

HEALTH SERVICES AND DEVELOPMENT AGENCY

MINUTES

APRIL 25, 2018

AGENCY MEMBERS PRESENT

Grandy, Joe, Chair
Korth, Paul, Vice-Chair
Mills, Thom
Patric, Kenneth, M.D.
Ridgway, Corey
Taylor, Todd
Scarboro, Douglas
Jordan, Lisa, Designee for the Commissioner of Commerce and Insurance
Gaither, Keith, Designee for TennCare
Harding, Jaclyn, Designee for the Comptroller of the Treasury

AGENCY MEMBERS ABSENT

Tommy Alsup

AGENCY STAFF PRESENT

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

COURT REPORTER

Daniel, April

GUESTS PRESENT

Bailey, Jason, Director, Corporate Development, American Health Centers
Baker, Graham, Esq., Anderson and Baker
Benton, Tony, CEO, Tennova Healthcare, Tennessee East Market
Berry, Karen, M.D., Behavioral HealthCare Center
Brent, Michael, Esq., Bradley Arant Boult Cummings, LLP
Brown, Dere, Director of Health Planning and License/Certification, NHC
Chafin, Marty, Consultant, Chafin Consulting Group, Inc.
Cooper, Brandon, Market President, Simmons Bank
Deakins, Sandy, V.P. Client Operations, Care Centers Management
Elrod, Dan, Esq., Butler Snow
Felts, Ginna, Business Development, Vanderbilt University Medical Center
Fitzgerald, Bryce, Esq., Kramer and Rayson, LLP
Gattuso, Frank, CEO, Ave Maria Homes
Gooch, Warren, Esq., Kramer and Rayson, LLP
Kelly, Mark, CEO, Regional One Health
Kroplin, Matt, Esq., Burr and Forman
Lane, Karla, Administrator, NHC
Madden, Cassie, Esq., CHSPSC, LLC
Merville, LaDonna, V.P., Hospital Alliance of Tennessee
Merriam, Kara, Therapist, Soldiers and Families Embraced, Centerstone
Michelson, Barry, M.D., Tennova Healthcare
Moore, Debra, Administrator of Oncology Services, CHI Memorial
Reed, Ann, R., RN., BSN, MBA, Director of Licensure, TDH, Division of Health Care Facilities
Regan, Marty, Esq., Lewis Thomason
Stevens, George, CEO, Open Arms Care Corporation

Taylor, Jerry W., Esq., Burr & Forman
Trammell, Charlie, President, Simmons Bank
Trauger, Byron, Esq., Trauger and Tuke
Vincent, Michelle, SR V.P., RCA
Wall, Teresa, Regional COC, Care Centers Management
West, Anita, CFO, Care Centers Management
Wilson, Seth, Assistant General Counsel, DIDD
Wood, Clyde, CEO, North Knoxville Medical Center
Young, Laura, CNO, TDMHSAS

ROLL CALL TO ESTABLISH QUORUM

Mr. Grandy requested a roll call to establish a quorum.

PRESENT: Ridgway, Scarboro, Jordan, Gaither, Mills, Korth, Harding, Patric, Taylor, Grandy

Ten members were present.

DIRECTOR'S ANNOUNCEMENTS

General procedural announcements were made.

The remaining 2018 meetings will be held at the Cordell Hull Building in Nashville on the following dates: June 27, August 22, October 24, and December 12.

APPROVAL OF MINUTES

Mr. Grandy presented the February 28, 2018 minutes for approval.

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

STATE HEALTH PLAN UPDATE

TDH Division of Health Planning Assistant Director Elizabeth Jones reported the standards for Acute Care Beds and Nonresidential Substitution-Based Opioid Treatment Centers had been finished. She stated the State Health Plan would be forwarded to the governor once the interim review process had been completed.

Ms. Jones noted concerns had been expressed regarding Acute Care Bed Need calculations, specifically regarding NICU and Rehabilitation bed inclusion, in those calculations. She indicated that Joint Annual Report (JAR) revisions would be required before those changes could be made so the Acute Care Bed standards would go forward as is and then be revised once the JAR had been revised.

