Savannah, TN	136	2:15	133	2:22	110	2:10
TN Cntr for Research & Addiction Trtmnt, Memphis, TN	206	3:08	234	3:30	201	3:13
The MORE Center, Louisville, KY	175	2:36	205	3:21	195	3:01
<i>TLC Maryville, Maryville, TN</i>	187	2:52	187	2:53	203	3:10
Tri-State Treatment, Wildwood, GA	125	1:55	93.4	1:28	122	1:58
Volunteer Treatment Center, Chattanooga, TN	134	2:01	101	1:34	130	2:06
Walker Recovery Center, Jasper, AL	182	2:52	186	2:59	166	2:41
Western KY Medical, Hopkinsville, KY	72.9	1:06	103	1:36	93.2	1:29

Source: Miles & Drive Times taken from Google Maps, 7-10 AM, July 7, 2020

Note: Includes facilities located within approximately 3 hours drive time.

Facilities not yet operational are listed in italics.

**iii.b. Population of the area to be served...**

As required by the application form, detailed demographic statistics for this service area for 2020 and 2024 are provided in a later section of this application, including the service area counties' total and adult populations, socioeconomic characteristics and TennCare populations.

Currently, the three-county project service area has an estimated population of 1,295,381, projected to increase 6.2% to 1,375,193 residents within four years.

All counties in the service area are increasing in population faster than the State average. Davidson is growing 25% faster; both Rutherford and Williamson are increasing at three times the State rate.

This project will serve only adults 18+ years of age, the minimum age at which methadone can be administered. The adult populations of these counties are increasing rapidly as well. The area's adult residents are increasing almost three times as fast as the State average. By 2024, the adult service area population will be 1,048,814.

The median ages of service area counties average 34.9 years, below the State median age of 38.0 years. An estimated 10.4% of the service area population lives in poverty and 15.7% of service area residents are enrolled in TennCare. The median household incomes of the three counties average \$69,273, above the Tennessee median household income of \$60,293.

**iii.c. The estimated number of persons, in the described area, with opioid use disorder (OUD) and an explanation of the basis of the estimate.**

The table below is repeated from an earlier section of this response to State Health Plan Criterion 1. It shows the current and projected number of service area patients with (“OUD”) (pain reliever abuse and heroin use). These indicate opiate dependency with a need for treatment programs that are effective for that disease.

The projections are based on the most current adult population estimates from the Tennessee Department of Health, and the current Statewide OUD prevalence rates from the most recent 2018 National Survey on Drug Use and Health (“NSDUH”) data published by the federal Substance Abuse and Mental Health Services Administration (“SAMHSA”). County-level prevalence rates are not available in NSDUH tables.

Projections (rounded) indicate a current opiate-dependent service area population of 11,162 adults -- increasing to 11,852 adults in CY2024, based on prevalence rates and population increases. That will be an increase of 690 severely opioid-dependent persons over the next four years.

<b>Table B-Need-State Health Plan Criterion 1</b>							
<b>Part A-1: Prevalence of Opioid Use Disorder (OUD)</b>							
<b>Service Area County</b>	<b>Tennessee Prevalence Rates for Population Ages 18+</b>			<b>Population Ages 18+</b>		<b>Adults Needing Treatment (Rounded)</b>	
	<b>Pain Reliever Disorder</b>	<b>Opioid Use</b>	<b>Combined</b>	<b>CY2020</b>	<b>CY2024</b>	<b>CY2020</b>	<b>CY2024</b>
Davidson	0.78%	0.35%	1.13%	555,191	574,649	6,274	6,494
Rutherford	0.78%	0.35%	1.13%	254,457	277,902	2,875	3,140
Williamson	0.78%	0.35%	1.13%	178,139	196,263	2,013	2,218
<b>Total</b>	<b>0.78%</b>	<b>0.35%</b>	<b>1.13%</b>	<b>987,787</b>	<b>1,048,814</b>	<b>11,162</b>	<b>11,852</b>

**Sources:**

- 1. Prevalence rates from 2018 National Survey on Drug Use and Health (NSDUH) published by the Substance Abuse and Mental Health Services Administration (SAMHSA).*
- 2. Population data from Boyd Center and Tennessee Department of Health, 2017 series.*

**iii.d. The applicant shall provide the projected rate of intake per week for year one of the proposed project along with factors controlling intake.**

### Projected Intake

The applicant anticipates 145 and 124 admissions the first two years, respectively. On a weekly basis, this would be an annual average of 2.8 admissions per week in Year 1 and 2.4 admissions per week in Year 2. In reality, admissions will rapidly increase the first three months of Year 1, level off during the rest of the year, and decline through the end of Year 2. This pattern reflects initial ramp-up to capacity followed by slower monthly admissions due to fewer monthly openings for new admissions. Because many patients stay in the program longer than one year, the census will keep increasing until capacity is reached (after this project's first two years).

### Factors Affecting Intake

Patient considerations that suppress intake to an OTP include:

- Unacceptably long round-trip drive times
- Lack of insurance to pay the program's cost
- Inability to pay the program's cost out-of-pocket
- Unwillingness to accept the disciplines of an OTP program with its required counseling and monitoring
- Preference for buprenorphine from private physician offices without required adherence to behavioral change counseling and sobriety monitoring
- Preference for buprenorphine from private physician offices without required adherence to a program, allowing immediate take-home medications for up to 30 days
- Wait time for admittance to an OTP that is accessible to the patient
- Unwillingness to publicly disclose an opioid dependence (to friends, employers)

Conversely, factors that encourage intake to an OTP include:

- Acceptable drive time for daily treatments
- Financial resources including insurance, to pay the program's cost
- Opioid addiction too severe to be helped by alternative programs
- Reputation and perceived expertise of the OTP provider
- Most logical step-down model for IOP or PHP, using an MAT model
- OBOT offices that need higher level of care for non-compliant patients
- Referrals from inpatient hospitals with a highly structured MAT modality

The applicant is the nation's largest provider of OTP care, with 134 OTPs in operation across the United States -- including one of Tennessee's largest OTPs. Acadia and its CTC Division have opened more than 30 OTP clinics in recent years. The company's experience is that having an insurance resource and having acceptably short drive times to and from an OTP are the two strongest motivators for patients to seek rigorous treatment in a licensed OTP.

**iii.e. The applicant shall compare estimated need to the existing capacity of non-residential substance abuse treatment facilities including office-based opiate treatment, opioid treatment program, alcohol and drug rehabilitation treatment, and alcohol and drug detoxification facilities.**

*Capacity of Area TDMHSAS-Licensed OTPs*

There is only one existing OTP in the three-county service area. BHG, its owner, has recently received approvals to open two more OTPs in the service area. Acadia has received approval to open one OTP in the eastern sector of the service area. These four are listed below with their capacity based on 175 patients per dosing station.

<b>OTP Name</b>	<b>Status</b>	<b>City/County</b>	<b>Dosing Stations</b>	<b>Capacity @ 175 / station</b>
BHG Middle TN	Operational	Nashville / Davidson	5	875 patients
BHG Murfreesboro	Approved	Murfreesboro / Rutherford	4	700 patients
BHG Madison	Approved	Madison / Davidson	5	875 patients
Hermitage CTC	Approved	Hermitage / Davidson	2	350 patients

In CN2003-004, recently approved for Madison, BHG stated in its March 24, 2020 first supplemental responses (pages 8-9), that BHG Middle Tennessee Treatment Center's existing capacity based on five dosing windows is 875 patients and its capacity for 18 counseling offices is 1,000 patients. *It goes on to say that "BHG was close to its maximum capacity in December 2019."* The applicant notes that BHG here is projecting an average of 55.5 patients per counselor.

*Capacity of Buprenorphine Providers*

Federal sources provide data on the number of area physicians who are Federally-authorized to prescribe buprenorphine for opiate treatment. The table on the next page provides that data.

However, those physicians are not required to report current buprenorphine patients or even to indicate if they are actively prescribers of buprenorphine for their authorized patient limits or treating at all.

Only their authorized capacity for treating with buprenorphine is known. Available utilization is not known. But it is not thought to be meeting the public’s needs for treatment.

As the OIG website states on its opening page:

*“The waiver program allows physicians and certain other qualified providers to prescribe buprenorphine to patients in office settings rather than limiting this service to specialized opioid treatment programs. **Despite these efforts, studies still show that only a small percentage of Americans who need treatment actually receive it.**”*

The following table indicates the potential capacity for buprenorphine treatment in the service area, based on physicians who have been granted waivers to prescribe buprenorphine in their private practice. The data except for population is from the Office of Inspector General, USDHS.

The table repeats a table provided above in this application’s responses to State Health Plan Criterion 1.

Table B-Need-State Plan-Criterion 1.e Federally Authorized Capacity of Buprenorphine Prescribers in the Service Area								
Primary Service Area (PSA) County	Buprenorphine Providers By Patient Capacity			Total Providers	Patient Capacity	Patient Capacity Rate	High Need for Service (Y or N)	Low-to-No Patient Capacity (Y or N)
	30 Pat's	100 Pat's	275 Pat's					
Davidson	102	49	23	174	14,285	2,087.20	Y	N
Rutherford	24	6	10	40	4,070	1,320.35	N	N
Williamson	19	7	7	33	3,195	1,458.19	N	N
PSA	145	62	40	247	21,550	--	--	--

Source: USDHS, Office of Inspector General Report OEI-12-17-00240.

### *Capacity of Other Alternative Treatment Providers*

Capacity data specific to the need for an OTP is not available for the area's opioid detoxification programs, drug rehabilitation treatment programs and alcohol and drug detoxification facilities. None is long-term. None can make methadone available as a long-term substitute pharmaceutical for opiates. None offers the program breadth needed for the severely addicted opioid abuser, e.g., mandatory long-term behavioral therapy combined with the daily availability of medication that is usually methadone. This "gold standard" of care for the severely addicted patient is available only from TDMHSAS-licensed OTP facilities.

**(iii.e. continued) The applicant shall contact the Tennessee Methadone Authority to obtain the current patient caseload and capacity of Non-Residential Opioid Treatment Providers providing care to patients in the proposed service area. The list shall delineate the number of patients receiving methadone treatment and buprenorphine treatment.**

The applicant contacted the TDMHSAS Methadone Authority to request Statewide OTP data needed for this application. On March 2, 2020, TDMHSAS provided data in response.

However, TDMHSAS was not able to provide data delineating “capacity” of the programs, or the number of patients receiving buprenorphine vs. methadone other than on a one-day point in time.

In this project, the applicant projects that approximately 92% of the South Nashville CTC patients will be receiving methadone and 8% will be receiving buprenorphine. This is based on Acadia’s typical experience in its OTP clinics. See the table below.

<b>Table B-Need-State Plan-Criterion 1.f</b>			
<b>Projected Dispensing of Methadone and Buprenorphine at South Nashville CTC</b>			
	<b>Admissions</b>	<b>Methadone (92%)</b>	<b>Buprenorphine (8%)</b>
<b>Year One</b>	145	133	12
<b>Year Two</b>	124	14	10

The only operational OTP in the project service area is BHG Middle Tennessee. The applicant has no data on the percentage of its patients receiving methadone vs. buprenorphine. However, in BHG’s recently approved application CN2003-004 for Madison (Davidson County), the estimated percentage was approximately 91% methadone and 9% buprenorphine.

**Consideration should be given to the reality that existing facilities can expand or reduce their capacity to maintain or treat patients without large changes in overhead.**

There is only one existing licensed OTP in this extensive, highly populated service area, using a MAT program with methadone maintenance. Its owner has stated that it is nearing full capacity and has had two additional OTPs approved, one in northeastern Davidson County (BHG Madison) and one in central Rutherford County (BHG Murfreesboro). Acadia has had an OTP approved for Hermitage in far eastern Davidson County. None of these projects will be as accessible respect to residents of southern Davidson, eastern Williamson, and north Rutherford Counties as this proposed South Nashville project.

**2. Assurance of Resources: The proposal's estimate of the number of patients to be treated, anticipated revenue from the proposed project, and the program funding source with description of the organizational structure of the program delineating the person(s) responsible for the program, should be considered.**

The applicant projects the following utilization.

	Year One	Year Two
Admissions	145	124
Patients in Treatment	120	224

In Year 2 of the project, the Projected Data Chart forecasts a positive net operating income after expenses (\$135,270) a positive EBITDA per patient (\$1,137) and a positive free cash flow (\$135,270).

The funding source will be Acadia Healthcare Company, Inc., the applicant LLC's parent company. It is a publicly traded company with adequate operating income and cash reserves to fully fund the project and to carry it to breakeven.

The OTPs Clinic Director will be responsible for administrative operation of the clinic, including nursing and counseling. Its Medical Director will be responsible for medical care of the clients. The Clinic Director will report to a Regional Director who reports to the Vice President of Operations for the CTC Division of Acadia Healthcare.

**3. Charity Care: The proposal should address the program’s ability to provide for indigent and charity care. The applicant shall provide the rate of charity care of total gross revenue in year one and year two, including the total number of charity care patients to be served.**

The applicant projects that the South Nashville CTC will provide \$11,250 and \$23,625 of charity care during Year 1 and Year 2, respectively. This would be 3.6% and 2.4% of those years’ gross revenues. The applicant’s commitment is to provide charity care that averages at least 2% of gross revenues over time.

Year 1 is a gradual ramp-up of patients, including but not limited to pregnant women seeking free care. The applicant projects that there will be four charity patients admitted in Year 1 and another eight admitted in Year 2 (with 2 continuing from Year 1).

A clinic such as this will not have sufficient revenues to provide charity care to many clients. OTPs are not healthcare facilities with large revenue streams and tax exemptions. However, the CY2020 initiation of Medicare and TennCare coverage of OTP costs will fund treatment for many more low-income patients who otherwise would have been unable to afford OTP care.

**Please complete the following table to demonstrate projected charity care in Year 1 and Year 2.**

	Gross Revenue	Gross Charge Per Patient (1 yr)	Charity Care Total @ Cost	Total Charity Care Patients
Year 1	\$311,608	\$2,596.73	\$11,250	4 unique
Year 2	\$969,317	\$4,327.31	\$23,625	8 unique + 2 continuing from Year 1

**4. Special Populations: The applicant shall address how the proposed program will serve patients who are pregnant, HIV positive, Hepatitis C positive, and patients who are incarcerated and/or facing risk of incarceration. The applicant should also discuss its ability, willingness, and plan to provide care to women who are pregnant but cannot afford the services.**

Care will be provided to clinically qualified clients who are HIV or Hepatitis C positive.

The applicant does not anticipate provision of services off-site. That will preclude serving persons incarcerated or facing incarceration, who are unable to be transported to the OTP for medication and counseling.

The applicant is able, and committed, to offer care to women who are pregnant upon admission or who become pregnant during treatment, if they are able to meet attendance obligations of the program and cannot afford OTP services. They are included in the charity care projections in the response immediately above.

**5. Adequate Staffing:** An applicant shall document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed service area. The applicant should provide evidence of planned staffing patterns that adhere to relevant TDMHSAS licensing standards.

Acadia Healthcare is an experienced provider of OTP services in Tennessee through operation of one of the State's largest OTP clinics, located in Chattanooga. That clinic is in full compliance with TDMHSAS licensing standards, in addition to being CARF-accredited with one of the nation's highest scores. Acadia has also just opened its Clarksville OTP (Montgomery County). Its staffing has been successful and complies with TDMHSAS licensing standards and policies.

The proposed South Nashville CTC will adhere to all TDMHSAS licensing standards. The required staffing outlined in the application conforms to or exceeds Tennessee requirements. The staff are not in short supply or difficult to recruit and train. The applicant is confident of its ability to staff the project in compliance not only with licensure standards, but also with Acadia's own robust internal standards. Attachment A-3A(1) provides a detailed narrative of the applicant's continuous training, assessment and development of professional staff.

**6. Licensure and Quality Considerations:** Any existing applicant for this CON service category shall be in compliance, or have a plan for compliance, with the appropriate rules of the Tennessee Department of Health (TDH) and TDMHSAS.

**Rationale:** This section supports the Health Plan's Fourth Principle for Achieving Better Health regarding quality State of care.

The applicant's two existing Tennessee OTPs both comply with appropriate rules of these agencies. With respect to this proposed OTP, the applicant will comply with this criterion in order to obtain and maintain State licensure.

**7. Data Requirements:** Applicants shall agree to provide the TDH, TDMHSAS, and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services and to report that data in the time and format requested. As a standard practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

The applicant so agrees.

**8. Community Linkage Plan:** The applicant shall describe its participation, if any, in a community linkage plan, including its relationships with appropriate

**health care system providers/services and working agreements with other related community services assuring continuity of care. The applicant is encouraged to include primary prevention initiatives in the community linkage plan that would address risk factors leading to increased opioid dependency. Applicants should document plans for satisfying TDMHSAS Administrative Rule 0940-05-42-.28, related to community education.**

**Rationale: The State Health Plan moved from a primary emphasis of health care to an emphasis on “health protection and promotion”. The development of primary prevention initiatives for the community advances the mission of the State Health Plan.**

It is the policy of Acadia’s CTC Group (which operates its OTPs) and each OTP to minimize negative impact on the community, achieve peaceful coexistence, and plan for change and program growth. Each OTP will develop a program specific Community Outreach and Relations Plan to foster positive relations in the community and to resolve any community relations problems. This plan will be annually reviewed and revised.

The “community” includes, but is not limited to, resident individuals and businesses in the area, community leaders, publicly elected officials, community organizations, religious leaders, health care providers, health planning agencies, police and law enforcement officials, universities and academic institutions and others, as identified.

The OTP’s Community Outreach and Relations Plan will identify opportunities to provide community education on substance abuse and the use of methadone or other opioid agonist treatment medications. Staff members will be identified to serve in community relations activities.

The Plan will specify an organized and deliberate process to identify community contacts and existing information distribution channels, to solicit expression of community concerns, to implement strategies to address identified concerns/challenges, to develop a plan to effectively use joint public meetings and other mechanisms to communicate with involved parties, and to respond to community concerns and requests for information.

Methods that will be used to gather community concerns/input and design strategies for addressing them include, but are not limited to:

- Consumer satisfaction surveys
- Community needs assessments, which may have been conducted by other organizations such as the health department, local United Way, etc.;
- Attendance at community/neighborhood organization meetings;
- Participation and collaboration with councils and governmental groups working as task forces to affect shared problems;

- Attendance at professional group meetings/substance abuse provider meetings, counselors association meetings, etc.;
- Community advisory groups; and
- Patient advisory groups.

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**END OF RESPONSES TO STATE HEALTH PLAN CRITERIA**

**2. Describe how this project relates to existing facilities or services operated by the applicant, including previously approved Certificate of Need projects and future long-range development plans.**

Currently, Tennessee does not provide its residents with a sufficient number of easily accessible OTP clinics when compared to surrounding States. The result has been low levels of OTP treatment compared to the need for OTP treatment. The severity of Tennessee's opioid epidemic requires rapid opening of additional OTP clinics that are distributed into more suburban and rural areas.

In 2020, TennCare and Medicare have begun to cover OTP services. The resulting increase in demand will enable a wider distribution of OTP programs without adversely impacting existing OTPs.

This is shown by current CON applications from the State's two largest OTPs to shift current patient census into new facilities farther from the central city thereby shortening patient drive times and making room for increased admissions.

Acadia Healthcare focuses on behavioral health facilities and programs. In the field of outpatient opiate use disorder treatment, its 134 fully accredited clinics are the nation's largest OTP system--serving more than 65,000 patients annually.

This project, if approved, will join Acadia's Volunteer Treatment Center in Chattanooga, one of the largest OTP programs in Tennessee, and the Clarksville CTC that opened in April 2020.

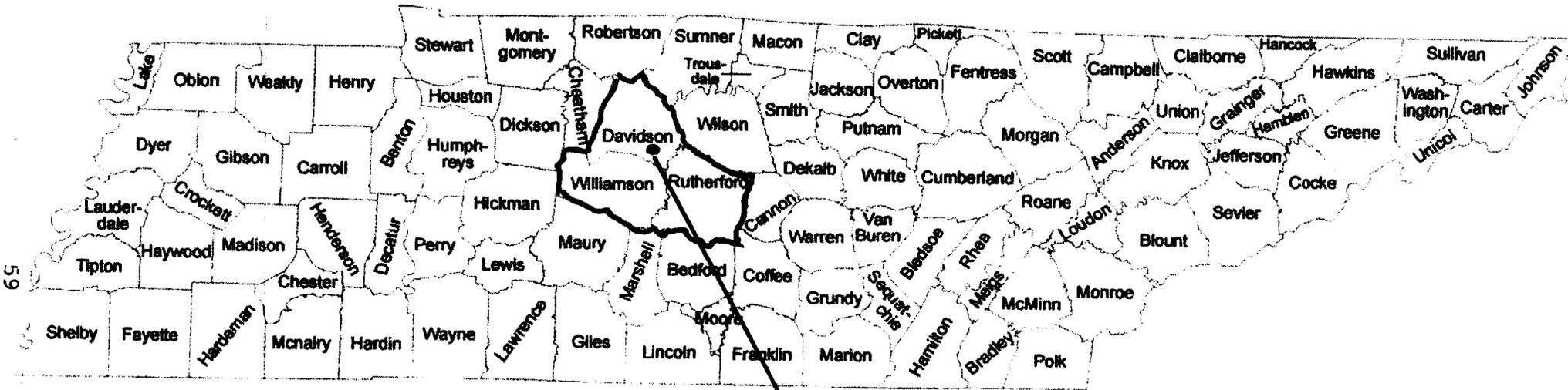
**3. Identify the proposed service area and provide justification for its reasonableness. Submit a county level map for the Tennessee portion of the service area, using the map on the following page, clearly marked and shaded to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the bordering states, if applicable.**

The project will serve primarily southern Davidson, north Rutherford, and eastern Williamson Counties in Tennessee. In this area, there are one operational OTP and three approved OTPs that are not yet open as of September 1, 2020.

The data indicate that those counties are currently underserved and are “*high need*” areas that will have less than 20% of their needs met by the four existing and approved OTPs. Their residents have long drive times to the only OTP in central Nashville or (soon to open) in Murfreesboro. This is a deterrent to seeking care because OTP care requires daily onsite attendance for periods of months; and long daily drive times are not possible for many who need care.

The project location in South Nashville, with excellent roadway connections to all parts of its service area is a highly accessible site to meet needs of these underserved patients, and to lessen the burdens of drive time for current OTP patients who live in that area and do not need otherwise to drive daily into central Davidson or central Rutherford Counties.

The specified county-level service area map follows this page, and is also included in Attachment Section B-Need-3.



**SOUTH NASHVILLE COMPREHENSIVE TREATMENT CENTER  
PRIMARY SERVICE AREA**

**(3 Continued) Complete the following utilization tables for each county in the service area, if applicable:**

**Service Area, 2019**

<b>Service Area Counties</b>	<b>Patients In Treatment Historical Utilization-- County Residents--Most Recent Year (Yr = CY 2019)</b>	<b>% of Total ___ Procedures ___ Cases __x__ Patients Other:</b>
Davidson	821	82.4%
Rutherford	117	11.8%
Williamson	58	5.8%
<b>Total</b>	<b>996</b>	<b>100%</b>

Source: TDMHSAS

**South Nashville Comprehensive Treatment Center, 2022 (Year 1)**

<b>Service Area Counties</b>	<b>SOUTH NASHVILLE CTC Patients in Treatment Projected Utilization-- County Residents (Year = 2022)</b>	<b>% of Total ___ Procedures ___ Cases __x__ Patients Other:</b>
Davidson	72	60%
Rutherford	30	25%
Williamson	12	10%
<b>PSA Total</b>	<b>114</b>	<b>95%</b>
<b>Other Counties</b>	<b>6</b>	<b>5%</b>
<b>Total Patients</b>	<b>120</b>	<b>100%</b>

*Note: Patient numbers are rounded.*

4.

**A.1). Describe the demographics of the population to be served by the proposal.**

Currently, the three-county project service area has an estimated population of 1,295,381, projected to increase 6.2% to 1,375,193 residents within four years.

All counties in the service area are increasing in population faster than the State average. Davidson is growing approximately 25% faster; both Rutherford and Williamson are increasing at three times the State rate.

This project will serve only adults 18+ years of age, the minimum age at which methadone can be administered. The adult populations of these counties are increasing rapidly as well. The area's adult residents are increasing almost three times as fast as the State average. By 2024, the adult service area population will be 1,048,814.

The median ages of service area counties average 34.9 years, below the State median age of 38.0 years. An estimated 10.4% of the service area population lives in poverty and 15.7% of service area residents are enrolled in TennCare. The median household incomes of the three counties average \$69,273, above the Tennessee median household income of \$60,293.

**A.2). Provide the following data for each county in the service area using current and projected population data from the Dept. of Health (<https://www.tn.gov/content/tn/health/health-program-areas/statistics/health-data/con.html>), the most recent enrollee data from the Division of TennCare, <https://www.tb.gov/tenncare/information-statistics/enrollment-data.html> and US Census Bureau demographic information. Census Bureau Fact Finder: <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>**

Please see Table Section B-Need-4-A.2) on the following page.

**Table B-Need-4-A2): South Nashville Comprehensive Treatment Center  
Demographic Characteristics of Primary Service Area  
2020-2024**

Primary Service Area Counties	Department of Health / Health Statistics							Bureau of the Census				TennCare	
	Current Total Population 2020	Projected Total Population 2024	Total Population % Change 2020 - 2024	Current Target* Population Age 18+	Projected Target* Population Age 18+	Projected Target* Population Age 18+ % Change 2020 - 2024	Projected Target* Population As % of Projected Total Population 2024	Median Age	Median Household Income	Persons Below Poverty Level	Persons Below Poverty Level as % of Total Population	Current TennCare Enrollees	TennCare Enrollees as % of Total County or Zip Code Population
Davidson	715,941	743,578	3.9%	555,191	574,649	3.5%	77.3%	33.9	\$60,293	84,481	11.8%	135,459	18.9%
Rutherford	338,405	368,667	8.9%	254,457	277,902	9.2%	75.4%	32.2	\$63,846	35,194	10.4%	55,182	16.3%
Williamson	241,035	262,948	9.1%	178,139	196,263	10.2%	74.6%	38.5	\$83,679	15,426	6.4%	13,035	5.4%
<b>Service Area Total</b>	1,295,381	1,375,193	6.2%	987,787	1,048,814	6.2%	76.3%	34.9	\$69,273	135,101	10.4%	203,676	15.7%
<b>State of TN Total</b>	6,883,347	7,097,353	3.1%	5,348,605	5,530,388	3.4%	77.9%	38.0	\$60,293	893,217	16.7%	1,421,442	20.7%

Sources: TDOH Population Projections, 2018; U.S. Census QuickFacts; TennCare Bureau.

Service area data is either total, or average, as appropriate.

**B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.**

The service area population, like other areas of Tennessee, is experiencing high rates of opioid addiction, with the increased unemployment, hospitalizations, crimes, and premature deaths that occur with those addictions.

This project addresses a strong area wide need for more OTP resources, which are the most effective treatment option for most strongly addicted patients who need access to methadone combined with counseling and other support for prolonged periods of time.

The facility will be accessible to all clinically qualified adults without discrimination based on gender, age, religion, race or ethnicity. It will accept Medicare and TennCare patients and will provide charity care.

The project will bring excellent OTP care closer to service area residents, shortening their drive times to alternative OTP locations that are farther away, and serving patients who need this care but are not currently receiving it due to cost and travel time.

The location of the project will be of special benefit to this suburban area's elderly and low-income TennCare residents, for whom daily morning drive time into central Nashville (the only existing OTP site) is too burdensome or expensive.

The travel burden is real. Most patients drive to an OTP in the morning hours between 5 am and 10 am. The four OTPs approved for these three counties are not easily accessible to many residents in south Nashville, eastern Williamson or north Rutherford Counties. Morning rush hour traffic to those locations can be very heavy. For patients who are not otherwise driving daily to jobs near those locations, long round-trip drives every weekday for months or a year or more is very burdensome. Tennessee should have a policy of making OTP clinics as rapidly accessible as possible, as are other non-acute health services.

It is a travel time burden without parallel in other healthcare services -- not even in courses of daily cancer treatment, which last only weeks. OTPs are essentially licensed outpatient clinics. They require very small capital expenditures compared to other licensed healthcare facilities. If financially feasible, they should be allowed at locations convenient to their patients -- which in this large urban area means numerous locations, both central and suburban.

**5. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must provide the following data: admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.**

Existing Services

There is one existing OTP provider in the service area: BHG Middle Tennessee Treatment Center. It is located in central Davidson County, near the hospital district. Its utilization data in the table below was provided to the applicant by the TDMHSAS Methadone Authority.

	Unique Patients CY 2017	Unique Patients CY2018	Unique Patients CY2019
BHG Nashville	962	961	1,077

*Source: TDMHSAS report to the applicant, 3-2-20.*

Approved But Unimplemented Services (as of 9-1-20)

BHG Madison – northeast Davidson County  
 BHG Murfreesboro – central Rutherford County  
 Acadia Hermitage CTC – far eastern Davidson County

**6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.**

This application is for a new facility with no historical utilization. Its projected utilization is shown in the following table.

