HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
AUGUST 28, 2013
APPLICATION SUMMARY

NAME OF PROJECT: ADC Recovery and Counseling Center

PROJECT NUMBER: CN1305-018

ADDRESS: 4539 Winchester Road, Suite #1
Memphis (Shelby County), Tennessee 38118

LEGAL OWNER: VCPHCS I, LLC d/b/a Behavioral Health Group
830 Douglas Avenue, Suite 750
Dallas (Dallas County), Texas 75225-5856

OPERATING ENTITY: Not Applicable

CONTACT PERSON: John Wellborn
(615) 665-2022

DATE FILED: May 15, 2013

PROJECT COST: $961,168.00

FINANCING: Case Reserves

PURPOSE OF REVIEW: Relocation of a non-residential substitution–based treatment center for opiate addiction

DESCRIPTION:

The applicant is seeking approval for the relocation of an existing Alcohol and Drug Non-Residential Opiate Treatment facility from 3041 Getwell Road, Suite 101, Building A, Memphis (Shelby County), TN 38118 to 4539 Winchester Road, Building B, Suite 1, Memphis (Shelby County), TN, which is a distance of approximately two (2) miles. The new facility will occupy 7,106 SF of a 39,200 SF one-story structure. The facility will be licensed by the Tennessee Department of Mental Health and Substance Abuse Services as an Alcohol and Drug Non-Residential Opiate Treatment Facility. The applicant projects the proposed new location will open for service in January 2014.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

The following apply:

For relocation or replacement of an existing licensed health care institution:

a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

The applicant chose to renovate an existing building to avoid the costs of new construction. The estimated renovation cost is $497,420 or $70.00 per square foot. Rent will be 50% less from $44,521 in 2012 at the current location to $22,458 in Year One (2014) at the proposed location.

It appears that this criterion has been met.

b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

The applicant projects serving 250 patients in Year One and in Year Two of the proposed project. The number of patients served by ADC Recovery and Counseling Center ranged from 231 to 253 patients from 2010 to 2012.

It appears that this criterion has been met.

Summary:

ADC Recovery and Counseling Center, is seeking certificate of need approval to relocate its existing adult non-residential methadone treatment facility program and continue to assist eligible opiate-addicted individuals residing in Shelby County to abstain from the use of illicit drugs through detoxification, treatment and substance abuse/psychiatric counseling services. The clinic will operate as a private, for-profit clinic under all applicable licensure requirements of the Tennessee Department of Mental Health and Substance Abuse Services. ADC Recovery and Counseling Center will operate without state, federal, or local funding. The relocation of the program will not impose any new costs that will impact the charge structure of the program.

Note to Agency members: Effective April 1, 2008, the Division of Substance Abuse Services assumed responsibility for oversight of Tennessee's Opioid Treatment Programs (also known as "medication assisted treatment programs"). The State Opioid Treatment Authority within the Department of Mental Health is responsible for program oversight and clinical assistance. Specifically, the State Opioid Treatment Authority is responsible for providing administrative, medical, and pharmaceutical oversight to certified OTPs, including, but not limited to planning, developing, educating, and implementing policies and procedures to ensure that opioid addiction treatment is provided at an optimal level. Tennessee has twelve (12) for-profit methadone clinics.
Source: http://www.tennessee.gov/mental/A&D/SOTA.html

The services to be provided directly by the proposed clinic will include but not be limited to: individual and group counseling, opioid substitution treatment, opioid medically supervised withdrawal, physical examinations, lab tests, urine drug screens, minor medical services and referrals, substance abuse assessments and evaluations, TB testing, vocational counseling, case management and budgeting. Services available through referral include but are not limited to: HIV testing, residential medical social work, residential A & D care, psychiatry, obstetrics services, comprehensive medical services, dental services, employment counseling and vocational placement, education/GED assistance, family planning, STD testing, financial counseling, nutritional counseling, and special support programs for pregnant women and women with infants.

Ownership

- The applicant is owned by VCPHCS I, LLC, whose only member and parent company is VCPHCS, LP d/b/a Behavioral Health Group, or "BHG".

- The parent company, VCPHS, LP, d/b/a BHG, is a limited partnership that is owned by BHG Holdings, LLC. BHG currently owns 75% (9 out of 12) of existing Alcohol and Drug Non-Residential Opiate Treatment facility clinics operating in Tennessee. BHG also owns twenty-one (21) additional clinics in seven other states.

There are currently three (3) Opioid Treatment Programs in Shelby County. All three (3) are owned and operated by BHG. Please refer to Attachment A.4 for a list of BHG's facilities.

Facility Information

The proposed facility will be located in renovated space in an almost entirely commercial area at 4539 Winchester Road, Memphis, TN, Suite #1, accessible from the same I-240 exit patients use for the current site. The site was chosen for the following reasons: 1) the building quality, 2) its distance from properties with uses that sometimes cause concern when an opioid treatment facility is proposed nearby, and 3) its location within the same general area of South Memphis in relation to the current facility. There are no public schools, parks or residential subdivisions within two city blocks of the proposed project location. On page 11 of the application, the applicant lists over 40 businesses and other uses of properties within two blocks of the proposed location.

The clinic's operating hours will continue to be from 5:00 am to 2:00 pm Monday through Friday, and 5:30 am to 9:30 am on Saturday and Sunday. Counseling is provided Monday through Saturday. The proposed dosing hours for ADC Recovery and Counseling Center are Monday-Friday from 5:30 am-11:30 am, and Saturday from 6:00 am-9:00 am.

ADC Recovery and Counseling Center holds a 10 year lease agreement with Memphis Investments for 7,106 square feet of space located at 4539 Winchester Road, Suite #1, Memphis, TN to be used as a non-residential methadone treatment center. The lease agreement can be terminated if the certificate of need is denied.

The new proposed site will contain the following areas:

- Patient reception, intake, and waiting areas; nursing and physician offices
- Staff offices and break room; a laboratory
- A secure pharmaceutical storage in a secure medication room; medication administration spaces ("dosage booths")
- A group counseling room that can be partitioned into two group rooms, five private counseling rooms with expansion capability

- Office space for the Program Director, Counseling Supervisor and Medical Director.
- Restrooms for staff, patients and drug screening tests.

A floor plan drawing for the facility is located in Attachment B.IV.—Floor Plan.

A security guard will be on duty inside and outside of the building during operating hours to manage early morning traffic, promote public safety, to discourage attempts at theft and to prohibit loitering in or near the property.

The proposed site is already zoned EMP (employment), which accommodates a wide variety of commercial uses. A medical clinic such as ADC Recovery and Counseling Center is permitted under EMP zoning.

Service Area Demographics

ADC Recovery and Counseling Center's primary service area consists of a large number of counties around Memphis, located in Tennessee, Mississippi and Arkansas. Approximately 49% of the applicant's patients reside in Tennessee with 47% residing in Mississippi and almost 4% from Arkansas. Shelby County patients compromise 93% of the clinic's Tennessee patients. The total population of Shelby County is estimated at 940,972 residents in calendar year (CY) 2013 increasing by approximately 1.1% to 951,669 residents in CY 2017. The overall statewide population is projected to also grow by 3.7%. The latest 2012 percentage of the Shelby County population enrolled in the TennCare program is approximately 24.5%, as compared to the statewide enrollment proportion of 18.4%.

Historical and Projected Utilization

Shelby County
BHG Owned
Alcohol and Drug Non-Residential Opiate Treatment **Facility Utilization**

Year	Center for Research and Addiction Treatment		**ADC Recovery and Counseling (Applicant)**		Raleigh Professional Associates	
	Patients	Visits	**Patients**	**Visits**	Patients	Visits
2010	395	144,218	**253**	**92,480**	234	85,487
2011	348	127,229	**231**	**84,404**	249	90,968
2012	353	128,963	**249**	**91,337**	272	97,149
ADC Recovery and Counseling Projections 2013			**242**	**87,120**	259	93,240
ADC Recovery and Counseling Projections 2014 (Year One)			**250**	**91,332**	260	94,900
ADC Recovery and Counseling Projections 2015 (Year Two)			**250**	**91,332**	260	94,000

Source: BHG self-reported Internal Records

The above Shelby County adult Alcohol and Drug Non-Residential Opiate Treatment facility utilization table reflects the following:

The utilization table reflects the following:

- Center for Research and Addiction Treatment-10.6% reduction in enrolled patients from 2011-2012
- ADC Recovery and Counseling Center (applicant)-patients and visits is relatively stable from 2010 to 2012
- Raleigh Professional Associates-16.2% increase in patients and 13.6% in visits from 2010 to 2012

Staffing

The staffing pattern will be unchanged at the new proposed location. The applicant projects having an average of one counselor per fifty to sixty patients

(dependent on a counselor's mix of new versus stable patients). The applicant's proposed direct patient care staffing in Year One includes the following:

- one (1) contract Medical Director and
- one (1) contract Program Physician,
- one (1) FTE Program Director,
- three (3) FTE Nurses (LPNs),
- five (5) FTE Substance Abuse Counselors,
- one (1) FTE Counseling Supervisor and a
- .06 FTE Nurse Practitioner.

Medicare/TennCare Payor Mix

- Medicare- The facility does not participate in Medicare.
- TennCare- There are no TennCare Managed Care Organization (MCO) agreements because Methadone Maintenance Treatment (MMT) is not a covered service for adults over the age of 21. MMT is a covered service for enrollees between 18 and 20 years but TennCare will not directly reimburse the facility. To be reimbursed for medically necessary services, persons between 18 and 20 years old pay out of pocket for treatment. The applicant will submit required documentation to the MCO so the patient can be reimbursed. Currently only three (3) patients aged 18-20 are enrolled at ADC Recovery and Counseling Center. It is not known if the three patients are enrolled in TennCare.