CONSENT CALENDAR

Melanie Hill summarized the following Consent Calendar Applications:

Open Arms Care Corporation d/b/a Shelby County #4, Cordova (Shelby County), TN CN1801-004

The relocation and replacement of an 8-bed ICF/IID home from 5380 Benjestown Road, Memphis (Shelby County), TN to a lot consisting of two parcels, for a total of approximately 3 acres, a portion of which currently has an address of 8949 Macon Road, Cordova (Shelby County), TN 38127. The 3 acre parcel is described as Parcels 091019 00010 and 091019 00011 in the records of the Shelby County Tax Assessor. The applicant is owned by Open Arms Care Corporation. The estimated project cost is \$5,130,000.

Economic Feasibility – The project is economically feasible based upon a lease agreement between Facilities Development Group (FDG) who will obtain a loan to construct the facility and lease it to Open Arms. The State of Tennessee through the Medicaid program is the primary payor for the program with rates set by the Comptroller’s Office based upon the facility’s cost report. Revenue payor mix is projected to be 96% TennCare and 4% Supplemental Security Income (SSI). The facility has and is projected to continue to enjoy occupancy rates over 99%;

Healthcare that Meets Appropriate Quality Standards - As a long-standing provider of ICF/IID services in Tennessee, Open Arms has a proven track record of providing services that meet appropriate quality standards. It is familiar with both state and federal regulations as well the TDIDD Protection from Harm System and is in good standing with all regulatory requirements; and

Contribution to the Orderly Development of Healthcare – Orderly development is met as Open Arms has existing contractual relationships with both TennCare and the Department, and a broad understanding of both the intellectual disability population and the intellectual disability system in Tennessee. This does not duplicate existing services; it simply relocates them to a newly constructed facility that will better meet the accessibility needs of residents.

Mr. Ridgway moved for approval of the project based upon Ms. Hill’s justification with Ms. Harding seconding the motion. The motion CARRIED [10-0-0]. **APPROVED**

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

Open Arms Care Corporation d/b/a Shelby County #5 Cordova (Shelby County), TN CN1802-008

The relocation of an 8 licensed bed ICF/IID home from 4240 Raleigh Millington Road, Memphis (Shelby County), TN to an unaddressed 1.9 acre parcel near the northeast corner of the intersection of Pisgah Road and Latting Road, Cordova, TN 38016. The 1.9 acre lot site is the western portion of the property described as Parcel D0209 00179 (16.3 acres) in the records of the Shelby County Tax Assessor. The applicant is owned by Open Arms Care Corporation. The estimated project cost is \$3,370,000.

Ms. Hill noted at the time the application entered the review cycle, it was unopposed and that it continued to be unopposed.

Ms. Hill recommended approval of the certificate of need because it met the statutory criteria and provided the following justification:

Need – Need is met, as this will transition eight residents from a 30-year old facility in an increasingly commercialized neighborhood to a new facility which will be constructed to meet current life safety codes and designed with floorplans, technologies and materials to meet higher acuity levels. Relocation rather than renovation is the much better option;

Economic Feasibility – The project is economically feasible based upon a lease agreement between Facilities Development Group (FDG) who will obtain a loan to construct the facility and lease it to Open Arms. The State of Tennessee through the Medicaid program is the primary payor for the program with rates set by the Comptroller’s Office based upon the facility’s cost report. Revenue payor mix is projected to be 96% TennCare and 4% Supplemental Security Income (SSI). The facility has and is projected to continue to enjoy occupancy rates over 99%;

Ms. Hill noted at the time the application entered the review cycle, it was unopposed and that it continued to be unopposed.

Ms. Hill recommended approval of the certificate of need because it met the statutory criteria and provided the following justification:

Need – Need is met, as this will transition eight residents from a 30-year old facility in an increasingly commercialized neighborhood to a new facility which will be constructed to meet current life safety codes and designed with floorplans, technologies and materials to meet higher acuity levels. Relocation rather than renovation is the much better option;

Economic Feasibility – The project is economically feasible based upon a lease agreement between Facilities Development Group (FDG) who will obtain a loan to construct the facility and lease it to Open Arms. The State of Tennessee through the Medicaid program is the primary payor for the program with rates set by the Comptroller’s Office based upon the facility’s cost report. Revenue payor mix is projected to be 96% TennCare and 4% Supplemental Security Income (SSI). The facility has and is projected to continue to enjoy occupancy rates over 99%;

