

HEALTH SERVICES AND DEVELOPMENT AGENCY

MINUTES

August 23, 2017

AGENCY MEMBERS PRESENT

Grandy, Joe, Chair
Korth Paul, Vice-Chair
Alsup, Thomas
Mills, Thom
Patric, Kenneth, M.D.
Gaither, Keith, designee for the TennCare Director
Harding, Jaclyn, designee for the Comptroller of the Treasury
Jordan, Lisa, designee for the Commissioner of Commerce and Insurance
Ridgway, Corey

AGENCY STAFF PRESENT

Hill, Melanie, Executive Director
Christoffersen, Jim, General Counsel
Craighead, Alecia, Statistical Analyst III
Earhart, Phillip, HSD Examiner
Eden-Hoback, Lowavia, Executive Assistant
Farber, Mark, Deputy Director

COURT REPORTER

Daniel, April

GUESTS PRESENT

Abdullah, Imad, CLO, Regional One Health
Ahmed, Shaweela, M.D., Horizon Surgery Center
Ambrosius, Paul, Esq., Trauger and Tuke
Anderson, Jessica, Admission Coordinator, Behavioral Healthcare Center at Martin
Breedon, Susan, CEO, Baptist Memorial Hospital- Huntingdon
Brent, Michael, Esq., Bradley Arant Boulton Cummings, LLP
Burch, William, M.D., Methodist Healthcare North
Burchfield, Joe, SVP, THA
Burgess, Melanie, Administrator, Knoxville Eye Surgery Center, LLC
Burkett, Hillary, Program Manager, MLH
Chandler, Zach, EVP-CSO, Baptist Memorial Health Care Corporation
Criner, Dale, M.D., Saint Francis Hospital
Dailey, Denise, SVP of Operations, Horizon Health
Duckett, Greg, Chief Legal Officer, Baptist Memorial HealthCare Corporation
Dufrene, Ashley, Nurse Manager, Baptist Memorial Hospital-Collierville
Duncan, Bruce, Assistant Vice President, National HealthCare Corporation
Elrod, Dan, Esq., Butler Snow
Felts, Ginna, Business Development, Vanderbilt University Medical Center
Froula, Paul, M.D., Chair/Board of Governors
Galloway, Stewart, M.D., Perimeter Surgery Center
Gerkin, David, M.D., Knoxville Eye Surgery Center, LLC
Gooch, Warren, Esq., Kramer Rayson LLP
Gregory, Audrey, CEO, Saint Francis Hospital Memphis
Gregory, Luke, CEO, VUMC- MCJCHV
Hartman, Bruce, VP, UTMC
Hoffman, Stephanie, Associate, Bradley Arant Boulton Cummings, LLP
Hollender, Jim, COO, Vanderbilt University Medical Center
Hunt, Cecelia, COO, Woodridge of West Tennessee, LLC
Jones, Elizabeth, Assistant Director, Health Planning, TDH
Jones, Florence, CEO, MLH

Kenley, William, EVP, Methodist LeBonheur Healthcare
Kroplin, Matt, Esq., Burr and Forman
Lamar, Hugh, Alderman, Town of Arlington
Lawrance, Richard, Executive Director, Summit View Health Management
Lawrance, Ron, President, Summit View Health Management
Layman, Marty, CFO, Summit View Health Management
Little, Jason, President/CEO, Baptist Memorial Health Care Corporation
Locke, Chris, CEO, Saint Francis Hospital Bartlett
Looney, Kim, Esq., Waller Lansden
Loves, William, Director Business Development, Saint Francis Hospital-Bartlett
Lunn, Rodney, CEO, PhyBus, LLC
Lynd, Samuel, CEO/Administrator, Baptist Memorial Health Care Corporation
Maples, Arthur, Director of Policy and Planning, Baptist Memorial Healthcare Corporation
Mays, Melanie, Nurse Manager, Baptist Memorial Hospital-Memphis
McCarthy, Dan, VP of Development, Horizon Health Corporation
McCleod, Marilyn, M.D., Baptist Memorial Hospital-Memphis
McKee, Harry, Alderman, Town of Arlington
Mills, Alex, Esq, Waller Lansden
Misleh, Joseph, Executive Director Business Development, University Clinical Health
Moore, Kris, Director of Community Education, Behavioral Healthcare Center of Martin
Nollner, Mike, Mid South Family Medicine
Peeler, David, M.D., University Vascular Access Care
Phillips, Brant, Esq., Bass Berry & Sims
Piercey, Lisa, Executive VP, West TN Healthcare
Reed, Ann, R., RN., BSN, MBA, Director of Licensure, TDH, Division of Health Care Facilities
Rouse, Bobby G., Ph.D, Shepherd Clinical Services, LLC
Sansing, Trent, CON Director, TDH
Sassman, Gregory, CEO, Oak Hills Behavioral Center
Schwartz, David, CMO, Saint Francis Hospital
Serley, Samantha, Operations, Saint Francis Hospital
Siddiq, Muhammad, M.D., Horizon Surgery Center
Sor, Murat, M.D., CMO, Azura Vascular Care
South, Kelsey, ICF/IID Program Manager, Life Bridges, Inc.
Stephenson, Kate, Esq., Trauger and Tuke
Swearingen, Travis, Esq., Butler Snow
Taylor, Jerry W., Esq., Burr & Forman
Taylor, Rhea, Fayette County Mayor
Toomey, Paul A., SRVP Azura Vascular Care
Trauger, Byron, Esq., Trauger and Tuke
Tuten, Teresa, ICF Director, Life Bridges, Inc.
Tutor, Andrea, Analyst, MLH
Vetter, Stacia, AVP, NHC
W. Justin Adams, Esq., Bone McAllester Norton PLLC
Wagers, Rick, CFO, Regional One Health
Weidenhoffer, Carol, Sr Director, MLH
Wellborn, John, Consultant
Wheeler, Donald, Director/President, Refuge Memphis
Whitlock, Marthagem, Assistant Commissioner, TDMHSAS PRF
Wilson, Robert A., CEO, H.SAGA International
Wissman, Mike, Mayor, Town of Arlington
Witherspoon, Nancy, M.D., Summit View Health Management