Projected Data Chart

The applicant projects $1,235,000 in total gross revenue on 250 clients during the first year of operation and $1,274,000 on 250 clients in Year Two (approximately $5,096 per client per year). The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal $275,109 in Year One increasing to $320,773 in Year Two.
- Net operating revenue after bad debt, charity care and operating expenses is expected to reach $1,223,040 or approximately 96% of total gross revenue in Year Two.
- Charity care at approximately 1.5% of total gross revenue in Year One and Year Two equaling to $18,525 and $19,110, respectively.
- Charity Care calculates to 3.75 patients per year.

Patient Charges

- The cost of Alcohol and Drug Non-Residential Opiate Treatment after initial intake is approximately $98.00 per week.

- Statewide, the routine weekly charges range from $95.00 at Recovery of Columbia to $116.00 at DRD Medical Clinic Central, Knoxville.
- BHG usually increases its weekly program fee approximately $3.00-$4.00 per year.
- A charge schedule for the clinic's services is located on pages 53-54 of the application.

Historical Data Chart

- ADC Recovery and Counseling Center reported a net operating income of $71,020 in its 2012 fiscal year period, a margin of approximately 5.9% of gross operating revenues
- In 2012 the applicant incurred $176,858 in Interest Expense under Capital Expenditures that decreased Net Operating Income to $71,420
- Gross Operating Revenue was reported as $1,076,543 in 2010, $986,128 in 2011 and $1,207,463 in 2012.

Project Cost

Major costs are:

- Construction, $497,420, or 51.8% of the total project cost
- Lease Expense, $291,083 or 30.3% of total cost
- For other details on Project Cost, see the Project Cost Chart on page 42 of the application

Financing

A May 13, 2013 letter from BHG President and Chief Operating Officer James R. Draudt attests that the applicant LLC has sufficient cash assets to implement the project. BHG is the only member of the applicant LLC.

The applicant's financial statements (VCPHCS I, LLC d/b/a ADC Recovery and Counseling Center) for the period ending March 30, 2013 indicates $23,308 cash on hand, total current assets of $1,965,289, total current liabilities of $92,176 and a current ratio of 21:1.

BHG's financial statements ending March 31, 2013 indicate $1,215,150 cash on hand and a current ratio of .92:1.

Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Note to Agency members: In the supplemental response, the applicant explains the parent company BHG made a discretionary decision to fund the acquisition of three (3) providers in December 2012 with cash ($2.24 million) as opposed to funding them with long-term debt, which would have maintained the current ratio higher than 1.0. The net effect of this decision changed a November current ratio of 1.88 to one slightly less than 1.0. In addition, the "accrued expenses" liability line item reflects a $500,000 escrow holdback related to these acquisitions that are due to be paid in December 2013. The applicant states elimination of this one-time liability establishes a current ratio equal to 1.11 to 1.

Licensure/Accreditation

ADC Recovery and Counseling Center is Joint Commission accredited. The accreditation survey is provided in the attachments. The facility will also continue to be licensed by the Department of Mental Health and Substance Abuse Services.

Notices

TCA § 68-11-1607 (c) (3) requires an applicant for a nonresidential substitution-based treatment center for opiate addiction to file notices with certain state, county, and local government officials within 10 days of filing the CON application. HSDA staff verified the applicant met all requirements of TCA § 68-11-1607 (c) (3). The applicant documented the following officials had been notified:

- State Senator Reginald Tate
- State Representatives Antonio Parkinson and Joe Towns
- Shelby County Mayor Mark H. Lutrell, Jr.
- City of Memphis Mayor A.C. Wharton, Jr.

Corporate documentation, real estate lease, and detailed demographic information is on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON would expire in **two** years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent, denied or pending applications, or outstanding certificates of need for this applicant.

ADC Recovery and Counseling Center is owned by BHG Holdings, LLC which has financial interests in this project and the following:

Pending Applications

Raleigh Professional Associates, CN1305-019, has a pending application which is scheduled to be heard at the August 28, 2013 Agency meeting. The application is for the relocation of an existing non-residential substitution based treatment center for opiate addiction from its current site at 2960-B Old Austin Peay Highway (Shelby County), TN to 2165 Spicer Cove, Suite 9, Memphis (Shelby County), TN 38134. The estimated project cost is **$1,136,905**.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, pending or denied applications, or outstanding Certificates of Need for other health care organizations in the service area proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME
8/3/13

LETTER OF INTENT

LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Commercial Appeal, which is a newspaper of general circulation in Shelby County, Tennessee, on or before May 10, 2013, for one day.

2013 MAY 6 PM 1:26

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that the ADC Recovery and Counseling Center (an adult non-residential substitution-based treatment center for opiate addiction), owned and managed by VCPHCS I, LLC (a limited liability company), intends to file an application for a Certificate of Need to relocate from its current site at 3041 Getwell Road, Suite 101 Building A, Memphis, TN 38118, to 4539 Winchester Road, Building B, Suite 1, Memphis, TN 38118 (a distance of 2 miles), at a capital cost estimated at $970,000.

The facility is licensed by the Tennessee Department of Mental Health and Substance Abuse Services as an Alcohol & Drug Non-Residential Opiate Treatment Facility. It will be used exclusively to provide a comprehensive adult outpatient treatment program for opioid addiction--with testing, monitoring, counseling, medication (including methadone and suboxone) , and related services required for State licensure and for Federal certification by the U.S. Department of Health and Human Services.

The project does not contain major medical equipment or initiate or discontinue any other health service; and it will not affect any facility's licensed bed complements. The anticipated date of filing the application is on or before May 15, 2013. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 203, Nashville, TN 37215; (615) 665-2022.

John Wellborn 5-8-13 jwdsg@comcast.net

(Signature) (Date) (E-mail Address)

Copy Application

ADC Recovery and Counseling Center

CN1305-018

SUPPLEMENTAL- # 1
May 28, 2013
3:45 pm

PART A

1. Name of Facility, Agency, or Institution

ADC Recovery and Counseling Center		
Name		
4539 Winchester Road, Suite 1, Building B		Shelby
Street or Route		*County*
Memphis	TN	38118
City	*State*	*Zip Code*

2. Contact Person Available for Responses to Questions

John Wellborn		Consultant	
Name		*Title*	
Development Support Group		jwdsg@comcast.net	
Company Name		*E-Mail Address*	
4219 Hillsboro Road, Suite 203	Nashville	TN	37215
Street or Route	*City*	*State*	*Zip Code*
CON Consultant	615-665-2022	615-665-2042	
Association With Owner	*Phone Number*	*Fax Number*	

3. Owner of the Facility, Agency, or Institution

VCPHCS I, LLC dba Behavioral Health Group		214-365-6100
Name		*Phone Number*
8300 Douglas Avenue, Suite 750		Dallas
Street or Route		*County*
Dallas	TX	75225
City	*State*	*Zip Code*

4. Type of Ownership or Control (Check One)

A. Sole Proprietorship		F. Government (State of TN or Political Subdivision)	
B. Partnership		G. Joint Venture	
C. Limited Partnership		H. Limited Liability Company	x
D. Corporation (For-Profit)		I. Other (Specify):	
E. Corporation (Not-for-Profit)			

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS

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

Name

Street or Route *County*

City *State* *Zip Code*

6. *Legal Interest in the Site of the Institution (Check One)*

A. Ownership		D. Option to Lease	
B. Option to Purchase		E. Other (Specify):	
C. Lease of 10 Years (9 yrs 11 mos)	x		

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

A. Hospital (Specify): General		I. Nursing Home	
B. Ambulatory Surgical Treatment Center (ASTC) Multi-Specialty		J. Outpatient Diagnostic Center	
C. ASTC, Single Specialty		K. Recuperation Center	
D. Home Health Agency		L. Rehabilitation Center	
E. Hospice		M. Residential Hospice	
F. Mental Health Hospital		N. Non-Residential Methadone	x
G. Mental Health Residential Facility		O. Birthing Center	
H. Mental Retardation Institutional Habilitation Facility (ICF/MR)		P. Other Outpatient Facility (Specify):	
		Q. Other (Specify):	

8. *Purpose of Review (Check as appropriate—more than one may apply*

A. New Institution		G. Change in Bed Complement Please underline the type of Change: Increase, Decrease, Designation, Distribution, Conversion, Relocation	
B. Replacement/Existing Facility		H. Change of Location	x
C. Modification/Existing Facility		I. Other (Specify):	
D. Initiation of Health Care Service as defined in TCA Sec 68-11-1607(4) (Specify)			
E. Discontinuance of OB Service			
F. Acquisition of Equipment			

9. *Bed Complement Data* ***NA***

(Please indicate current and proposed distribution and certification of facility beds.)

	Current Licensed Beds	CON approved beds (not in service)	Staffed Beds	Beds Proposed (Change)	TOTAL Beds at Completion
A. Medical					
B. Surgical					
C. Long Term Care Hosp.					
D. Obsetrical					
E. ICU/CCU					
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric					
I. Geriatric Psychiatric					
J. Child/Adolesc. Psych.					
K. Rehabilitation					
L. Nursing Facility (non-Medicaid certified)					
M. Nursing Facility Lev. 1 (Medicaid only)					
N. Nursing Facility Lev. 2 (Medicare only)					
O Nursing Facility Lev. 2 (dually certified for Medicare & Medicaid)					
P. ICF/MR					
Q. Adult Chemical Dependency					
R. Child/Adolescent Chemical Dependency					
S. Swing Beds					
T. Mental Health Residential Treatment					
U. Residential Hospice					
TOTAL					

10. Medicare Provider Number:	NA
Certification Type:	NA
11. Medicaid Provider Number:	NA
Certification Type:	NA

12. & 13. See page 4

A.12. IF THIS IS A NEW FACILITY, WILL CERTIFICATION BE SOUGHT FOR MEDICARE AND/OR MEDICAID?