Healthcare that Meets Appropriate Quality Standards - As a long-standing provider of ICF/IID services in Tennessee, Open Arms has a proven track record of providing services that meet appropriate quality standards. It is familiar with both state and federal regulations as well the TDIDD Protection from Harm System and is in good standing with all regulatory requirements; and

Contribution to the Orderly Development of Healthcare – Orderly development is met as Open Arms has existing contractual relationships with both TennCare and the Department, and a broad understanding of both the intellectual disability population and the intellectual disability system in Tennessee. This does not duplicate existing services; it simply relocates them to a newly constructed facility that will better meet the accessibility needs of residents.

Mr. Mills moved for approval of the project based upon Ms. Hill’s justification with Dr. Patric seconding the motion. The motion CARRIED [10-0-0]. **APPROVED**

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

Open Arms Care Corporation d/b/a Shelby County #6, Cordova (Shelby County), TN CN1802-007

The relocation and replacement of an 8-bed ICF/IID home from 4254 Raleigh Millington Road, Memphis (Shelby County), TN to an unaddressed 1.9 acre parcel near the northeast corner of the intersection of Pisgah Road and Latting Road, Cordova (Shelby County), TN 38016. The 1.9 acre lot site is the eastern portion of the property described as Parcel D0209 00179 in the records of the Shelby County Tax Assessor. The applicant is owned by Open Arms Care Corporation. The estimated project cost is \$3,370,000.

Ms. Hill noted at the time the application entered the review cycle, it was unopposed and that it continued to be unopposed.

Ms. Hill recommended approval of the certificate of need because it met the statutory criteria and provided the following justification:

Need – Need is met, as this will transition eight residents from a 30-year old facility in an increasingly commercialized neighborhood to a new facility which will be constructed to meet current life safety codes and designed with floorplans, technologies and materials to meet higher acuity levels. Relocation rather than renovation is the much better option;

Healthcare that Meets Appropriate Quality Standards - As a long-standing provider of ICF/IID services in Tennessee, Open Arms has a proven track record of providing services that meet appropriate quality standards. It is familiar with both state and federal regulations as well the TDIDD Protection from Harm System and is in good standing with all regulatory requirements; and

Contribution to the Orderly Development of Healthcare – Orderly development is met as Open Arms has existing contractual relationships with both TennCare and the Department, and a broad understanding of both the intellectual disability population and the intellectual disability system in Tennessee. This does not duplicate existing services; it simply relocates them to a newly constructed facility that will better meet the accessibility needs of residents.

Dr. Patric moved for approval of the project based upon Ms. Hill’s justification with Mr. Taylor seconding the motion. The motion CARRIED [10-0-0]. **APPROVED**

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

Open Arms Care Corporation d/b/a Shelby County #8 Memphis (Shelby County), TN CN1802-009

The relocation and replacement of an 8-bed ICF/IID home from 4707 Allendale Drive to an unaddressed 1.2 acre parcel lot between parcels with street addresses of 7751 Reese Road and 7781 Reese Road, Memphis (Shelby County), TN 38133. The 1.2 acre lot is the eastern lot of a 2.4 acre parcel described as Parcels 095400 00624 and 095400 00625 in the records of the Shelby County Tax Assessor. The applicant is owned by Open Arms Care Corporation. The estimated project cost is \$3,370,000.

Ms. Hill noted at the time the application entered the review cycle, it was unopposed and that it continued to be unopposed.

Ms. Hill recommended approval of the certificate of need because it met the statutory criteria and provided the following justification:

Need – Need is met, as this will transition eight residents from a 30-year old facility in an increasingly commercialized neighborhood to a new facility which will be constructed to meet current life safety codes and designed with floorplans, technologies and materials to meet higher acuity levels. Relocation rather than renovation is the much better option;

Economic Feasibility – The project is economically feasible based upon a lease agreement between Facilities Development Group (FDG) who will obtain a loan to construct the facility and lease it to Open Arms. The State of Tennessee through the Medicaid program is the primary payor for the program with rates set by the Comptroller’s Office based upon the facility’s cost report. Revenue payor mix is projected to be 96% TennCare and 4% Supplemental Security Income (SSI). The facility has and is projected to continue to enjoy occupancy rates over 99%;

Healthcare that Meets Appropriate Quality Standards - As a long-standing provider of ICF/IID services in Tennessee, Open Arms has a proven track record of providing services that meet appropriate quality standards. It is familiar with both state and federal regulations as well the TDIDD Protection from Harm System and is in good standing with all regulatory requirements; and

Contribution to the Orderly Development of Healthcare – Orderly development is met as Open Arms has existing contractual relationships with both TennCare and the Department, and a broad understanding of both the intellectual disability population and the intellectual disability system in Tennessee. This does not duplicate existing services; it simply relocates them to a newly constructed facility that will better meet the accessibility needs of residents.