ROLL CALL TO ESTABLISH QUORUM

Ms. Hill requested a roll call to establish a quorum.

PRESENT: Jordan, Mills, Ridgway, Korth, Harding, Grandy, Alsup, Patric

Eight members were present. *Mr. Gaither arrived at 9:45 a.m.*

DIRECTOR'S ANNOUNCEMENTS

Thomas Alsup has been appointed as the consumer representative by Speaker Harwell. Dr. Kenneth Patric has been appointed as the physician representative by Governor Haslam.

Agency meetings have been relocated from Legislative Plaza to alternate locations due to the relocation of legislative offices/meeting rooms to the Cordell Hull Building. Locations will be posted on the Agency website. The October and December meetings will be held at Davy Crockett Tower.

The Agency Sunset Hearing will be Tuesday, September 19, 2017 beginning at 1 p.m. at Legislative Plaza, Room 16.

Applicants were asked to complete the anonymous customer service survey they would receive by email.

ELECTION OF CHAIR

Mr. Mills moved for nomination of Joe Grandy as Chair. The motion CARRIED [7-0-0]. **APPROVED.**

AYE: Jordan, Mills, Ridgway, Korth, Harding, Alsup, Patric
NAY: None
ABSTAIN: Grandy

ELECTION OF VICE CHAIR

Mr. Mills moved for nomination of Paul Korth as Vice-Chair. The motion CARRIED [7-0-0]. **APPROVED.**

AYE: Jordan, Mills, Ridgway, Harding, Alsup, Patric, Grandy,
NAY: None
ABSTAIN: Korth

APPROVAL OF MINUTES

Mr. Grandy presented the April 26, 2017 minutes for approval.

Mr. Korth moved for approval of the minutes as presented. Ms. Harding seconded the motion. The motion CARRIED [8-0-0]. **APPROVED Unanimous voice vote.**

STATE HEALTH PLAN UPDATE

Division of Health Planning Assistant Director Elizabeth Jones from the Department of Health reported the following:

Comments have been received on the Non Residential Substance Abuse standards and are being reviewed. Additional changes will be made and then sent back for review. The draft Acute Care Beds should be out soon.

CONSENT CALENDAR APPLICATIONS

Melanie Hill summarized the following Consent Calendar Applications:

Vanderbilt University Medical Center, Nashville (Davidson County), TN CN1705-016

The acquisition of a dedicated pediatric MRI located on the campus of Vanderbilt University Medical Center located at 1211 Medical Center Drive, Nashville, TN 37232. The estimated project cost is \$5,097,233.77.

Ms. Hill noted at the time the application entered the review cycle, it was unopposed. She also noted it continued to be unopposed and that it met the statutory Certificate of Need criteria as follows:

Need – The two existing pediatric MRIs operate at an average of 4,265 procedures in 2016 or 48 percent above the optimal utilization standard of 2,880. All six MRI units on campus operate at an average of 5,133 procedures annually or 78 percent above the optimal utilization standard of 2,880;

Economic Feasibility – The project will be funded by cash reserves of Vanderbilt University Medical Center. A letter dated May 1st, 2017, from Cecilia Moore, Vice Chancellor for Finance, confirmed that Vanderbilt University Medical Center had sufficient resources to fund the project. Audited financial statements were provided that demonstrated a current ratio of 2.22:1;

Healthcare that Meets Appropriate Quality Standards - Vanderbilt University Medical Center is licensed and in good standing with the Tennessee Department of Health, is Medicare/Medicaid certified, accredited by The Joint Commission, and its MRI services are accredited by the American College of Radiology; and

Contribution to the Orderly Development of Healthcare – The project does contribute to the orderly development of healthcare since it will help ensure that MRI scans are provided to the patients of the Children's Hospital in a timely manner. Vanderbilt University Medical Center has historically been the largest single-hospital provider of TennCare services in the state, and this project's TennCare payer mix is projected at 41%. The additional MRI will also help support the growth of the Children's Hospital and its pediatric subspecialty programs as well.

