

HEALTH SERVICES AND DEVELOPMENT AGENCY

MINUTES

October 23, 2019

AGENCY MEMBERS PRESENT

Scarboro, Douglas, Chair
Patric, Kenneth, M.D., Vice-Chair
Alsup, Thomas
Brown, Laura Beth
Chinn, R.G. Rick
Korth, Paul
Ridgway, Corey
Taylor, Todd
Gaither, Keith, Designee for TennCare
Jordan, Lisa, Designee for Commerce & Insurance Commissioner

AGENCY MEMBERS ABSENT

Harding, Jaclyn, Designee for Comptroller

AGENCY STAFF PRESENT

Grant, Logan, Executive Director
Farber, Mark, Deputy Director
Christoffersen, Jim, General Counsel
Earhart, Phillip, HSD Examiner
Craighead, Alecia, Information and Data Analyst
Elenbaas, Dave, HSDA Health Data and Policy Administrator

COURT REPORTER

Daniel, April

GUESTS PRESENT

Andrews, Tammy, Chief Officer of Ambulatory Surgery, HMG Medical Management
Borowsky, Lauren, Consultant, National Healthcare Associates, Inc.
Brent, Mike, Esq., Bradley Arant
Brown, Dere, Director of Health Planning and License/Certification, NHC
Bugg, Nicole, Director of Admissions/Bus Development, Compass Intervention Center
Elrod, Dan, Esq., Butler Snow
Fowler, Scott, M.D., CEO, Holston Medical Group
Greenberg, Patti, President, National Healthcare Associates
Hannes, Erik, V.P./O.P.S., AmSurg
Jones, Kimberly, Clinical Program Director, Compass Intervention Center
Looney, Kim, Esq., Waller Lansden
McCown, Jason, Manager, St. Francis Healthcare
Reed, Ann, R., RN., BSN, MBA, Director of Licensure, TDH, Division of Health Care Facilities
Reynolds, Peter Brennen, Chief of Staff, St. Francis Hospital
Rippey, Katherine, Esq., Waller Lansden
Scarborough, Chris, CFO, Compass Intervention Center
Sermons, Randy, Esq., Holston Medical Group
Shone, Dallas, M.D., Holston Medical Group
Smith, Lisa, CEO, Compass Intervention Center
Starling, Tom, President/CEO, Mental Health America of MidSouth
Swearingen, Travis, Esq., Butler Snow
Taylor, Jerry W., Esq., Burr & Forman
Trauger, Byron, Esq., Trauger and Tuke
Woods, Jeffrey, Division President, Acadia Healthcare
Wright, Jillian, V.P./O.P.S., AmSurg
Young, Laura, CNO, TDMHSAS

CALL TO ORDER:

The meeting was called to order at 8:30 a.m. by Mr. Scarboro with the following members present: Ridgway, Jordan, Gaither, Patric, Korth, Brown, Chinn, Taylor, Alsup and Scarboro. A quorum¹ was established with ten members being present.

DIRECTOR'S ANNOUNCEMENTS

- The December 11, 2019 board meeting will be held at Cordell Hull Legislative Building.

APPROVAL OF MINUTES

Mr. Scarboro presented the August 28, 2019 minutes for approval.

Dr. Patric moved for approval of the minutes as presented. Mr. Taylor seconded the motion. The motion CARRIED [10-0-0] unanimously by voice vote. **APPROVED**

STATE HEALTH PLAN UPDATE

TDH Division of Health Planning Director Jeff Ockerman reported that there were not any updates since the last meeting.

CONSENT CALENDAR

Mr. Grant introduced the two applications under consideration, which were approved.

***Extencicare Home Health of West Tennessee, Dyersburg (Dyer County), TN CN1907-025**

Ms. Brown recused.

Request: For the relocation of the home health agency's principal office from 250 N. Parkway- Suite 30, Jackson (Madison County) to an existing branch office at 620 Mall Blvd., Suite C 1, Dyersburg (Dyer County). If approved, the applicant will close the principal office in Jackson after it has been moved to Dyersburg. The applicant is owned by Lifeline of West Tennessee, LLC, which is ultimately owned by LHC Group, Inc. The estimated project cost is \$202,738.

Dr. Patric moved for approval with Mr. Taylor providing the second.