Ms. Harding moved for approval of the project based upon Ms. Hill's justification with Dr. Patric seconding the motion. The motion CARRIED [10-0-0]. **APPROVED**

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

Open Arms Care Corporation d/b/a Shelby County #7 Memphis (Shelby County), TN CN1802-010

The relocation and replacement of an 8-bed ICF/IID home from 4695 Allendale Drive to an unaddressed 1.2 acre parcel lot between parcels with street addresses of 7751 Reese Road and 7781 Reese Road, Memphis (Shelby County), TN 38133. The 1.2 acre lot is the western lot of a 2.4 acre parcel described as Parcels 095400 00624 and 095400 00625 in the records of the Shelby County Tax Assessor. The applicant is owned by Open Arms Care Corporation. The estimated project cost is \$3,370,000.

Ms. Hill noted at the time the application entered the review cycle, it was unopposed and that it continued to be unopposed.

Ms. Hill recommended approval of the certificate of need because it met the statutory criteria and provided the following justification:

Need – Need is met, as this will transition eight residents from a 30-year old facility in an increasingly commercialized neighborhood to a new facility which will be constructed to meet current life safety codes and designed with floorplans, technologies and materials to meet higher acuity levels. Relocation rather than renovation is the much better option;

Economic Feasibility – The project is economically feasible based upon a lease agreement between Facilities Development Group (FDG) who will obtain a loan to construct the facility and lease it to Open Arms. The State of Tennessee through the Medicaid program is the primary payor for the program with rates set by the Comptroller's Office based upon the facility's cost report. Revenue payor mix is projected to be 96% TennCare and 4% Supplemental Security Income (SSI). The facility has and is projected to continue to enjoy occupancy rates over 99%;

Healthcare that Meets Appropriate Quality Standards - As a long-standing provider of ICF/IID services in Tennessee, Open Arms has a proven track record of providing services that meet appropriate quality standards. It is familiar with both state and federal regulations as well the TDIDD Protection from Harm System and is in good standing with all regulatory requirements; and

Contribution to the Orderly Development of Healthcare – Orderly development is met as Open Arms has existing contractual relationships with both TennCare and the Department, and a broad understanding of both the intellectual disability population and the intellectual disability system in Tennessee. This does not duplicate existing services; it simply relocates them to a newly constructed facility that will better meet the accessibility needs of residents.

Mr. Taylor moved for approval of the project based upon Ms. Hill's justification with Mr. Ridgway seconding the motion. The motion CARRIED [10-0-0]. **APPROVED**

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

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON Applications:

Christian Care Center of Bolivar, Bolivar (Hardeman County), TN CN1712-036

The relocation of Christian Care Center of Bolivar and the construction of a 67-bed replacement nursing home with all beds being dually certified for Medicare and Medicaid. The current facility, which is in an inactive status, is located at 214 North Water Street, Bolivar (Hardeman County), TN, and the location of the proposed replacement facility is an undeveloped site on State Highway 64 at the intersection of Lucy Black Road in or near the city limits of Bolivar (Hardeman County), TN. The applicant is owned by Christian Care Center of Bolivar, LLC. The estimated project cost is \$9,702,271.11.

Jerry Taylor, Esq., addressed the Agency on behalf of the applicant.

Jerry Taylor responded to questions by members. Summation was waived.