	Year 1	Year 2
Admissions	145	124
Patients	120	224

The applicant anticipates 145 and 124 admissions the first two years, respectively. On a weekly basis, this would be an annual average of 2.8 admissions per week in Year 1 and 2.4 admissions per week in Year 2. In reality, admissions will rapidly increase the first three months of Year 1, level off during the rest of the year, and decline through the end of Year 2. This pattern reflects initial ramp-up to capacity followed by slower monthly admissions due to fewer monthly openings for new admissions. Because many patients stay in the program longer than one year, the census will keep increasing until capacity is reached (after this project's first two years).

In Year 1, there are more admissions than there are patients treated. That is because the patient data is patients in treatment at the end of the year. Some of the Year 1 admissions will leave during that first year, leaving 120 patients in treatment at the end of the year. In Year 2, there will be 120 new admissions. With discharges during Year 2, there will be a net gain of 104 patients in treatment at the end of Year 2--a total of 224.

Projections are based on the ramp-up experience at more than 50 OTPs operated by Acadia over the past ten years.

## **ECONOMIC FEASIBILITY**

**The responses to this section of the application will help determine whether the project can be economically accomplished and maintained.**

### **1. Project Cost Chart Instructions**

**A. All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee), (See application instructions for Filing Fee.)**

The minimum fee is entered on the Chart.

**B. The cost of any lease, The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.**

The Chart uses the lease outlay of the space being leased. That exceeds the fair market value calculation, as shown on the page following the Chart. Note that there is a lease payment only over a seven-year period. The lease option provides for a longer period of time but the additional months reflect a rent-free period for obtaining CON approval and renovating the space.

**C. The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.**

**D. The Total Construction Cost reported on line 5 should equal the Total Cost reported on the Square Footage Chart.**

**E. For projects that include new construction, modification, and/or renovation -- documentation must be provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:**

- a) A general description of the project;
- b) An estimate of the cost to construct the project; and
- c) A description of the status of the site's suitability for the proposed project;
- d) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.

Please see Attachment Section B-Economic Feasibility-1E.

**PROJECT COST CHART- SOUTH NASHVILLE COMPREHENSIVE TREATMENT CENTER**

A. Construction and equipment acquired by purchase:

1. Architectural and Engineering Fees	\$	45,000
2. Legal, Administrative, Consultant Fees (Excl CON Filing Fe		20,000
3. Acquisition of Site		0
4. Preparation of Site permitting		3,000
5. Total Construction Cost		399,000
6. Contingency Fund		39,900
7. Fixed Equipment (Not included in Construction Contract)		78,000
8. Moveable Equipment (List all equipment over \$50,000 as separate attachment)		
9. Other (Specify) Info systems and telecomm signage, safes, gen contingency		184,695

B. Acquisition by gift, donation, or lease:

1. Facility (inclusive of building and land) <b>LEASE OUTLAY</b>	546,916
2. Building only	
3. Land only	0
4. Equipment (Specify) _____	0
5. Other (Specify) _____	0

C. Financing Costs and Fees:

1. Interim Financing	0
2. Underwriting Costs	0
3. Reserve for One Year's Debt Service	0
4. Other (Specify) _____	0

D. Estimated Project Cost (A+B+C)

1,316,511

E. CON Filing Fee

15,000

F. Total Estimated Project Cost (D+E)

**TOTAL \$ 1,331,511**

<b>Actual Capital Cost</b>	784,595
Section B Lease Outlay	546,916

**SOUTH NASHVILLE COMPREHENSIVE TREATMENT CENTER  
COMPARISON OF LEASE OUTLAY VS. FMV OF LEASED SPACE  
1420 DONELSON PIKE, SUITE B19**

<b>SPACE LEASE OUTLAY--FIRST TERM</b>						
First Term of Years	Rentable SF	Base Lease Rate- \$PSF	Annual Base Lease Outlay	Pass-through Expenses- \$PSF	Annual PassThrough Expenses	Total Costs for Leased Space
Year 1	5,948	\$ 12.00	\$71,376.00	3.00	17,844.00	\$89,220.00
Year 2	5,948	\$ 12.36	\$73,517.28	3.09	18,379.32	\$91,896.60
Year 3	5,948	\$ 12.73	\$75,722.80	3.18	18,930.70	\$94,653.50
Year 4	5,948	\$ 13.11	\$77,994.48	3.28	19,498.62	\$97,493.10
Year 5	5,948	\$ 13.51	\$80,334.32	3.38	20,083.58	\$100,417.90
Year 6	5,948	\$ 13.91	\$82,744.35	3.48	20,686.09	\$103,430.43
Year 7	5,948	\$ 14.33	\$85,226.68	3.58	21,306.67	\$106,533.35
<b>1st Term Total</b>			<b>\$546,915.90</b>			<b>\$683,644.88</b>

**Note: Base lease rate and estimated pass through expenses to increase at 3% after yr 1.**

<b>PROJECT SPACE--FAIR MARKET VALUE</b>	
Project Space	5,948
Building Area	85,543
Project % of Building Area	7.0%
Bldg and Land Value	\$5,917,600
<b>Market Value of Space</b>	<b>\$411,464</b>

TR on 1-17  
Co Appraiser  
Co Appraiser  
Space % X Bldg and Land Cost



[Page \(/prc/property/153018/card/1\)](#)

[Record Card \(/prc/property/153018/print\)](#)

[Improvement Details \(/prc/property/153018/card/1/imterior\)](#)

[Data \(/prc/property/153018/card/1/historical\)](#)

[Review/  
Appeal \(/prc/property/153018/card/1/review\)](#)

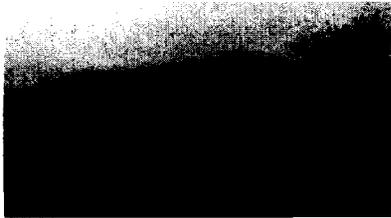
[Google/  
Bing Maps \(/prc/property/153018/card/1/map\)](#)

To return to your search results click your browsers back button

### GENERAL PROPERTY INFORMATION

**Map & Parcel:** 134 00 0 265.00  
**Location:** 1420 DONELSON PIKE  
**Current Owner:** SL AIRPARK, LLC & SL AIRPARK I

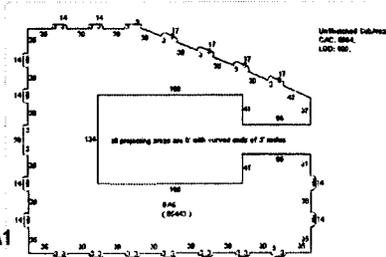
Card 1 of 1



[http://www.padctn.org/prc/Image\\_2020\\_May1](http://www.padctn.org/prc/Image_2020_May1)

Click to Enlarge

[http://www.padctn.org/prc/Image\\_2020\\_May153000118001.JPG](http://www.padctn.org/prc/Image_2020_May153000118001.JPG)



[http://www.padctn.org/prc/Sketch\\_2020\\_May153000118001.jpg](http://www.padctn.org/prc/Sketch_2020_May153000118001.jpg)

Click to Enlarge

[http://www.padctn.org/prc/Sketch\\_2020\\_May153000118001.jpg](http://www.padctn.org/prc/Sketch_2020_May153000118001.jpg)

Sketch Details

[\(/prc/property/153018/card/1/imterior\)](#)

**Mailing Address:** 195 MORRISTOWN RD C/O SILVERMAN GROUP, BASKING RIDGE, NJ 07920

**Legal Description:** LOT 1 AIRPARK WEST PROPERTIES SEC 1 1ST REV & PT CLOSED ST.

**Tax District:** USD [View Tax Record \(https://nashville-tn.mygovonline.com/mod.php?mod=propertytax&mode=public\\_lookup\)](#)

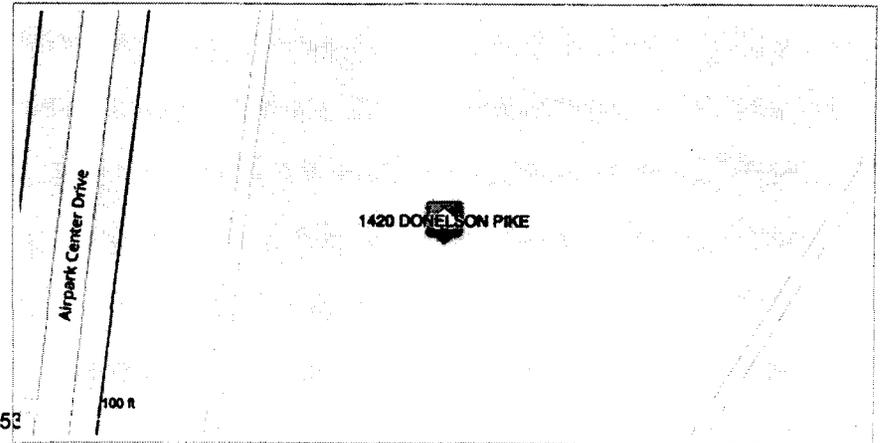
**Assessment Classification\*:** COM

**Legal Reference:** 20160519-0050431 [View Deed \(https://www.davidsonportal.com/gis/file.php?file=201605190050431\)](#)

**Sale Date:** 05/16/2016

**Sale Price:** \$0

### MAP TOOLS



Comper

[Sales Search \(http://davidson-tn-citizen.comper.info/template.aspx?propertyID=13400026500\)](http://davidson-tn-citizen.comper.info/template.aspx?propertyID=13400026500)

Pictometry

[Aerial Photos \(http://community.spataleat.com/tn/davidson/pictometry.php?y=36.094553&x=-86.679580\)](http://community.spataleat.com/tn/davidson/pictometry.php?y=36.094553&x=-86.679580)

Metro

[Maps \(https://maps.nashville.gov/ParcelViewer/?parcelID=13400026500\)](https://maps.nashville.gov/ParcelViewer/?parcelID=13400026500)

To view data for another property click in map to select

q89

\*This classification is for assessment purposes only and is not a zoning designation, nor does it speak to the legality of the current use of the subject property.

## TOTAL PROPERTY APPRAISAL / ASSESSMENT

Assessment Year: 2020  
Last Reappraisal Year: 2017  
Improvement Value: \$3,296,200  
Land Value: \$2,621,400  
Total Appraisal Value: \$5,917,600  
Assessed Value: \$2,367,040  
Property Use: BUSINESS CENTER  
Zone: 8  
Neighborhood: 3906  
Land Area: 10.03 Acres

## GENERAL ATTRIBUTES - CARD 1

Property Type: BUSINESS CTR  
Year Built: 1985  
Square Footage: 85,443  
Exterior Wall: BRICK  
Story Height: 1 STY  
Building Condition: Average  
Foundation Type: TYPICAL

Number of Rooms: 0  
Number of Beds: 0  
Number of Baths: 0  
Number of Half Bath: 0  
Number of Fixtures: 0

## PADCTN.ORG

Home (<http://www.padctn.org>)  
Who We Are, What We Do  
(<https://www.padctn.org/general/>)  
Real Property Search  
(<https://www.padctn.org/real-property-search/>)  
Real Property (<https://www.padctn.org/real-property/>)  
Personal Property  
(<https://www.padctn.org/personal-property/>)  
Appeal Information  
(<https://www.padctn.org/review-appeal/>)  
Services (<https://www.padctn.org/services/>)

Terms of Use (<https://www.padctn.org/terms-of-use/>)  
System Requirements  
(<https://www.padctn.org/system-requirements/>)  
Annual Paper Reduction Report  
(<https://www.padctn.org/annual-paper-reduction-report/>)

## QUICK LINKS

Metro Sites  
(<https://www.padctn.org/general/topic-index-and-links/>)  
Surrounding Counties  
(<https://www.padctn.org/general/topic-index-and-links/>)  
State Sites  
(<https://www.padctn.org/general/topic-index-and-links/>)

## CONTACT

Staff Directory (<https://www.padctn.org/staff-directory/>)  
Directions (<https://www.padctn.org/directions/>)  
 E-mail Customer Service  
(<mailto:assessorweb@nashville.gov>)  
Facebook  
(<https://www.facebook.com/metronashvilleassessorofpr>)  
Twitter (<https://twitter.com/NSHPropAssessor>)

Main Line: (615) 862-6080 Fax: (615) 862-6057 Open Monday - Friday, 8:00 am- 4:30 pm (Except Holidays)  
Mailing: P.O. Box 196305 Nashville, TN 37219-6305 Physical: 700 2nd Ave S, Suite 210, Nashville, TN 37210

 For ADA assistance: please contact Kristina Ratcliff at (615) 862-6998.

**2. Identify the funding sources for this project.**

**Check the applicable item(s) below and briefly summarize how the project will be financed. (Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment B, Economic Feasibility-2.)**

       1) **Commercial Loan**--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

       2) **Tax-Exempt Bonds**--copy of preliminary resolution or a letter from the issuing authority, stating favorable contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

       3) **General Obligation Bonds**--Copy of resolution from issuing authority or minutes from the appropriate meeting;

       4) **Grants**--Notification of Intent form for grant application or notice of grant award;

  X   5) **Cash Reserves**--Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project, and audited financial statements of the organization; and/or

       6) **Other**--Identify and document funding from all sources.

All required funding will be provided by Acadia Healthcare Company, Inc., the applicant's parent company. The funding assurance letter is provided in Attachment Section B-Economic Feasibility-2.

**C. Complete Historical Data Charts on the following pages--Do not modify the Charts or submit Chart substitutions!**

**Historical Data Chart** represents revenue and expense information for the last three (3) years for which complete data is available. The “**Project Only Chart**” provides information for the services being presented in the proposed project while the “**Total Facility Chart**” provides information for the entire facility. Complete both, if applicable.

**Note that “Management Fees to Affiliates” should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. “Management Fees to Non-Affiliates” should include any management fees paid by agreement to third party entities not having common ownership with the applicant.**

This is a new facility. The Historical Data Chart is not applicable.

**D. Complete Projected Data Charts on the following pages – Do not modify the Charts provided or submit Chart substitutions!**

**Projected Data Charts** provide information for the two years following the completion of the project. The “**Project Only Chart**” should reflect revenue and expense projections for the project (i.e., if the application is for additional beds, included anticipated revenue from the proposed beds only, not from all beds in the facility.) The “**Total Facility Chart**” should reflect information for the total facility. Complete both, if applicable.

***Note that “Management Fees to Affiliates” should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. “Management Fees to Non-Affiliates” should include any management fees paid by agreement to third party entities not having common ownership with the applicant.***

The Projected Data Chart is provided on the following two pages.



	Year 2022	Year 2023
<b>NET INCOME (LOSS)</b>	\$ <u>(318,905)</u>	\$ <u>109,824</u>
G. Other Deductions		
1. Annual Principal Debt Repayment	\$ _____	\$ _____
2. Annual Capital Expenditure	\$ _____	\$ _____
<b>Total Other Deductions</b>	\$ <u>0</u>	\$ <u>0</u>
<b>NET BALANCE</b>	\$ <u>(318,905)</u>	\$ <u>109,824</u>
<b>DEPRECIATION</b>	\$ _____	\$ _____
<b>FREE CASH FLOW (Net Balance + Depreciation)</b>	\$ <u>(318,905)</u>	\$ <u>109,824</u>

X TOTAL FACILITY  
O PROJECT ONLY

### PROJECTED DATA CHART – OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	Year 2022	Year 2023
1. <u>PTO expenses</u>	\$ <u>3,101</u>	<u>4,209</u>
2. <u>Payroll Taxes</u>	<u>31,010</u>	<u>42,089</u>
3. <u>Health Ins</u>	<u>2,607</u>	<u>3,795</u>
4. <u>Workers Comp</u>	<u>3,950</u>	<u>5,750</u>
5. <u>Other Employee Benefits</u>	<u>1,975</u>	<u>2,875</u>
6. <u>Overtime</u>	<u>6,202</u>	<u>8,418</u>
7. <u>Purchasing Svcs</u>	<u>6,303</u>	<u>19,648</u>
8. <u>Contract Labor (non MD)</u>	_____	_____
9. <u>Utilities</u>	<u>12,000</u>	<u>12,360</u>
10. <u>Repair &amp; Maintenance</u>	<u>0</u>	<u>1,200</u>
11. <u>Travel</u>	<u>0</u>	<u>0</u>
12. <u>Addition rent (NNNs)</u>	<u>17,844</u>	<u>18,379</u>
13. _____	_____	_____
14. _____	_____	_____
15. _____	_____	_____
<b>Total Other Expenses</b>	\$ <u>84,992</u>	\$ <u>118,723</u>

5.

**A. Please identify the project’s average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Complete Project Only Chart, and Total Facility Chart if applicable.**

**Total Facility Chart—South Nashville Comprehensive Treatment Center**

	Previous Year to Most Recent Year	Most Recent Year	Year 1	Year 2	% Change (Current Yr to Yr 2)
<b>Gross Charge (Gross Operating Revenue/Patient)</b>	NA	NA	\$2,596.73	\$4,327.31	+66.6%
<b>Deduction from Revenue (Total Deductions/Patient)</b>	NA	NA	\$132.70	\$171.37	+29.1%
<b>Average Net Charge (Net Operating Revenue/Patient)</b>	NA	NA	\$2,464.03	\$4,155.94	+68.7%

The charge structure from Year 1 to Year 2 will not increase. To the extent the chart suggests differently, that is caused by the fact that the patients Year 1 are not there all year; the census is “building” continuously during the startup year. So revenues and deductions in Year 1 do not represent typical data for a complete year. The Year 2 data is more indicative of the facility’s charges and deductions per patient.

**B. Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.**

Please see the next page for an itemized list of the many types of charges in the facility. This charge schedule will not be increased from Year 1 to Year 2. It should also be pointed out that each patient’s charges during the year will differ from others’ charges, according to their differing treatment needs.



**C.**

**1) Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved Certificates of Need.**

The gross charges at this facility will be identical to those of Acadia's Volunteer Treatment Center in Chattanooga and its Clarksville Comprehensive Treatment Center. All Acadia OTPs being proposed have identical charges. The charges listed on the preceding charge schedule page are gross charges, not the amount of reimbursement that will be provided for Medicare and TennCare patients.

The HSDA staff asked the applicant for current application CN2003-004 (BHG) to submit supplemental information that compared its proposed charges to those of several recently approved applications. The table below contains data that BHG provided on page 22 of its March 19, 2020 supplemental response to the Madison application. The table also indicates that all Acadia treatment centers (including this South Nashville project) will have identical charges.

<b>Table B-Economic Feasibility-5C-1): Comparative Charges</b>						
	<i>Approved BHG Madison Treatment Center</i>	<i>Approved BHG Murf'boro Treatment Center</i>	Acadia Volunteer and Clarksville Treatment Centers	<i>Approved and Proposed Acadia Treatment Centers (Hermitage, Cleveland, South Nashville</i>	New Hope Treatment Center (Newport)	TLC Maryville
Methadone	\$300/wk	\$116/wk	\$84-\$91/wk	\$84-\$91/wk	\$95	\$14 first day; \$98/wk after
Buprenorphine	\$7.53/wk	\$7.53/wk	\$105-\$126	\$105-\$126	NA	14 first day; \$98/wk after
Suboxone	\$7.53/wk	\$7.53/wk	\$77-\$182	\$77-\$182	NA	14 first day; \$98/wk after
OBOT	included	included	\$75	\$75	NA	NA
Addit'l Drug Screening	included	included	\$5-25	\$5-25	NA	NA
Pregnancy Test	included	included	\$25	\$25	NA	NA
Yearly Physical	included	included	\$30	\$30	NA	NA
Peak Trough Level Test	included	included	\$20	\$20	NA	NA
CON reference	First Suppl p. 22	p. 45	p. 70	p. 70	p. 59	Suppl Attachment Section C, Item 5.c.

**2) If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).**

Medicare and TennCare will reimburse for OTP care at fixed bundled rates (all-inclusive) of approximately \$195 per week (rounded) and \$125 per week, respectively.

For comparison purposes, Medicare's weekly rate will average \$27.76 per day and Medicaid's weekly rate will average \$17.85 per day. It is difficult to compare charges to this project, because patient charges vary according to the types of services used -- as listed on the charge schedule two pages above in this application. However, the South Nashville CTC minimum charge per day for self-pay is \$12, not including non-daily special services listed on the charge schedule.

6.

**A. Discuss how projected utilization rates will be sufficient to support the financial performance—**

- 1) Noting when the project's financial breakeven is expected, and**
- 2) Demonstrating the availability of sufficient cash flow until financial viability is achieved.**

The applicant's Projected Data Chart conservatively projects that the project will reach a positive net income in the first month of Year 2.

The applicant's parent company, Acadia Healthcare, has ample financial resources to absorb the South Nashville CTC's initial operating losses until financial viability is achieved. Please see the funding commitment letter in Attachment B-Economic Feasibility-2 and the parent company's financial statements in Attachment B -- Economic Feasibility-6A.

**Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as**

Please see Acadia Healthcare's income statement and balance sheet in Attachment B -- Economic Feasibility-6A.

**B. Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).**

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following tables. Complete Project Only Chart and Total Facility Chart, as applicable.

**Total Facility Chart -- MRI**

	2 <sup>nd</sup> Previous Year to Most Recent Year	1 <sup>st</sup> Previous Year to Most Recent Year	Most Recent Yr:	Projected Yr 1	Projected Yr 2:
Net Operating Margin Ratio	NA	NA	NA	-0.78	+0.25

**C. Capitalization Ratio -- The Long-term debt to capitalization ratio measures the proportion of debt financing in a business's permanent (long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt + Total Equity (Net assets)) x 100).**

For self or parent company funded projects, provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. Capitalization Ratios are not expected from outside the company lenders that provide funding. This question is applicable to all applications regardless of whether or not the project is being partially or totally funded by debt financing.

The data below are from Acadia Healthcare's most recent balance sheet (2019).

Total Equity	\$2,505,381,000
Long Term Debt	<u>\$3,105,420,000</u>
	\$5,610,801,000

$$\$3,105,420,000 / \$5,610,801,000 = 0.554 \times 100 = 55.4 \text{ Capitalization Ratio}$$

**7. Discuss the project’s participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below. Complete Project Only Chart and Total Facility Chart, if applicable.**

<b>Applicant’s Projected Payor Mix, Year 1 Total Facility Chart</b>		
<b>Payor Source</b>	<b>Projected Gross Operating Revenue</b>	<b>As a Percent of Total Revenue</b>
Medicare/Medicare Managed Care	\$15,580.40	5%
TennCare/Medicaid	\$109,062.80	35%
Commercial/Other Managed Care	\$40,509.04	13%
Self-Pay	\$146,455.76	47%
Other (Specify)	\$0.00	0
Total*	\$311,608.00	100.0%
Charity Care	\$11,250	3.6%

*\*Needs to match Gross Operating Revenue Year One on Projected Data Chart.*

Recognizing the enormous problems caused by opioid dependence, effective January 2020 Medicare added a new outpatient opioid treatment benefit, paying for methadone-related treatment in OTPs. Medicaid programs have followed suit (July 2020 in Tennessee). These benefits are the result of a 2019 bipartisan law passed by Congress known as the “SUPPORT Act.” All Acadia OTPs in Tennessee will contract with Medicare and TennCare for participation. Acadia’s Volunteer Treatment Center in Chattanooga and its Clarksville CTC are both seeking MCO contracts.

This project’s projected payor mix of Medicare (5%) and TennCare (35%) are estimates based on Acadia’s experience in OTPs in other States.

In every State that covers this service, Acadia OTPs have contracts with Medicaid. All other types of licensed Acadia facilities in Tennessee are in contract with Medicare and with all three TennCare MCO’s, with the sole exception of TrustPoint Hospital in Rutherford County, which contracts with two of the three MCOs (and admits patients from the third MCO on an individually-negotiated basis).

Charity care of at least 2% of gross revenues is the applicant’s estimate and commitment. Please see the charity care schedule attached on the following page. The schedule lists the charity patients presenting and remaining each month for the first two years. They enter and are discharged at varying points of time. The schedule projects four unique charity admissions in Year 1 and eight additional unique admissions in Year 2--a total of twelve over two years. The Year 2 census of 16 patients includes the last two (3<sup>rd</sup> and 4<sup>th</sup>) charity patients who were admitted in Year 1 and continued treatment into Year 2.

**South Nashville Comprehensive Treatment Center Charity Care Estimates**

<b>Year 1 month</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>Total</b>
Patient 1	1	1	1	1	1	1	1	1					7
Patient 2			1	1	1	1	1	1	1	1	1	1	10
Patient 3					1	1	1	1	1	1	1	1	8
Patient 4									1	1	1	1	4
<b>Cost of Care per month Bundled</b>	<b>\$375</b>												
Monthly Total Pats in care	1	1	2	2	3	3	3	3	3	3	3	3	29
<b>Total Monthly Charity Care</b>	<b>\$375</b>	<b>\$375</b>	<b>\$750</b>	<b>\$750</b>	<b>\$1,125</b>	<b>\$11,250</b>							
<b>Year 2 month</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>24</b>	<b>Total</b>
Patient 3	1	1	1	1	1	1							6
Patient 4	1	1	1	1	1	1							6
Patient 5	1	1	1	1	1	1	1						7
Patient 6		1	1	1	1	1	1	1	1				8
Patient 7			1	1	1	1	1	1	1				7
Patient 8				1	1	1	1	1	1	1			7
Patient 9					1	1	1	1	1	1	1	1	8
Patient 10						1	1	1	1	1	1	1	7
Patient 11								1	1	1	1	1	5
Patient 12											1	1	2
<b>Cost of Care per month Bundled</b>	<b>\$375</b>												
Monthly Total Pats in care	3	4	5	6	7	8	6	6	6	4	4	4	63
<b>Total Monthly Charity Care</b>	<b>\$1,125</b>	<b>\$1,500</b>	<b>\$1,875</b>	<b>\$2,250</b>	<b>\$2,625</b>	<b>\$3,000</b>	<b>\$2,250</b>	<b>\$2,250</b>	<b>\$2,250</b>	<b>\$1,500</b>	<b>\$1,500</b>	<b>\$1,500</b>	<b>\$23,625</b>

**8. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTE) positions for these positions. Identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources such as the Department of Labor. Wage data pertaining to healthcare professions can be found at the following link: <https://www.bls.gov/oes/current/oes tn.htm>**

See Table B-Economic Feasibility-8 on the following page. It provides two years of staffing projections,

The South Nashville CTC will meet or exceed all Tennessee licensure requirements for staffing and staff qualifications and continuing education. Examples of State requirements include the following:

Medical Director: A Tennessee-licensed MD or DO with three years of experience in treating alcohol/drug addiction, including at least one year of experience with treating opioid addiction, OR Board eligibility in psychiatry and two years' experience in addiction treatment, OR certification as an addiction medicine specialist by the American Society of Addiction Medicine (ASAM) or Board Certification as an Addiction Medicine Specialist.

Counselors: Qualified by training, education and/or two years' experience in addiction treatment under appropriate clinical supervision.

All Staff Who Treat Patients: A minimum of eight hours' continuing training and education in service delivery, in areas relevant to their responsibilities, including those listed in TDMHSAS licensing regulations.

Note: Acadia OTP staff in Tennessee will meet or exceed State minimum requirements in several areas. The Clinical Supervisor will be Master's-prepared and a State-licensed Substance Abuse Counselor. Acadia Counselors must be graduates of an accredited college and will be supervised by the licensed Clinical Supervisor. The facility will comply with all staffing requirements of TDMHSAS, which the applicant anticipates will include averaging a patient-to-counselor ratio of 50:1 at the time this facility becomes operational. The Company requires extensive continuing education and training of its clinical staff.

The CTC will utilize clinical staff to provide linkage and referrals to community services such as vocational assistance programs, housing authorities, community relations and medical providers throughout the course of a patient's treatment in accordance with SAMHSA's four dimensions of recovery. Patients' needs are continually assessed and added to the patients individualized treatment plan. The treatment plan is reviewed with the patient every 90 days and referrals to any outside agency are reviewed at these junctures.

If a patient is unemployed and seeking work, staff will provide information on the various resources available in the community such as Jobs4TN and Tennessee Works.

The CTC will also offer group training sessions on vocational needs which address building a resume, interviewing skills and dressing for an interview. For patients who do not have home access to a computer, the clinic will establish times two days a week for them to use a clinic computer to search websites for job opportunities, assisted by a staff member.