The ADC Recovery and Counseling Center has been operating at its current location in Memphis for more than nine years. It is licensed by the State and is accredited by the Joint Commission. It is proposing to move to another building approximately two miles away.

The facility is an existing State-licensed opioid treatment program (OTP)* utilizing methadone as a core component of its treatments. Like other such licensed programs in Tennessee, it does not contract with Medicare or Medicaid/TennCare. Very few Medicare-age patients seek admission to an OTP. At this clinic currently, only 2.4% of patients are 65 years of age or older. Please see the explanation in response A.13 immediately below, with respect to TennCare participation.

* *"Opioid Treatment Program" or "OTP" is becoming the preferred name for the type of State-licensed, comprehensive, clinic-based program that provides methadone or suboxone replacement therapy combined with intensive counseling and social services. Other names frequently given to these programs include "methadone maintenance therapy" (MMT), or "methadone clinic." The current (CY2013) Tennessee licensing category for this type of facility is "Alcohol and Drug Non-Residential Opiate Treatment Facility".*

A.13. IDENTIFY ALL TENNCARE MANAGED CARE ORGANIZATIONS / BEHAVIORAL HEALTH ORGANIZATIONS (MCO'S/BHO'S) OPERATING IN THE PROPOSED SERVICE AREA. WILL THIS PROJECT INVOLVE THE TREATMENT OF TENNCARE PARTICIPANTS? No IF THE RESPONSE TO THIS ITEM IS YES, PLEASE IDENTIFY ALL MCO'S WITH WHICH THE APPLICANT HAS CONTRACTED OR PLANS TO CONTRACT.

DISCUSS ANY OUT-OF-NETWORK RELATIONSHIPS IN PLACE WITH MCO'S/BHO'S IN THE AREA.

In West Tennessee, the available TennCare MCOs are United Healthcare Community Plan (formerly AmeriChoice), BlueCare, and TennCare Select. However, TennCare reimbursement does not cover opioid treatment programs ("OTP's") for

patients over 20 years of age; and this clinic (like the others in Tennessee) serves only adult patients 18 years of age or older. Therefore the "window" of TennCare coverage for OTP services is only patients who are 18-to-20 years of age. Very few persons that young seek admission. In this clinic currently, only 0.7% of the patients (three persons) are 18-21 years of age. As a result, like Tennessee's other OTP's, this Memphis program does not need to formally contract with a TennCare MCOs.

However, this facility is able to serve eligible TennCare enrollees (age 18-20) on a private pay basis. Such TennCare patients work directly with their MCO to be reimbursed personally for their payments to the clinic. The clinic submits to the MCO each patient's medical intake assessment, diagnosis, and most recent treatment plan, to establish medical necessity. TennCare patients who need transportation to the clinic can often utilize transportation contracts between the Bureau of TennCare and local nonprofit organizations.

This treatment model is affordable for opioid-dependent TennCare patients, especially when compared to the costs of not seeking such treatment. Methadone maintenance treatment at this clinic, after initial intake, costs approximately $98 per week. The only alternative for the addiction is to continue purchasing opioids illicitly "on the street"--which costs the drug user three to four times as much. When self-medicating without the monitoring and support of a comprehensive treatment program, patients' outcomes have proven to be dangerous as well as costly to society.

SECTION B: PROJECT DESCRIPTION

B.I. PROVIDE A BRIEF EXECUTIVE SUMMARY OF THE PROJECT NOT TO EXCEED TWO PAGES. TOPICS TO BE INCLUDED IN THE EXECUTIVE SUMMARY ARE A BRIEF DESCRIPTION OF PROPOSED SERVICES AND EQUIPMENT, OWNERSHIP STRUCTURE, SERVICE AREA, NEED, EXISTING RESOURCES, PROJECT COST, FUNDING, FINANCIAL FEASIBILITY AND STAFFING.

Proposed Services and Equipment

• The facility is a licensed, Joint Commission-accredited clinic that has been operating more than nine years, at 3041 Getwell Road, near Delta Medical Center in southeast Memphis. The facility proposes to move to leased space in an office park at 4539 Winchester Road. That site is approximately 2 miles southeast of its current location, and still within the southeast Memphis area, and within the same zip code. It is approximately 2.5 miles east of the Memphis Airport.

• The applicant operates an outpatient Opioid Treatment Program ("OTP") that is authorized to dispense daily dosages of opioid substitutes such as methadone and suboxone, to adult patients (age 18+) who are addicted. This is done under rigorous controls that include mandatory drug testing, counseling, and social services. Methadone is a safe, synthetically engineered "substitute" opioid used to relieve and stabilize persons who are dependent on very harmful opioids such as heroin, OxyContin, Dilaudid, morphine, and hydrocodone. A harmless substitute medication such as methadone, taken daily, suppresses patients' cravings for harmful opioids, allowing patients to lead normal lives--holding jobs, maintaining family relationships, and living more safely. Equally important, the applicant's program provides comprehensive behavior therapy and case management services to support the patient's recovery and stabilization.

Ownership Structure

• The licensed facility's owner is VCPHCS I, LLC, whose only member and parent company is VCPHCS, LP (which does business as Behavioral Health Group, or "BHG"). BHG is Tennessee's largest provider of this type of service. It owns 9 of Tennessee's 12 clinic programs of this type. Attachment A.4 contains a list of BHG's Tennessee facilities in Memphis (3), Jackson, Paris, Nashville, Columbia, and Knoxville (2). BHG owns 21 additional clinics in seven other States.

Service Area

• The applicant's primary service area consists of a large number of counties around Memphis, located in Tennessee, Mississippi, and Arkansas. Approximately 49% of its patients reside in Tennessee. Shelby County patients comprise approximately 93% of the clinic's Tennessee patients, and approximately 46% of its total patients. Approximately 47% of the clinic's patients reside in Mississippi, the majority of them in DeSoto County.

Need

• The facility needs a building that is easier for patients to find, has sufficient parking, and is better maintained. The proposed site offers those improvements. The facility's enrollments have been fairly consistent for several years and no increases of utilization are projected in the near future.

Existing Resources

• This clinic is one of three outpatient Opioid Treatment Programs ("OTP's") in Memphis. All three are owned and operated by BHG. They all serve residents of West Tennessee and nearby States. They are the only three OTP's in the primary service area.

Project Cost

• The project cost is estimated to be only $961,168. Of this, only $670,085 is actual capital cost; the balance is the value of the leased space under HSDA rules.

Funding

• The applicant LLC and its parent BHG have sufficient funds available to implement the relocation.

Financial Feasibility

• The program will continue to operate with a positive financial margin in its new location.

Staffing

• The relocation will not require addition of any staff.

B.II. PROVIDE A DETAILED NARRATIVE OF THE PROJECT BY ADDRESSING THE FOLLOWING ITEMS AS THEY RELATE TO THE PROPOSAL.
B.II.A. DESCRIBE THE CONSTRUCTION, MODIFICATION AND/OR RENOVATION OF THE FACILITY (EXCLUSIVE OF MAJOR MEDICAL EQUIPMENT COVERED BY T.C.A. 68-11-1601 *et seq.)* INCLUDING SQUARE FOOTAGE, MAJOR OPERATIONAL AREAS, ROOM CONFIGURATION, ETC.

The applicant is currently located in southeast Memphis, at 3041 Getwell Road, near Delta Medical Center, a few blocks south of the I-240 loop around Memphis. The applicant is proposing to relocate to an office building in the Corporate Park Service Center, Building B, at 4539 Winchester Road in South Memphis. The proposed location is 2.1 miles southeast of the applicant's current address, within the same sector of the city (southeast Memphis), and within the same zip code. It is approximately 2.5 miles east of the Memphis Airport.

This 39,200 SF building is a one-story structure in an office park with ample patient parking spaces. Its zoning is EMP, compatible with the proposed use.

The applicant plans to renovate and occupy an estimated 7,106 SF of space. The finished clinic will contain patient reception, intake, and waiting areas; nursing and physician offices; staff offices and break room; a laboratory; secure pharmaceutical storage in a secure medication room; medication administration spaces ("dosing booths"); a group counseling room that can be partitioned into two group rooms, five private counseling rooms with expansion capability; offices for the Program Director, Counseling Supervisor, and Medical Director; and several bathrooms for staff, patients, and drug screening tests. A layout of the proposed clinic is provided at the end of this response; the floor plan and site plan are provided in the Attachments to the application.

The new space has been designed for efficient, secure, and confidential patient care. It has been planned by BHG, the applicant's parent company, working with Denton Architecture of Memphis. The facility will continue to comply with all State licensure, Federal certification, and accreditation standards.

Arriving patients will park around the building and will enter the clinic reception and waiting area through the north entrance on that side of the building. From there, they will be directed to the appropriate spaces for their scheduled services.

If only dosing is scheduled (administration of medication by a medication nurse), they will proceed to a dosing booth for administration of the medication by a nurse. If counseling is part of their scheduled care that day, they will proceed either to a private, sound-proof counseling office to meet with their assigned counselor, or to a group counseling room. If drug screens and/or lab analysis are required, patients will proceed into an area with multiple patient bathrooms and a laboratory for testing and analysis. If a patient is scheduled to see the Medical Director or Nurse Practitioner for medical care, s/he will proceed to the Medical Director's office.