Dr. Patric moved for approval of the project with a 6-month extension to the expiration date (30 months) granted to original request based on the following:

Need – There is demonstrated need in the county. This facility had received approval to renovate by the state in the past but elected to not do so by having an inactive facility for a period of time and moved the new facility 2.5 miles away for a fresh build for many reasons including safety. The state has estimated that there's a need. There will be a need of 217 beds in the county by 2019. There is currently 2,001 beds that include 67 inactive beds. There were prior approvals of the service area. The facility has been closed less than a year. The projected capacity at one year will be 46.9 percent, and by year two, 89.5 percent;

Economic Feasibility – Commercial loans have been secured and also a line of credit and revenues, will be considered to be adequate by year two;

Healthcare that Meets Appropriate Quality Standards – The facility had previously been licensed and they will seek licensure again and will also seek Joint Commission accreditation and Tennessee Department of Health and TennCare and Medicare credentials; and

Contribution to the Orderly Development of Healthcare – Transfer agreements will be soon resought, and the impact on the providers in the county should be negligible because the current facility was operating at 94 percent. These beds existed less than a year ago, and we would expect them to be filled by year two. Also, there was a notation with regards to staffing, which seemed like a reasonable number and there's no opposition.

Mr. Taylor seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

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

NHC Healthcare Farragut, Farragut (Knox County), TN CN1712-037

Mr. Taylor recused.

The addition of 6 Medicare certified skilled nursing home beds to the existing 100-bed nursing home. All 106 beds will be Medicare skilled beds. The facility is located at 120 Cavett Hill Lane, Farragut (Knox County), TN. The applicant is owned by NHC Healthcare/Farragut, LLC. The estimated project cost is \$140,000.

Dan Elrod, Esq., addressed the Agency on behalf of the applicant.

Mr. Elrod and Karla Lane, facility administrator, responded to questions by members. Summation was waived.

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

Need – There is a need for the addition of six nursing home beds based on the bed need formula as well as the applicant's current high occupancy rates of over 90 percent. The applicant estimates occupancy of the additional beds will be almost 92 percent in year two of operations;

Economic Feasibility – The nominal costs can be easily funded by the parent's cash reserves and the applicant predicts the project will be profitable in year one;

Healthcare that Meets Appropriate Quality Standards – The applicant is licensed by the Department of Health, which notified the applicant last November that it was in compliance with all participation requirements, and the applicant is Medicare certified; and

Contribution to the Orderly Development of Healthcare – The applicant has agreements and arrangements for healthcare services with numerous providers in the area. Because there is a need for over 1,700 nursing home beds in the service area, there should be no negative impact on other nursing homes by adding only six beds to address the need for skilled nursing services.

Ms. Harding seconded the motion. The motion CARRIED [9-0-0]. **APPROVED** .

AYE: Ridgway, Scarboro, Jordan, Gaither, Korth, Mills, Patric, Harding, Grandy

NAY: None

Metro Knoxville HMA, LLC d/b/a Tennova Healthcare-North Knoxville Medical Center, Powell (Knox County), TN – CN1801-001

Mr. Taylor recused.

The addition of interventional cardiac procedures to its current single diagnostic cardiac catheterization lab. Tennova Healthcare-North Knoxville Medical Center is located at 7565 Dannaher Drive, Powell, (Knox County), Tennessee. The applicant is owned by Tennova Healthcare. The estimated project cost is \$227,225.

Warren Gooch, Esq., addressed the Agency on behalf of the applicant. The following were present in support of the application: North Knoxville Medical Center CEO Clyde Wood, Dr. Barry Michelson, and Tennessee East Market CEO Tony Benton.

Mr. Gooch responded to questions from members. Summation was waived.

Dr. Patric moved for approval of the project based on the following:

Need – The numbers with regards to nearby facilities that do both diagnostic and therapeutic have all been over capacity, despite the current lower threshold level of 116 per year of non-weighted diagnostic cardiac catheterizations, the indication would be that based on testimony from the cardiologist, this facility would be used more often, if they had the interventional therapeutic catheterization approval;

Economic Feasibility – The cost is certainly low and would be within the capacity and the reserves of the facility mothership;

Healthcare that Meets Appropriate Quality Standards – The facility is already accredited as is the mothership, and they would seek further certification for the therapeutic cardiac catheterization; and

Contribution to the Orderly Development of Healthcare – There is no opposition. It's clear that this is part of a strategic plan by the requester and certainly makes sense for those people in the treatment area.

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

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

Memorial North Park d/b/a CHI Memorial Hospital Hixson, Hixson (Hamilton County), TN – CN1801-002

Dr. Patric recused.