<b>Table B-Economic Feasibility-8: South Nashville Comprehensive Treatment Center Projected Staffing (Revised on First Supplemental)</b>				
<b>Position Classification</b>	<b>Existing FTE's</b>	<b>Projected FTE's (Yr 1)</b>	<b>Average Wage or Contractual Rate</b>	<b>Areawide/Statewide Average Wage</b>
	<b>NA</b>			
<b>A. Direct Patient Care Positions</b>				
Nurse Supervisor (RN)		1.00	\$48,000 to start - Staff	\$20 - \$25 hour
Dispensing Nurses (LPN)		1.00	\$37,000 to start - Staff	\$17 - \$21 hour
Clinical Supervisor		1.00	\$48,000 to start - Staff	\$25 - \$30 hour
Accredited Substance Abuse Counselors		1.58	\$34,000 to start - Staff	\$16 - \$19 hour
<b>Total Direct Patient Care Positions</b>		<b>4.58</b>		
<b>B. Non-Patient Care Positions</b>				
Clinic Director		1.00	\$60,000 to start - Staff	\$60K to \$70K yr
Office Manager/Receptionist		0.50	\$25,000 to start - Staff	\$25K to \$30K yr
Billing/Scheduling Manager		0.00	Not on staff first two years	
<b>Total Non-Patient Care Positions</b>		<b>1.50</b>		
<b>Total Employees (A + B)</b>		<b>6.08</b>		
<b>C. Contractual Staff</b>				
Medical Director*		0.66	\$135/Hr used 3 hours per 60 patients	\$130 - 150 hour
Nurse Practitioner or Physician Assistant*		0.50	\$60/Hr use 3 hours per 60 patients	\$55 - \$70 hour
<b>Total Contractual Staff</b>		<b>1.16</b>		
<b>Total Staff (A+B+C)</b>	<b>0.00</b>	<b>7.24</b>		

Source: Applicant's management; TDLWD and US Dept of Labor.

**9. What alternatives to this project were considered? Discuss the advantages and disadvantages of each, including but not limited to:**

**A. The availability of less costly, more effective and/or more efficient methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.**

The applicant is currently applying to add OTP resources to the greater Nashville area in southern Davidson County close to Rutherford County and Williamson County. There are several reasons for this choice of OTP and location.

First, additional opiate use disorder resources are needed. The service area is composed of counties with demonstrated “*high need*” for additional OUD treatment, based on federal opioid abuse data and the methodology of the State Health Plan.

Second, the optimal resource for treatment of persistent opioid dependence is a TDMHSAS-licensed OTP. Only this type of program offers the full range of pharmaceuticals that have proven effective (e.g., methadone, buprenorphine, naltrexone), as well as intensive and prolonged counseling support. No other type of program combines the full range of medications with mandatory, monitored, and prolonged support for behavioral change.

Third, the only currently available OTP is in central Davidson County, 12 miles from this project’s site. At least one new OTP resource should be placed in south Davidson County to reduce daily drive times for residents of that sector of the county and residents of adjoining areas of Rutherford and Williamson Counties who live nearby or commute daily to employment in southern Davidson County.

Opiate-dependent patients for whom buprenorphine is effective have numerous sources in private physician practices that are authorized for OBOT treatment using buprenorphine. However, there are no patient data reporting requirements for community physicians who are Federally certified to prescribe buprenorphine. There is no publicly available information on whether those physicians’ practices are full, whether they remain active in serving this type of patient, what their payor mix is, what their charges are, whether they refer to counseling resources, or whether patients they refer to counselors actually obtain counseling. Given that lack of data, there is no basis for evaluating to what extent patient needs are being met, much less being coordinated. For example, most physician practices are not equipped, trained, compensated, or incentivized to provide behavioral counseling or to become coordinators of community-based care. Physician prescribers of buprenorphine play an important role for patients who benefit from simple prescriptions of the drug. However, mere prescriptions do not address the needs of patients needing a program as well as a pill.

By contrast, OTP care assembles needed services at a single-site, organized program of care that also manages referrals to outside resources. The OTP places a physician with specialized expertise on the premises to direct and coordinate the care program, assumes responsibility to provide methadone to its

patients (which the community physician cannot do), and makes the service available at a low cost to the patient.

With Acadia and South Nashville CTC, the patient can receive comprehensive care in one place. All essential services are provided in the same location: central medical management, individual patient treatment plans, several medication options, both private and group counseling, continuous drug screening, strict requirements for compliance as a condition of medication dispensing, accountability measures, and quality control. Without such an array of services being mandatory and centrally medically managed, addicted patients are at risk of not obtaining comprehensive treatment if left to themselves to piece together such services. The latter often results in their receiving only partial treatment, which is ineffective for most.

Patients best understand “what works” for them -- medically and financially -- and in Tennessee the data shows that increasing numbers of them are attempting to enter an OTP that offers methadone -- rather than continuing to rely solely on buprenorphine from private physicians coupled with self-scheduled visits to assorted counseling options throughout the community. That should itself be an indicator of the efficacy, appropriateness and need for OTPs as one of several paths to treatment of opioid dependency. And if they are needed, they should be accessible as possible to encourage patient enrollment.

**B. Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.**

Yes, it has. The project will lease and renovate space in an existing office building, at a substantially lower capital cost than for equivalent newly constructed space.

## QUALITY STANDARDS

**1. Per PC 1043, Acts of 2016, anyone receiving a CON after July 1, 2016 must report annually, using forms prescribed by the Agency concerning continuing need and appropriate quality measures. Please verify that annual reporting will occur.**

The applicant so verifies.

**2. Quality – The proposal shall provide health care that meets appropriate quality standards. Please address each of the following questions:**

**A. Does the applicant commit to the following?**

**1) Maintaining the staffing comparable to the staffing chart presented in its CON application;**

Yes.

**2) Obtaining and maintaining all applicable State licenses in good standing;**

Yes.

**3) Obtaining and maintaining TennCare and Medicare certification(s), if participation in such programs was indicated in the application;**

Yes.

**4) For an existing healthcare institution applying for a CON -- Has it maintained substantial compliance with applicable Federal and State regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action should be discussed to include any of the following: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions and what measures the applicant has or will put into place to avoid similar findings in the future.**

Not applicable. However, Acadia's existing OTPs in Tennessee have maintained substantial compliance and have not incurred the penalties listed.

**5) For an existing healthcare institution applying for a CON -- Has the entity been decertified within the prior three years? If yes, please explain in detail. (This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility.)**

Not applicable. Medicare and Medicaid have only this year begun reimbursement (Medicare in January; Medicaid in July). Acadia is actively pursuing certification for all its OTPs.

**B. Respond to all of the following and for such occurrences, identify, explain and provide documentation:**

The applicant, which is part of a national health care company, has made a good faith effort to respond to this question regarding the entities identified in its organization chart to the best of its knowledge, information and belief. Despite the unlimited scope of the question, the applicant believes that these responses are comprehensive for Acadia Healthcare and its CTC Division, and no responsive information is knowingly being withheld. The applicant's responses are limited to the past 5 years as a reasonable look-back period.

**1) Has any of the following:**

**a. Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);**

**b. Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or**

**c. Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%...**

**2) Been subjected to any of the following:**

**a. Final Order or Judgment in a State licensure action;**

The applicant assumes for the purpose of this question that "state licensure action" refers to facility licensure. Volunteer Treatment Center, Clarksville Comprehensive Treatment Center, Trustpoint Hospital, Erlanger Behavioral Health, and Crestwyn Behavioral Health (and/or its owners (Baptist Memorial Health Services, Inc.; AmiSub (SFH), Inc.; Acadia Crestwyn Holdings, LLC) have not been subjected to Final Order or Judgment in a state licensure action. The other entities in the chain of ownership do not hold a Tennessee hospital or OTP license.

**b. Criminal fines in cases involving a Federal or State health care offense;**

No.

**c. Civil monetary penalties in cases involving a Federal or State health care offense;**

Acadia Healthcare has recently settled a federal action relating to laboratory test claims by its OTP clinics in West Virginia. As part of the settlement, Acadia and its OTP subsidiary CRC Health have entered into a five-year corporate integrity agreement with HHS and its Office of Inspector General. This CIA requires CRC Health and Acadia to maintain a compliance program, implement a risk assessment program and engage an Independent Review Organization to review Medicaid claims.

**d. Administrative monetary penalties in cases involving a Federal or State health care offense;**

No.

**e. Agreement to pay civil or monetary penalties to the Federal government or any State in cases involving claims related to the provision of health care items and services; and/or**

No.

**f. Suspension or termination of participation in Medicare or Medicaid/TennCare programs;**

No.

**g. Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware;**

The applicant's ultimate parent entity, Acadia Healthcare Company, Inc., is a publicly traded holding company with dozens of subsidiaries that own and operate hundreds of behavioral health facilities across the United States.

The applicant is not aware of any such action involving the following Acadia facilities in Tennessee: Crestwyn Behavioral Health Hospital, Delta Medical Center, Erlanger Behavioral Health Hospital, Mirror Lake Recovery Center, TrustPoint Hospital, TrustPoint Rehabilitation Hospital or Volunteer Comprehensive Treatment Center.

Village Behavioral Health, a residential treatment facility in Louisville, TN operated by a subsidiary of Acadia Healthcare Company, Inc., is currently engaged in a regulatory review process. HHS's Office of Inspector General issued a subpoena to Village Behavioral Health in December 2017 requesting documents primarily relating to its policies, procedures and other information concerning patient care. Acadia and Village Behavioral Health are fully cooperating with the OIG.

Please note that Village Behavioral Health is not an OTP; it is an adolescent/youth residential facility.

Also, see the response to question (e) above, regarding Acadia’s pending settlement of a regulatory process involving laboratory charges by its OTP clinics in West Virginia.

**h. Is presently subject to a corporate integrity agreement.**

Yes. See the response to question (c) above.

**C. Does the applicant plan, within 2 years of implementation of the project, to participate in self-assessment and external assessment against nationally available benchmark data to accurately assess its level of performance in relation to established standards and to implement ways to continuously improve?**

**Note: Existing licensed, accredited and/or certified providers are encouraged to describe their process for same.**

Yes.

**Please complete the chart below on accreditation, certification, and licensure plans.**

**1) If the applicant does not plan to participate in these types of assessments, explain why, since quality healthcare must be demonstrated.**

<b>Credential</b>	<b>Agency</b>	<b>Status (Active or Will Apply)</b>
Licensure	<input type="checkbox"/> Health <input type="checkbox"/> Intellectual and Developmental Disabilities <input checked="" type="checkbox"/> Mental Health and Substance Abuse Services	Will apply
Certification	<input checked="" type="checkbox"/> Medicare <input checked="" type="checkbox"/> Medicaid/TennCare Other:	Will apply
Accreditation	<input checked="" type="checkbox"/> Commission on Accreditation of Rehabilitation Facilities	Will apply

The “CARF” acronym originally stood for Commission on Accreditation of Rehabilitation Facilities, at a time when the organization focused on acute rehabilitation care in hospitals. That organization has expanded in recent years into accreditation of mental health facilities, and has chosen to refer to itself typically as “CARF”.

The applicant believes that the mental health industry and insurance companies active in that space often prefer CARF accreditation because of its intense focus on improving provider quality, and because of its expertise in mental

health facilities. CARF accreditation is now the standard accreditation for Acadia's OTP facilities nationwide.

**2) Based on what was checked/completed in the above table, will the applicant accept a condition placed on the Certificate of Need relating to obtaining / maintaining licensure, certification, and/or accreditation?**

Yes.

**D. The following list of quality measures are service specific. Please indicate which standards you will be addressing in the annual Continuing Need and Quality Measure report if the project is approved.**

-	For Ambulatory Surgical Treatment Center projects: Estimating the number of physicians by specialty expected to utilize the facility, developing criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel, and documenting the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site?
-	<p>For Cardiac Catheterization projects:</p> <ul style="list-style-type: none"> <li>a. Documenting a plan to monitor the quality of its cardiac catheterization program, including but not limited to, program outcomes and efficiencies; and</li> <li>b. Describing how the applicant will agree to cooperate with quality enhancement efforts sponsored or endorsed by the State of Tennessee; and</li> <li>c. Describing how cardiology staff will be maintaining:</li> <li>d. Adult Program: 75 cases annually averaged over the previous 5 years;</li> <li>e. Pediatric Program: 50 cases annually averaged over the previous 5 years.</li> </ul>
-	<p>For Open Heart projects:</p> <ul style="list-style-type: none"> <li>f. Describing how the applicant will staff and maintain the number of who will perform the volume of cases consistent with the State Health Plan (annual average of the previous 2 years), and maintain this volume in the future;</li> <li>g. Describing how at least a surgeon will be recruited and retained (at least one shall have 5 years experience);</li> <li>h. Describing how the applicant will participate in a data reporting, quality improvement, outcome monitoring, and external assessment system that benchmarks outcomes based on national norms (demonstrated active participation in the STS National Database is expected and shall be considered evidence of meeting this standard).</li> </ul>
-	For Comprehensive Inpatient Rehabilitation Services projects: Retaining or recruiting a psychiatrist?
-	For Home Health projects: Documenting the existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system.
-	For Hospice projects: Documenting the existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system.
-	For Megavoltage Radiation Therapy projects: Describing or demonstrating how the staffing and quality assurance requirements will be met of the American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology

	(ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority.
-	For Neonatal Intensive Care Unit projects: Documenting the existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems; document the intention and ability to comply with the staffing guidelines and qualifications set forth by the Tennessee Perinatal Care System Guidelines for Regionalization, Hospital Care Levels, Staffing and Facilities; and participating in the Tennessee Initiative for Perinatal Quality Care (TIPQC).
-	For Nursing Home projects: Documenting the existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program.
-	<p>For Inpatient Psychiatric projects:</p> <ul style="list-style-type: none"> <li>• Describing or demonstrating appropriate accommodations for:</li> <li>• Seclusion/restraint of patients who present management problems and children who need quiet space, proper sleeping and bathing arrangements for all patients);</li> <li>• Proper sleeping and bathing arrangements;</li> <li>• Adequate staffing (i.e. that each unit will be staffed with at least two direct patient care staff, one of which shall be a nurse, at all times);</li> <li>• A staffing plan that will lead to quality care of the patient population served by the project.</li> <li>• An existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems; and</li> <li>• If other psychiatric facilities are owned or administered, providing information on satisfactory surveys and quality improvement programs at those facilities.</li> </ul> <p>Involuntary admissions if identified in CON criteria and standard review</p>
-	For Freestanding Emergency Department projects: Demonstrating that it will be accredited with the Joint Commission or other applicable accrediting agency, subject to the same accrediting standards as the licensed hospital with which it is associated.
-	For Organ Transplant projects: Describing how the applicant will achieve and maintain institutional membership in the national Organ Procurement and Transportation Network (OPTN), currently operating as the United Network for Organ Sharing (UNOS), within one year of program initiation. Describing how the applicant shall comply with CMS regulations set forth by 42 CFR Parts 405, 482, and 498, Medicare Program; Hospital Conditions of Participation: Requirements for Approval and Re-Approval of Transplant Centers To Perform Organ Transplants.
-	For Relocation and/or Replacement of Health Care Institution projects: Describing how facility and/or services specific measures will be met.

## **CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE**

**The responses to this section of the application help determine whether the project will contribute to the orderly development of healthcare within the service area.**

**1. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as transfer agreements or contractual agreements for health services.**

Contracts will be sought with the three largest TennCare MCO's active in the area.

The applicant will seek transfer agreements with TriStar Southern Hills Medical Center in south Davidson County, which is the closest acute care hospital. Others may also be requested.

The applicant will establish regular communications and relationships with behavioral health providers and local health departments in the three-county area, to help identify in need of OUD treatment. The applicant will also work with other community resources that clients may need.

**2. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact on consumers and existing providers in the service area. Discuss any instances of competition or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.**

Positive Effects

The project will make OTP care more quickly accessible to service area residents in southern Davidson County, north Rutherford County, and eastern Williamson County.

Even with new OTPs opening far away in Murfreesboro, in northeast Davidson County (Madison), and in far eastern Davidson County (Hermitage), the proposed South Nashville OTP will still be needed on the south side of Nashville.

The South Nashville CTC will offer a choice of provider for area residents who have had to use one OTP provider for many years. By contrast, consumers in the Nashville area have multiple provider options in every other type of healthcare service, which gives competing providers an incentive to strive for quality improvement and for better outcomes in the services they deliver.

Negative Effects

The applicant is not aware of any negative effects this project would have on other existing or approved area OTPs.

The existing OTP in central Davidson County is close to its maximum capacity and anticipates steadily increasing demand. Its owner, BHG, has obtained approval of CN2003-004 to open a second OTP in northeast Davidson County. The application's first supplemental response of March 24, 2020 states that "*BHG was close to its maximum capacity in December 2019*" and that "*With recent Medicare, TennCare, and private insurance coverage of OTP services, BHG expects Tennessee OTP facilities will see a substantial increase in patients....*"

It adds that "*Davidson County, the second most populous county in Tennessee, has only one OTP...In large metropolitan areas, multiple OTPs in a county can improve geographic access for patients without harming an existing OTP....Davidson County, the second most populous county in Tennessee, has only one OTP...In large metropolitan areas, multiple OTPs in a county can improve geographic access for patients without harming an existing OTP.*"

From these statements it is clear that existing OTP capacity in the service area is inadequate.

3.

**A. Discuss the availability of an accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements CMS, and/or accrediting agencies requirements, such as the Joint Commission and the Commission on Accreditation of Rehabilitation Facilities.**

The staff needed for the South Nashville CTC are readily available (nurses, counselors, physicians). The applicant's parent company operates two Tennessee OTPs currently, including one of the largest programs in Tennessee. They conform to or exceed staffing requirements of the licensing agency (TDMHSAS), the USDEA, the federal SAMHSA, and CARF, the accrediting agency. This facility will also meet or exceed those agencies' requirements. Being in one of the fastest growing urban areas in Tennessee, it will be easier to recruit staff to this new facility than to most other Tennessee locations.

**B. Document the category of license/certification that is applicable to the project and why. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.**

The applicant will achieve the following licenses, certifications, and accreditations:

**Licensure & Federal Registration:**

- Alcohol and Drug Nonresidential Opiate Treatment and Rehabilitation Treatment facility, licensed by the TDMHSAS.
- Controlled Substance Registration License, USDEA.

**Certification:**

- Opioid Treatment Program Certification, by the federal SAMHSA.

**Accreditation:**

- By CARF (Commission for Accreditation of Rehabilitation Facilities).

Note: Acadia is the nation's largest provider of OTP services. Acadia has made the judgment that CARF accreditation will be the company's standard because it is widely regarded as the gold standard for accreditation of OTP facilities. The great majority of State regulatory agencies require CARF accreditation for OTPs. The applicant believes that currently, only one of the 50 States requires Joint Commission accreditation (Virginia),

two have their own accreditation requirements (Washington, Missouri); and the other 47 States recognize CARF for accreditation of OTPs.

**General Information:**

The USDEA grants registration to the facility to order and store controlled substances (e.g. methadone) on the premises. For simplicity, the application has referred to this as a “license”. Copies of the USDEA registration certificate for the applicant’s existing Tennessee OTP are provided in the Attachments as an example.

SAMHSA certifies the facility. Certification authorizes the facility to use opioid drugs for maintenance and/or detoxification treatment of narcotic addiction at the specified location. The application’s attachments contain copies of the DEA certifications of the applicant’s existing Tennessee OTP, as an example.

**C. Discuss the applicant’s participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).**

At this time, there are no plans for the South Nashville CTC to participate in training students in the health care professions or in social work.

**4. Outstanding Projects:**

**A. Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and**

<b>Outstanding Projects</b>					
<b>CON Number</b>	<b>Project Name</b>	<b>Date Approved</b>	<b>Annual Progress Reports</b>		<b>Expiration Date</b>
			<b>Due Date</b>	<b>Date Filed</b>	
CN 1806-022	Cumberland Behavioral Health Hospital (JV with Saint Thomas, Nashville)	10-24-18	11-1-19	11-21-19	12-1-21

*\* Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.*

**B. Describe the current progress and status of, each applicable outstanding CON.**

The project groundbreaking for construction occurred in August of 2019. It is on schedule and within budget, as stated in its recent Annual Progress Report.

**5. Equipment Registry -- For the applicant and all entities in common ownership with the applicant.**

**A. Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography Scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomography (PET)?**

No.

**B. If yes, have you submitted their registration to HSDA? If you have, what was the date of the submission?**

NA

**3) If yes, have you submitted their utilization to HSDA? If you have, what was the date of the submission?**

NA

<b>Facility</b>	<b>Date of HSDA Registration</b>	<b>Date of Last Utilization Submittal</b>

## **SECTION C: STATE HEALTH PLAN QUESTIONS**

**T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/health/health-program-areas/health-planning/state-health-plan.html>). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.**

**Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.**

**1. The purpose of the State Health Plan is to improve the health of Tennesseans.**

The project will expand needed addiction treatment resources in its service area.

**2. Every citizen should have reasonable access to health care.**

The project will provide the majority of its service area residents with needed services in less than the one-hour drive time recommended for minimum accessibility to this type of care, which requires daily visits to the site of care. Patients of this project do not routinely enjoy that degree of accessibility currently, because a majority of them make the trip to a more distant OTP in morning hours in or near the time of maximum business rush traffic.

**3. The State's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the State's health care system.**

This project has low and competitive charges for its services. It is provided in a setting that requires only a small capital expenditure, much lower than is required for an acute care or long-term care facility.

**4. Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.**

Quality of care facility in this facility will be tightly monitored and assured by licensing requirements of the TDMHSAS, by the federal Substance Abuse and Mental Health Services Administration, the U.S. Drug Enforcement Administration, and CARF.

**5. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.**

The project's staffing will meet or exceed required professional standards for staff involved in treating substance abuse disorders. The applicant maintains a strong quality improvement program for its facilities and requires continuous staff training.

**PROOF OF PUBLICATION**

**Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.**

The folded page showing the notice of intent is attached at the end of this application.

Date LOI was Submitted: Tuesday, September 1, 2020

Date LOI was Published: Tuesday, September 1, 2020

## NOTIFICATION REQUIREMENTS

1. T.C.A. §68-11-1607(c)(9)(A) states that “...Within ten (10) days of filing an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution based treatment center for opiate addiction has been filed with the agency by the applicant.”

T.C.A §68-11-1607(c)(9)(B) states that “... If an application involves a healthcare facility in which a county or municipality is the lessor of the facility or real property on which it sits, then within ten (10) days of filing the application, the applicant shall notify the chief executive officer of the county or municipality of the filing, by certified mail, return receipt requested.”

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

See Attachment “Proof of Notification”.

## **DEVELOPMENT SCHEDULE**

**T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.**

**1. Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**

It has been completed.

**2. If the CON is granted and the project cannot be completed within the standard completion time period (3 years for hospital projects and 2 years for all others), please document why an extended period should be approved and document the “good cause” for such an extension.**

The applicant does not request an extended period of time for completion.

## PROJECT COMPLETION FORECAST CHART

**Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.**

PHASE	DAYS REQUIRED	Anticipated Date (MONTH /YEAR)
1. Initial HSDA Decision Date	0	12-16-20
1. Architectural & engineering contract signed	na	na
2. Construction documents approved by TDH	na	na
3. Construction contract signed	35	1-21
4. Building permit secured	40	1-21
5. Site preparation completed	na	na
6. Building construction commenced	45	3-21
7. Construction 40% complete	95	3-21
8. Construction 80% complete	145	6-21
9. Construction 100% complete	195	8-21
10. * Issuance of license	200	8-21
+	205	8-21
11. *Initiation of service		
12. Final architectural certification of payment	235	9-21
13. Final Project Report Form (HF0055)	255	11-21

**\* For projects that DO NOT involve construction or renovation: please complete items 11-12 only.**

<p><b>Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.</b></p>
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**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF DAVIDSON

JOHN WELLBORN, being first duly sworn, says that he is the lawful agent of the applicant named in this application, that this project will be completed in accordance with the application to the best of the agent's knowledge, that the agent has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete to the best of the agent's knowledge.

  
SIGNATURE/TITLE  
CONSULTANT

Sworn to and subscribed before me this 3 day of SEPTEMBER, 2020 a Notary  
(Month) (Year)

Public in and for the County/State of DAVIDSON

  
NOTARY PUBLIC

My commission expires 03 - 08, 2021  
(Month/Day) (Year)



## **INDEX OF ATTACHMENTS**

### **Section A**

- A-3A-1) Detailed Project Description
- A-4AB Applicant's Legal Status and Ownership Structure
- A-6A Site Control Documentation
- A-6B-1a-d Plot Plan
- A-6B-2 Floor Plan
- A-6B-3 Public Transportation

### **Section B**

- B-Need-3 Service Area Map
- B-Economic Feasibility-1E Documentation of Construction Cost Estimate
- B-Economic Feasibility-2 Documentation of Funding/Financing Availability
- B-Economic Feasibility-6A Applicant's Financial Statements

### **Other Attachments**

Miscellaneous Information

Support Letters

Proof of Notification

**A-3A-1)  
Detailed Project Description**

**Below are specific precautions that are currently in place at our programs to help mitigate the risk associated with COVID-19**

- Social Distancing stickers placed in every program to promote safe distancing
- All staff wear masks and we have masks on hand to provide to patients if they do not have one or forget to bring it
- Telehealth/teleconferencing for individual and group sessions as allowed
- Postings on all entrances for safety
- Temp check on all staff before entering the building; in identified hot spots we are checking patient temps as well.
- Increase hand sanitizer stations throughout our buildings
- Curbside dosing for patients who are symptomatic or waiting for test results to reduce risk to others
- Extended take-homes per SAMHSA and SOTA guidance



## COVID Guidance Posting on Each Programs Front Entrance

### Attention All Patients and Visitors

#### *COVID Guidance*

Patients who are sick or feel ill are asked not to come directly to the facility but rather call ahead to arrange after-hours dosing or dosing by appointment/assigned dosing time as approved by the medical director and clinic director.

Patients with active symptoms of illness are as follows:

1. fever over 100F AND
2. cough, runny nose, sore throat, achy muscles/joints

- We ask that no visitors come to the clinic during this time to limit contact and increase safety
- Please maintain social distancing of 6'
- Please wear a mask to cover your nose & mouth
- Please schedule telehealth visits for counseling appointments as appropriate
- Please do not loiter inside or outside the CTC
- Wash your hands
- Use hand sanitizer frequently

Thank you for helping make your clinic a safe place to receive treatment!!



## **Overview of Program**

### **Acadia Healthcare and its Comprehensive Treatment Center Division**

Acadia Healthcare is a provider of behavioral healthcare services. Acadia currently operates a network of 591 facilities with approximately 17,800 beds in 39 states, the United Kingdom and Puerto Rico. Acadia provides behavioral health and/or addiction services to its patients in a variety of settings including: inpatient psychiatric hospitals, residential treatment centers, outpatient clinics and therapeutic school-based programs. These are grouped into several divisions based on types of services delivered.

This proposed Opioid treatment program (OTP) is within Acadia's Comprehensive Treatment Center (CTC) Division, which operates 132 such facilities in 29 States, serving approximately 63,000 patients a day in an outpatient setting providing substance abuse treatments using a medicated assisted treatment (MAT) modality.

Many adults who have been struggling with opioid use disorders involving such substances as heroin, morphine, and other prescription painkillers may benefit from medication assisted treatment. This form of care involves the use of medications such as Methadone, Buprenorphine (Suboxone), Subutex, and Vivitrol that eliminate the drug cravings and painful withdrawal symptoms that typically occur when an opioid-dependent individual stops using his or her substance of abuse. Medication assisted treatment also includes a therapeutic component to help the individual achieve long-term recovery, including both individual and group counseling.

### **Acadia and CTC's Program Philosophy**

Acadia Healthcare considers it essential for its OTP's to offer a therapeutic environment where individuals are treated with dignity and respect, and where positive behavior and healthy decision making are encouraged and modeled, further enhancing the therapeutic process and facilitating more positive outcomes process. The overall goal for each patient is recovery from drug dependency and the development of an independent and constructive lifestyle.

Acadia has developed a balanced therapeutic program utilizing broad clinical parameters and best practice standards that include a strong rehabilitation component that facilitates quality patient care. Combining this therapeutic program with a science based approach to treatment benefits patients, staff, community and stakeholders.

In an effort to promote and maintain ongoing individualized treatment, the OTP's staff and patients work together to develop for the patient relevant and realistic short and long-term goals. These patient specific goals are designed to maximize the patient's opportunity to succeed and gain confidence in their ability to achieve their goals and objectives. This therapeutic approach, combined with

both individual and group counseling are seen as integral components of an effective MAT (medically assisted treatment) program.

At time of intake, the OTP staff and patients will work together to establish relevant and realistic short and long-term goals. Initial goals are designed to maximize the patient's opportunity to succeed and gain confidence in their ability to tackle larger goals. Both individual and group counseling are seen as integral components of the medication assisted treatment program.

Acadia firmly believes that promoting an environment which embraces the values of integrity, compassion, responsibility and clinical excellence will most effectively support and encourage patients in their efforts to take responsibility for their own recovery and well-being.

CTC Division's fundamental goal is to restore the individual to a healthier, happier and more productive life, free from dependence on illicit chemicals and destructive behaviors. The goal is based on the belief that successful recovery encompasses improvements in self-esteem, interpersonal relationships, positive family interaction, vocational productivity, the establishment and attainment of realistic life goals and healthy life style adjustments. In addition, CTC expects to see a consequent reduction in associated health problems, behavioral problems and other psychological pathology.