There will be a secure, locked medication room internal to the building. It will will have motion and vibration alarm systems to defeat any attempts to steal pharmaceuticals during or after operating hours. It will have thick plywood shielding in the ceiling and walls, underneath the drywall finishes. It will contain a locked vault, or safe, for storage of pharmaceuticals. The medication room and its vault will meet the Drug Enforcement Administration's OTP-specific security requirements established in 21 CFR Section 1305.

A security guard will be on duty inside and outside the building during operating hours--to manage early-morning traffic, to promote public comfort, to discourage attempts at theft, and to prohibit loitering in or near the property, whether by existing patients or otherwise.

Facility Cost, Funding, Financial Feasibility

The project cost for CON purposes has been estimated at $961,168, of which $670,085 is the actual capital cost (the balance being the value of leased space). The applicant LLC, through its parent company BHG, has sufficient cash on hand to implement the project. The clinic currently has an established patient base and a positive cash flow and operating margin. These will continue at the new site.

Entities Surrounding the Site

The site was chosen because of (a) the building quality, (b) its distance from properties with uses that sometimes cause concern when an opioid treatment facility is proposed nearby, and (c) its location within the same general area of South Memphis, where it has quietly met patients' needs for almost a decade.

For example, there are no public schools or parks or residential subdivisions within two city blocks of the proposed project. The site is in an almost entirely commercial area, with a few apartment buildings and community churches, but nothing that could be called a "residential neighborhood" nearby. Almost all patient visits to the facility will occur in the early morning hours. The program does not adversely impact any neighborhood activities currently, and it will not have adverse impacts at the proposed location.

The following page lists businesses and other uses of properties within two blocks of the proposed site, in all directions.

ADC Recovery and Counseling Center
Proposed Site at 4539 Winchester Road, Memphis 38118
Land Uses Within Two blocks In All Directions

To the East

3599 Winchester vacant
4695 Winchester Brunner Printing
Car Wash
4795 Winchester Cubesmart Self Storage
Light Bulb Depot
4733 Oakville Masonic Lodge
4741 The Salvation Army Center for Worship
Townhouse Village Winchester
Dees Oil – gas station
Greater Height Church of God
Greater Adelaide Ministries
Cash on the double
U-Store Self Storage
Winchester 66 auto repair
Get away sportsbar
New Ching restaurant
Beverage Center
Lovely Nails
Cricket
EZ cash
Instant Tax
Reese's Bar B Que
Four Sister's Soul Food
Fast Check

To the West

Citgo Gas Station
Shell gas station
Coin Op Laundry
Direct Auto Insurance
Z Market
Laundry Mat
Wendy's
Church of Christ Memphis
Family Dollar
Sun Beauty Wigs
Stonehedge Apartments
Med Work Physiotherapy

To the South (All warehouses)

Terminix
NYK Logistics
Ryerson
Kent Landberg Paperland
US Cutter

To the North

Willow Creek Apartments
Church of Jesus Christ of Ladder day Saints
The Villas Apartments
Public Storage
Dog Wood Apartments

Operational Schedule

The project's first full operational year at the proposed new site will be January through December of CY2014. It will operate seven days a week, with only four holidays a year (Memorial Day; Independence Day; Thanksgiving; Christmas).

The clinic's operating hours will continue to be from 5:00 am to 2:00 pm Monday through Friday, and 5:30 am to 9:30 am on Saturday and Sunday. Counseling is provided Monday through Saturday.

The clinic's routine patient service hours (patient dosing) will continue to be 5:30 am to 11:30 am (late dosing until 12:00 noon) on Monday through Friday, and 6:00 am to 9:00 am on Saturday and Sunday.

Program staff, including the Medical Director, are on call 24/7 through the clinic's emergency call numbers, one of which is a cell phone.

Licensure, Certification, Accreditation

Like all of the BHG clinics in Tennessee, this Memphis facility is currently licensed by the Tennessee Department of Mental Health (DMH) as an "Alcohol and Drug Abuse--Non-Residential Opioid Treatment Facility." The licensure category will change to "Non-Residential Substitution-Based Treatment Center for Opiate Addiction", as the licensing agency re-licenses facilities using the term prescribed in a recent State statute.

The clinic will also continue to be Federally licensed by the Drug Enforcement Administration (DEA) under a "Registered Controlled Substance Certificate," which allows it to handle certain controlled substances. It operates under certification as an opioid treatment program from the Center for Substance Abuse Treatment (CSAT), a branch of the Substance Abuse and Mental Health Services Administration (SAMHSA) in the U.S. Department of Health and Human Services.

All of BHG's Tennessee clinics are accredited either by The Joint Commission or by CARF (a national nonprofit accreditation organization originally founded as the "Commission on Accreditation of Rehabilitation Facilities").

This particular facility is Joint Commission-accredited. The accreditation survey findings, resulting in a three-year accreditation, are provided in the Attachments.

Ownership and Management

The ADC Recovery and Counseling Center is wholly owned by VCPHCS I, LLC, a limited liability company. That LLC is wholly owned by VCPHS, LP, a limited partnership, all of whose interests are owned by BHG Holdings, LLC. Entities with 5% or greater membership interests in BHG Holdings, LLC are:

BHG Investments, LLC	84.00%
Andrew Love	7.02%
James Draudt	7.18%

Program Description

1. Staffing

A Program Director supervises all daily operations of the program. Medical supervision and medical care are provided by a Medical Director (assisted by a Nurse Practitioner if requested by the Medical Director), a Nurse Supervisor, Medication Nurses, and Medical Assistants/Phlebotomists as needed. Intake evaluations and counseling are provided by the Program Director and a Counselor Supervisor, with support from Administrative staff and Medical Assistants. The Counselor Supervisor supervises a staff of four clinical counselors. Administrative support persons, maintenance and security personnel provide administrative and facility support.

The staffing pattern will be unchanged at the new location (see section C.III.3 of this application). The applicant projects having an average of one counselor per approximately fifty to sixty patients (dependent on a counselor's mix of new versus stable patients), as reflected in the facility design and staffing pattern, i.e., four counselors, and a counselor supervisor (who in ADC's case also does counseling as well as supervision), for a program seeing 250 patients on average.

The frequency of counseling depends on individual needs, with more intensive counseling required in the early phases of the program (twice weekly during the first 30 days), and less frequent counseling as the patient moves through later phases. With an established program like this, ratios tend toward one counselor per sixty patients because longer-term patients require less frequent counseling. A new program would start off closer to one counselor per thirty patients.

The program's Medical Director, Richard G. Farmer, M.D., is licensed in Tennessee and holds current State controlled-substance registration and a Federal DEA certificate. He received his M.D. from the UT College of Medicine and completed residencies at the U.S. Naval Hospital in Oakland, CA and at UT Memphis. Dr. Farmer is a Diplomate of the American Board of Psychiatry and Neurology. He has held numerous faculty positions at the UT College of Medicine and is a member of the Board of the Memphis Mental Health Institute.

2. Program Overview

The objective of the program is to help patients stop using opioids and any other drugs that interfere with their lives, so they can resume normal lives in their homes, workplaces, and communities. This is accomplished through not only a medically managed program of substituting methadone for harmful opioids and encouraging managed withdrawal, but also by simultaneously requiring intensive counseling and support services to help patients change the lifestyles and personal relationships that led them to develop drug dependencies.

Admission to the program is tightly controlled through stringent medical and State and Federal admission criteria. Applicants must be at least 18 years of age. They must demonstrate opioid dependency through assessment screenings and lab work; and they must have been dependent for at least one year. The Tennessee Controlled Substance Monitoring Program Database is checked (at entry, and periodically as needed) to identify narcotic prescriptions that a patient may have had filled. The intake staff also checks adjoining States' prescription registries, and investigates the patients' use of other OTP's within driving range. Inquiries will be made with the patient's personal physician, if any. Admission to the program will be granted only after the Medical Director has met with the patient and is satisfied that the patient is eligible and committed to work toward recovery. In addition to serving its own program enrollees, the clinic also serves a significant number of "guest" patients who are traveling through Memphis and are enrolled in other OTP programs. They are served only after a very detailed screening and certification process coordinated with their "home" OTP program, to ensure their active status in a licensed program and the appropriateness of the care they seek at ADC Recovery and Counseling Center.

The first month of the program is an intensive orientation period to prepare the patient for successful integration into the program. A discharge planning process starts immediately upon intake to reinforce that the patient's goal is to eliminate all drug dependency, including dependence on methadone. The patient meets with the Medical Director and undergoes private counseling with his or her assigned counselor, at least weekly. A comprehensive drug and alcohol assessment is completed during this orientation month. An individualized treatment plan is developed to coordinate the

interdisciplinary requirements of the program. The patient's treatment plan is updated every three months in the first year of treatment, and every six months thereafter. New Patient Orientation group meetings and private individualized counseling twice weekly are required during this orientation month. Dosing and counseling are available at least six hours per day on weekdays, and at least three hours on Saturdays. On Sundays, dosing is available at least three hours and counseling may be provided to accommodate special needs of the patient's schedule.

From the outset of the program, patients receive daily oral doses of a "substitute" medication such as methadone, a synthetic, non-harmful opioid whose effects generally last 24-36 hours. Unlike the other opioids to which the patient is addicted, methadone does not create a "high" or impair mental or bodily function or deteriorate the body physically when properly administered. Methadone's only significant effect is the positive elimination of the cravings for other types of opioids. This medication replacement therapy, coupled with the prolonged support of counseling and social services, enables patients to resume normal lives. Between 60% and 70% of clinic patients are usually employed (most of the other patients are either disabled, retired, or are homemakers).