¹ Quorum Requirement- Six members shall constitute a quorum. TCA §-68-11-1604(e) (3)

Factual and Legal Basis for approval:

Need – The relocation will place the principal office in a geographic location that is more centrally located within the service area;

Economic Feasibility – The project is economically feasible and will reduce administrative costs. After relocation, the former principal office will be closed, reducing lease expenses and administrative staff, resulting in annual cost savings of \$44,500;

Healthcare that Meets Appropriate Quality Standards – The applicant will maintain its licensure with the Department of Health, Medicare, and TennCare certification and Joint Commission accreditation;

Contribution to the Orderly Development of Healthcare – The applicant is relocating its principal office adding no counties to the service area, so there should be no impact on existing similar service area providers.

Nine members voted to approve the application— Ridgway, Jordan, Gaither, Patric, Korth, Chinn, Taylor, Alsop, and Scarboro. The motion CARRIED [9-0-0].

***Magnolia Regional Health Center, Selmer (McNairy County), TN CN1907-027**

Request: For the establishment of a satellite emergency department facility (FSED) of Magnolia Regional Health Center, a hospital based in Corinth, MS. The proposed FSED will be located at 220 Oakgrove Road, Selmer (McNairy County), TN. The applicant is owned by Alcorn County, Mississippi and the city of Corinth, Mississippi. The estimated project cost is \$5,033,252.

Dr. Patric moved for approval with Mr. Taylor providing the second.

Factual and Legal Basis for approval:

Need – There are no existing emergency service providers in McNairy County. McNairy County residents are required to travel out of county a minimum of 21-and-a-half miles to the nearest Tennessee hospital-based emergency service provider and 18.1 miles to the nearest out-of-state emergency services provider from the proposed FSED site. According to data from the Department of Health, over 10,000 McNairy County residents traveled outside of McNairy County for emergency services in 2017. The applicant is projecting 6,000 emergency department visits in year one and 7,957 visits in year two;

Economic Feasibility – The project is economically feasible and will be funded through cash reserves. Audited financial statements were provided that demonstrate a current ratio of 4.17 to one;

Healthcare that Meets Appropriate Quality Standards – The applicant is accredited by the Joint Commission and is certified by Medicare and TennCare;

Contribution to the Orderly Development of Healthcare – The applicant is an experienced and knowledgeable hospital-based emergency services provider and has prior contractual relationships with

TennCare. Magnolia Regional Health Center has transfer agreements with 11 hospitals in that region, including Methodist Healthcare, including Le Bonheur Children's Medical Center, and Jackson - Madison County General Hospital. If approved, an FSED will contribute to the continuum of care and the delivery of a range of medical services available in McNairy County.

Ten members voted to approve the application— Ridgway, Jordan, Gaither, Patric, Korth, Brown, Chinn, Taylor, Alsup, and Scarboro. The motion CARRIED [10-0-0].

CERTIFICATE OF NEED APPLICATIONS

Three certificate of need applications were considered under TCA § 68-11-1609(b) which notes the conditions that must be met in order to grant a certificate of need—when the action proposed in the application 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 facilities or services.

Deputy Director Farber introduced each of the three applications under consideration with all three being approved.²

Keystone Memphis, LLC dba Compass Intervention Center, Memphis (Shelby County), TN CN1906-022

Mr. Ridgway recused.

Request: For the establishment of a 24-bed inpatient mental health hospital for children and adolescents up to age 18 located at 7900 Lowrance Road, Memphis (Shelby County), TN 38125. The applicant is owned by Universal Health Services. The estimated project cost is \$7,917,306.

Dr. Patric moved for approval with Ms. Jordan providing the second.

Factual and Legal Basis for approval:

Need – While the guideline is not met with the general psychiatric beds or 30 beds per 100,000, there is a reason to believe that this is a special population, the ages of 5 to 17, and that has been outlined well by the Department of Mental Health Services who feels that it is prudent to have too many beds rather than too few;

Economic Feasibility – The Department of Mental Health considers the program and development to be reasonable, and there is documentation that the company has sufficient funding to finance that facility, and that income from it will sustain it over the years;

Healthcare that Meets Appropriate Quality Standards – The applicant will seek both licensure and accreditation from the appropriate entities;

Contribution to the Orderly Development of Healthcare – There certainly is reason to consider, in our deliberation on this, the impact on other providers in the area. But that impact, is outweighed by the need that is demonstrated by multiple providers of psychiatric care to this special population that have supported this endeavor. Just as the Department of Mental Health has concluded, this does contribute to the orderly development for this population.

Six members voted to approve the application— Jordan, Gaither, Patric, Brown, Alsup and Scarboro. Mr. Korth, Mr. Chinn and Mr. Taylor voted Nay. The motion CARRIED [6-3-0].

The Mid-South Endoscopy Center, Columbia (Maury County), TN CN1907-024

Ms. Brown recused.