The program's objective is to provide a therapeutic treatment program in an outpatient setting that offers medical support and medication-management coupled with a strong rehabilitation component allowing for treatment phases of sufficient duration to meet the individualized needs of the patients served.

#### **Admission Process Prior to Intake**

The OTP may offer treatment to individuals who are addicted to opioids. A patient must be medically able to tolerate the approved opioid medications. The patient must enter and participate in treatment at the CTC voluntarily. The patient may terminate participation in treatment at the CTC without reprisal or penalty at any time.

Every person presenting for treatment services will be initially assessed for appropriateness of admission. Pregnant women will be given priority for admission and services if it is determined that the health of the mother and/or unborn child is more endangered than is the health of others on the waiting list. Patients who are HIV or AIDS positive will receive priority admission status to the MAT program.

During the admission process, the patient will be evaluated for eligibility using medical examination, lab testing, the patient's reported history, and a psychosocial assessment that will include potential risk for dangerous behaviors. Criteria for admission are further based on definitions and descriptions of opioid use disorder as cited in the current Diagnostic and Statistical Manual of Mental Disorders and by guidelines established by the Center for Substance Abuse

Treatment (CSAT) as authorized by the federal Substance Abuse and Mental Health Services Agency (SAMHSA). All ongoing programmatic decisions regarding eligibility, admission criteria and treatment will be in conformance with following regulatory agencies: CSAT, SAMHSA, and Tennessee's State Opioid Treatment Authority (SOTA) and the Tennessee Department of Mental Health and Substance Abuse Services.

Admission Criteria--

- 18 years of age or older
- History of opioid dependence for at least two years or one year of opioid dependence and one documented unsuccessful attempt of detoxification treatment
- Physiological dependence on opioids requiring MAT to prevent withdrawal
- Biomedical conditions/complications do not exist or are manageable with outpatient medical monitoring
- High risk of relapse or continued use without MAT and structured therapy to promote treatment progress
- Consent in writing for voluntary participation
- Proof of ability to financially support treatment

Admission Exceptions--

- The one year history of opioid dependence may be waived if the patient has been released from a penal institution with a documented history of opioid use disorder (within 6 months of release)
- Pregnant women who do not exhibit objective signs of opioid withdrawal or physiological dependence.
- Previously treated patients (up to two years after discharge)

Continued Stay Criteria--

- Emotional/behavioral conditions and complications do not exist or are manageable within an outpatient structured environment
- Treatment resistance is high enough to require structured therapy to promote treatment progress, but will not render outpatient treatment ineffective

- Evidence of a supportive recovery environment and/or the skills to cope with outpatient treatment

#### *Exclusionary Criteria--*

- Homicidal/suicidal risk
- Patients currently enrolled in another MAT program, or receiving medication for the treatment of Opioid use disorder.
- Previous patients who displayed behavioral problems, including violent behavior, and were discharged from the program for those reasons.
- Persons who do not have a photo identification card, or any alternative forms of identification
- Persons who are assessed to not have the financial means to pay their bill while in treatment (including persons who have a balance and do not have the means to pay their bill).

#### *Discharge Criteria--*

- Abstinent, no withdrawal risk
- Biomedical conditions and complications, if present can be managed by self-directed care
- Emotional/behavioral conditions and complications have diminished and/or stabilized and can be managed by self-directed care
- Awareness of addiction is evident. Is participating in self-directed care and is committed to setting and achieving personal goals
- Patient shows mastery of strategies to resist relapse, (no symptoms, self-directed application of skills to resist use)
- Recovery environment is supportive and structured and patient is self-directed in keeping environment consistent with recovery focus
- Patient's signs and symptoms of withdrawal have failed to respond to treatment and have intensified such that transfer to a more intensive level of care is clinically and/or medically indicated
- Patient is unable to complete detoxification/withdrawal at the level they are being treated.

### Readmission Criteria--

- Meets admission/continued stay criteria as defined above.
- In addition there should be consideration of factors involved in prior discharge, i.e. financial status, transportation, progress in treatment, behavioral issues, and history of high relapse potential.
- Total time in treatment may be taken into consideration in determining level status if there was not more than a 90 day break in treatment and licit DSA.
- Previous patient record will be reviewed prior to readmission and appropriate documentation will be maintained in the current record with all other documentation maintained in active overflow.

### Intake Process

The facility will screen all potential patients to ensure all appropriate admission criteria have been met prior to initiating the intake process. The Director, physician, and other designated staff will determine which potential patients are eligible for admission. The physician, or designated physician extender (as allowed by local or federal code), will make the final admission decision and determination subject to the following:

- The patient must meet criteria for admission acceptance, which states the patient is currently physiologically dependent, demonstrates tolerance for opioids and meets current DSM criteria for Opioid Use Disorder, moderate or severe.
- Patient's early signs of withdrawal must be observed by the physician/physician extender and be clearly and specifically documented in the patient's record.
- Patients must have an initial drug screening, which is obtained at the time of admission and the results must be documented in the patient's record. This result may be used as supporting criteria for admission.
- Prospective patients that give a history of active illicit methadone use or show illicit methadone in the pre-admission drug screening must be interviewed as to the details of their methadone use. Such individuals may not be candidates for MAT with methadone if it is determined that methadone has been used to pursue euphoria. In this instance the individual may be a candidate for buprenorphine treatment. Such individuals may be candidates for MAT with methadone as long as the admitting physician is relatively certain that illicit methadone use will not continue (illicit methadone supply is not readily available) and the individual used illicit methadone sporadically to ward off acute opiate withdrawal symptoms in the absence of their "opiate of choice."
- Patients must sign a statement verifying that they are not currently enrolled in another opioid treatment program. The OTP will submit an inquiry to the state Central Registry within 72 hours of admission to ensure that the patient is not

enrolled at another opioid treatment program. The SOTA will be notified within 24 hours of any patient who is found to be simultaneously enrolled in another program. The SOTA may direct the CTC to check for dual enrollment at other opioid treatment programs within 75 miles and located in other states. Such a patient may be accepted if the prior program provides written documentation of ceasing narcotic treatment and discharging the patient, within 72 hours of the request.

### **Treatment Plans**

An *Initial Treatment Plan* will be developed within the first 7 days of treatment. The *Initial Treatment Plan* will serve as the plan of care for treatment until a *Comprehensive Multidisciplinary Treatment plan* is completed, or for the first 4 weeks of treatment--whichever is sooner.

The Initial Treatment Plan identifies the patient's initial issues to be addressed, sets measurable goals and target outcomes (for example, cessation of illicit drug use and elimination of withdrawal symptoms and opioid cravings), and specifies action plans to achieve those outcomes. It also gathers data to prepare a Bio-psychosocial Assessment that supports evaluation of the patient's level and severity of addictive behaviors, identifies co-occurring disorders or disabilities to be addressed, and if necessary establishes a personal safety plan that includes triggers, current coping skills, needed interventions, and advanced directives.

When the patient reaches 30 days in treatment, an individualized *Comprehensive Treatment Plan* (CTP), developed by the patient and assigned counselor, must be in place. The CTP is the road map that a patient will follow in his or her journey through treatment and is built around the problems that the patient brings into treatment. The CTP details each problem and takes into account all of the physical, emotional and behavioral problems relevant to the patient's care. It will include the patient's perception of his/her strengths weaknesses. The CTP details therapeutic interventions, target dates and the individual(s) responsible for providing care. The CTP informs the *Discharge Plan*.

During the first year of treatment, a treatment plan update will be completed every 90 days, with input as appropriate from medical staff and the patient's counselor. This update requires that treatment plan goals must be either resolved, or continued with a revised target date, or remain unresolved, or be deferred for addressing at a later time.

The patient will have an annual medical assessment by a qualified medical staff person. The qualifications of the medical staff person performing this assessment will be determined by state regulations. In addition, an *Annual Justification* for continued medication assisted treatment for all patients shall be completed within one year and yearly thereafter by appropriate CTC staff.

The OTP Treatment Plan will include a comprehensive range of services such as:

- Comprehensive evaluation of the patient's medical, psychiatric, social, educational, financial, vocational and occupational status
- Orientation of the patient to all aspects of their treatment
- Individual counseling
- Group counseling
- Family counseling
- Education/Vocational counseling
- Other services as deemed appropriate by the treatment team.

### **Security and the Dispensing of Medications**

Methadone is a controlled substance under Federal law, and its handling at the OTP is strictly controlled not only by the Drug Enforcement Administration (DEA) but also by the TDMHSAS and by the company's own rules. Security measures to prevent theft of methadone can be summarized as follows.

No firearms are permitted to be carried on the premises. Loitering is prohibited; patients are required to enter the building promptly upon arrival and to depart the premises as soon as they receive their medications. Staff monitor CTC grounds/parking lot areas to ensure security, reduce or eliminate loitering, and to monitor for illicit activity.

The methadone is tightly monitored and protected in all phases of its handling. Only a few senior staff members may order and receive it. The OTP has an electronic security system with "layers" of security. All medication is stored in a DEA approved safe in a medication area. Only nurses and other authorized staff have codes, keys and combinations to the medication area and pharmacy safe. During non-dispensing hours, all medication is returned to the secured storage area. During non-operating hours, the CTC's security system is armed and monitored for phone line interruption, power interruption and invasion. The CTC's security system has "panic" buttons strategically located for staff access in the event of security threats. Windows and doors have warnings that the premises are security protected. Staff monitor CTC grounds/parking lot areas to ensure security, reduce or eliminate loitering, and to monitor for illicit activity.

Acadia's CTC Division on-site security system is a Tyco Integrated Security-monitored system, DSC Power Series, which includes the following layers and redundancy between the medication and the outside: High Security Composite U.L. TL-30 safe secured by (1) Group I Manipulation-proof lock, and (1) Group II combination lock. The safe is located within a dispensary room with a separate security partition with a separate keypad accessible only by authorized personnel. The dispensary partition is monitored by the following devices: safe contact switch, safe vibration sensor, ceiling-mounted 360-deg motion/IR sensor, glass break sensor, and entry door contact switch(s).

Additional layers of security outside the dispensary include motion/IR sensors in all corridors and open areas, contact switches at all exterior entry doors, and separate partition keypad(s). Additionally, monitored panic buttons are located at each nurse's station in the dispensary, as well as in the reception office. The entire building's alarm system is connected to a secure control panel wired to a dedicated phone line, as well as a separate cellular backup device with battery backup. Any alarm signals received alert the vendor, Tyco, who in turn remotely views the premises. If robbery signals are received, Tyco immediately dispatches police. Additionally, each site is equipped with a video monitoring system that includes DVR-recorded cameras at the following locations: pharmacy, reception, patient lobby, exterior entrances, and parking areas. Additional non-recorded camera(s) are located in patient restroom(s) for observation verification if required by law (at the nurse's station).

Medication dispensing is rigorously controlled. After checking in and awaiting their turn for medication, patients go to a dosing window, one at a time. Children, other family and friends may not accompany a patient to the dispensing area. Patients may not bring drinks/containers of any kind to the window.

The nurse asks the patient to verbally verify patient ID and medication level to confirm the information in the EMR. The dispensing nurse will assess that the patient is not sedated or impaired. The dispensing nurse pours the medication, and observes the patient swallowing the medication. If the patient is dispensed water after taking the dose of medication, the patient must drink the water while observed. Before leaving the dosing window, the patient is required to speak to the nurse assuring that medication has not been diverted.

Take-home weekend medications for patients meeting State and Federal criteria are permitted after some time in treatment. Such patients sign anti-diversion agreements. Their medications are subject to additional security measures and their compliance is monitored closely.

There are also strong security measures in place for OTP employees. They are screened by outside agencies before having access to handling these medications. No employee personal belongings, food, or drink may be taken into the dosing areas at any time. Their personal belongings are placed in a designated locked area during their work shifts.

### **Counseling**

The CTC Division's philosophy regarding the most effective substance abuse treatment, involves not only treating the substance use disorder through the use of medication, but also treating the entire individual through comprehensive clinical services.

There is a common misconception that once a person has stabilized or eliminated their substance use that the primary outcome of medication assisted

treatment has been achieved. The CTC Division believes the success of medication assisted treatment is not dependent on this factor alone, but also on the ability to treat all other areas of the patient's life affected by substance use.

Research in the field of MAT has focused on motivational and behavioral strategies that significantly increase the likelihood that patients will stay in treatment and remain abstinent. Non- pharmacological/psychosocial supportive services such as individual and group counseling have been shown to enhance program retention and positive outcomes.

Therefore, all patients in CTC OTP's attend clinical counseling sessions throughout treatment. Patients should be seen 120 to 200 minutes per month during the medication induction phase and 60 to 120 minutes per month during the medication maintenance and medically supervised withdrawal phase. At the Clarksville facility, as at Volunteer Comprehensive Treatment Center in Chattanooga, during the first 30 days of treatment, counseling sessions shall take place at least two times per week. From Day 31 to Day 120, counseling shall take place at least one time per week. From Day 121 to day 210, counseling sessions shall take place at least two times per month. After that, counseling sessions shall take place at least monthly. Both individual and group counseling sessions are required.

It is encouraged that the total counseling time requirements be met through multiple short sessions throughout the month (e.g. 30 minute sessions, 4 times per month), versus one lengthy session per month, based on the patient's individual needs to produce the maximum positive effect from the session. These time amounts are guidelines and should be tailored to meet individual patient needs. They reflect a belief that a patient needs more intensive/frequent counseling during the initial phase of treatment, and (possibly) a reduced frequency in the latter phases of treatment. As the patient shows signs of positive social change and abstinence, individual counseling can be held on a less intensive (reduced frequency) basis.

Specific goals of the treatment plan will be discussed during counseling sessions along with appropriate strategies for patients to reach their objectives. The patients will learn coping skills necessary to make meaningful changes in their lifestyle, enabling them to achieve their goals.

Counseling will include discussion of such things as patient progress toward one or more goals from the treatment plan; response to a drug screen analysis (DSA) which is positive for illicit drug or negative for CTC ordered medication; Withdrawal and discharge planning; new issues or problems that affect the patient's treatment; prenatal support and other women's issues, such as domestic violence, sexual abuse and reproductive health issues; medical issues; mental health issues; support systems and recovery environment; and the Personal Safety Plan.

Patients not compliant with counseling plans are subject to potential Administrative Discharge after an appropriate administrative detoxification schedule. If this occurs, appropriate referrals are made to other sources of assistance.

## **Quality Assurance**

CTC facilities provide for the ongoing monitoring of the quality, appropriateness and utilization of services provided for the patients. This process will be completed on a regular basis via CTC supervisory review of records, peer review meetings, and Clinical Services Department bi-annual Comprehensive Quality Management Reviews (CQMR).

Each CTC facility maintains a Quality Improvement Planning process, to assess and monitor the care that is provided so that optimal service is afforded the patient. CTC Quality Improvement Plans are developed and updated on an annual basis. The Quality Improvement Plan requires the participation of all Division and CTC staff on an active, ongoing basis. Its objectives are to ensure that CTC and division-wide quality improvement activities are ongoing, to ensure that identified aspects of services are monitored for performance outcomes and quality of services, to ensure that specifically identified problems are resolved and opportunities to improve services are undertaken, to identify and coordinate interrelated quality improvement activities, and to provide the governance and leadership of the CTC Division and other applicable management teams with information needed to supervise and improve the quality of services and programming.

CTC's have established data collection systems that allow for comparative analyses, in order to understand and analyze if the CTC's targets, goals, and objectives have been met. Information on patients will be collected and analyzed at the beginning of services, at appropriate intervals during service delivery, at the end of services, and at points in time following services. Data may be collected through patient assessments, patient surveys, patient drug screen results, administrative measures, and other means when and if clinically indicated and beneficial. Data collected will be used to improve service delivery, analyze the effectiveness and efficiency of treatment services, and the accessibility of treatment services to patients. Following the analyses of data and outcomes, the CTC may revise individual procedures in order to further meet division and CTC performance goals. Division targets, goals and objectives will be based on regulatory and Industry standards, and in accordance with evidence based best practices. Each outcome measure will be tracked and reported quarterly. All outcome information will become part of the CTC Annual Report.

Each CTC will maintain the following five outcome measures.

- **Effectiveness:** the effectiveness of services (results) – effectiveness measure will address the quality of care through measuring change over time.
- **Efficiency:** efficiency of services (the relationship between the results achieved and the resources used) – efficiency measures are usually administratively oriented.
- **Service access:** accessibility to services

- Satisfaction: oriented toward patient/consumer feed-back.
- Post discharge outcomes information: valuable information for program improvement is gathered from patients who leave the program as successful discharges and from patients who leave the program prior to successful completion. For this indicator each CTC will use documented information obtained from their post discharge follow up feedback results.

### **Community Outreach and Relations Plan**

It is the policy of the CTC Division and each of its facilities to minimize negative impact on the community, achieve peaceful coexistence, and plan for change and program growth. Each CTC will develop a program specific Community Outreach and Relations Plan to foster positive relations in the community and to resolve any community relations problems. This plan will be annually reviewed and revised. The “community” includes, but is not limited to, resident individuals and businesses in the area, community leaders, publicly elected officials, community organizations, religious leaders, health care providers, health planning agencies, police and law enforcement officials, universities and academic institutions, and others as identified.

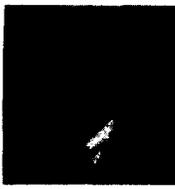
The CTC Community Outreach and Relations Plan will identify opportunities to provide community education on substance abuse and the use of methadone or other opioid agonist treatment medications. Staff members will be identified to serve in community relations activities. The Plan will specify an organized and deliberate process to identify community contacts and existing information distribution channels, to solicit expression of community concerns, to implement strategies to address identified concerns/challenges, to develop a plan to effectively use joint public meetings and other mechanisms to communicate with involved parties, and to respond to community concerns and requests for information.

Methods that will be used to gather community concerns/input and design strategies for addressing them include, but are not limited to:

- Consumer satisfaction surveys
- Community needs assessments, which may have been conducted by other organizations such as the health department, local United Way, etc.;
- Attendance at community/neighborhood organization meetings;
- Participation and collaboration with councils and governmental groups working as task forces to affect shared problems;
- Attendance at professional group meetings/substance abuse provider meetings, counselors association meetings, etc.;
- Community advisory groups; and
- Patient advisory groups.

**A-4AB**

**Applicant's Legal Status  
and Ownership Structure**



Business Services Online > Find and Update a Business Record

# Business Information Search

As of July 08, 2020 we have processed all corporate filings received in our office through July 06, 2020 and all annual reports received in our office through July 07, 2020.

Click on the underlined control number of the entity in the search results list to proceed to the detail page. From the detail page you can verify the entity displayed is correct (review addresses and business details) and select from the available entity actions - file an annual report, obtain a certificate of existence, file an amendment, etc.

Search: 1-1 of 1

Search Name:   Starts With  Contains

Control #:

Active Entities Only:

Control #	Entity Type	Name	Name Type	Name Status	Entity Filing Date	Entity Status
<u>001086282</u>	LLC	Middle Tennessee Treatment Centers, LLC TENNESSEE	Entity	Active	03/16/2020	Active

1-1 of 1

Information about individual business entities can be queried, viewed and printed using this search tool for free.

If you want to get an electronic file of all business entities in the database, the full database can be downloaded for a fee by [Clicking Here](#).

[Click Here](#) for information on the Business Services Online Search logic.

Division of Business Services  
312 Rosa L. Parks Avenue, Snodgrass Tower, 6th  
Floor  
Nashville, TN 37243  
615-741-2286  
8:00 a.m. until 4:30 p.m. (Central) Monday - Friday.  
[Directions](#) | [State Holidays](#) | [Methods of Payment](#)

Business Filings and Information (615) 741-2286 | [TNSOS.CORPINFO@tn.gov](mailto:TNSOS.CORPINFO@tn.gov)  
Certified Copies and Certificate of Existence (615) 741-6488 | [TNSOS.CERT@tn.gov](mailto:TNSOS.CERT@tn.gov)  
Motor Vehicle Temporary Liens (615) 741-0529 | [TNSOS.MVTL@tn.gov](mailto:TNSOS.MVTL@tn.gov)  
Notary Commissions (615) 741-3699 | [TNSOS.ATS@tn.gov](mailto:TNSOS.ATS@tn.gov)  
Uniform Commercial Code (UCC) (615) 741-3276 | [TNSOS.UCC@tn.gov](mailto:TNSOS.UCC@tn.gov)  
Workers' Compensation Exemption Registrations (615) 741-0526 | [TNSOS.WCER@tn.gov](mailto:TNSOS.WCER@tn.gov)  
Apostilles & Authentications (615) 741-0536 | [TNSOS.ATS@tn.gov](mailto:TNSOS.ATS@tn.gov)  
Summons (615) 741-1799 | [TNSOS.ATS@tn.gov](mailto:TNSOS.ATS@tn.gov)  
Trademarks (615) 741-0531 | [TNSOS.ATS@tn.gov](mailto:TNSOS.ATS@tn.gov)  
Nonresident Fiduciaries (615) 741-0536 | [TNSOS.ATS@tn.gov](mailto:TNSOS.ATS@tn.gov)

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**A.6A**

**Site Control Documentation**

## OPTION TO LEASE AGREEMENT

**THIS OPTION TO LEASE AGREEMENT** (the "**Agreement**") is made and entered into as of this 14 day of July, 2020, by and between **SL AIRPARK LLC** and **SL AIRPARK II LLC** (collectively, "**Landlord**") and **MIDDLE TENNESSEE TREATMENT CENTERS, LLC** ("**Tenant**").

### WITNESSETH

**WHEREAS**, Landlord is the owner of certain real property located at 1420 Donelson Pike, Nashville, Davidson County, Tennessee (the "**Property**") and a certain building situated upon the Property (the "**Building**"); and

**WHEREAS**, Landlord desires to grant to Tenant the option to lease certain premises consisting of approximately 5,948 rentable square feet located within the Building and having an address of 1420 Donelson Pike, Suite B19, Nashville, Tennessee 37217 (the "**Leased Premises**"), which Option must be exercised as set forth below.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

### **SECTION 1** **GRANT OF OPTION**

1.1 Landlord hereby grants to Tenant an exclusive option to lease the Leased Premises, upon the terms and conditions set forth herein (the "**Option**").

1.2 The term of Tenant's Option shall commence on the date hereof and shall terminate on December 31st, 2020 (the "**Option Period**"). Landlord and Tenant hereby agree to use good faith efforts to negotiate and execute a written lease ("**Lease**") for the Premises during the Option Period. The Option Period may be extended at any time prior to its expiration upon the mutual consent of the parties.

1.3 As consideration for Landlord granting the Option to Tenant, Tenant shall pay to Landlord within 10 days a deposit in the amount of \$15,000.00 (the "**Option Deposit**").

(a) In the event that Landlord and Tenant do not execute a Lease during the Option Period, Landlord shall be entitled to retain the entire Option Deposit without any further notice to Tenant. Notwithstanding the foregoing, in the event that the parties do not execute a Lease during the Option Period as a result of the Landlord's commercially unreasonable conduct, Tenant shall be entitled to receive a refund of the Option Deposit.

(b) In the event that Landlord and Tenant execute a Lease during the Option Period, the Option Deposit shall be applied by Landlord as a credit against Tenant's rental obligation pursuant to the Lease.

**SECTION 2**  
**TERMS AND CONDITIONS OF THE LEASE**

2.1 During the Option Period, the parties agree to use good faith efforts to negotiate a Lease mutually acceptable to both parties. Notwithstanding the foregoing, the initial base rental rate shall be calculated at a rate of \$12.00 per rentable square foot for the first year of the term of the Lease (excluding any base rent abatement period). Base rent shall increase by three percent (3.00%) annually during the term of the lease.

2.2 The initial term of Tenant's lease of the Leased Premises shall be for a period of seven (7) years, nine (9) months (the "Term") and commencing on January 1, 2021 through and including September 31, 2028. Nine (9) months of the Term are provided with a base rent abatement and eighty-four (84) months of the Term shall be paid per the base rent calculation set forth in Section 2.1 above.

**SECTION 3**  
**MISCELLANEOUS PROVISIONS**

3.1 Any notices required or permitted herein shall be addressed as follows and delivered to the other party by either: (a) e-mail or similar electronic transmission, at the e-mail address set forth below, (b) deposited for overnight delivery with an overnight courier such as Federal Express, United Postal Service or other overnight courier service, or (c) deposited in the U. S. mail, sent by certified mail, return receipt requested:

If to Landlord:

SL Airpark LLC and SL Airpark II LLC  
195 Morristown Road  
Basking Ridge, New Jersey 07920  
Attention: Toby Nelson, Vice President  
Email: [tobynelson@silvermangroup.net](mailto:tobynelson@silvermangroup.net)

With a copy to:

SL Airpark LLC and SL Airpark II LLC  
195 Morristown Road  
Basking Ridge, New Jersey 07920  
Attention: Steven Oran, Associate Counsel  
Email: [stevonoran@silvermangroup.net](mailto:stevonoran@silvermangroup.net)

If to Tenant:

Acadia Healthcare Company, Inc.  
c/o CTC Division Headquarters  
9009 Carothers Blvd, Suite C-1  
Franklin, TN 37067  
Attn: Tony Ruscella  
Email: [anthony.ruscella@acadiahealthcare.com](mailto:anthony.ruscella@acadiahealthcare.com)

3.2 This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be amended except by written instrument executed by Landlord and Tenant. The section headings are inserted for convenience only and are in no way intended to describe, interpret, define or limit the scope or content of this Agreement or any provision hereof. This Agreement shall be construed and interpreted in accordance with the laws of the State of Tennessee. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns as the case may be. Tenant shall have the right to transfer or assign any of its rights and interest under this Agreement to an affiliate entity of Tenant having a net worth equal to or greater than Tenant without obtaining the prior consent of Landlord. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one Agreement. To facilitate execution of this Agreement, the parties may execute and exchange executed counterparts of the signature pages by e-mail.

[Signature page follows.]

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by such party, as of the date first above written.