Ms. Harding moved for approval of the project based on Ms. Hill's justification. Dr. Patric seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jordan, Mills, Ridgway, Korth, Harding, Alsup, Patric, Grandy,
NAY: None

Life Bridges, Inc., Cleveland (Bradley County) CN1706-019

The relocation of a 6-bed ICF/IID home from 2611 Bower Lane, Cleveland (Bradley County), TN to 4755 Frontage Road NW, Cleveland, TN 37311. The estimated project cost is \$635,000.

Ms. Hill noted at the time the application entered the review cycle, it was unopposed. She also noted it continued to be unopposed and that it met the statutory Certificate of Need criteria as follows:

Need – The need for a relocation is to provide existing residents more privacy and much needed living space. Relocation rather than renovation is the better option because it provides more space including private bedrooms, more bathrooms, more communal space, and more staff space. Additionally, the minimal upgrades needed to bring the facility up to codes can be made prior to residents relocating so they will not be adversely affected during the construction/renovation process. The relocation will not change the staffing needs for the facility. Staff will have ample space for medication preparation as well as other staff activities. There is an existing as well as future demand for this facility since it's been 100%

occupied for the past three years except for 31 days in 2016. The bed was filled and projected to remain at 100% occupancy following completion of the project;

Economic Feasibility – The project is economically feasible and will be funded through cash reserves. The actual cost is estimated to be only \$145,000 (construction cost and filing fee) with the remaining \$490,000 the value of the building. Audited financial statements were provided that demonstrate a current ratio of 9.5.1:1. The beds will be immediately filled, and the cost-based Medicaid reimbursement is set by the Comptroller's office with 100% paid by Medicaid (TennCare);

Healthcare that Meets Appropriate Quality Standards - It appears that health care is meeting appropriate quality standards and will do so in the near future since CARF accreditation has been extended through 1/31/19 based on a 12/2015 survey of 11 programs. Staffing needs are currently determined by the Interdisciplinary Team (IDT) and are outlined in both CMS guidelines and the comprehensive care plan developed by the Qualified Intellectual Disability Professionals. Staffing should continue to meet CMS, CARF, and licensure standards. Additionally, Life Bridges, Inc. through its contract with TennCare must adhere to DIDDs Protection from Harm System in reporting all allegations of abuse, neglect, and exploitation and is meeting those requirements; and

Contribution to the Orderly Development of Healthcare – This project does contribute to the orderly development of healthcare and is supported by the Department of Intellectual and Developmental Disabilities. The applicant is an experienced and knowledgeable provider as it operates four ICF/IID facilities and is familiar with both state and federal regulations; it has prior contractual relationships with both TennCare and the Department, and an understanding of both the intellectual disability population and the intellectual disabilities system in Tennessee. Summers House is currently a residential habilitation facility funded through the HCBS waiver. This relocation will provide much needed additional space both for residents and staff and will permit the original Wright House location to be repurposed as a four-person home in the HCBS waiver program.

Mr. Ridgway moved for approval of the project based on Ms. Hill's justification. Ms. Jordan seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jordan, Mills, Ridgway, Korth, Harding, Alsup, Patric, Grandy
NAY: None

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON Applications:

AxelaCare Health Solutions, LLC East TN, Memphis (Shelby County), TN CN1702-008

Mr. Mills and Mr. Korth recused.

The addition of 34 East Tennessee counties to an approved but unimplemented certificate of need for a home care organization to provide home health services limited to the home infusion of immune globulin pharmaceuticals in 21 West Tennessee counties. The additional service area will include Anderson, Bledsoe, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Cumberland, Grainger, Greene, Hamblen, Hamilton, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, McMinn, Marion, Meigs, Monroe, Morgan, Polk, Rhea, Roane, Scott, Sequatchie, Sevier, Sullivan, Unicoi, Union, and Washington Counties. The principal office will be located at 5100 Poplar Avenue, 27th Floor, Suite 2739, Memphis (Shelby County), Tennessee. The estimated project cost is \$70,000.

Brant Phillips, Esq., addressed the Agency on behalf of the applicant.

Summation waived.

Ms. Jordan moved for approval of the project based on the following:

Need – There is a need because there's only one home health agency licensed in all 34 counties that provide this infusion service, but that agency has only one qualified nurse to perform this highly specialized service, and the lack of qualified providers could result in the delay of necessary infusion services that could negatively impact health outcomes;

Economic Feasibility – The project is financially feasible. The project cost is negligible and can easily be funded by the parent. And while the nursing services provided under the CON are not profitable, the sale of the specialized infusion medications will more than cover the costs -and those losses;

Healthcare that Meets Appropriate Quality Standards - Regarding healthcare that meets the quality standards, as we've heard, this applicant is very experienced in providing this type of complicated and highly specialized service. The applicant is accredited by The Joint Commission holding the Gold Seal of Approval for the quality of its programs, and the National Pharmacy program has a Tennessee nonresident pharmacy license and is accredited by URAC; and

Contribution to the Orderly Development of Healthcare – The project does contribute to the orderly development of healthcare. It will expand access of this highly specialized home infusion services to East Tennessee residents, many of whom are in very rural areas. And as we've heard, the applicant will use advanced technology to continuously record and transmit data to the patient's supervising physician and pharmacist during active treatment providing real-time monitoring of the patient's condition so that an adjustment to treatment can be immediately made. And, finally, the technology will also create a database of important clinical information that will be available for research.