The acquisition of one fixed linear accelerator to be located at 2015 Hamill Road, Hixson (Hamilton County), TN. The project involves renovation of approximately 1,301 square feet and new construction of approximately 3,431 square feet including the construction of a linear accelerator vault. CHI Memorial Hospital-Hixson is a satellite facility of CHI Memorial Hospital-Chattanooga. The applicant is owned by Catholic Health Initiatives (CHI). The estimated project cost is \$8,468,323.

Dan Elrod, Esq., addressed the Agency on behalf of the applicant.

Mr. Elrod and Deb Moore, administrator for CHI Memorial Hixson, responded to questions from members. Summation was waived.

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

Need – The need has been for this linear accelerator. It's going to provide a technology upgrade and improve treatment options. It will also be relocated from the main hospital to Hixson, approximately eight miles away, to improve patient access and convenience. The applicant serves Marion, Rhea, and Sequatchie counties, which are designated as medically underserved and in their service area. Since this is a replacement linear accelerator, the net effect is zero as no new linear accelerator will be put into service;

Economic Feasibility – The CFO and Senior Vice President of CHI Southeast has attested to cash reserves available to fund the project as well as this project is expected to be profitable in both year one and year two of operation;

Healthcare that Meets Appropriate Quality Standards – They will meet the standards of American Society of Therapeutic Radiation and Oncology. They will also be Medicare and Medicaid certified. They will be licensed by the Tennessee Department of Health, and they will seek accreditation from the American College of Radiology Accreditation; and

Contribution to the Orderly Development of Healthcare – This is a replacement and no new services are being initiated. The current maximum capacity has been 6,000 a year for the linear accelerator, and the Hixson location is projected to have capacity of 7,200 in year one.

Ms. Jordan seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Ridgway, Scarboro, Jordan, Gaither, Korth, Mills, Taylor, Harding, Grandy
NAY: None

Regional MED Extended Care Hospital, LLC d/b/a Regional One Health Extended Care Hospital, Memphis (Shelby County), TN – CN1801-003

Mr. Ridgway recused.

The addition of 24 long-term care hospital (LTCH) beds to Regional One Extended Care Hospital, 890 Madison Avenue, Memphis, (Shelby County), TN. If approved, the LTCH will contain 54 licensed beds. The facility currently has 24 licensed beds and 6 CON approved but unimplemented beds. The applicant is owned by the Shelby County Health Care Corporation. The estimated project cost is \$8,729,910.

Graham Baker, Esq., addressed the Agency on behalf of the applicant.

Mr. Baker responded to questions from members. Summation was waived.

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

Need – The additional 24 beds are needed to serve high-acuity patients needing long-term acute care within Regional One Health's post-acute complement. The applicant is currently experiencing increasing occupancy rates, and demand for beds is expected to continue increasing with the closure of Methodist Hospital's 36 LTACH beds and Select Specialty Hospital's surrender of its approved CON for an additional 24 beds;

Economic Feasibility – The majority of the project cost is the fair market value of lease payments. The portion of the project costs that must be paid up front can be funded by cash reserves, and the applicant estimates that the project will generate positive cash flow in the first year of operations;

Healthcare that Meets Appropriate Quality Standards – The applicant is already licensed by the Department of Health, which noted that the applicant was in substantial compliance with all participation requirements as of February 25th, 2017. The applicant is Medicare and TennCare certified. And, further, the applicant monitors quality care through its quality assessment and performance improvement program as well as through mandatory quality reports to the state of Tennessee and CMS; and

Contribution to the Orderly Development of Healthcare – The project is not expected to have a negative impact on existing providers. Because the inventory of LTACH beds has recently decreased by 60, the applicant's additional 24 beds are replacing a portion of previously approved beds in the service area. The project provides for more effective use of existing space that allows for efficient care coordination for high-acuity patients. The applicant has a transfer agreement with Region One Health and will participate in training physicians, nurses, and respiratory therapists through its agreements with various colleges and universities.