**LANDLORD:**

**SL AIRPARK LLC**

By: \_\_\_\_\_

Blake Silverman  
Executive Director

**SL AIRPARK II, LLC**

By: \_\_\_\_\_

Blake Silverman  
Executive Director

**TENANT:**

**MIDDLE TENNESSEE TREATMENT  
CENTERS, LLC**

By: \_\_\_\_\_

Name: Anthony J. Ruscella

Its: VP of Bus Dev. CTC Group

**A-6B-1) a-d**

**Plot Plan**

1-020-12  
 SEALY AIRPARK, L.P.  
 1420 DONELSON PIKE  
 NASHVILLE, TENNESSEE

**LEGEND**

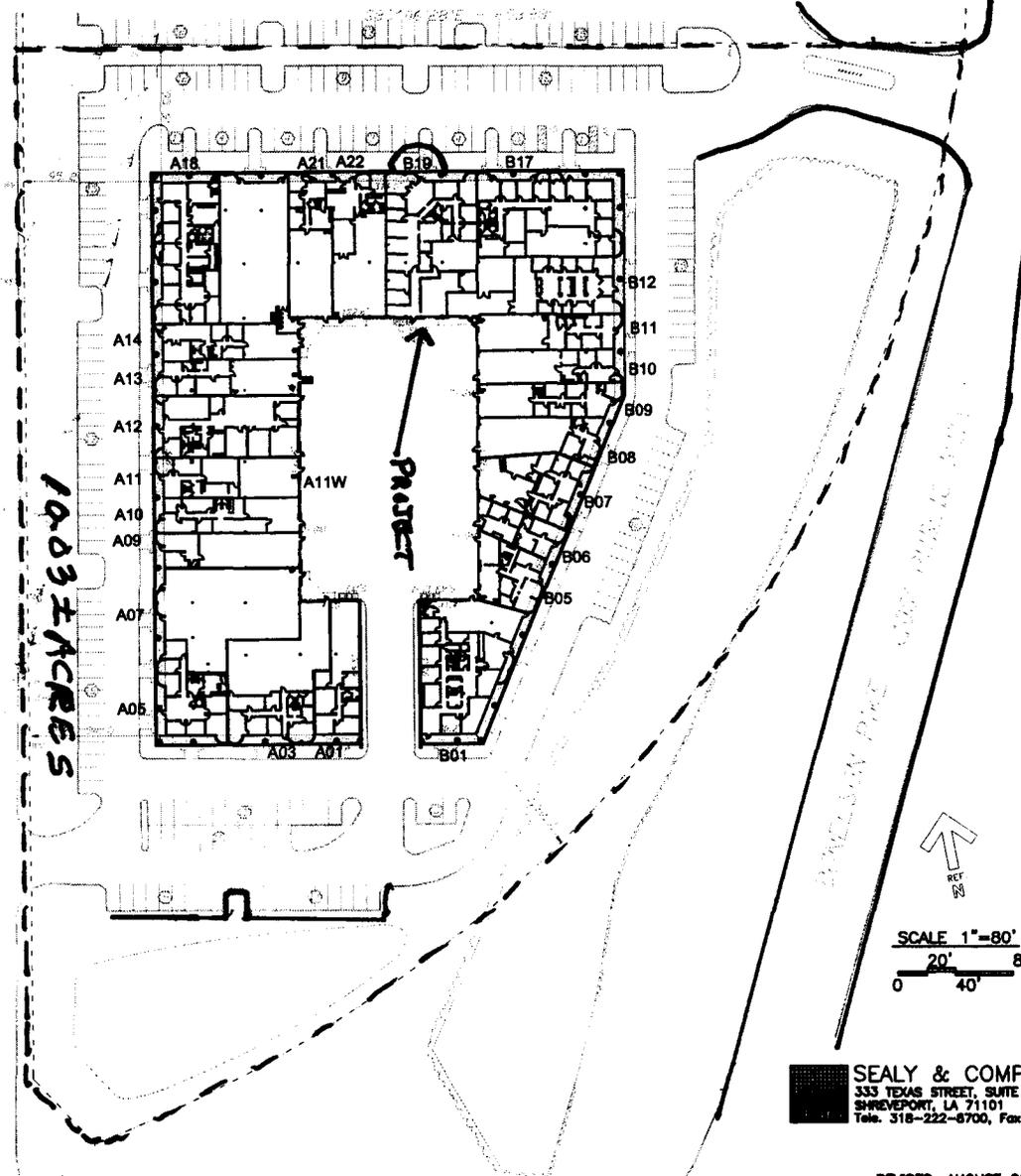
=====	RAILROAD
WM-----	WATER METER
GM-----	GAS METER
EM-----	ELECTRIC METER
EP-----	ELECTRIC PANEL
TP-----	TELEPHONE PANEL
PP-----	POWER POLE
-x-x-x-x-	FENCE
-----	PROPERTY LINE
SV,SR----	SPRINKLER VALVE, RISER
FH-----	FIRE HYD.
R-----	RAMP

**BUILDING SUMMARY**

AREA BLDG +/-	90,000 sq. ft.
LAND AREA +/-	359,037 sq. ft.
CONSTRUCTION	Brick/Block/Glass Storefront
CLEAR HEIGHT +/-	16'
BAY SPACING	25'W x 37'D
LIGHTING	Fluorescent
SPRINKLER	100%
SLAB +/-	5"
YEAR BUILT	1987

**SPACE SUMMARY**

SPACE NO.	AREA +/-	OFFICE AREA +/-	TRUCK DOORS
A01	2,781	1,368	0
A03	5,306	1,905	1
A05	2,992	2,992	0
A07	5,999	0	1
A09	2,539	644	1
A10/11	4,127	3,204	2
A11W	1,294	0	0
A12	4,400	4,400	2
A13	2,500	1,210	1
A14	2,389	887	1
A18	10,000	10,000	0
A21	3,000	1,021	0
A22	3,990	1,476	1
B01	8,235	4,088	1
B05	1,966	1,252	2
B06	1,522	1,241	1
B07	2,887	1,812	1
B08	2,368	695	1
B09	2,522	1,365	1
B10	2,338	828	1
B11	2,500	1,180	1
B12	4,361	2,781	1
B17	6,039	6,039	0
B19	5,948	4,613	1

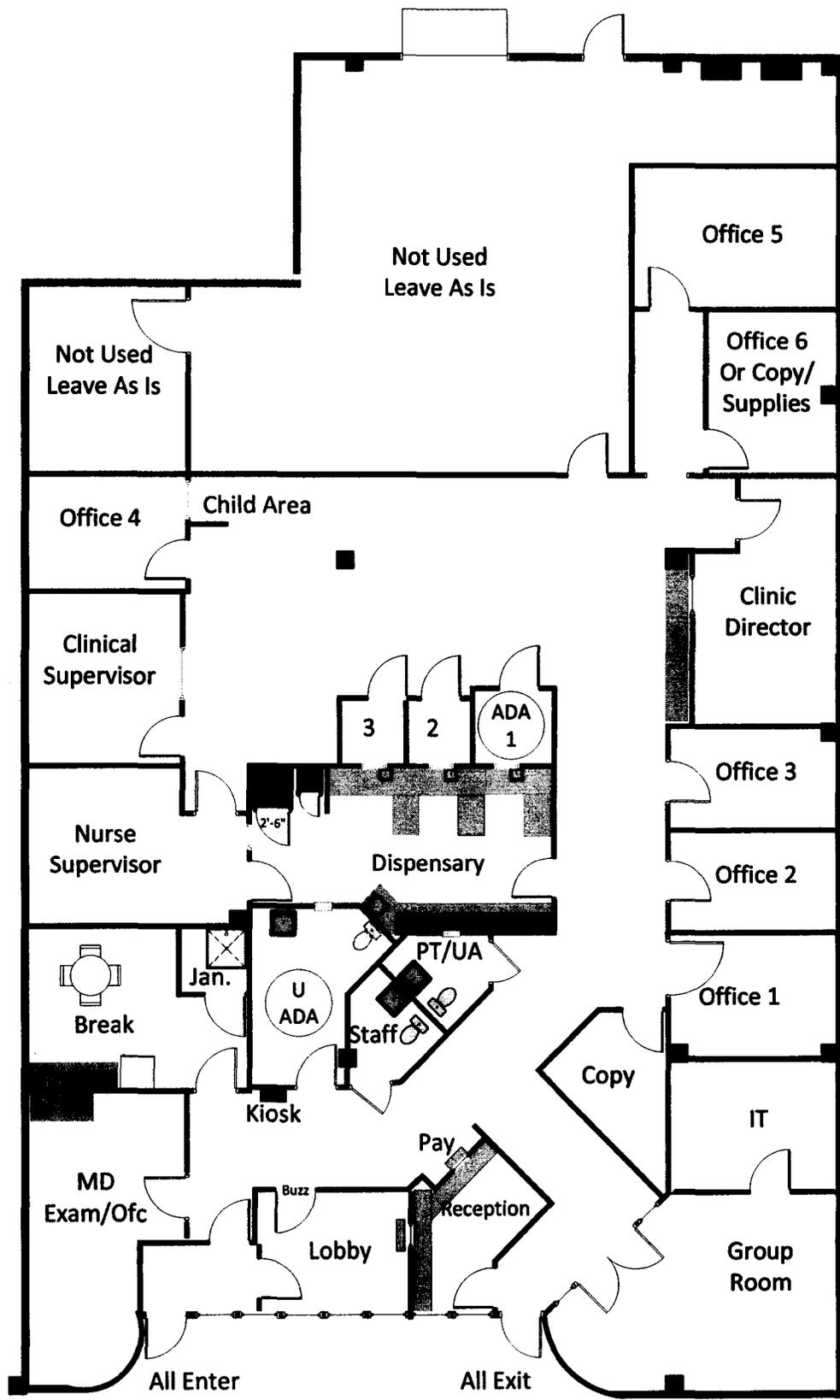


**SEALY & COMPANY**  
 333 TEXAS STREET, SUITE 1050  
 SHREVEPORT, LA 71101  
 Tele. 318-222-6700, Fax. 318-222-4124

REVISED: AUGUST 2014

**A-6B-2**

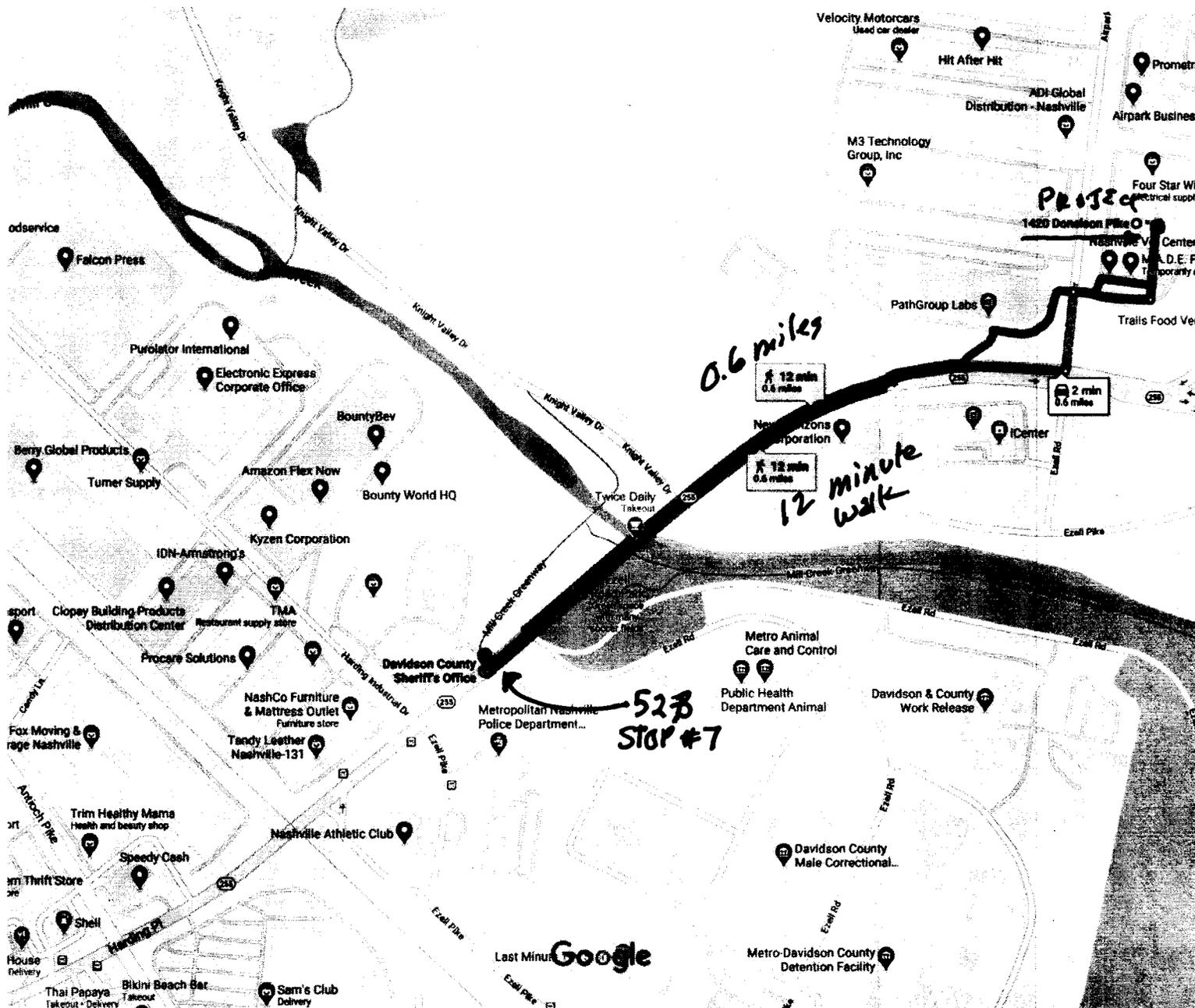
**Floor Plans**



1420 Donelson Pike Suite B19  
 5,948 SF Total  
 Demising Roughly 4,800 SF

**A-6B-3**

**Accessibility Information  
and Transit Maps**

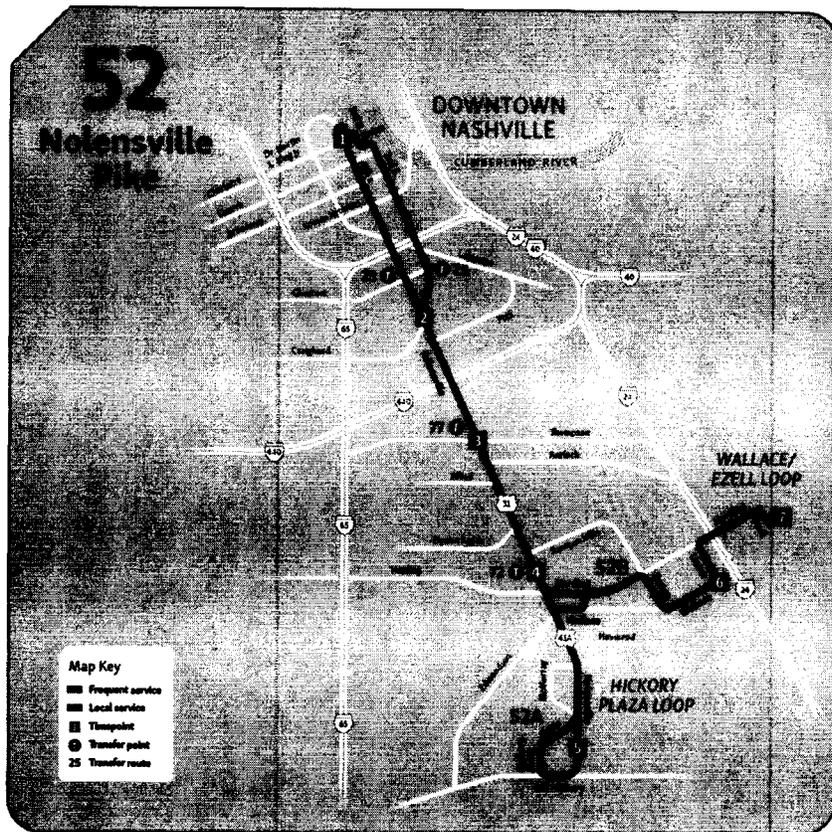


Map data ©2020 Google 200 ft

 via Harding PI 2 min  
Fastest route, the usual traffic 0.6 mile

 via Harding PI 12 min  
0.6 mile

 via Harding PI 12 min



**Weekdays**

Dollar General	Sheriff's Correctional Complex	Linbar & Wallace	Walmart	Thompson Lane	State Fairgrounds	Central
5	6	4	3	2	1	1
52A 4:33	-	-	4:45	4:52	4:57	5:10
52B 4:35	-	-	5:07	5:14	5:29	5:32
52A 5:11	5:11	5:18	5:26	5:34	5:39	5:52
52B 5:14	-	-	5:28	5:34	5:45	6:07
52A 5:50	-	-	5:51	5:59	6:05	6:20
52B 5:54	-	-	5:59	6:07	6:14	6:30
52A 6:07	5:50	5:58	6:07	6:16	6:23	6:40
52B 6:11	-	-	6:17	6:24	6:31	6:50
52A 6:18	6:10	6:18	6:27	6:36	6:43	7:00
52B 6:21	-	-	6:27	6:36	6:43	7:10
52A 6:30	6:30	6:38	6:47	6:56	7:03	7:20
52B 6:34	-	-	6:56	7:04	7:11	7:30
52A 6:48	6:48	6:56	7:06	7:16	7:23	7:40
52B 6:58	-	-	7:16	7:26	7:33	7:50
52A 7:10	-	-	7:28	7:38	7:45	8:00
52B 7:19	7:29	7:37	7:47	7:56	8:03	8:20
52A 7:39	7:49	7:57	8:07	8:16	8:23	8:40
52B 7:39	-	-	8:17	8:26	8:33	8:50
52A 8:22	8:12	8:19	8:28	8:37	8:44	9:00
52B 8:22	-	-	8:38	8:47	8:54	9:10
52A 8:49	8:32	8:39	8:48	8:57	9:04	9:20
52B 8:49	-	-	9:04	9:13	9:20	9:35
52A 9:19	9:01	9:10	9:18	9:26	9:33	9:50
52B 9:19	-	-	9:34	9:43	9:50	10:05
52A 9:39	9:33	9:40	9:49	9:58	10:05	10:20
52B 9:49	-	-	10:04	10:13	10:20	10:35
52A 10:09	10:03	10:10	10:19	10:28	10:35	10:50
52B 10:09	-	-	10:24	10:33	10:40	11:05
52A 10:39	10:33	10:40	10:49	10:58	11:05	11:20
52B 10:39	-	-	11:04	11:13	11:20	11:35
52A 11:09	11:03	11:10	11:19	11:28	11:35	11:50
52B 11:09	-	-	11:24	11:33	11:40	12:05
52A 11:44	-	-	12:03	12:12	12:20	12:35
52B 11:44	-	-	12:08	12:17	12:24	12:50
52A 12:08	12:02	12:09	12:18	12:27	12:34	12:50
52B 12:08	-	-	12:33	12:42	12:49	1:05
52A 12:38	12:32	12:39	12:48	12:57	1:04	1:20
52B 12:38	-	-	1:09	1:18	1:25	1:40
52A 1:08	1:02	1:09	1:18	1:27	1:34	1:50
52B 1:08	-	-	1:23	1:32	1:39	1:55
52A 1:48	1:42	1:49	1:58	2:07	2:14	2:30
52B 1:48	-	-	2:03	2:12	2:19	2:35
52A 2:08	2:02	2:09	2:18	2:27	2:34	2:50
52B 2:08	-	-	2:23	2:32	2:39	2:55
52A 2:38	2:32	2:39	2:48	2:57	3:04	3:20
52B 2:38	-	-	2:53	3:02	3:09	3:25
52A 3:08	3:02	3:09	3:18	3:27	3:34	3:50
52B 3:08	-	-	3:23	3:32	3:39	3:55
52A 3:38	3:32	3:39	3:48	3:57	4:04	4:20
52B 3:38	-	-	3:53	4:02	4:09	4:25
52A 4:08	4:02	4:09	4:18	4:27	4:34	4:50
52B 4:08	-	-	4:23	4:32	4:39	4:55
52A 4:38	4:32	4:39	4:48	4:57	5:04	5:20
52B 4:38	-	-	4:53	5:02	5:09	5:25
52A 5:08	5:02	5:09	5:18	5:27	5:34	5:50
52B 5:08	-	-	5:23	5:32	5:39	5:55
52A 5:38	5:32	5:39	5:48	5:57	6:04	6:20
52B 5:38	-	-	5:53	6:02	6:09	6:25
52A 6:08	6:02	6:09	6:18	6:27	6:34	6:50
52B 6:08	-	-	6:23	6:32	6:39	6:55
52A 6:38	6:32	6:39	6:48	6:57	7:04	7:20
52B 6:38	-	-	6:53	7:02	7:09	7:25
52A 7:08	7:02	7:09	7:18	7:27	7:34	7:50
52B 7:08	-	-	7:23	7:32	7:39	7:55
52A 7:38	7:32	7:39	7:48	7:57	8:04	8:20
52B 7:38	-	-	7:53	8:02	8:09	8:25
52A 8:08	8:02	8:09	8:18	8:27	8:34	8:50
52B 8:08	-	-	8:23	8:32	8:39	8:55
52A 8:38	8:32	8:39	8:48	8:57	9:04	9:20
52B 8:38	-	-	8:53	9:02	9:09	9:25
52A 9:08	9:02	9:09	9:18	9:27	9:34	9:50
52B 9:08	-	-	9:23	9:32	9:39	9:55
52A 9:38	9:32	9:39	9:48	9:57	10:04	10:20
52B 9:38	-	-	9:53	10:02	10:09	10:25
52A 10:08	10:02	10:09	10:18	10:27	10:34	10:50
52B 10:08	-	-	10:23	10:32	10:39	10:55
52A 10:38	10:32	10:39	10:48	10:57	11:04	11:20
52B 10:38	-	-	10:53	11:02	11:09	11:25

**Weekdays**

Central Bay 39	State Fairgrounds	Thompson Lane	Walmart	Dollar General	Linbar & Wallace	Sheriff's Correctional Complex
1	2	3	4	5	6	7
52A 5:25	5:26	5:31	5:39	5:49	-	-
52B 5:40	5:41	5:56	6:04	6:14	-	-
52A 6:00	6:12	6:17	6:27	-	6:34	6:43
52B 6:15	6:27	6:33	6:42	6:52	-	-
52A 6:35	6:37	6:45	6:52	-	6:59	7:08
52B 6:45	6:58	7:09	7:13	-	7:21	7:31
52A 6:55	7:09	7:23	7:33	-	7:41	7:51
52B 7:05	7:18	7:23	7:33	-	-	-
52A 7:15	7:28	7:33	7:43	7:53	-	8:11
52B 7:25	7:38	7:43	7:53	-	8:01	8:11
52A 7:35	7:48	7:53	8:03	8:13	-	8:31
52B 7:45	7:58	8:03	8:13	-	8:23	8:33
52A 7:55	8:08	8:13	8:23	8:33	-	8:51
52B 8:05	8:18	8:23	8:33	-	8:43	8:53
52A 8:15	8:28	8:33	8:43	8:53	-	9:11
52B 8:25	8:38	8:44	8:54	9:04	-	9:24
52A 8:35	8:48	8:54	9:04	9:14	-	9:34
52B 8:45	8:58	9:04	9:14	-	9:24	9:34
52A 8:55	9:08	9:14	9:24	9:34	-	9:54
52B 9:05	9:18	9:24	9:34	-	9:44	9:54
52A 9:15	9:28	9:34	9:44	9:54	-	10:10
52B 9:25	9:38	9:44	9:54	-	10:10	10:20
52A 9:45	9:58	10:05	10:17	10:27	-	-
52B 10:00	10:14	10:20	10:32	-	10:40	10:50
52A 10:15	10:30	10:37	10:50	11:00	-	-
52B 10:30	10:45	10:52	11:05	-	11:13	11:23
52A 10:45	11:00	11:07	11:20	11:30	-	-
52B 11:00	11:15	11:22	11:35	-	11:43	11:53
52A 11:15	11:30	11:37	11:50	12:00	-	-
52B 11:30	11:45	11:52	12:05	-	12:13	12:23
52A 11:45	12:00	12:07	12:20	12:30	-	-
52B 12:00	12:15	12:22	12:35	-	12:44	12:54
52A 12:15	12:30	12:37	12:50	13:00	-	-
52B 12:30	12:45	12:52	13:05	-	13:14	13:24
52A 12:45	13:00	13:07	13:20	13:30	-	-
52B 13:00	13:15	13:22	13:35	-	13:44	13:54
52A 13:15	13:30	13:37	13:50	14:00	-	-
52B 13:30	13:45	13:52	14:05	-	14:14	14:24
52A 13:45	14:00	14:07	14:20	14:30	-	-
52B 14:00	14:15	14:22	14:35	-	14:44	14:54
52A 14:15	14:30	14:37	14:50	15:00	-	-
52B 14:30	14:45	14:52	15:05	-	15:14	15:24
52A 14:45	15:00	15:07	15:20	15:30	-	-
52B 15:00	15:15	15:22	15:35	-	15:44	15:54
52A 15:15	15:30	15:37	15:50	16:00	-	-
52B 15:30	15:45	15:52	16:05	-	16:14	16:24
52A 15:45	16:00	16:07	16:20	16:30	-	-
52B 16:00	16:15	16:22	16:35	-	16:44	16:54
52A 16:15	16:30	16:37	16:50	17:00	-	-
52B 16:30	16:45	16:52	17:05	-	17:14	17:24
52A 16:45	17:00	17:07	17:20	17:30	-	-
52B 17:00	17:15	17:22	17:35	-	17:44	17:54
52A 17:15	17:30	17:37	17:50	18:00	-	-
52B 17:30	17:45	17:52	18:05	-	18:14	18:24
52A 17:45	18:00	18:07	18:20	18:30	-	-
52B 18:00	18:15	18:22	18:35	-	18:44	18:54
52A 18:15	18:30	18:37	18:50	19:00	-	-
52B 18:30	18:45	18:52	19:05	-	19:14	19:24
52A 18:45	19:00	19:07	19:20	19:30	-	-
52B 19:00	19:15	19:22	19:35	-	19:44	19:54
52A 19:15	19:30	19:37	19:50	20:00	-	-
52B 19:30	19:45	19:52	20:05	-	20:14	20:24
52A 19:45	20:00	20:07	20:20	20:30	-	-
52B 20:00	20:15	20:22	20:35	-	20:44	20:54
52A 20:15	20:30	20:37	20:50	21:00	-	-
52B 20:30	20:45	20:52	21:05	-	21:14	21:24

Bold times denote p.m. hours.

## 52 Nolensville Pike

**Weekdays:** Running Saturday scheduled service with additional trips to and from Central and Walmart. Service between Central and Walmart will operate every 10 minutes from 6:00 a.m. to 6:00 p.m. See schedule below.

**Weekends & Holidays:** Normal. [View schedule.](#)

### Weekdays From Downtown

### Added Trips

Central Bay 19	State Fairgrounds	Thompson Lane	Walmart	Dollar General	Linbar & Wallace	Sheriff's Correctional Complex
5:20 AM	5:32 AM	5:37 AM	5:47 AM			
5:40 AM	5:52 AM	5:57 AM	6:07 AM	6:16 AM		
6:05 AM	6:17 AM	6:22 AM	6:32 AM			
6:15 AM	6:27 AM	6:32 AM	6:42 AM	6:51 AM		
6:25 AM	6:37 AM	6:42 AM	6:52 AM			
6:35 AM	6:47 AM	6:52 AM	7:02 AM		7:09 AM	7:18 AM
6:45 AM	6:57 AM	7:02 AM	7:12 AM			
6:55 AM	7:07 AM	7:12 AM	7:22 AM	7:31 AM		
7:05 AM	7:17 AM	7:22 AM	7:32 AM			
7:15 AM	7:27 AM	7:32 AM	7:42 AM		7:49 AM	7:58 AM
7:25 AM	7:37 AM	7:42 AM	7:52 AM			
7:35 AM	7:47 AM	7:52 AM	8:02 AM	8:11 AM		
7:45 AM	7:58 AM	8:03 AM	8:13 AM			
7:55 AM	8:07 AM	8:12 AM	8:22 AM		8:29 AM	8:38 AM
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**Weekdays To Downtown**

**Added Trips**

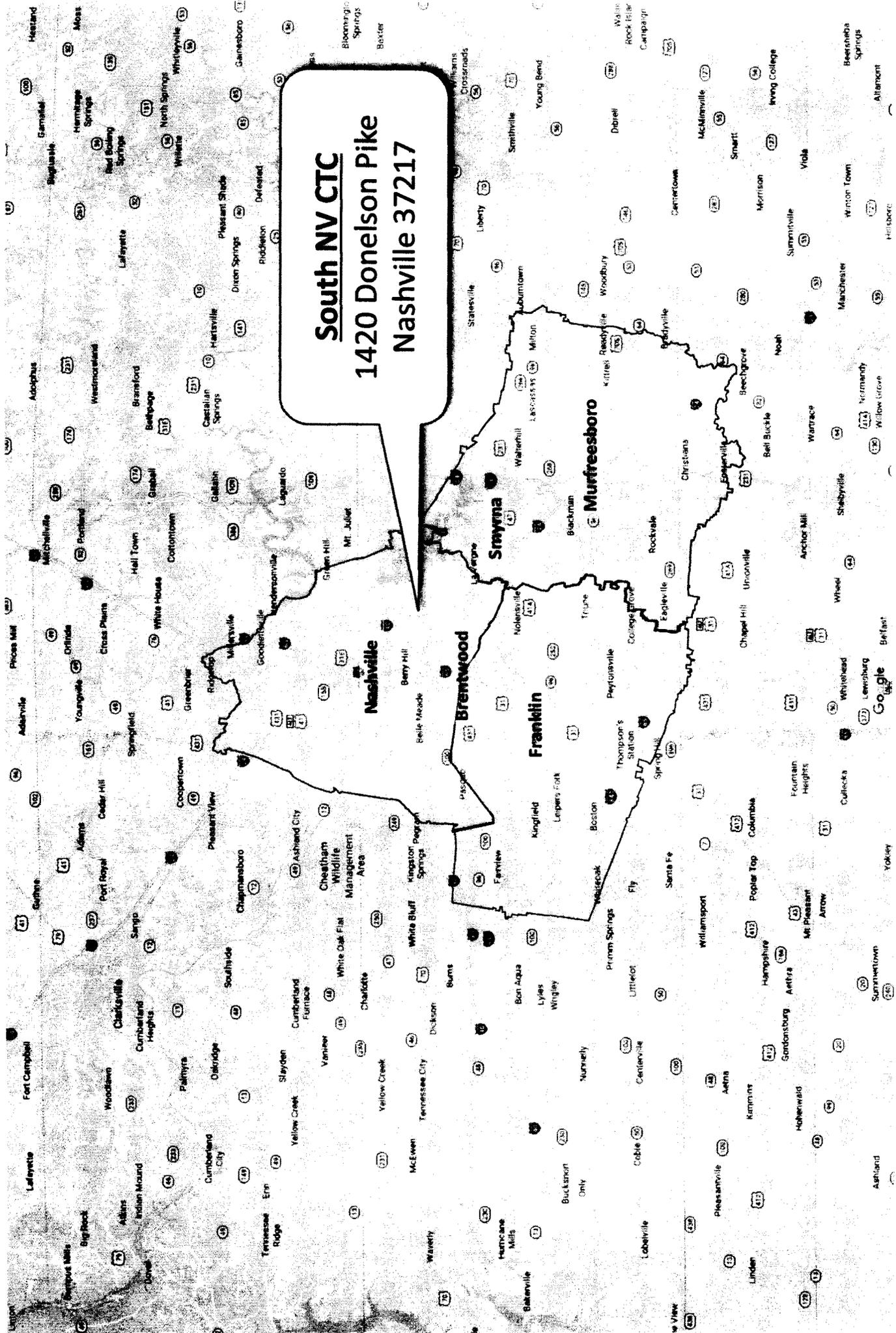
<b>Dollar General</b>	<b>Sheriff's Correctional Complex</b>	<b>Linbar &amp; Wallace</b>	<b>Walmart</b>	<b>Thompson Lane</b>	<b>State Fairgrounds</b>	<b>Central</b>
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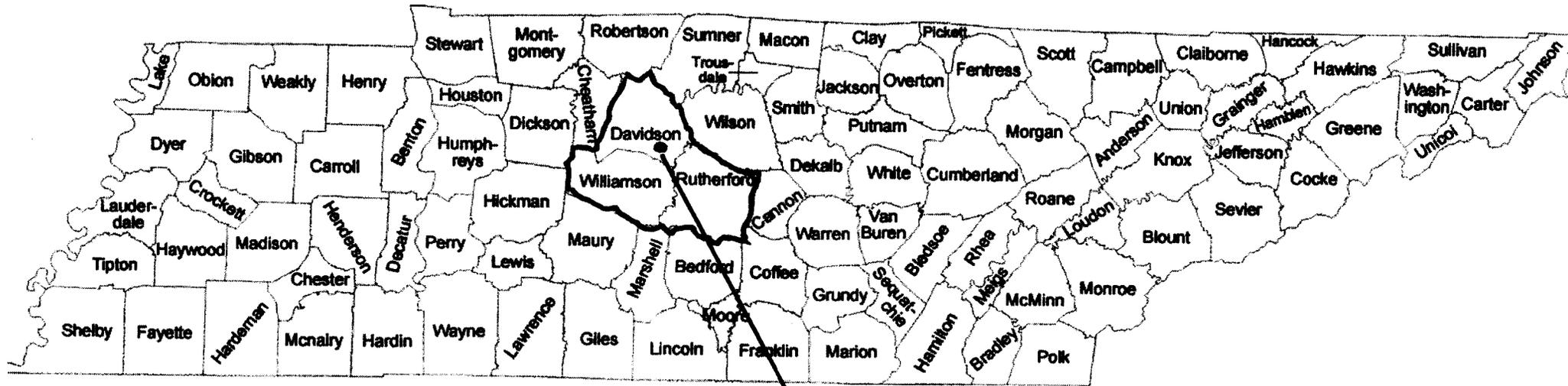
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**B-Need-3**

**Service Area Map**

**South NV CTC**  
**1420 Donelson Pike**  
**Nashville 37217**





**SOUTH NASHVILLE COMPREHENSIVE TREATMENT CENTER  
PRIMARY SERVICE AREA**

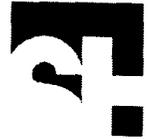
## **B-Economic Feasibility-1E**

### **Documentation of Construction Cost Estimate**

STENGEL-HILL ARCHITECTURE

Mr. Logan Grant, Executive Director  
Tennessee Health Services and Development Agency  
Andrew Jackson Building, 9th Floor  
502 Deaderick Street  
Nashville, TN 37243

Re: **Attestation of Construction Cost**  
**South Nashville Comprehensive Treatment Center**  
**Acadia Healthcare / CTC Group**  
**1420 Donelson Pike, Suite B-19**  
**Nashville, Tennessee 37217**



28 August 2020

Mr. Grant,

We have reviewed the construction cost estimate provided by Acadia Healthcare / CTC Group of \$399,000 for the renovation of ~4,800 sf of an existing commercial building to accommodate the new South Nashville Comprehensive Treatment Center, an Outpatient Medication Assisted Treatment Facility. Based on discussions with design and construction staff from Acadia Healthcare / CTC Group, our experience on similar projects, and our knowledge of the current healthcare construction market, it is our opinion that this construction cost estimate appears to be reasonable for a project of this type and size.