Ms. Harding seconded the motion. The motion CARRIED [6-0-0]. **APPROVED**

AYE: Jordan, Ridgway, Harding, Alsup, Patric, Grandy
NAY: None

AxcelaCare Health Solutions, LLC Middle TN Memphis (Shelby County), TN CN1702-009

Mr. Mills and Mr. Korth recused.

The addition of 40 Middle Tennessee counties to an approved but unimplemented certificate of need for a home care organization to provide home health services limited to the home infusion of immune globulin pharmaceuticals in 21 West Tennessee counties. The additional service area will include Davidson, Rutherford, Williamson, Montgomery, Sumner, Wilson, Maury, Putnam, Robertson, Coffee, Dickson, Bedford, Lawrence, Cheatham, Warren, Franklin, Lincoln, Marshall, Giles, Hickman, White, Macon, Overton, Smith, DeKalb, Humphreys, Fentress, Wayne, Cannon, Stewart, Grundy, Lewis, Jackson, Trousdale, Houston, Perry, Clay, Moore, Van Buren, and Pickett Counties. The principal office will be located at 5100 Poplar Avenue, 27th Floor, Suite 2739, Memphis (Shelby County) Tennessee. The estimated project cost is \$70,000.

Brant Phillips, Esq., addressed the Agency on behalf of the applicant.

Summation waived.

Ms. Jordan moved for approval of the project based on the following:

Need – The need has been demonstrated considering there's only one home health agency licensed in all 40 counties that provides this home-infusion service and that Agency, as we've just heard, has turned down a

referral during the survey period. The applicant states the lack of the qualified providers could result in a delay of necessary infusion services that could negatively impact patient health outcomes;

Economic Feasibility – The project is financially feasible as the cost is negligible and can easily be funded by the corporate parent. And, again, while the nursing services will not be profitable, the sale of the specialized infusion medications will more than cover those losses;

Healthcare that Meets Appropriate Quality Standards - The applicant will provide healthcare that meets quality standards. It is very experienced in providing this specialized service. The applicant is accredited by The Joint Commission and the pharmacy holds appropriate licensure in Tennessee and is accredited by URAC; and

Contribution to the Orderly Development of Healthcare - The project does contribute to the orderly development of healthcare by expanding access to this very specialized home infusion service. The applicant does use advanced technology to continuously record and transmit data to the patient's supervising physician and pharmacist during active treatment providing real-time monitoring of the patient's condition so that an adjustment to treatment can be immediately made if necessary, and this technology will create a database of clinical information available to use and research.

Ms. Harding seconded the motion. The motion CARRIED [6-0-0]. **APPROVED**

AYE: Jordan, Ridgway, Harding, Alsup, Patric, Grandy
NAY: None

**Knoxville Eye Surgery Center, LLC d/b/a Tennessee Valley Eye Center, Knoxville (Knox County), TN
CN1702-010**

Mr. Ridgway recused.

The replacement of an ambulatory surgical treatment center (ASTC) to be located at 160 Capital Drive, Knoxville (Knox County), TN. The proposed replacement ASTC will expand from four operating rooms to six operating rooms and will continue to function as a single specialty ophthalmology ASTC. The estimated project cost is \$7,063,651.

Ms. Melanie Burgess and Dr. David Gerkin addressed the Agency on behalf of the applicant.

Questions by members. Summation waived.

Mr. Mills moved for approval of the project based on the following:

Need –The need is evidenced by the fact that in 2016 they had 2,397 cases per operating room, which is 271% of the optimal utilization. The primary population is 65+ years old, and their growth rate is four times the growth rate of the general population as the target population is the 65+. All other eye surgery centers in the service area meet or exceed 100% of the optimal utilization except for one. In 2016, they had 2,397 cases per operating room which is 271% of optimal utilization.

Economic Feasibility – A commercial loan has been established through First Tennessee Bank. The project is projected to be profitable in both the first and second year of operation. The outpatient surgery center is a more cost-effective solution to inpatient facilities;

Healthcare that Meets Appropriate Quality Standards – The applicant will be accredited by the Accreditation Association of Ambulatory Health Care, licensed by the Tennessee Department of Health, Medicare and Medicaid certified; and

Contribution to the Orderly Development of Healthcare – Each of the nine counties in the proposed service area is medically underserved. The expansion of all physicians to the appropriate and needed time for surgeries, allowing growth to serve their target population. This solution seems to be the most highly efficient and desired environment to provide cost-effective surgery. Several physicians also participate in the training of medical students through clinical rotations, and there should be no adverse impact on other providers in the service area.