After the Medical Director has established an appropriate dosage plan, a clinic nurse administers the patient's methadone orally, each day. After a successful orientation month, compliant patients enter the longer-term maintenance program, which consists of nine phases with increasing responsibilities and increasing privileges for compliant participants. Progress through these phases depends on continuous time in treatment as well as on compliance with several standards of behavior, including maintaining "clean" drug screens; abstinence from alcohol; regularly attending the clinic as scheduled; keeping appointments at the clinic and referral agencies; conformity to the clinic's behavioral standards; stability of home and social relationships; and a demonstrated ability to safeguard take-home doses and to ingest them as prescribed by the Medical Director. The privileges earned in moving through the phases include gradual reduction in required counseling from four sessions a month to one per month, and additional take-home doses to reduce the burdens of daily commuting.

During all phases of the maintenance program, the clinic makes unscheduled "call-backs" for patients dosing at home to present at the clinic within 24 hours of notification, to have their medications counted (this assures that the medications are not being diverted for illicit sale or otherwise being administered inappropriately). In addition, both at intake and periodically during treatment, the clinic tests for alcohol consumption.

During all phases of the program, patients who fail to comply with program rules can be discharged or can be returned to earlier "phases" requiring increased attendance, clinic dosing, and more frequent drug screens and counseling--more intensive monitoring and therapy. Rules include: no diversion of the methadone take-home doses (i.e., no stockpiling, selling, or giving away); no attempts to defeat drug screens, no threats of violence; no use of substances of any kind (including alcohol) that are prohibited in the patient's treatment plan; no failures of attendance at required therapies and counseling; no missing of three consecutive clinic dosing appointments; screenings that document the presence of illicit drugs, or the absence of methadone metabolite; etc. A positive drug test result after the first six months of enrollment requires weekly counseling, immediate revocation of take-home privileges, participation in treatment team meetings, and more intensive levels of care.

Services *provided directly by the clinic* include but are not limited to: individual and group counseling, opioid substitution treatment, long-term opioid medically supervised withdrawal or "MSW" (to wean the patient from methadone), physical examinations, lab tests, urine drug screens, minor medical services and referrals, substance abuse assessments and evaluations, TB testing, vocational counseling, case management, and budgeting. The clinic provides on-site prescriber services of one hour per week for every 35 service recipients. A minimum of 12.5% of the required subscriber services is provided by a physician. Services *arranged by the clinic through subcontracting and referral* will include but will not be limited to the following: HIV testing, residential medical social work, residential A&D care, psychiatry, obstetrics services, comprehensive medical services, dental services, employment counseling and vocational placement, educational/GED assistance, family planning, STD testing, financial counseling, nutritional counseling, and special support programs for pregnant women and women with infants.

3. Results of the Program

A methadone maintenance treatment regimen (stable dose level, active participation in individual and group counseling therapy, establishment of a stable home life and gainful employment) enables a patient to eliminate the use of illicit and harmful opioid drugs--i.e, to be free of drugs *other* than methadone, which is a long-acting replacement medication. It is those *other* drugs that cause harm to the patient and to the patient's community--not methadone that is well-managed by a licensed treatment program.

The word "maintenance" signifies that medication replacement therapy is most often a long-term treatment regimen. Recovery is a lifelong commitment, and the opioid treatment program is a lifelong resource, if needed. Some patients committed to remaining "drug-free" of *other* drugs attend the program indefinitely; others re-enter treatment upon experiencing relapse, post-discharge. A partial analogy is Alcoholics Anonymous (AA) for alcoholism: a person addicted to alcohol never cures alcoholism but is able to avoid alcohol by faithful participation in the AA program. The percentage of ADC's patients who are "opiate positive" drops dramatically as continuous time in maintenance treatment increases.

A February 2002 IDU/HIV monograph entitled "Methadone Maintenance Treatment", funded by the U.S. Center for Disease Control, stated that "most" program enrollees who discontinue methadone maintenance relapse to use of other drugs, and that individuals "may need multiple episodes of treatment over time". That short monograph includes related facts of interest in support of methadone maintenance. It is in the "Miscellaneous" attachment at the end of this application. The monograph's estimate is consistent with others published over many years.

Certainly, many patients leave the treatment program without the need for replacement methadone therapy and remain free of illicit substance use, but it is difficult to track these patients' long-term success or track record. There is no national database on an individual's participation, anymore than AA maintains a national database.

ADC RECOVERY AND COUNSELING CENTER

BHG Hope • Respect • Caring

DENTON

Behavioral Health Group • 4570 Winchester Road • Memphis Tennessee

APPLICANTS WITH HOSPITAL PROJECTS (CONSTRUCTION COST IN EXCESS OF $5 MILLION) AND OTHER FACILITY PROJECTS (CONSTRUCTION COST IN EXCESS OF $2 MILLION) SHOULD COMPLETE THE SQUARE FOOTAGE AND COSTS PER SQUARE FOOTAGE CHART....

Not applicable.

PLEASE ALSO DISCUSS AND JUSTIFY THE COST PER SQUARE FOOT FOR THIS PROJECT.

The space to be leased is in good condition. Only light renovation and modernization will be required. The estimated $497,420 renovation cost is only $70 PSF, to create 7,106 SF of clinic space.

IF THE PROJECT INVOLVES NONE OF THE ABOVE, DESCRIBE THE DEVELOPMENT OF THE PROPOSAL.

Not applicable.

B.II.B. IDENTIFY THE NUMBER AND TYPE OF BEDS INCREASED, DECREASED, CONVERTED, RELOCATED, DESIGNATED, AND/OR REDISTRIBUTED BY THIS APPLICATION. DESCRIBE THE REASONS FOR CHANGE IN BED ALLOCATIONS AND DESCRIBE THE IMPACT THE BED CHANGE WILL HAVE ON EXISTING SERVICES.

Not applicable.

B.II.C. AS THE APPLICANT, DESCRIBE YOUR NEED TO PROVIDE THE FOLLOWING HEALTH CARE SERVICES (IF APPLICABLE TO THIS APPLICATION):

1. **ADULT PSYCHIATRIC SERVICES**
2. **ALCOHOL AND DRUG TREATMENT ADOLESCENTS >28 DAYS**
3. **BIRTHING CENTER**
4. **BURN UNITS**
5. **CARDIAC CATHETERIZATION SERVICES**
6. **CHILD AND ADOLESCENT PSYCHIATRIC SERVICES**
7. **EXTRACORPOREAL LITHOTRIPSY**
8. **HOME HEALTH SERVICES**
9. **HOSPICE SERVICES**
10. **RESIDENTIAL HOSPICE**
11. **ICF/MR SERVICES**
12. **LONG TERM CARE SERVICES**
13. **MAGNETIC RESONANCE IMAGING (MRI)**
14. **MENTAL HEALTH RESIDENTIAL TREATMENT**
15. **NEONATAL INTENSIVE CARE UNIT**
16. **NON-RESIDENTIAL METHADONE TREATMENT CENTERS**
17. **OPEN HEART SURGERY**
18. **POSITIVE EMISSION TOMOGRAPHY**
19. **RADIATION THERAPY/LINEAR ACCELERATOR**
20. **REHABILITATION SERVICES**
21. **SWING BEDS**

Not applicable. The application proposes only to move an existing licensed and accredited facility within the same sector of Memphis, within the same zip code. It does not propose to expand services. The applicant's organization is the only provider of these services in Memphis; there are no competitive issues.

B.II.D. DESCRIBE THE NEED TO CHANGE LOCATION OR REPLACE AN EXISTING FACILITY.

The need for the proposed relocation can be simply stated. The applicant has occupied its current location for almost a decade. It is not as easy to find as it should be. The parking is inadequate; the building is aging and is not optimally maintained. The applicant's patients deserve a more accessible location with a good quality facility and ease of parking. The proposed location is appropriate to this kind of service.

B.II.E. DESCRIBE THE ACQUISITION OF ANY ITEM OF MAJOR MEDICAL EQUIPMENT (AS DEFINED BY THE AGENCY RULES AND THE STATUTE) WHICH EXCEEDS A COST OF $1.5 MILLION; AND/OR IS A MAGNETIC RESONANCE IMAGING SCANNER (MRI), POSITRON EMISSION TOMOGRAPHY (PET) SCANNER, EXTRACORPOREAL LITHOTRIPTER AND/OR LINEAR ACCELERATOR BY RESPONDING TO THE FOLLOWING:

1. For fixed site major medical equipment (not replacing existing equipment):

- **a. Describe the new equipment, including:**
  - **1. Total Cost (As defined by Agency Rule);**
  - **2. Expected Useful Life;**
  - **3. List of clinical applications to be provided; and**
  - **4. Documentation of FDA approval.**
- **b. Provide current and proposed schedule of operations.**

2. For mobile major medical equipment:

- **a. List all sites that will be served;**
- **b. Provide current and/or proposed schedule of operations;**
- **c. Provide the lease or contract cost;**
- **d. Provide the fair market value of the equipment; and**
- **e. List the owner for the equipment.**

3. Indicate applicant's legal interest in equipment (e.g., purchase, lease, etc.) In the case of equipment purchase, include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

Not applicable; no major medical equipment is proposed.