Additionally, please note that the Project will be designed in compliance with all applicable State and Federal Regulations, including the following:

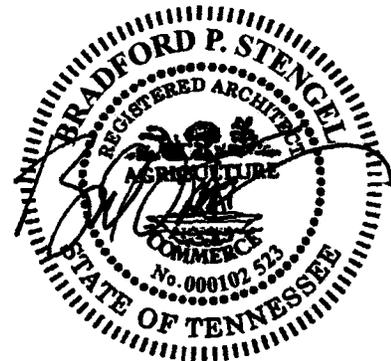
- Rules of the Tennessee Department of Mental Health & Substance Abuse Services
- International Building Code
- National Electrical Code
- National Fire Protection Association (NFPA) Codes
- Americans with Disabilities Act (ADA)

If you have any questions or comments regarding this information, please do not hesitate to contact me at your convenience.

Thank you.

Bradford P. Stengel, AIA  
Senior Principal  
Stengel Hill Architecture Incorporated  
Tennessee Registered Architect No. #000102 523

copy: Tony Ruscella AHC



## **B-Economic Feasibility-2**

### **Funding/Financing Availability**

August 28th, 2020

Mr. Logan Grant, Executive Director  
Tennessee Health Services and Development Agency  
Andrew Jackson Building, 9th Floor  
502 Deaderick Street  
Nashville, Tennessee 37243

RE: South Nashville Comprehensive Treatment Center  
Davidson County

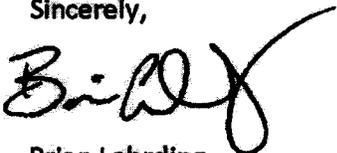
Dear Mr. Grant:

Middle Tennessee Treatment Centers, LLC is applying for a Certificate of Need to establish the South Nashville Comprehensive Treatment Center (the d/b/a), a Non-Residential Substitution-Based Treatment Center for Opiate Addiction, to be located in Davidson County. The total project cost under CON rules is estimated at \$1,331,511. Of that cost, \$784,595 is the actual capital expenditure required to implement the project.

As Chief Financial Officer - CTC Group of Acadia Healthcare Company, Inc. for Middle Tennessee Treatment Centers, LLC, (A wholly owned subsidiary of Acadia Healthcare Company, Inc.), I am writing to confirm that the aforementioned has sufficient operating cash flow and cash reserves to provide all of the required funds in cash, and intends to do so after receipt of CON approval. Since the LLC is a wholly owned subsidiary of Acadia Healthcare Company, Inc. and a publicly traded company on the NYSE (ACHC), our cash reserves or "cash on hand" is filed quarterly with the SEC and in the public domain.

The application includes our financial statements documenting that sufficient cash reserves, operating income, and lines of credit exist to fund this project.

Sincerely,



Brian Lohrding  
Chief Financial Officer - CTC Group

## **B-Economic Feasibility-6A**

### **Financial Statements**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2018

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-35331

**ACADIA HEALTHCARE COMPANY, INC.**

(Exact Name of Registrant as Specified in Its Charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

45-2492228  
(I.R.S. Employer  
Identification No.)

6100 Tower Circle, Suite 1000

Franklin, Tennessee 37067

(Address, including zip code, of registrant's principal executive offices)

(615) 861-6000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	Name of exchange on which registered
Common Stock, \$.01 par value	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark of the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of June 30, 2018, the aggregate market value of the shares of common stock of the registrant held by non-affiliates was approximately \$3.5 billion, based on the closing price of the registrant's common stock reported on the NASDAQ Global Select Market of \$40.91 per share.

As of March 1, 2019, there were 88,455,125 shares of the registrant's common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive proxy statement for its 2019 annual meeting of stockholders to be held on May 2, 2019 are incorporated by reference into Part III of this Form 10-K.

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Acadia Healthcare Company, Inc.  
Consolidated Balance Sheets

	December 31,	
	2018	2017
(In thousands, except share and per share amounts)		
<b>Current assets:</b>		
Accounts receivable, net	\$ 80,510	\$ 67,290
	318,087	296,925
	<u>81,820</u>	<u>107,335</u>
<b>Total current assets</b>	<b>450,417</b>	<b>471,550</b>
Land	430,771	450,342
	2,423,584	2,370,910
Equipment	444,538	400,596
	294,848	173,693
Less accumulated depreciation	<u>(485,985)</u>	<u>(347,419)</u>
	3,107,766	3,048,130
Goodwill	2,396,412	2,751,174
	88,990	87,348
Deferred tax assets	3,468	3,731
	40,524	12,997
Other assets	64,927	49,572
	<u>6,122,304</u>	<u>6,122,304</u>
<b>LIABILITIES AND EQUITY</b>		
<b>Current portion of long-term debt</b>		
	\$ 34,112	\$ 34,830
	117,740	107,299
Accrued salaries and benefits	113,299	99,047
	<u>151,226</u>	<u>141,213</u>
<b>Total current liabilities</b>	<b>416,377</b>	<b>377,389</b>
	3,159,375	3,209,058
Deferred tax liabilities	80,372	80,333
	<u>136,267</u>	<u>160,358</u>
<b>Total liabilities</b>	<b>3,810,391</b>	<b>3,829,214</b>
	28,506	22,417
<b>Equity:</b>		
Common stock, \$0.01 par value; 180,000,000 shares authorized; 87,444,473 and 87,060,114 issued and outstanding as of December 31, 2018 and 2017, respectively		
	874	871
	2,541,987	2,547,345
Accumulated other comprehensive loss	<u>(462,377)</u>	<u>(374,118)</u>
	2,079,510	2,073,058
<b>Total equity</b>	<b>2,333,307</b>	<b>2,572,871</b>

See accompanying notes.

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Acadia Healthcare Company, Inc.  
Consolidated Statements of Operations

	Year Ended December 31,		
	2018	2017	2016
	(In thousands, except per share amounts)		
	\$ 3,012,442	\$ 2,877,239	\$ 1,872,823
Provision for doubtful accounts	—	(40,918)	(41,909)
Salaries, wages and benefits (including equity-based compensation expense of \$22,001, \$23,467 and \$28,345, respectively)	1,659,348	1,536,160	1,541,854
Supplies	119,314	114,439	117,425
Other operating expenses	354,498	331,827	312,556
Interest expense, net	185,410	176,007	181,325
Legal settlements expense	22,076	—	—
Loss on divestiture	—	—	178,809
Transaction-related expenses	34,507	24,267	48,323
(Loss) income before income taxes	(168,954)	236,798	32,955
Net (loss) income	(175,486)	199,589	4,176
Net (loss) income attributable to Acadia Healthcare Company, Inc.	\$ (175,750)	\$ 199,835	\$ 6,143
Basic	\$ (2.01)	\$ 2.30	\$ 0.07
Weighted-average shares outstanding:			
Diluted	87,288	87,060	85,972

See accompanying notes.

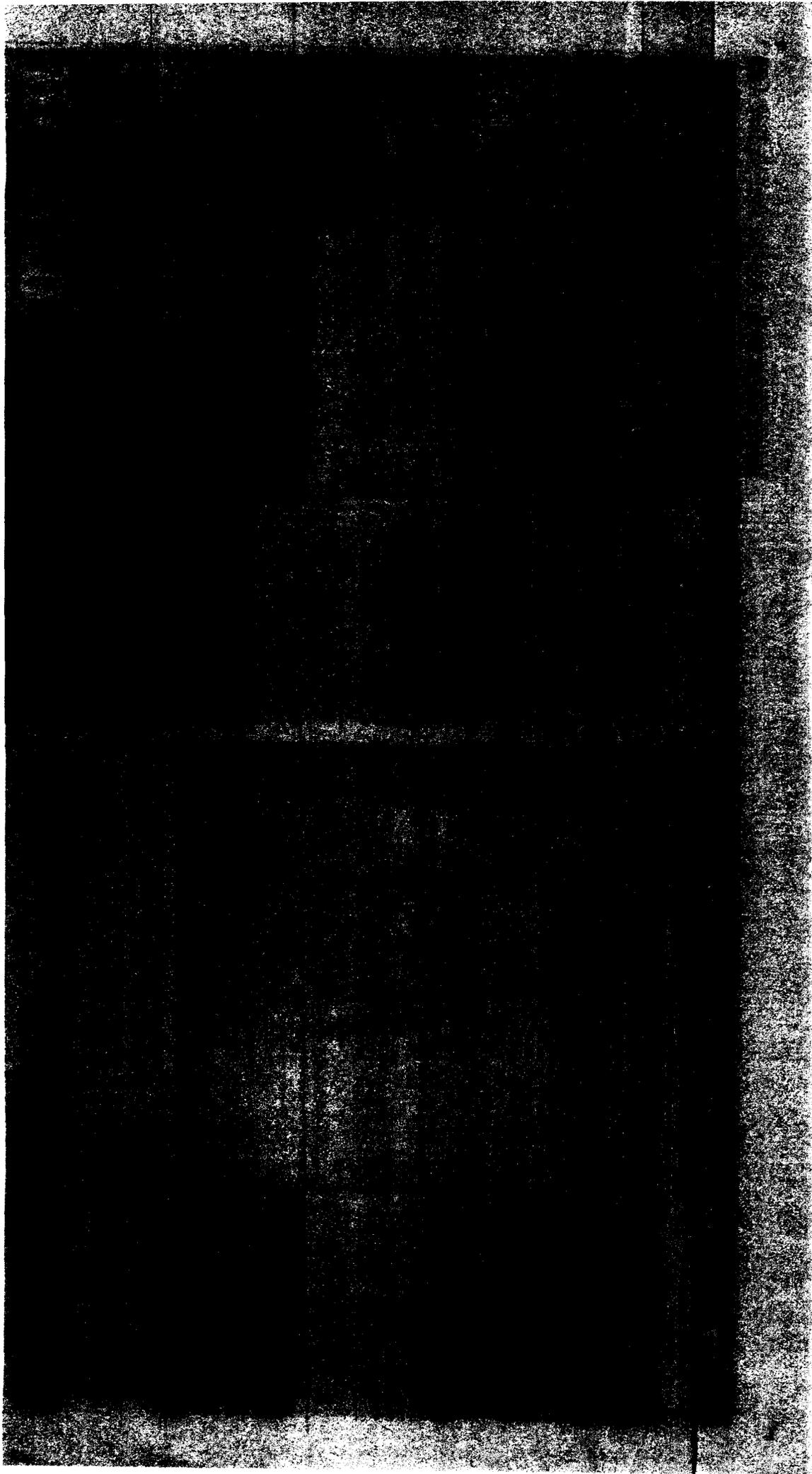
Table of Contents

**Acadia Healthcare Company, Inc.**  
**Consolidated Statements of Comprehensive (Loss) Income**

	Year Ended December 31,		
	2018	2017	2016
	(In thousands)		
	\$ (175,486)	\$ 199,389	\$ 4,176
<b>Other comprehensive (loss) income:</b>			
	(27,521)	206,784	(477,967)
Gain (loss) on derivative instruments, net of tax of \$12.7 million, \$(22.9) million and \$29.1, respectively	36,799	(33,431)	40,598
	2,452	2,002	(5,583)
<b>Other comprehensive (loss) gain</b>	<b>(88,259)</b>	<b>175,452</b>	<b>(444,923)</b>
	(263,735)	375,841	(440,747)
<b>Comprehensive (income) loss attributable to noncontrolling interests</b>	<b>(264)</b>	<b>246</b>	<b>1,967</b>
	(264,000)	375,287	(438,780)

See accompanying notes.

## **Proof of Publication**



## **Miscellaneous Information**

TennCare Enrollment Report for May 2020

AMERIGROUP COMMUNITY CARE	East Tennessee	184,723
AMERIGROUP COMMUNITY CARE	West Tennessee	141,905
AMERIGROUP COMMUNITY CARE	East Tennessee	130,101
BLUECARE	East Tennessee	212,750
BLUECARE	West Tennessee	164,513
BLUECARE	East Tennessee	140,332
UnitedHealthcare Community Plan	East Tennessee	130,005
UnitedHealthcare Community Plan	West Tennessee	164,005
UnitedHealthcare Community Plan	East Tennessee	110,961
TENNCARE SELECT HIGH	All	50,234
TENNCARE SELECT LOW	All	14,008
PAGE		271

	Female	Male	Uninsured	Uninsured Total	Grand Total
ANDERSON	4,316	527	1,844	285	6,900
BENTON	1,027	86	523	82	1,725
BLOUNT	5,788	488	3,125	329	9,059
CAMPBELL	2,724	258	1,453	342	5,137
CARROLL	2,724	158	1,453	143	5,170
CHEATHAM	1,828	149	650	99	2,718
CLAIBORNE	1,935	151	1,243	278	3,808
COCKE	2,673	215	1,543	253	4,833
COFFEY	979	77	383	75	1,571
CROCKETT	3,158	341	1,285	203	5,067
DAVIDSON	40,241	2,371	41,311	12,285	57,867
DEKALB	1,318	90	615	118	2,237
DEKALB	3,285	215	2,779	151	4,258
DEKALB	1,346	102	638	185	2,486
DEKALB	3,270	256	1,376	244	5,320
DEKALB	1,400	113	814	157	2,533
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DEKALB	1,346	102	638	185	2,486
DEKALB	3,270	256	1,376	244	5,320
DEKALB					

	Female				Male				Unknown		Grand Total
				Female Total				Male Total	Unknown Total		
LAUDERDALE	1,862	158	2,008	280	4,489	2,032	126	809	119	3,056	7,545
LEWIS	767	62	772	128	1,729	801	46	334	63	1,244	2,973
LOUDON	2,477	158	2,167	262	5,064	2,629	129	909	130	3,797	8,861
MADISON	6,780	476	6,681	823	14,780	6,954	386	2,418	417	10,175	24,955
MARSHALL	1,886	142	1,783	179	3,990	1,946	102	650	93	2,791	6,781
MCMINN	3,196	247	3,366	451	7,280	3,418	216	1,451	226	5,311	12,591
MEigs	787	65	856	102	1,810	798	58	416	54	1,326	3,136
MONTGOMERY	11,256	797	10,461	729	23,243	11,604	616	3,256	317	15,793	39,036
MORGAN	1,084	105	1,174	186	2,549	1,171	78	522	103	1,874	4,423
OVERTON	1,193	109	1,289	247	2,838	1,410	82	665	130	2,287	5,125
PICKETT	254	14	273	65	606	280	26	155	44	515	1,121
PUTNAM	4,869	341	4,476	679	10,365	5,152	296	2,110	328	7,886	18,251
ROANE	2,711	226	3,058	439	6,434	2,952	200	1,460	242	4,854	11,288
RUTHERFORD	16,642	1,301	13,253	1,131	32,127	17,214	858	4,465	518	23,055	55,182
SEQUATCHIE	1,021	76	1,033	147	2,277	1,048	63	485	65	1,681	3,958
SHELBY	71,645	5,154	64,991	6,794	148,574	73,825	4,077	20,578	3,708	102,188	250,762
SMITH	816	60	803	120	1,799	768	53	360	49	1,230	3,029
SUMNER	8,444	661	7,455	754	17,314	8,784	496	2,556	340	12,176	29,490
TROUSDALE	539	33	515	76	1,163	534	43	214	32	823	1,986
UNION	1,335	112	1,342	166	2,955	1,350	80	683	112	2,225	5,180
WARREN	2,814	216	2,880	428	6,438	2,980	198	1,301	217	4,696	11,134
WASHINGTON	753	63	871	156	1,843	838	50	374	78	1,340	3,183
WAYNE	1,774	126	1,856	293	4,049	1,942	119	909	151	3,121	7,170
WILLIAMSON	5,470	362	4,856	444	11,132	5,768	322	1,879	231	8,200	19,332
Other	389,313	29,018	368,691	46,175	833,197	405,803	23,355	146,272	23,573	599,033	1,432,230

Reports include some membership additions that are the result of retroactivity; however, additional retroactivity may still occur. The "Other" county category reflects recipients who are Tennessee residents for which their domicile is temporarily located outside of the state.

## **Support Letters**

**PROOF OF NOTIFICATION  
TO  
GENERAL ASSEMBLY**

September 18, 2020

Phillip M. Earhart, Deputy Director  
Tennessee Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

RE: CON Application #CN 2009-027  
South Nashville Comprehensive Treatment Center

Dear Mr. Earhart:

This letter responds to your recent request for additional information on this application. The items below are numbered to correspond to your questions.

**1. Executive Summary, Item 3.A.1 (Description) Pages 2-3**

**It is noted the applicant indicates there are 150 parking spaces around the building for use by all tenants on page 3 of the application. However, please clarify how many tenants share those parking spaces.**

It appears from Google Earth view that the building has approximately 166 parking spaces. These are held in common by 8 tenants currently. The project would be the ninth tenant.

**It is noted the proposed site is zoned IWD. What does the acronym IWD represent?**

"Industrial, Warehousing/Distribution" is the full title of the zoning classification IWD.

**2. Executive Summary, Item 3.A.4 (Existing Similar Providers), Page 5**

**What is the distance from the proposed OTP in South Nashville to the existing OTP in Columbia (Maury County), TN?**

BHG Columbia is 48.5 miles and 59 minutes' drive from the project site.

Page Two  
September 18, 2020

**3. Executive Summary, Item 3.A.8 (Staffing) Page 6**

**Please clarify what the acronyms USDEA and CARF represents.**

USDEA: United States Drug Enforcement Agency  
CARF: Committee on Accreditation of Rehabilitation Facilities

**It is noted Narcan will be stored in the physician's office. Please discuss if front-line staff will have access to Narcan if needed.**

Yes. There are supplies stored in the dispensary safe and the Nurse Supervisor and Dispensing Nurses have access to the medications. All staff are instructed on how to use the medication. At all times there will be one or more non-medical personnel that will have access to the dispensary.

**It is noted the counseling ratio is 50 clients per counselor with the Clinical Supervisor serving 15-25 patients. The applicant projects 1.58 Counselor and 1.0 Clinical Supervisor FTE positions in Year One which calculates to a maximum counseling capacity of 104 clients. However, the applicant projects 120 patients in Year One. Please clarify.**

All 120 patients are not present all through the year. Census ramps up steadily and staff are increased as enrollments increase. The patient count will reach a total of 120 at the end of Year One.

At that time there will be two counselors and a Clinical Supervisor serving them. At 50 patients per counselor and at 20-25 for the Supervisor, that is ample capacity to serve 120-125 patients.

Page Three  
September 18, 2020

**It is noted the initial counseling capacity is approximately 320 patients. Is this a combination of individual and group therapy? Please clarify.**

The 320 number was derived from counting 6 counselors serving 50 patients each, plus one Clinical Supervisor serving 20 patients. (Clinical Supervisors serve some number of patients until a program grows to 10 counselors, at which point the Clinical Supervisor is not assigned any counseling patients.) The 50-patient planning factor reflects experience with both individual and group therapy.

However, there are only 5 counseling offices in the design, unless the supplies/copy room is converted to an office, which would be done if census requires it. Until then the counseling capacity is  $250 + 20 = 270$  patients.

**4. Executive Summary, Item B.1 Rationale for Approval, (Need), Pages 8-9**

**It is noted OTP providers are expecting as much as a 25% increase in patients from new Federal and State insurance coverage. However, please indicate the percentage client increase/decrease in Acadia owned OTPs in Tennessee for the period of July 1-August 31, 2020 over the same time period in 2019.**

That increase is over time (perhaps 2 years), not instantly. In addition, Acadia has had TennCare and Medicare enrollees who were already self-pay OTP patients, who became eligible for this new insurance from (TennCare Medicaid) or Federal (Medicare) coverage. Overall, in Acadia's Tennessee facilities:

July 2019 (64) + Aug 2019 (43) Admissions = 107  
July 2020 (85) + Aug 2020 (94) Admissions = 179

This represents a 67.3% increase in admissions over the time period requested. (Data on how much of that patient increase was Medicaid/TennCare versus Medicare is not readily available).

Page Four  
September 18, 2020

**The paragraph under the heading consumer choice is noted. However, please revise the paragraph to include recently approved Hermitage Comprehensive Treatment Center, CN2005-014A that was approved at the August 26, 2020 Agency meeting.**

Revised page 9R is attached following this page.

**5. Executive Summary, Item B.4 Rationale for Approval (Orderly Development), Page 10**

**It is noted there are unopened approved OTPs in Madison, Hermitage, and Murfreesboro, Tennessee. Please explain why the applicant did not wait to submit this application for a South Nashville location until after those OTPs were opened and established.**

The applications mentioned above were all based on two considerations: the unmet need of the service area at the time of their review; and the need for better patient access through wider distribution of OTP programs in a congested urban area.

In terms of unmet need, all of those applications demonstrated to the Board's satisfaction that more resources are needed in the service area counties and that the applications were timely when proposed.

In terms of accessibility, each project was planned to more widely distribute OTP programs to be more easily and quickly accessible to patients living in, or driving through those sectors of the counties. On this point, timing of applications does not seem relevant. Access is a separate issue from utilization.

There would have been no justification for delaying each of those applications until the prior approved project was operational. Not even competitors suggested that to the Board. Serial delays would have added years to the time when patients with this severe illness could be served at additional locations distributed more accessibly within the service area.

For example, the approved Madison application did not wait until Murfreesboro's OTP was open and established. The approved Hermitage application did not wait until either Madison or Murfreesboro was open and established. Likewise, this South Nashville application would not be serving any useful planning purpose if it were deferred for a year or two to test market demand.

Page Five  
September 18, 2020

**6. Project Details, Item 6.A., Option to Lease**

**Please provide documentation that demonstrates SL Airpark LLC and SL Airpark II, LLC has site control.**

Please see the owner's deed following this page.

**7. Applicant Profile, Items 6.B.1 (Plot Plan), 6B.2 (Floor Plan), and 6B.3 (Public Transportation Routes)**

**Please submit a revised plot plan that contains legible street names.**

A revised plot plan with street names clearly showing is provided after this page.

**It is noted the applicant indicated a floor plan is “not applicable” on page 15. However, a floor plan is provided in the attachments. Please provide a replacement page 15 (labeled as 15R) that refers to the floor plan in the attachments.**

A revised page 15R with that statement corrected is attached after the plot plan following this page.

**Please provide a revised floor plan that indicates the location(s) of the medication safes.**

In the submitted application, they were shown in the dispensary without labels. Attached following this page is a revised floor plan with the safes labeled.

This Instrument Prepared By and upon  
recording return to:

Dana M. Fidazzo  
Venable LLP  
750 East Pratt Street  
Suite 900  
Baltimore, Maryland 21202

BILL GARRETT, Davidson County

Trans: T20160042306 DEEDWARRSP

Recvd: 05/19/16 15:51 10 pgs

Fees: 53.00 Taxes: 100000.00



20160519-0050430

Name and Address of New Owner and Taxpayer:

SL Airpark LLC  
SL Airpark II LLC  
c/o The Silverman Group  
788 Morris Turnpike  
Short Hills, NJ 07078  
Attention: Phil Arem and Blake Silverman  
Z#112642

Parcel Identification Number Assigned by County Tax Assessor: 13400002000; 13400026500;  
13400026900; 13400027100; 13400027500; 13400027600; 13400027700; 13400028400;  
13400028500; 13400028600; 13400028700

#### SPECIAL WARRANTY DEED

AIRPARK NASHVILLE LLC, a Delaware limited liability company ("Grantor"), for and in consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration paid to Grantor by SL AIRPARK LLC, a Delaware limited liability company ("SL AIRPARK"), an undivided 89.6% interest, and SL AIRPARK II LLC, a Delaware limited liability company ("SL AIRPARK II"), an undivided 10.4% interest (SL AIRPARK and SL AIRPARK II are collectively referred to herein as the "Grantee"), the receipt and sufficiency of which are hereby acknowledged, does hereby GRANT, BARGAIN, SELL, CONVEY, ASSIGN and DELIVER to Grantee, as tenants in common with SL AIRPARK having a 89.6% undivided interest and SL AIRPARK II having a 10.4% undivided interest, the land described in Exhibit A attached hereto and made a part hereof, together with all buildings and other improvements situated thereon and all rights and appurtenances pertaining thereto, including without limitation any and all right, title, and interest of Grantor in and to (i) adjacent streets, roads, alleys, easements and rights-of-way and any adjacent strips or gores of land, (ii) utilities and entitlements serving the Property, and (iii) rights of ingress and egress; subject, however, to the encumbrances described in Exhibit B attached hereto and made a part hereof (hereinafter called the "Permitted Encumbrances").

Grantor, for itself and its successors and assigns, does hereby covenant with Grantee, its successors and assigns, that it is lawfully seized in fee simple of the premises above conveyed and has full power, authority and right to convey the same. Grantor, for Grantor and Grantor's successors and assigns, does hereby covenant with Grantee, and Grantee's successors and assigns, that, as to the title and quiet possession to said property, it will warrant and defend against the lawful claims of all persons claiming the same by, through, or under Grantor or as the result of an affirmative act of Grantor, but not further or otherwise.