Mr. Korth seconded the motion. The motion CARRIED [7-0-0]. **APPROVED** .

AYE: Jordan, Mills, Korth, Harding, Alsup, Patric, Grandy
NAY: None

Woodridge Behavioral Care, LLC, Jackson (Madison County), TN – CN1703-011

Mr. Gaither joined the meeting, prior to this project presentation.

The addition of 16 geriatric inpatient psychiatric beds to an existing mental health hospital located at 49 Old Hickory Blvd., Jackson (Madison County), TN 38305. The facility currently has 16 geriatric psychiatric beds and 16 approved but unimplemented child/adolescent psychiatric beds. The estimated project cost is \$787,190. **OPPOSITION: West Tennessee Healthcare-Pathways Behavioral Health Services, Baptist Memorial Hospital-Huntingdon.**

W. Justin Adams, Esq., Cecelia Hunt, Executive VP of Operations, Woodridge Behavioral Care, LLC, Greg Sassman, CEO, Woodridge of West Tennessee, LLC, and Shepherd Clinical Services, LLC, addressed the Agency on behalf of the applicant. Dr. Bobby Rouse provided community support for the project.

Speaking in Opposition: Travis Swearingen and Dan Elrod of behalf of Baptist Memorial Hospital-Huntingdon and Mike Brent and Jessica Anderson on behalf of Behavioral Healthcare Center at Martin.

Rebuttal by Justin Adams.

Questions by members.

Summation for applicant by Justin Adams. Summation for opposition by Travis Swearingen and Mike Brent.

Mr. Ridgway moved for approval of the project by **modifying the bed count from the 16 requested beds to eight beds** based on the following:

Need – The applicant has clearly demonstrated and consistently exceeded occupancy at an 80% occupancy rate, as noted in the application. They have definitely met a demand as opened in 2015 and has rapidly grown and met the needs of the patients in the primary and secondary service areas. There is a projection of continued projection of continued geriatric population growth in the proposed service area. And, once again, this is a specialized geriatric psych unit that has differentiated itself from other providers in the broader service area;

Economic Feasibility – They clearly have the funding demonstrated by the external financing capacity with the relationship with the Bank of Montreal, and their project has demonstrated a projected free cash flow in year two both at the facility level and specific to the unit being proposed;

Healthcare that Meets Appropriate Quality Standards – The applicant is licensed by the Tennessee Department of Mental Health and Substance Abuse Services, and accredited by the Joint Commission; and

Contribution to the Orderly Development of Healthcare – The applicant will have a transfer agreement with Jackson Madison County General Hospital. This project will use existing space and require minimal cost to add this additional service lending to the orderly development of care.

Mr. Mills seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Jordan, Mills, Gaither, Ridgway, Korth, Harding, Alsup, Patric, Grandy
NAY: None

Franklin PET Scan Center, Franklin (Williamson County), TN – CN1703-012

The initiation of a Positron Emission Tomography (PET) service at an unaddressed site on the east side of Carothers Parkway, Franklin (Williamson County), Tennessee 37067. The estimated project cost is \$3,828,653.

Brant Phillips, Esq., addressed the Agency on behalf of the applicant.

Speaking in support was Dr. Jeffrey Patton, CEO, Tennessee Oncology.

Questions by members. Summation waived.

Mr. Korth moved for approval of the project based on the following **CONDITION: PET services would be limited to Tennessee Oncology physicians.**

Need – The criteria have been met. First of all, the need has been demonstrated even though the applicant is showing in year two not meeting the threshold. Need will be met in the future subsequent years and that this application has demonstrated the need for this area.;

Economic Feasibility –The applicant has demonstrated economic feasibility. The project is profitable.

Healthcare that Meets Appropriate Quality Standards – The project will continue to be under the appropriate quality standards of care. The center will be accredited under the American College of Radiology with certified and board certified radiologists reading the scans and overseeing the operations of this facility; and

Contribution to the Orderly Development of Healthcare – The applicant demonstrated the location being on the I-65 corridor in Williamson County, that this does meet the orderly development of healthcare for services in that area.

Mr. Alsup seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Jordan, Mills, Gaither, Ridgway, Korth, Harding, Alsup, Patric, Grandy
NAY: None

UCH Vascular Access ASC, LLC, Memphis (Shelby County), TN - CN1704-013

Mr. Ridgway recused

The establishment of a single-specialty ambulatory surgical treatment center (ASTC) to be located on the 2nd floor of an existing building located at 6490 Mt. Moriah Road Extended, Memphis (Shelby County), TN 38115. The ASTC will include one operating room and one procedure room and will be limited to surgeries and procedures related to vascular access and other hemodialysis oriented procedures. The estimated project cost is \$2,144,000.

Mike Brent, Esq., Dr. Murat Sor, Chief Medical Officer of Azura Vascular Care, and Dr. David Peeler, Medical Director, University Vascular Access Care, addressed the agency on behalf of the applicant.

Questions by members. Summation waived.