B.III.A. ATTACH A COPY OF THE PLOT PLAN OF THE SITE ON AN 8-1/2" X 11" SHEET OF WHITE PAPER WHICH MUST INCLUDE:

1. **SIZE OF SITE (IN ACRES);**
2. **LOCATION OF STRUCTURE ON THE SITE;**
3. **LOCATION OF THE PROPOSED CONSTRUCTION; AND**
4. **NAMES OF STREETS, ROADS OR HIGHWAYS THAT CROSS OR BORDER THE SITE.**

PLEASE NOTE THAT THE DRAWINGS DO NOT NEED TO BE DRAWN TO SCALE. PLOT PLANS ARE REQUIRED FOR ALL PROJECTS.

See Attachment B.III.A.

B.III.B.1. DESCRIBE THE RELATIONSHIP OF THE SITE TO PUBLIC TRANSPORTATION ROUTES, IF ANY, AND TO ANY HIGHWAY OR MAJOR ROAD DEVELOPMENTS IN THE AREA. DESCRIBE THE ACCESSIBILITY OF THE PROPOSED SITE TO PATIENTS/CLIENTS.

The project is located at 4539 Winchester Road, Building B, Suite 1, Memphis, Tennessee 38118. The site is in the Commercial Park Service Center, an established office park. It is approximately 2.1 miles driving distance from its current location near Delta Medical Center. Table One below shows drive times and distances between this clinic and the other two clinics of this type in Memphis (all three are operated by BHG). The new site will have municipal bus service within several blocks' walking distance. The site is less than 4 miles and ten minutes' drive of the Memphis interstate network via I-240. Existing and future patients can easily find the site.

Table One: Distances and Drive Times Between BHG Memphis Facilities At Proposed Locations

	Raleigh Professional Associates (RPA) 2165 Spicer Cove	Memphis Center for Rehab'n & Treatment 1734 Madison Ave	ADC Recovery and Counseling Center 4539 Winchester Rd
Raleigh Professional Associates (RPA) 2165 Spicer Cove	--	13.6 miles / 19 min.	12.4 mi. / 18 min.
Memphis Center for Rehab'n & Treatment 1734 Madison Ave	13.6 miles / 19 min.	--	8.7 miles / 20 min.
ADC Recovery and Counseling Center 4539 Winchester Rd	12.4 mi. / 18 min	8.7 miles / 20 min.	--

Source: Google Maps, 5-1-13

B.IV. ATTACH A FLOOR PLAN DRAWING FOR THE FACILITY WHICH INCLUDES PATIENT CARE ROOMS (NOTING PRIVATE OR SEMI-PRIVATE), ANCILLARY AREAS, EQUIPMENT AREAS, ETC.

See attachment B.IV.

IV. FOR A HOME CARE ORGANIZATION, IDENTIFY....

Not applicable. The application is not for a home care organization.

C(I) NEED

C(I).1. DESCRIBE THE RELATIONSHIP OF THIS PROPOSAL TO THE IMPLEMENTATION OF THE STATE HEALTH PLAN AND TENNESSEE'S HEALTH: GUIDELINES FOR GROWTH.

A. PLEASE PROVIDE A RESPONSE TO EACH CRITERION AND STANDARD IN CON CATEGORIES THAT ARE APPLICABLE TO THE PROPOSED PROJECT. DO NOT PROVIDE RESPONSES TO GENERAL CRITERIA AND STANDARDS (PAGES 6-9) HERE.

B. APPLICATIONS THAT INCLUDE A CHANGE OF SITE FOR A HEALTH CARE INSTITUTION, PROVIDE A RESPONSE TO GENERAL CRITERION AND STANDARDS (4)(a-c).

General Criteria for Change of Site

(4) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, the Agency may consider, in addition to the foregoing factors, the following factors:

(a) *Need.* The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change the proposed site.

There is a practical need to move the facility. The current location has insufficient parking, a building that is not optimally maintained, and a clinic space that cannot increase if the program's enrollment ever increases.

The proposed new site is approximately 2.1 miles from the current site, within the same South Memphis community and zip code (38104), and is accessible from the same I-240 exit that currently is used by many ADC patients. Existing and new patients can locate and use the proposed new site just as easily as they can access the current site.

(b) *Economic Factors.* The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.

The proposed relocation has no impact on the cost of care for patients enrolled in this program.

(c) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.

The applicant can complete renovation and preparation of the proposed location, while operating the program at its current location. The program will be relocated over a weekend. There will not be disruptive delays in any type of service, either counseling, dosing or testing.

Project-Specific Review Criteria: Non-Residential Methadone Treatment Facilities

Note: These Guidelines requiring the applicant's response are very old Guidelines that pre-date the TDH Commissioner's 2002 Report to the General Assembly on methadone programs. That Report drew on all available expert literature and concerned State agencies and healthcare professionals, and concluded that these Guidelines were obsolete and in need of updating.

Since that time, the Tennessee Department of Mental Health and Substance Abuse Services has assumed responsibility for licensing and strict oversight of methadone programs in Tennessee, through its Methadone Authority office. The General Assembly has recently passed updated legislation addressing these programs, and the Department has recently promulgated detailed, updated rules and regulations that tightly control the quality of the programs. The applicant is owned by a company that is Tennessee's largest provider of OTP services through nine clinics across the State. All are accredited and all comply with Tennessee's high licensing standards.

A non-residential narcotic treatment facility should provide adequate medical, counseling, vocational, educational, mental health assessment, and social services to patients enrolled in the opioid treatment program with the goal of the individual becoming free of opioid dependency.

Complies. The project follows strict rules of the Department of Mental Health and Substance Abuse Services in all the above categories of its operation. As required by State rules, the clinic is medically supervised by a Board-certified physician Medical Director who has prolonged experience and expertise in opioid dependency. The program provides continuous and intensive counseling, support services, and mental

health assessments aimed at helping the patient become free of opioid dependency as soon as possible, and to manage life successfully on methadone maintenance, until that time. This includes educational services delivered through the counseling staff and referral to vocational services. The accreditation team found that this program provides good service to its patients.

Need

The need for non-residential narcotic treatment facilities should be based on information prepared by the applicant for CON, which acknowledges the importance of considering demand for services along with need, and addressing and analyzing service problems as well.

Complies. This is an existing program depended on by approximately 250 patients per day. It needs to relocate in order to provide an improved physical environment for its patients.

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

Not applicable. This is a change of site application that does not involve the initiation of a reviewable program or any significant change in the existing program or its enrollment. However, the applicant has provided its historic and projected utilization and data in another section of the application.

The assessment should consider that the users of opiate drugs are the clients at non-residential narcotic treatment facilities, and because of the illegal nature of opiate drug use, data will be based on estimates, actual counts, arrests for drug use, and hospital admittance for drug use.

Not applicable because an area needs assessment is not required for a CON to change sites. In addition, narcotic arrest data is not sufficiently opioid-specific to be of use in an assessment. Data on hospital admissions for drug use not available to an applicant who is not a hospital participating in the THA database project. However, such programs are not designed for long-term outpatient behavioral modification and support through counseling as well as through substitution medication.

The assessment should also include:
1. A description of the geographic area to be served by the program;
2. Population of the area to be served;
3. The estimated number of persons, in the described area, addicted to heroin or other opioid drugs and an explanation of the basis of the estimate;
4. The estimated number of persons, in the described area, addicted to heroin or other opioid drugs presently under treatment in methadone and other treatment programs;
5. Projected rate of intake and factors controlling intake;
6. Compare estimated need to existing capacity.

Not applicable. There is no needs assessment required for a relocation of an existing provider. However, the applicant has provided service area and population data in other parts of this application.

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

Not applicable to a change in site application for an OTP facility. It should also be noted that a CON review cannot identify or verify the ability of alternative OTP providers to provide such expansions without large changes in overhead.

Service Area

The geographic service area should be reasonable and based on an optimal balance between population density and service proximity.

Complies. The applicant's proposed service area was defined by recent historical utilization of the applicant's own program.

The relationship of the socio-demographics of the service area and the projected population to receive services should be considered. The proposal's sensitivity to and the responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, and low-income groups.

Complies. Opioid dependency occurs in every adult age group and socio-economic level of our population. There is no particular age group between 20 and 64 that merits special consideration. Older persons rarely enter this program because their opioid dependencies usually have caused their deaths before age 65; dependent persons

typically have 30-40% shorter life expectancies than their peers. For example, in this Memphis program, only approximately 2.4% of patients are 60 years of age or older.

The Memphis BHG programs are open to all of the above-named "special needs" groups. Gender, race, ethnicity, and income are not considered in admission decisions. In a study of the increasing national abuse of pain relief medications from 1994 through 2008, the U.S. Substance Abuse and Mental Health Services Administration stated that *"Increases in percentages of admissions [to hospital ER's] reporting pain reliever abuse cut across age, gender, race/ethnicity, education, employment, and region."* (TEDS Report, July 15, 2010). Admission to this clinic's program is based solely on clinical criteria and the prospective patient's commitment to comply with the requirements of the treatment program (drug testing, counseling, daily purchase and ingestion of prescribed medication, absence of prohibited substances in the blood, consent to coordinate care, etc.).

It should be noted that to be eligible to enter opioid treatment programs, all persons must be found to be opioid-dependent for more than a year. This means that the vast majority of opioid-dependent persons have been actively purchasing illicit drugs (that are four to six times more expensive) on the street. Switching to structured replacement therapy with methadone or burprenorphine reduces their expenses (unless the commute to the clinic imposes such steep transportation expenses that then offset those savings). Thus, having a private-pay program is not a barrier to care; and it is the norm in Tennessee programs. Users tend to have sufficient incomes to afford this program. That seems to be why Tennessee State Government declines to help TennCare-eligible adults over 20 years of age pay for methadone maintenance in a State-approved program, although it licenses and strictly regulates those programs.