1-020-12  
SEALY AIRPARK, L.P.  
1420 DONELSON PIKE  
NASHVILLE, TENNESSEE

LEGEND

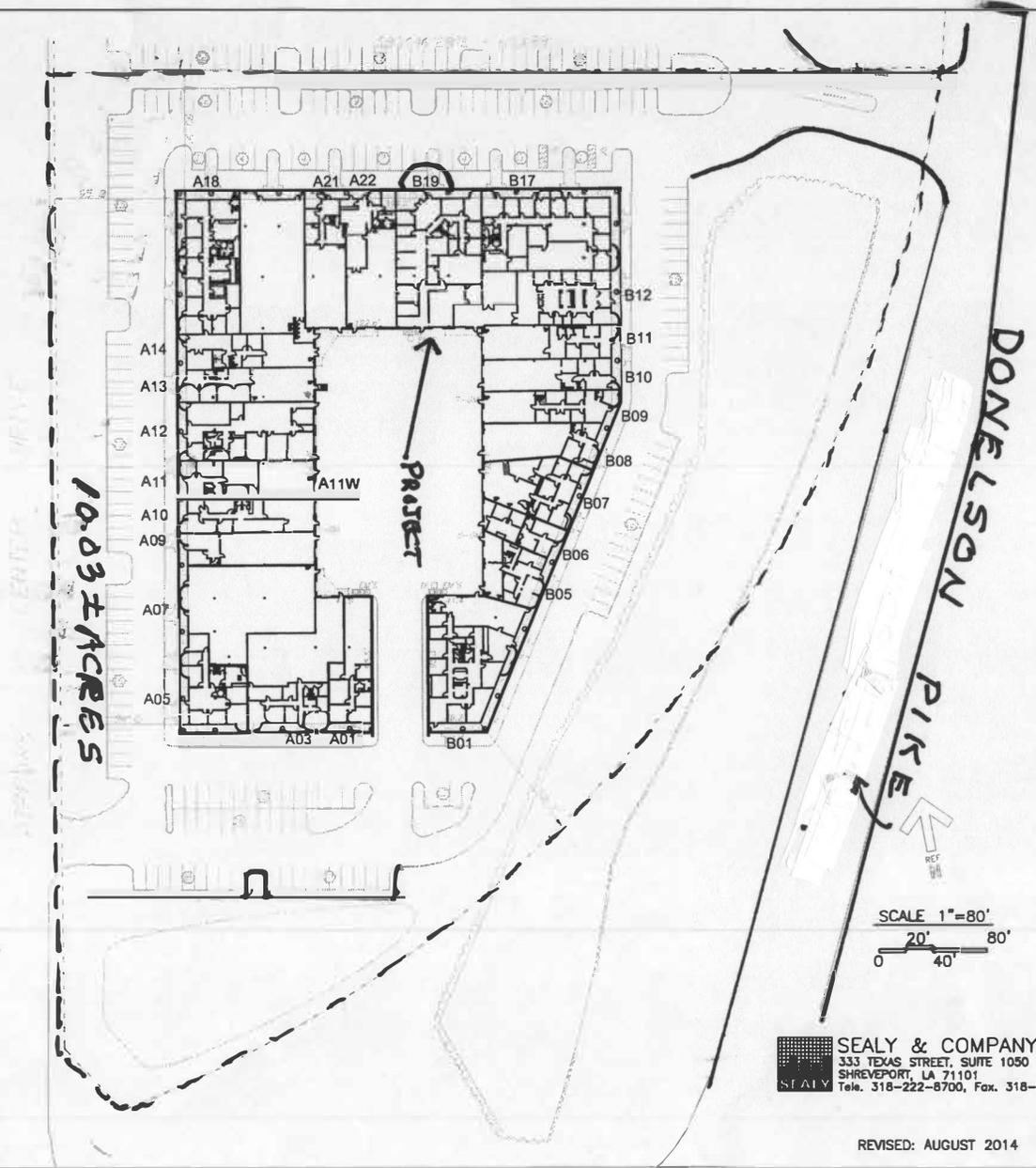
- RAILROAD
- WM ----- WATER METER
- GM ----- GAS METER
- EM ----- ELECTRIC METER
- EP ----- ELECTRIC PANEL
- TP ----- TELEPHONE PANEL
- PP ----- POWER POLE
- \* \* \* \* \* FENCE
- PROPERTY LINE
- SV,SR ----- SPRINKLER VALVE, RISER
- FH ----- FIRE HYD.
- R ----- RAMP

BUILDING SUMMARY

AREA BLDG +/- --- 90,000 sq. ft.  
 LAND AREA +/- --- 359,037 sq. ft.  
 CONSTRUCTION - Brick/Block/Glass Storefront  
 CLEAR HEIGHT +/- --- 16'  
 BAY SPACING --- 25'W x 37'D  
 LIGHTING --- Fluorescent  
 SPRINKLER --- 100%  
 SLAB +/- --- 5"  
 YEAR BUILT --- 1987

SPACE SUMMARY

SPACE NO.	AREA +/-	OFFICE AREA +/-	TRUCK DOORS
A01	2,781	1,368	0
A03	5,305	1,905	1
A05	2,992	2,992	0
A07	5,999	0	1
A09	2,539	644	1
A10/11	4,127	3,204	2
A11W	1,294	0	0
A12	4,400	4,400	2
A13	2,500	1,210	1
A14	2,389	887	1
A18	10,000	10,000	0
A21	3,000	1,021	0
A22	3,990	1,476	1
B01	6,235	4,068	1
B05	1,966	1,252	2
B06	1,522	1,241	1
B07	2,887	1,812	1
B08	2,368	695	1
B09	2,522	1,365	1
B10	2,336	826	1
B11	2,500	1,180	1
B12	4,361	2,781	1
B17	6,039	6,039	0
B19	5,948	4,613	1

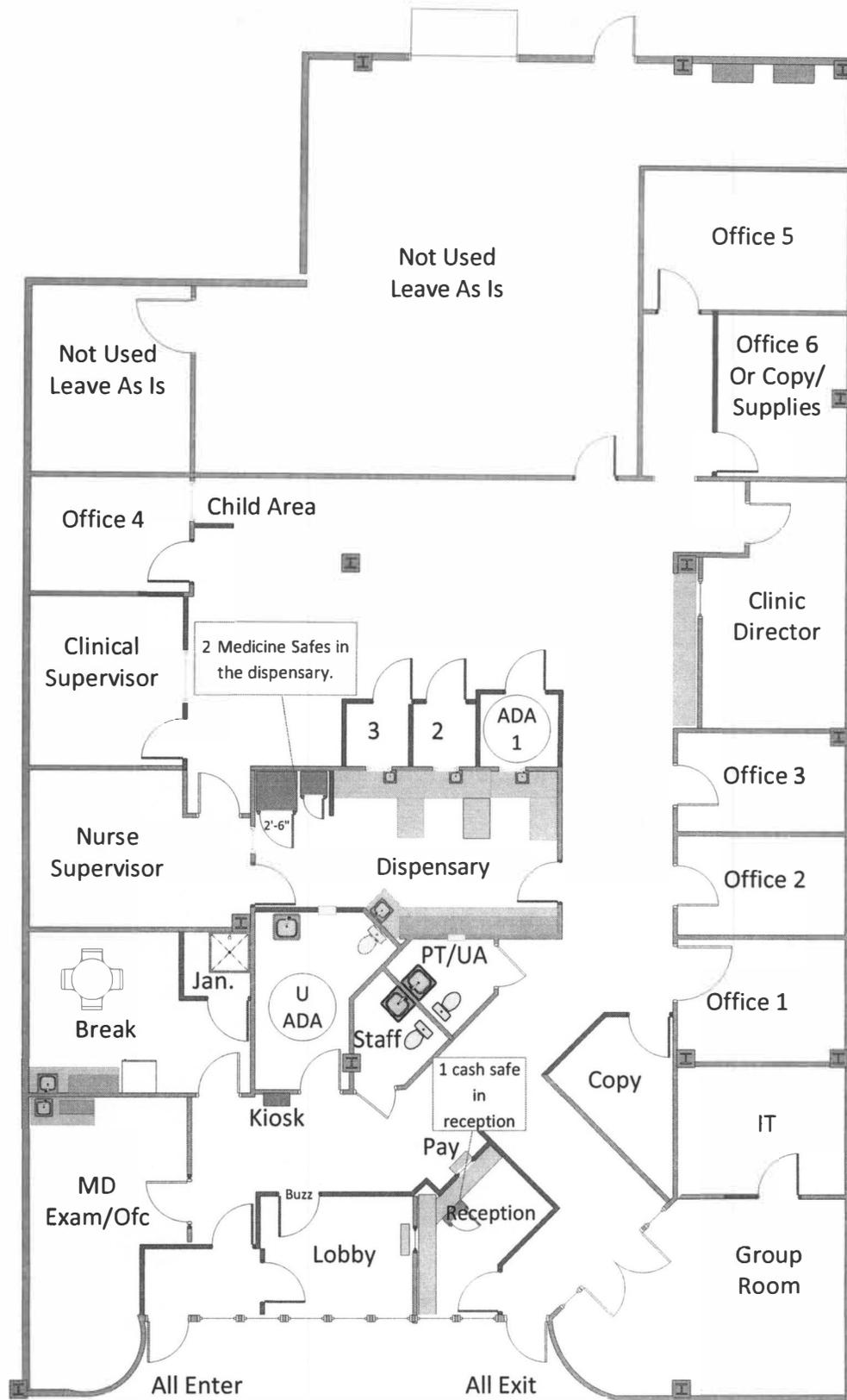


10.03 ± ACRES

SCALE 1"=80'  
0 20' 40' 80'

**SEALY & COMPANY**  
 333 TEXAS STREET, SUITE 1050  
 SHREVEPORT, LA 71101  
 Tele. 318-222-8700, Fax. 318-222-4124

REVISED: AUGUST 2014



1420 Donelson Pike Suite B19  
5,948 SF Total  
Demising Roughly 4,800 SF

Page Six  
September 18, 2020

**The bus route located in the attachment that indicates clients must walk 0.6 miles (12 minutes) from the bus stop to the proposed OTP site is noted. Please clarify if there are sidewalks on each side of the road for clients who take the bus to the OTP.**

There are no sidewalks between the bus stop and the OTP. However, Acadia will request that the Metropolitan Transit Authority add a bus stop at the closest point possible. Under the ADA, these patients are medically disabled and public transportation agencies are obligated to assist them in accessing healthcare. Acadia has made new bus stop requests for new OTPs many times. Every time, city transportation authorities have provided them.

**Of the 120 patients projected in Year One, what percentage is projected to arrive by bus, private vehicle, or TennCare transportation?**

Given the location, and *prior to a closer bus stop being added*, the anticipated percentages are:

**Bus: 5%**  
**Private Vehicle: 85%**  
**TennCare Transport: 10%**

With a closer bus stop on Harding Place or Donelson Pike, the percentage of arrivals by bus could increase significantly. Every facility differs in these percentages and the percentages are very tentative estimates.

**8. Section A, Project Details, Item 9., Medicaid/TennCare Participation, Page 17**

**It is noted the applicant is projecting a TennCare payor mix of 35% in Year One. Please indicate if the applicant has letters of support from any TennCare Managed Care organizations for the proposed project.**

Page Seven  
September 18, 2020

The applicant does not have MCO support letters. These organizations do not typically issue support letters; they typically remain neutral in CON matters. In addition, none of the TennCare MCO's has experienced working with OTP providers for much longer than two months. That is not long enough to develop the sort of relationship which would justify MCO official support.

However, Acadia OTPs do contract with MCO's everywhere they operate. Both Clarksville CTC and Volunteer Treatment Center have contracts with their area MCOs. So will South Nashville CTC.

**Please complete the following table indicating the most recent number of TennCare enrollees in Davidson, Rutherford and Williamson Counties.**

County-level enrollment by MCO could not be located on the TennCare website.

	<b>Davidson</b>	<b>Rutherford</b>	<b>Williamson</b>
AmeriGroup	NA	NA	NA
United Healthcare Community Plan	NA	NA	NA
BlueCare	NA	NA	NA
TennCare Select	NA	NA	NA
<b>Total</b>	135,459	55,182	13,035

**9. Section A, Project Details, Item 10.C. Page 19**

**Please provide a project update for CN1806-022A, Cumberland Behavioral Health Hospital.**

This joint venture between Acadia Health and Ascension Saint Thomas in Nashville is nearing completion of construction, with an anticipated occupancy date in November 2020. It continues to be within budget and ahead of schedule. Its leadership team has been hired and pre-opening work is underway.

Page Eight  
September 18, 2020

**10. Section A, Project Details, Item 12.A.**

**The square footage and cost per square footage chart is noted. However, the chart is in landscape view. Please use the square footage and cost per square footage chart (portrait view) from the most recent revised HSDA CON application.**

Revised page 21R in portrait view is attached after this page.

**It is noted the applicant will lease 4,800 SF of 5,948 SF of leased space. What are the plans for the remaining unused space of 1,948 SF?**

As stated on page 4 of the application, it is being held for storage and potential future expansion. No more specific plans for it have been made. It was necessary to lease the entire bloc of 5,948 SF, which is more space than is needed currently.

**The picture of the proposed building site is noted on page 23. However, it is not recognizable. Please submit a replacement page 23 with a legible picture of the building.**

Making a pdf darkens any shaded document or photograph. Attached after this page is the highest-resolution pdf we can provide. If not acceptable, the applicant requests that this request be waived, because the application form does not require a photograph of the building.

**11. Section B, Need, Item 1. (NRMTF, Need), Page 34**

**It is noted in the last paragraph on the bottom of page 34 “Davidson County alone will improve from meeting 19.5% of its needs to meeting 21.7% of its needs”. However, the stats referenced are Rutherford County’s (not Davidson County’s) as indicated in the table on page 35. Please clarify.**

The statement on page 34 is correct, for reasons explained in the response to your question #12 below.

Page Thirteen  
September 18, 2020

**19. Section B, Need, Item 5, Page 64**

**Please complete the following chart with data from the Tennessee Department of Mental Health and Substance Abuse Services' Methadone Authority for OTPs providing services to patients from Davidson, Rutherford, and Williamson Counties.**

Visit data is not available from TDMHSAS.

<b>Utilization/Facility</b>	<b>BHG Columbia</b>	<b>BHG Dyersburg</b>	<b>BHG Middle Tennessee</b>	<b>BHG Paris</b>	<b>Volunteer Treatment Center</b>	<b>TOTAL</b>
2017 Patients (Pts)	337	454	1,147	494	1,817	4,249
2018 Patients (Pts)	308	465	1,124	457	1,681	4,035
2019 Patients (Pts)	294	461	1,249	438	1,607	4,049
2017 Visits NA						
2018 Visits NA						
2019 Visits NA						
2017 Pts from 3 county proposed Service Area	33		757	5	5	800
2018 Pts from 3 county service Area	44		763	5	15	827
2019 Pts from 3 county proposed Service Area	32	5	944	5	10	996

*Source: TDMHSAS Reports of patients by county by OTP, for 2017-2019.*

*Note: The first three rows, total patients for each OTP, are TDMHSAS totals entered in the source reports, in which a county's patients are masked as "<6" and could be anything from 1 to 5. The last three rows in the table contain the applicant's own patient totals, which count the masked "<6" number as "5" for maximum possible enrollment, because excluding these undefined numbers would be inaccurate and the use of "5" covers all possibilities.*

Page Fourteen  
September 18, 2020

**Please complete the following table indicating the current number of patients from the proposed 3 county service area, by County, that were served by existing OTPs in 2019. The applicant will need to contact the Department of Mental Health and Substance Abuse Services' Methadone Authority to obtain the data.**

OTP	Davidson	Rutherford	Williamson	Proposed Service Area Total	Total Patients Of OTP	% of Patients from Proposed Service Area
Volunteer Treatment Cntr.	5	5	0	10	1607	0.6%
BHG Columbia	10	5	17	32	294	10.9%
BHG Dyersburg	0	5	0	5	461	1.1%
BHG Middle TN	801	102	41	944	1,249	75.6%
BHG Paris	5	0	0	5	438	1.1%
<b>Total</b>	<b>821</b>	<b>117</b>	<b>58</b>	<b>996</b>	<b>4,049</b>	<b>24.6%</b>

*Source: TDMHSAS Reports of patients by county by OTP, for 2017-2019.*

*Note: The column labeled "Total Patients of OTP" shows the TDMHSAS OTP totals as stated in the source reports, in which a county's total is masked as "<6" and could be anything from 1 to 5. The preceding four columns are the applicant's own patient counts from the source reports, in which "<6" is counted as "5" for maximum possible enrollment, because excluding these small numbers would be inaccurate and the use of "5" covers all possibilities.*

Page Fifteen  
September 18, 2020

**20. Section B., Economic Feasibility, Items 1.B. and 1.E**

**It is noted on page 66 of the application the Project Cost Chart uses the fair market value of the space being leased. Furthermore, it is stated the market value exceeds the lease outlay calculation. However, the applicant used the lease outlay in the Project Cost Chart rather than the fair market value. Please clarify.**

A revised page 67R is attached following this page, clarifying that \$546,916 is the lease outlay, not the fair market value. That was a clerical error.

**Please explain why the applicant used the annual base lease outlay of \$546,915 rather than the higher leased cost expense of \$683,644.88 in the Project Cost Chart.**

The lease outlay calculation is based on specific numbers in an executed lease option (rate, escalator, rentable SF, term of years). It does not include the estimated pass-through costs (taxes, utilities, cleaning, etc.) that every tenant will pay monthly on an estimated basis, with a year-end accounting. The pass-through costs on the page 68a table provided only pass-through estimates for the applicant's use in projecting "other expenses" in the Projected Data Chart. It can not be considered as a lease outlay component in completing a Project Cost Chart.

Excluding pass-through expenses (which we believe applicants typically do not and should not include) results in \$546,915 as the correct number for lease outlay. That number was used correctly in Section B of the Project Cost Chart, but the label "fair market value" was obviously incorrect.

**21. Section B, Economic Feasibility, Item 6.A., Financial Documents and 6.C., Capitalization Ratio**

**The financial documents for Acadia Healthcare is noted in Attachment B-Economic Feasibility-6A. However, please provide a clearer legible copy.**

The more current FY2019 data has now been received. Please see copies of the CY2019 income statement and balance sheet, following this page. Hopefully they are acceptable. Shaded documents darken in pdf production, and available financial statements have grey shading every other line to make them easier to read.

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2020

Or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-35331

**Acadia Healthcare Company, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**45-2492228**  
(I.R.S. Employer Identification No.)

**6100 Tower Circle, Suite 1000  
Franklin, Tennessee 37067**  
(Address, including zip code, of registrant's principal executive offices)

**(615) 861-6000**  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer   
Smaller reporting company  Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

**Securities registered or to be registered pursuant to Section 12(b) of the Act:**

<b>Title of each class</b>	<b>Trading Symbol</b>	<b>Name of each exchange on which registered</b>
Common Stock, \$.01 par value	ACHC	NASDAQ Global Select Market

At August 5, 2020, there were 88,963,135 shares of the registrant's common stock outstanding.

## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements

Acadia Healthcare Company, Inc.  
Condensed Consolidated Balance Sheets  
(Unaudited)

	June 30, 2020	December 31, 2019
	(In thousands, except share and per share amounts)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 211,939	\$ 124,192
Accounts receivable, net	325,507	339,775
Other current assets	73,495	78,244
Total current assets	610,941	542,211
Property and equipment, net	3,160,784	3,224,034
Goodwill	2,425,372	2,449,131
Intangible assets, net	89,047	90,357
Deferred tax assets	3,274	3,339
Operating lease right-of-use assets	475,262	501,837
Other assets	68,548	68,233
Total assets	<u>\$ 6,833,228</u>	<u>\$ 6,879,142</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 48,465	\$ 43,679
Accounts payable	118,799	127,045
Accrued salaries and benefits	119,939	122,552
Current portion of operating lease liabilities	30,038	29,140
Other accrued liabilities	210,123	141,160
Total current liabilities	527,364	463,576
Long-term debt	3,078,445	3,105,420
Deferred tax liabilities	90,688	71,860
Operating lease liabilities	474,218	502,252
Derivative instrument liabilities	8,683	68,915
Other liabilities	116,553	128,587
Total liabilities	4,295,951	4,340,610
Redeemable noncontrolling interests	33,939	33,151
Equity:		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized, no shares issued	—	—
Common stock, \$0.01 par value; 180,000,000 shares authorized; 87,897,964 and 87,715,591 issued and outstanding at June 30, 2020 and December 31, 2019, respectively	879	877
Additional paid-in capital	2,567,050	2,557,642
Accumulated other comprehensive loss	(500,879)	(414,884)
Retained earnings	436,288	361,746
Total equity	2,503,338	2,505,381
Total liabilities and equity	<u>\$ 6,833,228</u>	<u>\$ 6,879,142</u>

See accompanying notes.

Acadia Healthcare Company, Inc.  
Condensed Consolidated Statements of Income  
(Unaudited)

IN THOUSANDS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(In thousands, except per share amounts)			
Revenue	\$ 750,311	\$ 789,362	\$ 1,533,121	\$ 1,549,979
Salaries, wages and benefits (including equity-based compensation expense of \$5,808, \$4,182, \$10,787 and \$10,283, respectively)	427,603	430,219	867,919	859,798
Professional fees	58,614	58,429	121,914	115,436
Supplies	30,124	30,914	62,095	60,871
Rents and leases	20,827	20,419	41,651	40,726
Other operating expenses	92,600	94,677	191,129	188,542
Other income	(18,070)	—	(18,070)	—
Depreciation and amortization	41,445	41,077	83,125	81,657
Interest expense, net	38,726	48,610	81,511	96,740
Debt extinguishment costs	3,271	—	3,271	—
Transaction-related expenses	5,241	5,212	8,790	9,533
Total expenses	700,381	729,557	1,443,335	1,453,303
Income before income taxes	49,930	59,805	89,786	96,676
Provision for income taxes	8,216	11,604	14,005	18,964
Net income	41,714	48,201	75,781	77,712
Net income attributable to noncontrolling interests	(635)	(61)	(1,239)	(101)
Net income attributable to Acadia Healthcare Company, Inc.	\$ 41,079	\$ 48,140	\$ 74,542	\$ 77,611
Earnings per share attributable to Acadia Healthcare Company, Inc. stockholders:				
Basic	\$ 0.47	\$ 0.55	\$ 0.85	\$ 0.89
Diluted	\$ 0.46	\$ 0.55	\$ 0.84	\$ 0.88
Weighted-average shares outstanding:				
Basic	87,872	87,618	87,818	87,562
Diluted	88,608	87,837	88,228	87,770

See accompanying notes.

Page Sixteen  
September 18, 2020

**Please submit the portion of the financial document used to calculate the capitalization ratio of 33.86.**

The lines used in the calculation are marked on the balance sheet submitted for the preceding question. Attached after this page is revised page 78R showing calculation of a new capitalization ratio of 31.1.

**22. Section B, Economic Feasibility, Item 8, Page 83**

**The applicant's staffing mix table on page 83 is noted. However, the total of 6.86 total employees in Year One and 10.73 total employees in Year Two is incorrect. Please revise and submit a replacement page 83 (labeled as 83R).**

A revised page 83R is attached after this page.

**23. Quality Standards, Section 2.B.2.H, Corporate Integrity Agreement**

**Please provide a copy of the press release from the US Dept. of Justice located at <https://www.justice.gov/usao-sdww/pr/united-states-attorney-announces-17-million-healthcare-fraud-settlement> regarding the referenced Corporate Integrity Agreement referenced on page 88.**

The press release is provided after this page.

**24. Section B., Orderly Development, Item 3.B**

**Please provide the referenced USDEA registration certificates for the applicant's parent company's existing Tennessee OTPs.**

Copies of these documents for Acadia's two existing Tennessee OTPs are provided following this page.

THE UNITED STATES ATTORNEY'S OFFICE

SOUTHERN DISTRICT *of* WEST VIRGINIA

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Department of Justice

U.S. Attorney's Office

Southern District of West Virginia

FOR IMMEDIATE RELEASE

Monday, May 6, 2019

## United States Attorney Announces \$17 Million Healthcare Fraud Settlement

### LARGEST HEALTHCARE FRAUD SETTLEMENT IN WEST VIRGINIA HISTORY

CHARLESTON, W.Va. – United States Attorney Mike Stuart, along with Special Agent in Charge Maureen R. Dixon, United States Department of Health and Human Services – Office of Inspector General (HHS-OIG), Acting Assistant Special Agent in Charge Justin Schoeman, Drug Enforcement Administration (DEA), Cabinet Secretary Bill J. Crouch, West Virginia Department of Health and Human Resources, and Director Mike Malone, West Virginia Medicaid Fraud Control Unit (MFCU), announced that his office has settled healthcare fraud claims against Acadia Healthcare Company, Inc. (“Acadia”). Pursuant to the settlement agreement, Acadia will pay \$17 million to resolve allegations of a billing scheme that defrauded Medicaid of \$8.5 million. The settlement represents the largest healthcare fraud settlement in the history of West Virginia and is twice the actual loss from the scheme. Of the \$17 million settlement, nearly \$2.2 million will be paid directly to the State of West Virginia.

“\$17 million – the largest healthcare fraud settlement in the history of West Virginia,” said United States Attorney Mike Stuart. “\$8.5 million in Medicaid fraud means \$8.5 million in fraud to the taxpayers. Nearly 600,000 West Virginians rely on Medicaid for the payment of critical services. Medicaid fraud is not a victimless crime. I am proud of the work of my office and that of our partners to ensure the end of this multi-million dollar scheme. In this case, every dime in false billings was doubled for a total settlement that represents twice the harm caused. This is a strong message and a massive penalty. The message is clear – if you are cheating the system and we find you, you’ll not only pay for the damage done but far

more. This is a message of deterrence to other would-be fraudsters.”

Supplemental 1  
August 18, 2020

Acadia, acting through its subsidiary, CRC Health, L.L.C. (“CRC”), operates seven drug treatment centers in West Virginia. These treatment centers are located in Charleston, Huntington, Parkersburg, Beckley, Williamson, Clarksburg, and Wheeling. The West Virginia Centers provide outpatient drug treatment, including the administration of Methadone and the prescribing of Suboxone and Subutex. Each of Acadia’s West Virginia treatment centers is certified by the Centers for Medicare and Medicaid Services (“CMS”) to perform uncomplicated “waived” laboratory testing only. Waived laboratory tests are simple tests with a low risk for an incorrect result. “Non-waived” laboratory testing, in contrast, consists of moderate and high complexity testing. Laboratories that perform non-waived tests are required to have a significantly higher level of certification than the certifications held by the Acadia treatment centers.

From January 1, 2012 to July 31, 2018, Acadia’s treatment centers sent urine and blood samples to an outside laboratory, San Diego Reference Laboratory (the “San Diego Lab”) for all moderate and high complexity drug testing. The San Diego Lab performed the testing and invoiced Acadia’s treatment centers for the services, and did so at the request of the treatment centers. Acadia’s treatment centers paid the San Diego Lab directly. However, Acadia’s West Virginia treatment centers then billed West Virginia Medicaid for the urine and blood testing performed by the San Diego Lab, as though the testing had been performed by the treatment centers. In the claims for reimbursement submitted to Medicaid, Acadia’s treatment centers represented that they had performed the moderate and/or high complexity laboratory services. Medicaid, induced by the claims submitted by Acadia’s treatment centers, paid the treatment centers a substantially higher amount than the San Diego Lab charged to actually perform the testing. Medicaid regulations and policies specifically prohibited Acadia’s treatment centers from seeking reimbursement for moderate and complex urine and blood testing which they were not certified to perform, and did not, in fact, perform.

Medicaid paid Acadia’s treatment centers \$8,500,000 as a result of these moderate and complex urine and blood testing claims, resulting in a loss of \$2,181,100 to the State of West Virginia and \$6,318,900 to the United States. The Medicaid program is primarily administered by the states, but jointly financed by federal and state funds – funds ultimately originating from taxpayers. As a result of the \$17 million settlement, which represents twice the actual loss suffered by Medicaid, both the state and federal programs will be made whole.

As part of this settlement, CRC Health and Acadia Healthcare entered into a five-year corporate integrity agreement (CIA) with HHS-OIG. The CIA requires CRC and Acadia to maintain a compliance program, implement a risk assessment program, and hire an Independent Review Organization to review Medicaid claims.

Medicaid fraud cost states billions of dollars every year, diverting funds that could otherwise be used for legitimate health care services. In 2018, improper payments alone—which include things like payment for non-covered services or for services that were billed but not provided—totaled more than \$40 billion nationally according to the Government Accountability Office.

“Fraudulent billing by these Acadia/CRC drug treatment clinics, as contended by the government, limits the State’s ability to provide desperately needed addiction treatment services,” said Maureen R. Dixon, Special Agent in Charge of the Office of Inspector General of the U.S. Department of Health and Human Services Region including West Virginia. “We will continue working with the U.S. Attorney and other law enforcement partners to protect government health programs, taxpayers, and importantly people who depend on these funds for vitally needed treatment.”