Mr. Mills moved for approval of the request based on the following:

Need – The applicant wishes to shift services currently performed at Vascular Access Center (VAC) to an ASTC to meet challenges initiated by Medicare whereas Medicare is reducing payments to the VAC because they are going from a fee-for-service to bundle-payment scenerio. Also, the ASTC will provide services for end-stage-renal-disease patients outside the hospital, avoiding unnecessary hospitalization;

Economic Feasibility – The CFO at UT Medical Center has signified the project will be from cash reserves, and SunTrust Bank and First Tennessee Bank submitted documents stating there is significant cash to fund the project. The applicant has projected postive income in the first two years;

Healthcare that Meets Appropriate Quality Standards – The applicant will seek accreditation from the Joint Commission, will be licensed by the Tennessee Department of Health, and will seek certification from Medicare and Medicaid; and

Contribution to the Orderly Development of Healthcare –Minimal to no impact is projected to other providers since the project proposes to replace an existing physician office-based surgery site with a single-specialty ASTC. This facility will provide an enhanced patient experience with an integrative care model and reduce the cost of care attributable to this patient population.

Ms. Jordan seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jordan, Gaither, Korth, Mills, Harding, Alsup, Patric, Grandy,

NAY: None

Horizon Surgery Center, Atoka (Tipton County), TN - CN1705-014

Mr. Ridgway recused.

The establishment of a single-specialty ambulatory surgical treatment center (ASTC) limited to endoscopy to be located in an existing building located at 340 Atoka McLaughlin Drive, Atoka (Tipton County), TN 38004. The ASTC will include only one operating room. The estimated project cost is \$1,108,764.

Jerry Taylor, Esq., Dr. Mohammad Sadiq, Gastroenterologist and Owner and John Wellborn, Consultant, addressed the Agency on behalf of the applicant.

Questions by members. Summation waived.

Ms. Jordan moved for approval of the project based on the following **CONDITION: One procedure room will be built to operating room standards and will be limited to endoscopies.**

Need – There is a need for the project because there is not an endoscopy surgery center or an ASTC where endoscopies can be performed in the four rural counties in the service area. Patients in these counties now have to either travel to Memphis to have their procedure or to have the endoscopies performed in a hospital, which is more expensive;

Economic Feasibility – It will be funded with a commerical loan and will realize positive operating results in year two;

Healthcare that Meets Appropriate Quality Standards – The applicant will apply for licensure from the Tennessee Department of Health, seek certification from Medicare and Medicaid and accreditation by the American Association of Ambulatory Health Care. Initially, all services will be performed by Dr Saddiq who is a Board certified gastroenterologist; and

Contribution to the Orderly Development of Healthcare – The project will provide access to a lower cost alternative to hospital-based endoscopies to patients who live in the four rural counties in the service area. The ASTC plans to contract with all TennCare MCOs and will seek a transfer agreement with Methodist Hospital in Shelby County and Baptist Hospital in Tipton County.

Ms. Harding seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jordan, Mills, Gaither, Korth, Harding, Alsup, Patric, Grandy
NAY: None

Behavioral Health of Rocky Top, Rocky Top (Anderson County), TN - CN1705-015

The establishment and initiation of geriatric psychiatric services with 18 geriatric inpatient psychiatric beds located at 204 Industrial Park Road, Rocky Top (Anderson County), TN 37769. The estimated project cost is \$1,160,500. **OPPOSITION: Ridgeview Behavioral Health Services.**

Kim Looney, Esq., Nancy Witherspoon, M.D., Summit View Nursing Home, Denise Dailey, SR VP of Operations, Horizon Health Corporation, Marty Layman, CFO, Summitt View Health Management, and Richard Lawrence, Executive Director, Summitt View Health Management, addressed the Agency on behalf of the applicant.

Questions by members. Summation waived.

Mr. Mills moved for approval of the project based on the following:

Need – Need has been shown as of the three geropsychiatric units in the service area, two consistently have 92% or greater occupancy. The bed-need formula shows a need for 12 beds by 2021. However, the applicant is requesting 18 due to the challenges of placing patients especially with semi-private beds and issues regarding gender and the inability to control that;

Economic Feasibility – The project will be financed by a commercial loan through US Bank. The renovation cost is below the 1st quartile of construction costs. The project is projected to be profitable during the second year of operation;

Healthcare that Meets Appropriate Quality Standards – The applicant is licensed by the Tennessee Department of Mental Health and Substance Abuse, will seek certification by Medicare and Medicaid and accreditation through the The Joint Commission for accrediting organizations; and

Contribution to the Orderly Development of Healthcare – The applicant has agreed to accept involuntary admissions. The facility will provide a needed capacity to alleviate the potential of overcrowding and excess wait times than other facilities in the service area. And wait times, on average, in some cases, are four to ten days for geropsych patients. Placement is a very large hardship on caretakers and family and definitely is a disservice to the needs of patient care.