Relationship to Existing Applicable Plans

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

Complies. The projection is consistent with current and historical utilization trends of the facility that seeks to relocate. All facility revenue is private pay. The project funding will come from the applicant LLC. The structure of the program is detailed in the Program Summary.

The persons responsible on a daily basis for the program's operation will be the Program Director. BHG's Regional Director and a Director of Quality Compliance and Assurance will continually monitor the facility and Director and assist as needed.

The proposal's relationship to policy as formulated in local and national plans, including need methodologies, should be considered.

Complies. The applicant does not know of a formal "need methodology" either locally or nationally. In Tennessee, however, the 2002 Commissioner's Report has been the de facto State policy guide regarding the need for OTP's, and it calls for Statewide distribution of licensed OTP's at convenient locations within an hour's drive time of patients. Federal agencies consistently endorse regulated opioid treatment programs as the most effective means of dealing with the major national problem with opioid dependency.

This project simply allows an existing, accredited, licensed program to continue in operation at a different, but nearby, location.

The proposal's relationship to underserved geographic areas and underserved population groups, as identified in local plans and other documents, should be a significant consideration.

Not applicable. The change of site is not subject to review as to need.

The impact of the proposal on similar services supported by State appropriations should be assessed and considered.

Complies. There are no similar facilities in the Memphis area that are supported by State appropriation. No Tennessee OTP programs will be adversely impacted by this proposed change of site of an existing OTP facility.

The applicant has no means of identifying project impact on the treatment of opioid dependents who are admitted to residential programs in hospitals or other facilities who might be covered by TennCare or Medicare. However, these inpatient programs are much more expensive than licensed nonresidential OTP's operated by this applicant.

The degree of projected financial participation in the Medicare and TennCare programs should be considered.

The applicant will not contract with Medicare or TennCare because so few patients aged 65+, and so few eligible TennCare enrollees 18-20 years of age (18 is the minimum age for the clinic and 20 is the maximum age for TennCare) seek enrollment for treatment. However, both groups will be served on a private pay basis and TennCare patients aged 18-20 are eligible to claim reimbursement from their MCO's. See Section A.13 for a more complete discussion.

The Framework for Tennessee's Comprehensive State Health Plan

Five Principles for Achieving Better Health

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan. After each principle, the applicant states how this CON application supports the principle, if applicable.

1. Healthy Lives

The purpose of the State Health Plan is to improve the health of Tennesseans.
Every person's health is the result of the interaction of individual behaviors, society, the environment, economic factors, and our genetic endowment. The State Health Plan serves to facilitate the collaboration of organizations and their ideas to help address health at these many levels.

The programs improve the health of patients who are opioid-dependent. Without such a program, their bodies would deteriorate steadily and their lives would be shortened significantly. The programs enable compliant patients to resume normal and productive lives in their communities.

2. Access to Care

Every citizen should have reasonable access to health care.
Many elements impact one's access to health care, including existing health status, employment, income, geography, and culture. The State Health Plan can provide standards for reasonable access, offer policy direction to improve access, and serve a coordinating role to expand health care access.

The applicant is proposing to change locations to give its patients a better building in which to receive care, and to improve its accessibility. This patient population comes to this facility many times a month (usually daily) and needs efficient access to services.

3. Economic Efficiencies

The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system. **The State Health Plan should work to identify opportunities to improve the efficiency of the state's health care system and to encourage innovation and competition.**

The proposed change of location will allow the applicant to offer its program in an improved physical setting, with better parking and a more professional appearance.

4. Quality of Care

Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers. **Health care providers are held to certain professional standards by the state's licensure system. Many health care stakeholders are working to improve their quality of care through adoption of best practices and data-driven evaluation.**

This program is carefully regulated by the Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS). The Department's operational regulations for this type of clinic are 44 pages in length. They are designed to ensure high staff competencies and to ensure that all staff follow best practices. The applicant's parent organization, BHG, also requires continuous staff training in all aspects of this type of patient care.

5. Health Care Workforce

The state should support the development, recruitment, and retention of a sufficient and quality health care workforce. **The state should consider developing a comprehensive approach to ensure the existence of a sufficient, qualified health care workforce, taking into account issues regarding the number of providers at all levels and in all specialty and focus areas, the number of professionals in teaching positions, the capacity of medical, nursing, allied health and other educational institutions, state and federal laws and regulations impacting capacity programs, and funding.**

This facility is not involved with local health professional training programs on-site; but the facility's staff members are required by BHG to continuously educate and train themselves in best practices in this type of care.

C(I).2. DESCRIBE THE RELATIONSHIP OF THIS PROJECT TO THE APPLICANT'S LONG-RANGE DEVELOPMENT PLANS, IF ANY.

The applicant is not a hospital that prepares long-range development plans.

C(I).3. IDENTIFY THE PROPOSED SERVICE AREA AND JUSTIFY THE REASONABLENESS OF THAT PROPOSED AREA. SUBMIT A COUNTY-LEVEL MAP INCLUDING THE STATE OF TENNESSEE CLEARLY MARKED TO REFLECT THE SERVICE AREA. PLEASE SUBMIT THE MAP ON A 8-1/2" X 11" SHEET OF WHITE PAPER MARKED ONLY WITH INK DETECTABLE BY A STANDARD PHOTOCOPIER (I.E., NO HIGHLIGHTERS, PENCILS, ETC.).

The applicant's total service area consists of several counties around Memphis, located in Tennessee, Mississippi, and Arkansas. Approximately 49% of the applicant's patients reside in Tennessee. Shelby County is this facility's primary service area, because Shelby County residents comprise approximately 93% of the clinic's Tennessee patients, and approximately 46% of its total patients. Approximately 47% of the clinic's total patients reside in Mississippi, where the majority of them (64% of Mississippi patients) reside in DeSoto County.

Table Two, following this page, provides patient origin data by county. A service area map and a map showing the location of the service within the State of Tennessee are provided as Attachments C, Need--3 at the back of the application.

Table Two: ADC Recovery and Counseling Center
Patient Origin
2013

County	Patients	Percent of TN Total	Cumulative Percent of TN Total	Percent of Grand Total	Cumulative Percent of Grand Total
Shelby	**114**	**92.7%**	**92.7%**	**45.6%**	**45.6%**
6 Other TN Counties	9	7.3%	100.0%	3.6%	49.2%
Subtotal, 7 TN Counties	*123*	*100.0%*		*49.2%*	
Mississippi (7 counties)	118			47.2%	96.4%
Arkansas (2 counties)	9			3.6%	100.0%
Subtotal, Non-TN Residents	*127*			*50.8%*	
Grand Total	*250*			*100.0%*	

Source: BHG Management

C(I).4.A DESCRIBE THE DEMOGRAPHICS OF THE POPULATION TO BE SERVED BY THIS PROPOSAL.

This facility primarily serves the adult population, 18+ years of age. Shelby County is its primary service area. See Table Three on the following page for demographic trends in the Shelby County population, compared to the statewide population.

The table shows that in Shelby County and the State of Tennessee, the population ages 18+ will increase 3.0% and 3.4%, respectively, between 2013 and 2017. This adult age cohort now constitutes approximately 73.2% of the total population of Shelby County, and its percentage will increase slightly to 73.3% between now and 2017. Tennessee residents aged 18+ now comprise 77.3% of the statewide population, and this will remain constant through 2017.

Shelby County has higher poverty rates than the State--20.1% compared to 16.9%. A larger percent of the Shelby County 18+ population is in TennCare--9.5% compared to 8.1% Statewide.

Table Three: Demographic Characteristics of Primary Service Area Of ADC Recovery and Counseling Center 2013-2017

Demographic	Shelby County	PRIMARY SERVICE AREA	STATE OF TENNESSEE
Median Age-2010 US Census	34.6	34.6	37.8
Total Population- 2013	956,126	956,126	6,361,070
Total Population-2017	983,298	983,298	6,575,165
Total Population-% Change 2013 to 2017	2.8%	2.8%	3.4%
Age 18+ Population-2013	699,416	699,416	4,915,393
% of Total Population	73.2%	73.2%	77.3%
Age 18+ Population-2017	720,498	720,498	5,083,466
% of Total Population	73.3%	73.3%	77.3%
Age 18+ Population-% Change 2013-2017	3.0%	3.0%	3.4%
Median Household Income	$46,102	$46,102	$43,989
TennCare Enrollees >18 (12/12)	91,096	91,096	514,384
Percent of 2013 Population >18, Enrolled in TennCare	9.5%	9.5%	8.1%
Persons 18+ Below Poverty Level (2012)	140,583	140,583	830,701
Persons Below Poverty Level As % of Population	20.1%	20.1%	16.9%

Sources: TDH Population Projections, Feb. 2008; U.S. Census QuickFacts and FactFinder2; TennCare Bureau. PSA data is unweighted average or total of county data.
NR means not reported in U.S. Census source document.

C(I).4.B. DESCRIBE THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION, INCLUDING HEALTH DISPARITIES, THE ACCESSIBILITY TO CONSUMERS, PARTICULARLY THE ELDERLY, WOMEN, RACIAL AND ETHNIC MINORITIES, AND LOW-INCOME GROUPS. DOCUMENT HOW THE BUSINESS PLANS OF THE FACILITY WILL TAKE INTO CONSIDERATION THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION.

Opioid addiction is found in all ages and socioeconomic and ethnic groups. The services of this facility are, and will continue to be, provided to all members of the above groups who qualify medically and who accept the disciplines of the program.