"The West Virginia Department of Health and Human Resources, through its Medicaid Fraud Control Unit, continues to protect the integrity of healthcare programs and the citizens of West Virginia," said Bill J. Crouch, Cabinet Secretary of the West Virginia Department of Health and Human Resources. "I am proud of DHHR's Medicaid Fraud Control Unit under the leadership of Director Michael Malone and its work with the United States Attorney's Office Southern District in combatting healthcare fraud and the opioid crisis and as a member of the innovative ARREST Task Force."

"The Drug Enforcement Administration routinely works in partnership with other agencies to fight the opioid crisis," said Justin Schoeman, Acting Assistant Special Agent in-Charge of DEA's Charleston District Office, which covers West Virginia. "This settlement is just one example of the great results from our collaboration and hopefully it will have a positive effect on the people of West Virginia," Schoeman added.

The investigation was conducted by HHS-OIG, DEA and MFCU, members of the United States Attorney's Healthcare Fraud Abuse, Recovery and Response Team (ARREST), an innovative approach linking civil and criminal enforcement efforts together in a comprehensive attack on the opioid epidemic and healthcare fraud. Assistant United States Attorneys Alan McGonigal and Jennifer Mankins handled the matter on behalf of the United States. The settlement agreement can be found [hereherehere](#).

United States Attorney Mike Stuart announced the formation of ARREST in February 2019. This settlement is the first significant result since its inception. All health care related cases in the Southern District of West Virginia, whether they are the subject of criminal or civil investigation or enforcement, are directed through ARREST. Included within the purview of the team are the Opioid Fraud and Abuse Detection Unit, Affirmative Civil Enforcement Unit, Appalachian Regional Prescription Opioid Task Force, Medicare and Medicaid Fraud, and Asset Forfeiture efforts related to all healthcare matters.

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**Topic(s):**

Health Care Fraud

**Component(s):**

Civil Division

USAO - West Virginia, Southern

Updated May 6, 2019

DEA REGISTRATION NUMBER RC0574245 ZC0574245	THIS REGISTRATION EXPIRES 08-31-2020	FEE PAID \$244
SCHEDULES 2,3	BUSINESS ACTIVITY MAINT & DETOX	ISSUE DATE 03-06-2020
CLARKSVILLE TREATMENT CENTER, LLC DBA CLARKSVILLE COMPREHENSIVE TREATMENT CENTER 495 DUNLOP LN STE 106 CLARKSVILLE, TN 370405296		

CONTROLLED SUBSTANCE REGISTRATION CERTIFICATE  
 UNITED STATES DEPARTMENT OF JUSTICE  
 DRUG ENFORCEMENT ADMINISTRATION  
 WASHINGTON D.C. 20537

Sections 304 and 1008 (21 USC 824 and 958) of the Controlled Substances Act of 1970, as amended, provide that the Attorney General may revoke or suspend a registration to manufacture, distribute, dispense, import or export a controlled substance.

**THIS CERTIFICATE IS NOT TRANSFERABLE ON CHANGE OF OWNERSHIP, CONTROL, LOCATION, OR BUSINESS ACTIVITY, AND IT IS NOT VALID AFTER THE EXPIRATION DATE.**

CONTROLLED SUBSTANCE REGISTRATION CERTIFICATE  
 UNITED STATES DEPARTMENT OF JUSTICE  
 DRUG ENFORCEMENT ADMINISTRATION  
 WASHINGTON D.C. 20537

DEA REGISTRATION NUMBER RC0574245 ZC0574245	THIS REGISTRATION EXPIRES 08-31-2020	FEE PAID \$244
SCHEDULES 2,3	BUSINESS ACTIVITY MAINT & DETOX	ISSUE DATE 03-06-2020
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DEA REGISTRATION NUMBER	THIS REGISTRATION EXPIRES	FEE PAID
RV0182941 ZV0182941	05-31-2019	\$244
SCHEDULES	BUSINESS ACTIVITY	ISSUE DATE
2.3	MAINT & DETOX	04-23-2018
VOLUNTEER TREATMENT CTR 2347 ROSSVILLE BLVD CHATTAHOOGA, TN 37408		

CONTROLLED SUBSTANCE REGISTRATION CERTIFICATE  
 UNITED STATES DEPARTMENT OF JUSTICE  
 DRUG ENFORCEMENT ADMINISTRATION  
 WASHINGTON D. C. 20537

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Form DEA-223 (9/2016)

**CONTROLLED SUBSTANCE REGISTRATION CERTIFICATE**  
 UNITED STATES DEPARTMENT OF JUSTICE  
 DRUG ENFORCEMENT ADMINISTRATION  
 WASHINGTON D. C. 20537

DEA REGISTRATION NUMBER	THIS REGISTRATION EXPIRES	FEE PAID
RV0182941 ZV0182941	05-31-2019	\$244
SCHEDULES	BUSINESS ACTIVITY	ISSUE DATE
2.3	MAINT & DETOX	04-23-2018
VOLUNTEER TREATMENT CTR 2347 ROSSVILLE BLVD CHATTAHOOGA, TN 37408		

Sections 304 and 1008 (21 USC 824 and 958) of the Controlled Substances Act of 1970, as amended, provide that the Attorney General may revoke or suspend a registration to manufacture, distribute, dispense, import or export a controlled substance.

**THIS CERTIFICATE IS NOT TRANSFERABLE ON CHANGE OF OWNERSHIP, CONTROL, LOCATION, OR BUSINESS ACTIVITY, AND IT IS NOT VALID AFTER THE EXPIRATION DATE.**

Page Seventeen  
September 18, 2020

## **25. Support Letters**

**Please submit any letters of support for the proposed project.**

The applicant has not yet received support letters. They will be submitted when received.

## **26. Proof of Publication**

**The proof of publication attachment is not legible. Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.**

We are still awaiting receipt of the publisher's affidavit. It will be submitted under separate cover as soon as it arrives. Or if you want the folded page mailed to staff's attention at the HSDA address, please advise.

## **27. Notification Requirements**

**Please provide documentation, by certified mail, return receipt requested, informing such officials that an application for a non-residential substitution based treatment center for opiate addiction has been filed with the agency by the applicant according to the following statute:**

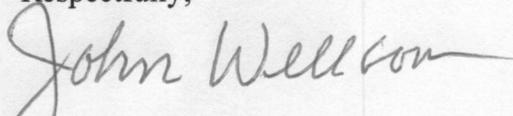
**Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."**

These are attached at the end of this letter.

Page Eighteen  
September 18, 2020

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please email or telephone me so that we can respond in time to be deemed complete.

Respectfully,

A handwritten signature in cursive script that reads "John Wellborn". The signature is written in dark ink and has a long, sweeping horizontal line extending to the right.

John Wellborn  
Consultant

**BASS BERRY ♦ SIMS, LLC**

**W. Brantley Phillips, Jr.**  
bphillips@bassberry.com  
(615) 742-7723

September 11, 2020

**VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED**

Mayor John Cooper  
1 Public Square, Suite 100  
Nashville, Tennessee 37201

**Re: Proposed Nonresidential Substitution-Based Treatment Center for Opiate  
Addiction**

Dear Mayor Cooper:

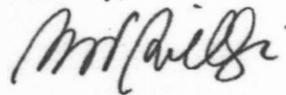
We are pleased to inform you that the South Nashville Comprehensive Treatment Center, owned and operated by Middle Tennessee Treatment Centers, LLC and Acadia Healthcare Company, Inc., has filed an application with the Tennessee Health Services and Development Agency to establish a nonresidential substitution-based treatment center for opiate addiction at 1420 Donelson Pike, Suite B19, Nashville, Tennessee, 37217. The estimated project cost is \$1,331,511.

Opioid Treatment Programs (OTPs), such as the one proposed by South Nashville Comprehensive Treatment Center, are an indispensable tool in combatting the opioid epidemic. These highly-structured and accountable programs have proven to be one of the most effective treatment options for patients with severe addiction. Through a combination of close supervision, medication, and regular counseling, OTPs offer the best opportunity for patients to regain stable personal lives, regular employment, and community participation. In Davidson County, the number of patients seeking treatment in OTPs is expected to increase in the upcoming years, and the proposed OTP will help ensure that these patients have the opportunity to seek effective, safe, and affordable treatment for opioid addiction.

This notice is provided pursuant to Tenn. Code Ann. § 68-11-1607(c)(9)(A).

Please contact me at (615) 742-7723 should you desire further information. We look forward to being a valuable part of your growing community.

Sincerely,



W. Brantley Phillips, Jr.

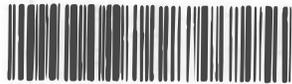
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Mayor John Cooper  
1 Public Square, Suite 100  
Nashville, TN 37201

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**W. Brantley Phillips, Jr.**  
bphillips@bassberry.com  
(615) 742-7723

September 11, 2020

**VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED**

Senator Brenda Gilmore  
425 5th Avenue North  
Suite 768, Cordell Hull Building  
Nashville, Tennessee 37243

**Re: Proposed Nonresidential Substitution-Based Treatment Center for Opiate  
Addiction**

Dear Senator Gilmore:

We are pleased to inform you that the South Nashville Comprehensive Treatment Center, owned and operated by Middle Tennessee Treatment Centers, LLC and Acadia Healthcare Company, Inc., has filed an application with the Tennessee Health Services and Development Agency to establish a nonresidential substitution-based treatment center for opiate addiction at 1420 Donelson Pike, Suite B19, Nashville, Tennessee, 37217. The estimated project cost is \$1,331,511.

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This notice is provided pursuant to Tenn. Code Ann. § 68-11-1607(c)(9)(A).

Please contact me at (615) 742-7723 should you desire further information. We look forward to being a valuable part of your growing community.

Sincerely,



W. Brantley Phillips, Jr.

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425 5th Avenue North, Suite 768  
Cordell Hull Building  
Nashville, TN 37243

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425 5th Avenue North, Suite 768  
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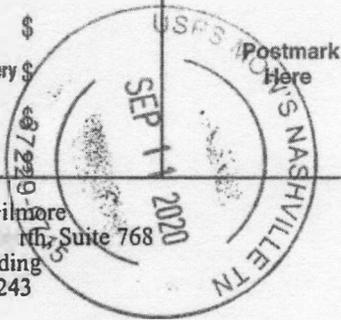
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**W. Brantley Phillips, Jr.**  
bphillips@bassberry.com  
(615) 742-7723

September 11, 2020

**VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED**

Representative Jason Potts  
425 5th Avenue North  
Suite 412, Cordell Hull Building  
Nashville, Tennessee 37243

**Re: Proposed Nonresidential Substitution-Based Treatment Center for Opiate  
Addiction**

Dear Representative Potts:

We are pleased to inform you that the South Nashville Comprehensive Treatment Center, owned and operated by Middle Tennessee Treatment Centers, LLC and Acadia Healthcare Company, Inc., has filed an application with the Tennessee Health Services and Development Agency to establish a nonresidential substitution-based treatment center for opiate addiction at 1420 Donelson Pike, Suite B19, Nashville, Tennessee, 37217. The estimated project cost is \$1,331,511.

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This notice is provided pursuant to Tenn. Code Ann. § 68-11-1607(c)(9)(A).

Please contact me at (615) 742-7723 should you desire further information. We look forward to being a valuable part of your growing community.

Sincerely,



W. Brantley Phillips, Jr.

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**W. Brantley Phillips, Jr.**  
bphilips@bassberry.com  
(615) 742-7723

September 11, 2020

**VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED**

Representative Mike Stewart  
425 5th Avenue North  
Suite 662, Cordell Hull Building  
Nashville, Tennessee 37243

**Re: Proposed Nonresidential Substitution-Based Treatment Center for Opiate  
Addiction**

Dear Representative Stewart:

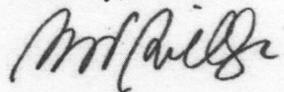
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Please contact me at (615) 742-7723 should you desire further information. We look forward to being a valuable part of your growing community.

Sincerely,



W. Brantley Phillips, Jr.

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Representative Mike Stewart  
425 5th Avenue North, Suite 662  
Cordell Hull Building  
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425 5th Avenue North, Suite 662  
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Nashville, TN 37243

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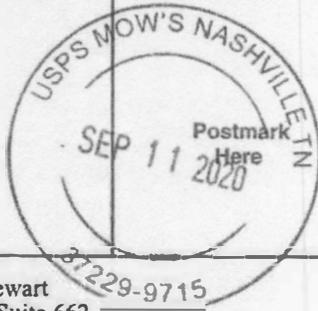
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**BASS BERRY + SIMS**

**W. Brantley Phillips, Jr.**  
bphillips@bassberry.com  
(615) 742-7723

September 11, 2020

**VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED**

Senator Jeff Yarbro  
425 5th Avenue North  
Suite 764, Cordell Hull Building  
Nashville, Tennessee 37243

**Re: Proposed Nonresidential Substitution-Based Treatment Center for Opiate  
Addiction**

Dear Senator Yarbro:

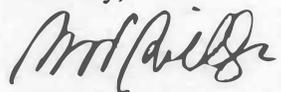
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Sincerely,



W. Brantley Phillips, Jr.

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Senator Jeff Yarbro  
425 5th Avenue North  
Suite 764 Cordell Hull Bldg.  
Nashville, TN 37243

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Senator Jeff Yarbro  
425 5th Avenue North  
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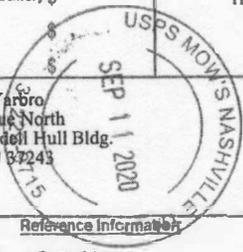
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September 18, 2020

Phillip M. Earhart, Deputy Director  
Tennessee Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

RE: CON Application #CN 2009-027  
South Nashville Comprehensive Treatment Center

Dear Mr. Earhart:

This letter responds to your second request for additional information on this application. The items below are numbered to correspond to your questions.

**1. Section B, Need, Item 1. (NRMTF, Need), Page 37 Capacity of Alternative Treatment Programs**

**The tables on the top of replacement pages 37 and on page 47 are noted. However, it appears the applicant is using counseling capacity as the capacity of those OTPs. However, counseling can take place with different frequency and duration in the individual or group setting according to the individual treatment plan of each patient. Please revise pages 37 and 47 based on dosing station capacity at each OTP.**

Revised pages 37R and 47R are attached following this page, amended as requested.

**2. Section B, Need, Item 1.d (NRMTF, Capacity, Page 51)**

**The Hermitage Comprehensive Treatment Center Year Two projections and its overall capacity using counseling ratios are noted. However, what is the capacity using dosing station capacity data?**

We cannot identify where to amend page 51 to provide that information. Assuming that a replacement page 51 is not needed, the capacity of Hermitage CTC based on its two active dosing stations is 350 patients, based on 175 patients per station. See pages 37R and 47R above.

## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements

Acadia Healthcare Company, Inc.  
Condensed Consolidated Balance Sheets  
(Unaudited)

	June 30, 2020	December 31, 2019
	(In thousands, except share and per share amounts)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 211,939	\$ 124,192
Accounts receivable, net	325,507	339,775
Other current assets	73,495	78,244
Total current assets	610,941	542,211
Property and equipment, net	3,160,784	3,224,034
Goodwill	2,425,372	2,449,131
Intangible assets, net	89,047	90,357
Deferred tax assets	3,274	3,339
Operating lease right-of-use assets	475,262	501,837
Other assets	68,548	68,233
Total assets	<u>\$ 6,833,228</u>	<u>\$ 6,879,142</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 48,465	\$ 43,679
Accounts payable	118,799	127,045
Accrued salaries and benefits	119,939	122,552
Current portion of operating lease liabilities	30,038	29,140
Other accrued liabilities	210,123	141,160
Total current liabilities	527,364	463,576
Long-term debt	3,078,445	3,105,420
Deferred tax liabilities	90,688	71,860
Operating lease liabilities	474,218	502,252
Derivative instrument liabilities	8,683	68,915
Other liabilities	116,553	128,587
Total liabilities	4,295,951	4,340,610
Redeemable noncontrolling interests	33,939	33,151
Equity:		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized, no shares issued	—	—
Common stock, \$0.01 par value; 180,000,000 shares authorized; 87,897,964 and 87,715,591 issued and outstanding at June 30, 2020 and December 31, 2019, respectively	879	877
Additional paid-in capital	2,567,050	2,557,642
Accumulated other comprehensive loss	(500,879)	(414,884)
Retained earnings	436,288	361,746
Total equity	2,503,338	2,505,381
Total liabilities and equity	<u>\$ 6,833,228</u>	<u>\$ 6,879,142</u>

See accompanying notes.

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**FORM 10-Q**

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2020

Or

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-35331

**Acadia Healthcare Company, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

45-2492228  
(I.R.S. Employer  
Identification No.)

6100 Tower Circle, Suite 1000  
Franklin, Tennessee 37067  
(Address, including zip code, of registrant's principal executive offices)

(615) 861-6000  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer   
Smaller reporting company  Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$.01 par value	ACHC	NASDAQ Global Select Market

At August 5, 2020, there were 88,963,135 shares of the registrant's common stock outstanding.

Acadia Healthcare Company, Inc.  
Condensed Consolidated Statements of Income  
(Unaudited)

14 THOUSANDS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(In thousands, except per share amounts)			
Revenue	\$ 750,311	\$ 789,362	\$ 1,533,121	\$ 1,549,979
Salaries, wages and benefits (including equity-based compensation expense of \$5,808, \$4,182, \$10,787 and \$10,283, respectively)	427,603	430,219	867,919	859,798
Professional fees	58,614	58,429	121,914	115,436
Supplies	30,124	30,914	62,095	60,871
Rents and leases	20,827	20,419	41,651	40,726
Other operating expenses	92,600	94,677	191,129	188,542
Other income	(18,070)	—	(18,070)	—
Depreciation and amortization	41,445	41,077	83,125	81,657
Interest expense, net	38,726	48,610	81,511	96,740
Debt extinguishment costs	3,271	—	3,271	—
Transaction-related expenses	5,241	5,212	8,790	9,533
Total expenses	700,381	729,557	1,443,335	1,453,303
Income before income taxes	49,930	59,805	89,786	96,676
Provision for income taxes	8,216	11,604	14,005	18,964
Net income	41,714	48,201	75,781	77,712
Net income attributable to noncontrolling interests	(635)	(61)	(1,239)	(101)
Net income attributable to Acadia Healthcare Company, Inc.	\$ 41,079	\$ 48,140	\$ 74,542	\$ 77,611
Earnings per share attributable to Acadia Healthcare Company, Inc. stockholders:				
Basic	\$ 0.47	\$ 0.55	\$ 0.85	\$ 0.89
Diluted	\$ 0.46	\$ 0.55	\$ 0.84	\$ 0.88
Weighted-average shares outstanding:				
Basic	87,872	87,618	87,818	87,562
Diluted	88,608	87,837	88,228	87,770

See accompanying notes.

Page Two  
September 22, 2020

**3. Section B., Economic Feasibility, Items 1.B. and 1.E**

**It is noted on page 66 of the application the Project Cost Chart uses the fair market value of the space being leased. Furthermore, it is stated the market value exceeds the lease outlay calculation. However, the applicant used the lease outlay in the Project Cost Chart rather than the fair market value. Please provide a revised page 66 (labeled as 66R). In addition, please provide a replacement page 67 (labeled as 67R2) that lists on the bottom of the page \$546,916 assigned to "Lease Outlay" rather than "FMV".**

Attached following this page is a revised page 67R2 with the required changes.

**4. Section B, Economic Feasibility, Item 6.A., Financial Documents and 6.C., Capitalization Ratio**

**The financial documents provided for LifePoint Health Inc. is noted. However, please provide a clearer legible copy of the financial documents for Acadia Healthcare.**

The financial documents for Acadia Healthcare were submitted in an amended "Part C" pdf file on September 18. Attached following this page is another copy of those statements.

**5. It is noted the capitalization ratio of 89.0 is noted. However, the ratio was calculated from LifePoint Health's financials. Please correct and submit a replacement page 78 (labeled as 78R).**

The replacement page 78R with the ratio calculated on the Acadia financials was submitted in an amended "Part C" pdf file on September 18. Attached following this page is another copy of that page 78R.

Page Three  
September 22, 2020

**6. Section B., Orderly Development, Item 3.B**

The referenced USDEA registration certificates for the applicant's parent company's existing Tennessee OTPs are noted. However, the certificates have expired. Please submit current USDEA registration certificates.

Current USDEA registration certificates are attached following this page.

**7. Proof of Publication**

Please submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

Attached after this page is the publication affidavit.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please email or telephone me so that we can respond in time to be deemed complete.

Respectfully,



John Wellborn  
Consultant

DEA REGISTRATION NUMBER RC0574245 ZC0574245	THIS REGISTRATION EXPIRES 08-31-2021	FEE PAID \$244
SCHEDULES 2,3	BUSINESS ACTIVITY MAINT & DETOX	ISSUE DATE 07-02-2020
CLARKSVILLE TREATMENT CENTER, LLC DBA CLARKSVILLE COMPREHENSIVE TREATMENT CENTER 495 DUNLOP LN STE 106 CLARKSVILLE, TN 370405296		

CONTROLLED SUBSTANCE REGISTRATION CERTIFICATE  
 UNITED STATES DEPARTMENT OF JUSTICE  
 DRUG ENFORCEMENT ADMINISTRATION  
 WASHINGTON D.C. 20537

Sections 304 and 1008 (21 USC 824 and 958) of the Controlled Substances Act of 1970, as amended, provide that the Attorney General may revoke or suspend a registration to manufacture, distribute, dispense, import or export a controlled substance.

**THIS CERTIFICATE IS NOT TRANSFERABLE ON CHANGE OF OWNERSHIP, CONTROL, LOCATION, OR BUSINESS ACTIVITY, AND IT IS NOT VALID AFTER THE EXPIRATION DATE.**

**CONTROLLED SUBSTANCE REGISTRATION CERTIFICATE**  
 UNITED STATES DEPARTMENT OF JUSTICE  
 DRUG ENFORCEMENT ADMINISTRATION  
 WASHINGTON D.C. 20537

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DEA REGISTRATION NUMBER	THIS REGISTRATION EXPIRES	FEE PAID
RV0182941 ZV0182941	05-31-2021	\$244
SCHEDULES	BUSINESS ACTIVITY	ISSUE DATE
2,3	MAINT & DETOX	04-10-2020
VOLUNTEER TREATMENT CTR 2347 ROSSVILLE BLVD CHATTANOOGA, TN 37408		

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WASHINGTON D.C. 20537

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Form DEA-223 (9/2016)

## TEARSHEET

0004351918

Newspaper The Tennessean

State of Tennessee

Account Number NAS-00519401

Advertiser BASS, BERRY & SIMS (LEAF)

BASS, BERRY & SIMS (LEAF)  
BASS BERRY  
NASHVILLE, TN  
37201

**TEAR SHEET  
ATTACHED**

Total Tearsheets: 1

Hello,

Included in this envelope you will find the tearsheet from your public notice.  
If we can assist with anything else, please contact us at  
[publicnotice@tnmedia.com](mailto:publicnotice@tnmedia.com) or call 615-664-2300.

Thank you,  
TN Media Public Notice Team

Publish Dates: 09/01/20

# AFFIDAVIT OF PUBLICATION

0004351918

Newspaper The Tennessean

State of Tennessee

Account Number NAS-00519401

Advertiser BASS, BERRY & SIMS (LEAF)

BASS, BERRY & SIMS (LEAF)  
BASS BERRY  
150 3RD AVE S STE 2800  
NASHVILLE, TN 37201

TEAR SHEET  
ATTACHED

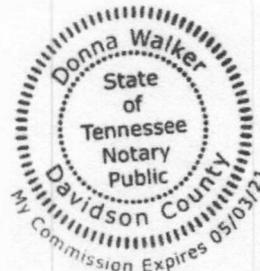
Jackie Cooper Sales Assistant for the above mentioned newspaper,  
hereby certify that the attached advertisement appeared in said newspaper on the following dates:

09/01/20

Jackie Cooper

Subscribed and sworn to before me this 1st day of Sept 2020

Donna Walker  
Notary Public



Affidavits Requested:

1

0004351918NOTIFICATIONOFINTENTTOAPPLYFORACE

In some cases, statutes or regulations apply to advertising; you should consult a legal advisor in appropriate circumstances. We make no certifications, warranties, or representations that your advertising complies with laws. You are solely and exclusively responsible for your own advertising or advertising which you have placed.

District's regular monthly Board of Commissioners meeting for September, 2020 will be held on Tuesday, September 29, 2020 at 9:00 a.m. at the District's office at 5838 River Rd., Nashville, TN. The remaining regular monthly meetings will be held at the normal time, on the 4th Tuesday of each month at 9:00 a.m.

Bernard Kwass  
President

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604351918

**NOTIFICATION OF INTENT  
TO APPLY FOR A CERTIFICATE OF NEED**

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that the South Nashville Comprehensive Treatment Center (a proposed nonresidential substitution-based treatment center for opiate addiction), owned and operated by Middle Tennessee Treatment Centers, LLC (a limited liability company), which is wholly owned by Acadia Healthcare Company, Inc. (a corporation), intends to file a Certificate of Need application to establish a nonresidential substitution-based treatment center for opiate addiction and to initiate opiate addiction treatment, at 1420 Donelson Pike, Suite B19, Nashville, TN 37217. The estimated project cost for CON purposes is \$1,331,511.

The project does not contain any major medical equipment, or initiate or discontinue any other health service, or affect any facility's licensed bed complement.

The anticipated date of filing the application is on or before September 4, 2020. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Tennessee Health Services and Development Agency  
Andrew Jackson Building, 9th Floor  
502 Deaderick Street  
Nashville, TN 37243

Pursuant to TCA Sec. 68-11-1607(c)(1): (A) any health care institution wishing to oppose a Certificate of Need application must file a written objection with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled, and (B) any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.



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**Bernard Kwos**  
President

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0004351918

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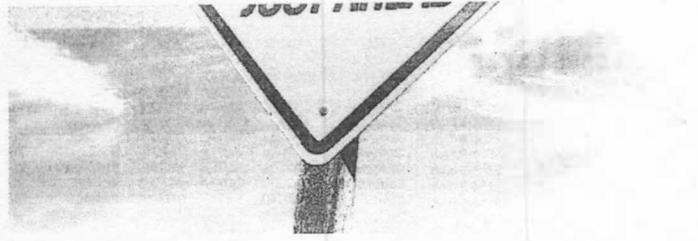
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AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY:

South Nashville CTC - 2<sup>nd</sup> supplemental response

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge.

John Wellborn

Signature/Title  
CONSULTANT

Sworn to and subscribed before me, a Notary Public, this the 23<sup>rd</sup> day of September, 20 20, witness my hand at office in the County of DAVIDSON, State of Tennessee.

J. M. D.  
NOTARY PUBLIC

My commission expires May 2, 2022.

HF-0043

Revised 7/02



September 23, 2020

Phillip M. Earhart, Deputy Director  
Tennessee Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

RE: CON Application #CN 2009-027  
South Nashville Comprehensive Treatment Center

Dear Mr. Earhart:

This letter responds to your second request for additional information on this application. The items below are numbered to correspond to your questions.

**1. Section B., Economic Feasibility, Items 1.B.**

**It is noted on page 66 of the application the Project Cost Chart uses the fair market value outlay calculation. However, the applicant actually used the lease outlay in the Project Cost Chart rather than the fair market value. Please provide a revised page 66 (labeled as 66R) that indicates "Lease Outlay" rather than "FMV" was used in the Project Cost Chart.**

Revised page 66R is attached following this page.

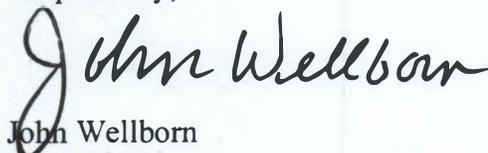
**2. Section B, Economic Feasibility, Item 6.C., Capitalization Ratio**

**The revised capitalization ratio is noted. However, the applicant used total assets rather than total equity to calculate. Please correct and submit a replacement page 78 (labeled as 78R).**

Revised page 78R is attached following this page.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please email or telephone me so that we can respond in time to be deemed complete.

Respectfully,



John Wellborn  
Consultant

**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY:

South Nashville CTC

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John Wellborn  
Signature/Title  
CONSULTANT

Sworn to and subscribed before me, a Notary Public, this the 23<sup>rd</sup> day of September 20 20,  
witness my hand at office in the County of DAVIDSON, State of Tennessee.

Jan M. Danforth  
NOTARY PUBLIC

My commission expires May 2, 2022.

HF-0043

Revised 7/02



**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY:

South Nashville CTC - 2<sup>nd</sup> supplemental response

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John Wellborn  
Signature/Title  
CONSULTANT

Sworn to and subscribed before me, a Notary Public, this the 23<sup>rd</sup> day of September, 2020, witness my hand at office in the County of DAVIDSON, State of Tennessee.

Jan M. Danforth  
NOTARY PUBLIC

My commission expires May 2, 2022

HF-0043

Revised 7/02