Ms. Harding seconded the motion. The motion CARRIED [5-4-0]. **APPROVED**

AYE: Jordan, Mills, Gaither, Harding, Grandy
HEALTH SERVICES AND DEVELOPMENT AGENCY

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NAY: Ridgway, Korth, Alsup, Patric

Perimeter Surgery Center Cookeville, (Putnam County), TN - CN1705-017

Mr. Ridgway and Mr. Korth recused

The relocation of a single-specialty ophthalmic ambulatory surgical treatment center (ASTC) from 1059 Neal Street, Suite B, Cookeville (Putnam County) to a new office building under construction at 1125 Perimeter Drive, Cookeville, TN 38501. The project will expand the facility's surgical room complement from one operating room and a laser room to two operating rooms and a laser procedure room. The estimated project cost is \$1,739,376.

Dr. Stewart Galloway, Ophthalmologist and Co Owner, addressed the Agency on behalf of the applicant.

Questions by members. Summation waived.

Ms. Jordan moved for approval of the project based on the following **CONDITION: Limited to two operating rooms and one procedure room.**

Need – The project is needed to address the space and access issues for its patients. The applicant's one operating room is currently being utilized far in excess of the optimal standard, which is resulting in patients having to wait up to six weeks to have their needed surgery, and the additional OR is needed in order for patients to access retinal surgery in their own community without having to travel to Nashville;

Economic Feasibility – The project can be funded by a commercial loan and will be profitable in the first year of operation;

Healthcare that Meets Appropriate Quality Standards – The applicant plans to maintain its license with the Tennessee Department of Health as a single specialty ambulatory surgery center, its certification with Medicare and Medicaid, and will seek accreditation by the Accreditation Association Ambulatory of Health Care; and

Contribution to the Orderly Development of Healthcare – The project will improve access to ophthalmologic surgeries in the surgery area, especially retina surgery, which is not currently available. The new facility will provide better access for patients adding necessary waiting room space, parking, and will be more easily accessible to patients using wheelchairs. And since the applicant is the only ASTC performing this type of surgery in the service area, there shouldn't be a negative impact other providers.

Dr. Patric seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Jordan, Mills, Gaither, Harding, Alsup, Patric, Grandy
NAY: None

Baptist Memorial Hospital, Arlington (Shelby County), TN - CN1705-018

Mr. Ridgway recused

The establishment of a full service, 24 hour per day/7 day per week satellite emergency department to be located at an unnamed street address near the intersection of Interstate 40 and Airline Road in Arlington (Shelby County), TN 38002. The proposed facility will be operated as a satellite emergency department of Baptist Memorial Hospital located at 6019 Walnut Grove Road in Memphis (Shelby County) and will have 8 treatment rooms and will provide emergency diagnostic and treatment services. The project will be developed,

operationalized, marketed, and funded through a joint operating agreement between Baptist Memorial Hospital and Regional One Health. The estimated project cost is \$10,016,611.

OPPOSITION: Methodist Healthcare, Saint Francis Hospital Bartlett, Senator Dolores Gresham

Dan Elrod, Esq., Travis Swearingen, Esq., Representative Ron Lollar, Jason Little, CEO and President, BMHCC, Mike Wissman, Mayor of Arlington, Dr. Marilyn McLeod, Zach Chandler, Melanie Mays and Arthur Maples addressed the Agency on behalf of the applicant.

Speaking in opposition were: Jerry Taylor, Matt Kroplin, Kim Looney, Byron Trauger, William Kenley, William Burch, Michael Brent, Chris Locke, Mike Miller, Donnie Wheeler, and Robert Wilson.

Rebuttal by Dan Elrod.

Questions by members.

Summation for opposition by Byron Trauger and Jerry Taylor.

Summation for the applicant by Dan Elrod.

Mr. Mills moved for approval of the project based on the following:

Need – The architectural firm has stated the applicant is land-locked and has no space for expansion. Expansion is needed to alleviate overcrowding at the main hospital and the lack of expansion space is negatively impacting the efficiency of their operation and is a disservice to their patients. The closing of neighboring hospitals in Haywood and Fayette Counties in 2014 and 2015, respectively, has affected the service area, leaving them without emergent care. The need is further evidenced by strengthening the community's safety net hospital, Regional One Health, as the emergency department has been on an average of 48.5% hours of diversion per month based on the last month of 2016. Regarding additional need, in 2015, Baptist Memorial emergency department admitted 27% of its ED patients presenting. In 2016, they admitted greater than 28% of their emergency department patients presenting one of the highest in the state;

Economic Feasibility – The construction costs are reasonable falling between the 1st quartile and the median for new construction costs. The CFO of Baptist Memorial in conjunction with a letter from the Senior VP at First Tennessee Bank attests that there is \$2.5 million dollars in cash equivalence to fund the project. The CFO of Regional One Health in conjunction with a letter from the Senior VP at SunTrust Bank attests there is \$55.5 million dollars available for funding. The applicant projects the freestanding ED to be profitable by year two;

Healthcare that Meets Appropriate Quality Standards – The applicant will seek certification from Medicare-Medicaid, will be licensed by the Tennessee Department of Health, seek accreditation from accrediting healthcare organizations, and will adhere to the EMTALA legislation (Emergency Medical Treatment and Labor Act); and

Contribution to the Orderly Development of Healthcare – The applicant is seeking to manage existing patient volumes of emergency department visits. It does not anticipate any negative impact on other providers. The freestanding ED will serve patients closer to their homes which will reduce stressful travel times to Baptist Memorial and will relieve the main hospital's ED overcrowding. The freestanding ED is within 17 miles of the main hospital which will be accessible by ground transportation or helicopter depending on the severity and medical needs of the patient.