Ms. Harding seconded the motion. The motion CARRIED [9-0-0]. APPROVED

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

Unity Psychiatric Services Clarksville, LLC, Clarksville (Montgomery County), TN – CN1801-005

The construction of a 48-bed mental health hospital for adults ages 18-64 located at 930 Professional Park Drive, Clarksville (Montgomery County), TN. The proposed adult mental health hospital will be attached to the existing 26-bed Behavioral Healthcare Center at Clarksville, a mental health hospital specializing in geriatric care. Both facilities are owned by American Health Centers, Inc. but will be separately licensed by the Tennessee Department of Mental Health and Substance Abuse Services. The estimated project cost is \$12,746,500.

Chris Puri, Esq., addressed the Agency on behalf of the applicant. Kara Merriam, clinical supervisor at Centerstone Community Mental Health Centers, spoke in support.

Mr. Puri, Ms. Merriam, Dr. Karen Berry and Jason Bailey, Director of Corporate Development, responded to questions from members. Summation was waived.

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

Need – The current bed need formula for the defined service area has a net bed need of 47 beds. There's clearly a need for a crisis stabilization unit in the area and currently there is no facility that exists in the primary service area. It's further supported by the Tennessee Department of Mental Health and Substance Abuse that supports the project stating a need for the facility;

Economic Feasibility – The American Health Company's or AHC's CFO represents they have available cash to fund the \$12.75 million project, and per the application, net operating margins are favorable in years one and two;

Healthcare that Meets Appropriate Quality Standards – The facility plans to be Joint Commission accredited and obtain necessary Medicare and TennCare certifications and is also noted that THM manager has over ten years of experience and currently manages five other facilities in Alabama and Tennessee; and

Contribution to the Orderly Development of Healthcare – This appears to be a centrally located facility that will improve and reduce travel times for patients and families. It will be the available for involuntary admissions, which is currently lacking in the area. There's going to be a transfer agreement with Tennova Healthcare Clarksville Hospital, and there is no opposition noted for the project.

Mr. Korth seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

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

GENERAL COUNSEL'S REPORT

Ave Maria Home – CN1312-048AEE

Request for a three month extension from June 1, 2018 to September 1, 2018

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. The 25 new beds were subject to the 2013-2014 Nursing Home Bed Pool. All beds were to be dually certified. The estimated project cost was \$7,999,960.00.

February 24, 2016- 18 month extension granted extending the expiration date from June 1, 2016 to December 1, 2017 and increase in project cost to \$9,300,000.00

August 23, 2017-Six month extension granted by the Executive Director pursuant to the Delegation of Authority policy extending the expiration date from December 1, 2017 to June 1, 2018. As of May 2017, three of the five 12-bed homes had walls and roofs in place and framing was due to start on the other two the following week.

Staff recommended approval because the project is nearing completion, and the time requested is necessary for implementation of the CON.

Frank Gattuso, Executive Director, Ave Maria Homes responded to questions from members

Ms. Jordan moved to approve the extension request for three months from June 1st, 2018, to September 1st, 2018.

Mr. Mills seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

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

Trustpoint Hospital, LLC – CN1502-006A

Request for a one year extension from July 1, 2018 to July 1, 2019 to run concurrently with CN1606-024A.

CN1502-006A was approved on May 27, 2015 for the addition of 33 licensed beds, with total beds increasing from 96 to 129 beds. All bed increases occurred within existing space with no new construction involved. Phase 1 was implemented before the facility underwent a change of ownership and certificate of need application CN1606-24A was filed.

CN1606-24A approved on October 26, 2016, added 88 beds in new construction increasing total beds from 129 to 217.

Trustpoint was approved as a 60-bed hospital in CN0610-089AE. The facility has previously added beds under CN1207-031A (16) and also under the 10-bed exemption process twice in 2013 and 2014.

Staff recommended approval of the 12 month extension request so the projects could run concurrently.

Graham Baker, Esq., addressed the Agency on behalf of the applicant.

Mr. Baker responded to questions from members

Mr. Mills moved to approve the request for the one-year extension from July 1, 2018, to July 1, 2019, to run concurrently with CN1606-024A.

Ms. Harding seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

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

The Farms at Bailey Station SNF – CN1303-008AE

Request for a 24 month extension from July 1, 2018 to July 1, 2020 and increase in project cost from \$7,285,568 to \$13,276,833.