Request: For the relocation of a single specialty Ambulatory Surgical Treatment Center (ASTC) limited to gastroenterology from 1510 1/2 Hatcher Lane, Columbia, (Maury County) TN to an existing building at 725 South James M. Campbell Boulevard, Columbia, (Maury County) TN. The relocated ASTC will add 2 procedure rooms for a total complement of 4 procedure rooms. The applicant LLC is currently owned 51% by AMSURG Holdings, Inc. (a subsidiary of Envision Healthcare Corporation) and 49% by a physician entity, Mid-South Endoscopy Center, LLC. During the CON review process, AmSurg-Maury Regional ASC Ventures, LLC, a new Delaware limited liability company owned 51% by Maury Regional Endoscopy Center, LLC (owned by Maury Regional Hospital) and 49% by AMSURG Holdings, Inc., will acquire 100% ownership of the applicant LLC contingent on subsequent approval of this CON application. The estimated project cost is \$6,647,443.

Mr. Ridgway moved for approval with Mr. Chinn providing the second.

Factual and Legal Basis for approval:

Need – Relocation is necessary to provide an updated and more efficient physical plant relative to the current 34-year-old building, and this relocation and expansion will also enable the center to absorb a shift of approximately 3,500 GI cases from Maury Regional Hospital to this newly constructed ASTC;

Economic Feasibility – The project will be funded through a loan from the applicant's current 51 percent owner, AMSURG Holdings, Incorporated, and also, based on the presentation, it sounds like that Maury Regional Hospital will also be a member of that funding of the project. And then, also, the center is projected to have approximately \$650,000 of free cash flow in year one;

Healthcare that Meets Appropriate Quality Standards – The facility will maintain and continue its excellence relative to licensure, certification, and accreditation from AAAHC;

Contribution to the Orderly Development of Healthcare There's no opposition present, and this will result in a partnership between AMSURG and Maury Regional Hospital.

Nine members voted to approved the application— Ridgway, Jordan, Gaither, Patric, Korth, Chinn, Taylor, Alsup and Scarboro. The motion CARRIED [9-0-0].

² Approve all or part of a certificate of need, upon any lawful conditions that the agency deems appropriate and enforceable on the grounds that those parts of the proposal appear to meet the applicable criteria. TCA §-68-11-1609 (a) (1)

Sapling Grove Endoscopy Center, Bristol (Sullivan County), TN CN1907-026

Request: For the establishment of a single specialty Ambulatory Surgical Treatment Center (ASTC) limited to gastroenterology at 240 Medical Park Boulevard, Bristol (Sullivan County), TN. The ASTC will have 2 operating rooms. Its ownership will consist entirely of physicians, and initially at least, all of the physician owners will be affiliated with Holston Medical Group, P.C. ("HMG"). The only-initial member of the company for the purpose of legal formation is Dr. Scott R. Fowler, M.D. Additional HMG-affiliated physicians will invest in the ASTC in the future following CON approval. Currently, 3 physicians affiliated with HMG have committed to invest in the ASTC. The estimated project cost is \$3,592,055.05.

Dr. Patric moved for approval with Ms. Jordan providing the second.

Factual and Legal Basis for approval:

Need – There does appear to be a need with the closure of the prior endoscopy surgery center. And while the current numbers look like the projected usage may take a little longer than two years, it will be met based on the numbers that were reviewed;

Economic Feasibility – It is within the finances of the Holston Medical Group that's going to be putting this together;

Healthcare that Meets Appropriate Quality Standards – The applicant will seek both accreditation and licensure by the appropriate facilities, and they have other endeavors in which they have certainly complied with that;

Contribution to the Orderly Development of Healthcare – There is no opposition to this. With the closure of the other facilities, it does present the need. And perhaps more importantly, they plan to make this part of the package for the appropriate use of healthcare.

Ten members voted to approved the application— Ridgway, Jordan, Gaither, Patric, Korth, Brown, Chinn, Taylor, Alsup and Scarboro. The motion CARRIED [10-0-0].

GENERAL COUNSEL'S REPORT

Contested Case Update

Mr. Christoffersen provided an update on contested cases.

Annual Continuing Need/Quality Measures Report Update

Mr. Farber provided an update on Annual Continuing Need and Quality Measures

OTHER BUSINESS

ADJOURNMENT

There being no further business, the meeting adjourned.

A handwritten signature in blue ink, appearing to read "Logan Grant", is written over a horizontal line.

Logan Grant, Executive Director

HSDA Minutes provide a brief summary of agency actions. A detailed record of each meeting (recording and transcript) is available upon request by contacting the HSDA office at 615-741-2364.