Ms. Jordan seconded the motion. The motion FAILED [4-4-0]. **DENIED**

AYE: Jordan, Mills, Korth, Harding
NAY: Gaither, Alsup, Patric, Grandy

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As a member voting to deny the application, Mr. Gaither noted that adequate ED services were available within close proximity of that location and it did not meet the criteria under the Orderly Development of Health Care.

Ms. Harding left the meeting

GENERAL COUNSEL'S REPORT

Mr. Christoffersen summarized the following CON modification requests. The following items were approved pursuant to the Health Service and Development Agency's June 22, 2016 Delegation of Authority Policy which permits the Executive Director to grant approval or denial of modifications, changes of conditions or ownership, and extensions of certificates of need.

- Stones River Manor, Inc., - CN1506-026AE

A six month extension of the expiration date from November 1, 2017 to May 1, 2018 has been granted. The project was approved on September 23, 2015 for the establishment of a 30 bed Medicare certified skilled nursing facility, with an estimated project cost of \$2,729,127. The 30 nursing home beds were subject to the 125 bed Nursing Home Bed Pool for the July 2015 to June 2016 state fiscal year period.

- Chattanooga-Hamilton County Hospital Authority Erlanger Health System d/b/a Erlanger East Hospital CN1412-048AE

A one year extension of the expiration date from May 1, 2018 to May 1, 2019 has been granted. The project was unanimously approved on March 25, 2015 for the acquisition of a linear accelerator and the initiation of services. Erlanger East Hospital is a satellite hospital operating under the license of Erlanger Medical Center located at 975 East 3rd Street, Chattanooga (Hamilton County), Tennessee. The new linear accelerator at Erlanger East Hospital will replace a linear accelerator at Erlanger Medical Center reducing the number of linear accelerators at Erlanger Medical Center from two to one. The estimated project cost is \$10,532,562.00.

- Ave Maria Home, Memphis (Shelby County), TN CN1312-048AEE

A six month extension of the expiration date from December 1, 2017 to June 1, 2018 has been granted. The project was approved on April 23, 2014 for the replacement of 35 of the existing 75 nursing home beds and the addition of 25* new Medicare skilled beds to be housed in 6 newly constructed Green House Homes at 2805 and 2840 Charles Bryan Road in Bartlett. All beds were to be dually certified.

The estimated project cost was \$7,999,960.00. This is the 2nd extension of the expiration date.

*The 25 new beds were subject to the 2013-2014 Nursing Home Bed Pool.

RULEMAKING AND EMERGENCY RULEMAKING

Rules were considered after reviewing rulemaking hearing comments and staff recommendations regarding:

- Measures for assessing quality of entities receiving certificate of need as directed by T.C.A. § 68-11-1633;
- Reporting requirements to enable administration of T.C.A. § 68-11-1609(h);
- Other changes necessitated for the rules to be in harmony with changes made to the Tennessee Health Services and Planning Act of 2002, T.C.A. §§ 68-11-1601, et seq. (CON statute) by Chapter 1043 of the Tenn. Public Acts of 2016; and

- Miscellaneous other changes to the rules.

RULEMAKING MOTION

Ms. Jordan moved for adoption of the rules based on the recommendation of the General Counsel.

Mr. Korth seconded the motion. The motion CARRIED [8-0-0]. **ADOPTED AS PROPOSED**

Unanimous Voice Vote

ADOPTION OF PUBLIC RECORDS POLICY

Tenn. Code Ann. § 10-7-503(g), every governmental entity subject to the Tennessee Public Records Act must establish a written public records policy properly adopted by the appropriate governing authority by July 1, 2017.

Mr. Ridgway moved for approval of the public records policy based on the recommendation of the General Counsel.

Dr. Patric seconded the motion. The motion CARRIED [8-0-0]. **ADOPTED AS PROPOSED**

Unanimous Voice Vote

APPOINTMENT OF AUDIT COMMITTEE MEMBERS

Mr. Mills agreed to continue to serve as chair. Dr. Patric volunteered to serve alongside Joe Grandy, Keith Gaither, and Lisa Jordan.

The Audit Committee will meet at the conclusion of the October 25, 2017 meeting.

ADJOURNMENT

There being no further business, the meeting adjourned.



Melanie M. Hill, Executive Director

** Minutes provide only a brief staff summary of the meeting and are not intended to be an all-inclusive report. The HSDA maintains a detailed record of each meeting (recording and transcript) that is available upon request by contacting the HSDA office at 615-741-2364.*