The project was approved on June 26, 2013 with an extended expiration date of three years for the establishment of a skilled nursing facility consisting of 30 Medicare certified skilled nursing beds to be part of a continuing care retirement community. These beds were subject to the 2012-2013 Nursing Home Bed Pool. A 23-month extension was granted on June 22, 2016 extending the expiration date from August 1, 2016 to July 1, 2018.

This project is part of The Farms at Bailey Station, a massive continuing care retirement community (CCRC), which will include independent living, garden homes, memory care, assisted living and a 60-bed skilled nursing home upon completion.

Staff recommended approval because the owners have invested \$13 million toward the development of the CCRC of which this project is a part. Groundbreaking for the skilled nursing facility is expected to occur in mid-May, 2018.

Jerry Taylor, Esq., addressed the Agency on behalf of the applicant.

Mr. Taylor, Charles Trammell Jr., President and Michelle Vincent, Sr. VP, responded to questions from members

Mr. Ridgway moved to approve the requested extension and project cost.

Ms. Jordan seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

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

The Farms at Bailey Station SNF – CN1311-045AE

Request for a 24 month extension from July 1, 2018 to July 1, 2020 and an increase in project cost from \$6,292,417 to \$10,896,514.

The project was approved on February 26, 2014 with an extended expiration date of three years for the addition of 30 Medicare-certified skilled beds in addition to the 30 Bed SNF approved by CN1303-008A, for a total of 60 SNF beds. These beds were subject to the 2013-2014 Nursing Home Bed Pool. A 15-month extension was granted on June 22, 2016 extending the expiration date from April 1, 2017 to July 1, 2018.

This project is part of The Farms at Bailey Station, a massive CCRC, which will include independent living, garden homes, memory care, assisted living and a 60-bed skilled nursing home upon completion.

Staff recommended approval because the owners have invested \$13 million toward the development of the CCCRC of which this project is a part. Groundbreaking for the skilled nursing facility is expected to occur in mid-May, 2018.

Jerry Taylor, Esq., addressed the Agency on behalf of the applicant.

Mr. Taylor, Charles Trammell Jr., President and Michelle Vincent, Sr. VP, responded to questions from members

Ms. Harding moved to approve the request for a 24-month extension from July 1st of 2018, to July 1st of 2020 and an increase in project cost.

Mr. Taylor seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

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

Stones River Manor – CN1506-026AE

Request for a 2 month extension, from 5/1/2018 to 7/1/2018

The project was approved on 9/23/2015 for the establishment of a 30 bed Medicare-certified skilled nursing home located at 205 Haynes Drive, with an estimated total cost of \$2,729,126.75.

A six month extension was granted by the Executive Director on August 17, 2017 pursuant to the Agency's Delegation of Authority policy extending the expiration date from November 1, 2017 to May 1, 2018. The project was 80% complete at the time.

Approval is recommended by Agency staff because construction is complete and awaiting Tennessee Department of Health occupancy approval.

Mike Brent, Esq., addressed the Agency on behalf of the applicant.

Mr. Mills moved to approve the request for a two-month extension from May 1st, 2018, to July 1st, 2018.

Ms. Jordan seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

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

Contested Case Update

Mr. Christoffersen stated there had not been significant changes with the contested cases. Updates will be put on the website.

Legislative Update

Mr. Christoffersen reported that the Agency's sunset has been extended until 2021.

AGENCY DETERMINATION:

Meadowbrook Health and Rehabilitation Center, Inc. requested an Agency determination that a certificate of need would not be required for a planned replacement facility to be located directly across a public road, with no property owned by another party between the existing and proposed parcels.

Christopher Puri, Esq., addressed the Agency on behalf of the applicant.

Mr. Puri responded to questions from members.

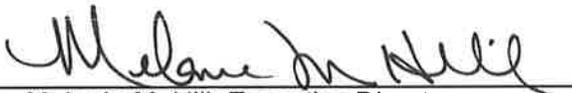
Mr. Ridgway moved that a Certificate of Need **would be required**.

Dr. Patric seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

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

ADJOURNMENT

There being no further business, the meeting adjourned.



Melanie M. Hill, Executive Director

Minutes provide an official record of Health Services and Development Agency (HSDA) proceedings and are accessible on the agency website. A detailed record of each meeting (recording and transcript) is available upon request by contacting the HSDA office at 615-741-2364.