Financial accessibility is broadly assured, and better than other alternatives, because the monthly costs of obtaining substitution medications in a structured program like this are significantly lower than the same patients had been paying in cash for access to illicitly sold pharmaceuticals "on the street".

C(I).5. DESCRIBE THE EXISTING OR CERTIFIED SERVICES, INCLUDING APPROVED BUT UNIMPLEMENTED CON'S, OF SIMILAR INSTITUTIONS IN THE SERVICE AREA. INCLUDE UTILIZATION AND/OR OCCUPANCY TRENDS FOR EACH OF THE MOST RECENT THREE YEARS OF DATA AVAILABLE FOR THIS TYPE OF PROJECT. BE CERTAIN TO LIST EACH INSTITUTION AND ITS UTILIZATION AND/OR OCCUPANCY INDIVIDUALLY. INPATIENT BED PROJECTS MUST INCLUDE THE FOLLOWING DATA: ADMISSIONS OR DISCHARGES, PATIENT DAYS, AND OCCUPANCY. OTHER PROJECTS SHOULD USE THE MOST APPROPRIATE MEASURES, E.G., CASES, PROCEDURES, VISITS, ADMISSIONS, ETC.

The applicant's program has been serving Memphis area patients for a decade. Its primary Tennessee service area is Shelby County. There are three OTP clinics in Shelby County, serving a number of counties in West Tennessee and adjoining counties in Mississippi and Arkansas. All three are BHG-owned clinics: Memphis Center for Research and Addiction Treatment (MCRAT), ADC Recovery and Counseling Center (ADC), and Raleigh Professional Associates (RPA). These three are geographically distributed over the Memphis area in a triangular configuration, with MCRAT being downtown, ADC located to the southeast, and RPA located to the northeast.

Table Four: Distances and Drive Times (Same as Table One) Between BHG Memphis Facilities at Proposed Locations

	Raleigh Professional Associates 2165 Spicer Cove	Memphis Center for Rehab'n & Treatment 1734 Madison Ave	ADC Recovery and Counseling Center 4539 Winchester Rd
Raleigh Professional Associates 2165 Spicer Cove	--	13.6 miles / 19 min.	12.4 mi. / 18 min.
Memphis Center for Rehab'n & Treatment 1734 Madison Ave	13.6 miles / 19 min.	--	8.7 miles / 20 min.
ADC Recovery and Counseling Center 4539 Winchester Rd	12.4 mi. / 18 min	8.7 miles / 20 min.	--

Source: Google Maps, 5-1-13

There are no other State-licensed OTP programs in West Tennessee closer than Dyer and Madison Counties, approximately 75 and 78 miles, respectively, north and east of Memphis.

Table Five: Utilization of OTP Providers in Primary Service Area 2010-2012			
Utilization/Facility	**Center for Research and Addiction Treatment**	**ADC Recovery and Counseling**	**Raleigh Professional Associates**
2010 Patients (Avg D. Census)	395	253	234
2011 Patients (Avg D. Census)	348	231	249
2012 Patients (Avg D.Census)	353	249	272
2010 Visits/Encounters	144,218	92,480	85,487
2011 Visits/Encounters	127,229	84,404	90,968
2012 Visits/Encounters	128,963	91,337	97,149

Source: BHG Records

Programs in Adjoining States

The applicant believes that the closest such licensed facilities of this type in these two states are in Jackson, Mississippi, 211 miles south of Memphis; in Little Rock, Arkansas, 140 miles west of Memphis; and in Paducah, Kentucky, 200 miles north of Memphis.

C(I).6. PROVIDE APPLICABLE UTILIZATION AND/OR OCCUPANCY STATISTICS FOR YOUR INSTITUTION FOR EACH OF THE PAST THREE (3) YEARS AND THE PROJECTED ANNUAL UTILIZATION FOR EACH OF THE TWO (2) YEARS FOLLOWING COMPLETION OF THE PROJECT. ADDITIONALLY, PROVIDE THE DETAILS REGARDING THE METHODOLOGY USED TO PROJECT UTILIZATION. THE METHODOLOGY MUST INCLUDE DETAILED CALCULATIONS OR DOCUMENTATION FROM REFERRAL SOURCES, AND IDENTIFICATION OF ALL ASSUMPTIONS.

The applicant's historic and projected utilization are provided in Tables Six-A and Six-B below. The applicant has projected 2013 by annualizing the first four months of CY2013.

Table Six-A: ADC Recovery and Counseling Center Historical Utilization CY2010-CY2012

	2010	2011	2012
Average Daily Census for the Year	253	231	249
Encounters (Doses) During the Year	92,480	84,404	91,337

Table Six-B: ADC Recovery and Counseling Center Projected Utilization CY2013-CY2015

	Annualized 2013	Yr 1-CY2014	Yr 2-CY2015
Average Daily Census for the Year	242	250	250
Encounters (Doses) During the Year	87,120	91,332	91,332

C(II)1. PROVIDE THE COST OF THE PROJECT BY COMPLETING THE PROJECT COSTS CHART ON THE FOLLOWING PAGE. JUSTIFY THE COST OF THE PROJECT.

• ALL PROJECTS SHOULD HAVE A PROJECT COST OF AT LEAST $3,000 ON LINE F (MINIMUM CON FILING FEE). CON FILING FEE SHOULD BE CALCULATED ON LINE D.

• THE COST OF ANY LEASE (BUILDING, LAND, AND/OR EQUIPMENT) SHOULD BE BASED ON FAIR MARKET VALUE OR THE TOTAL AMOUNT OF THE LEASE PAYMENTS OVER THE INITIAL TERM OF THE LEASE, WHICHEVER IS GREATER. NOTE: THIS APPLIES TO ALL EQUIPMENT LEASES INCLUDING BY PROCEDURE OR "PER CLICK" ARRANGEMENTS. THE METHODOLOGY USED TO DETERMINE THE TOTAL LEASE COST FOR A "PER CLICK" ARRANGEMENT MUST INCLUDE, AT A MINIMUM, THE PROJECTED PROCEDURES, THE "PER CLICK" RATE AND THE TERM OF THE LEASE.

• THE COST FOR FIXED AND MOVEABLE EQUIPMENT INCLUDES, BUT IS NOT NECESSARILY LIMITED TO, MAINTENANCE AGREEMENTS COVERING THE EXPECTED USEFUL LIFE OF THE EQUIPMENT; FEDERAL, STATE, AND LOCAL TAXES AND OTHER GOVERNMENT ASSESSMENTS; AND INSTALLATION CHARGES, EXCLUDING CAPITAL EXPENDITURES FOR PHYSICAL PLANT RENOVATION OR IN-WALL SHIELDING, WHICH SHOULD BE INCLUDED UNDER CONSTRUCTION COSTS OR INCORPORATED IN A FACILITY LEASE.

• FOR PROJECTS THAT INCLUDE NEW CONSTRUCTION, MODIFICATION, AND/OR RENOVATION; DOCUMENTATION MUST BE PROVIDED FROM A CONTRACTOR AND/OR ARCHITECT THAT SUPPORT THE ESTIMATED CONSTRUCTION COSTS.

The architect's letter supporting the construction cost estimate is provided in Attachment C, Economic Feasibility--1. On the Project Costs Chart, following this response:

Line A.1, A&E fees, were estimated by BHG management.

Line A.2, legal, administrative, and consultant fees, include a contingency for expenses of dealing with potential opposition in hearings, as well as for legal costs of leasing the project site.

Line A.5, construction cost, was estimated by BHG development staff, based on preliminary drawings, inspection of the building site, and current experience with similar projects.

Line A.6, contingency, was estimated at 5% of construction costs in line A.5.

Lines A.8 provides for a small amount of new equipment and furnishings for the expanded space.

Line A.9 includes such costs as information systems and telecommunications installations.

Line B1 is the fair market value of the leased space, the higher of the two calculations required by HSDA staff. Please see the spreadsheet calculations attached after the Project Cost Chart.

PROJECT COSTS CHART -- ADC RECOVERY & COUNSELING CENTER

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A. Construction and equipment acquired by purchase:

1.	Architectural and Engineering Fees	8% of A5	$ 39,794
2.	Legal, Administrative, Consultant Fees (Excl CON Filing)		60,000
3.	Acquisition of Site		0
4.	Preparation of Site		0
5.	Construction Cost	7,106 SF @ $70 PSF	497,420
6.	Contingency Fund	5%	24,871
7.	Fixed Equipment (Not included in Construction Contract)		0
8.	Moveable Equipment (List all equipment over $50,000)		30,000
9.	Other (Specify)	IT, telecommunications	15,000

B. Acquisition by gift, donation, or lease:

1.	Facility (inclusive of building and land)	lease cost	291,083
2.	Building only		0
3.	Land only		0
4.	Equipment (Specify)		0
5.	Other (Specify)		0

C. Financing Costs and Fees:

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

D. Estimated Project Cost (A+B+C) 958,168

E. CON Filing Fee Minimum Fee 3,000

F. Total Estimated Project Cost (D+E) **TOTAL $** 961,168

Actual Capital Cost 670,085
Section B FMV 291,083

ADC Lease Outlay Calculation (125 mo.; 6 mos. Free)			
Lease Year	Mo. Of Rent	Rent/Month	Outlay
1.0	6.00	$1,750.00	$10,500.00
2.0	12.00	$1,895.83	$22,749.96
3.0	12.00	$2,041.67	$24,500.04
4.0	12.00	$2,187.50	$26,250.00
5.0	12.00	$2,333.33	$27,999.96
6.0	12.00	$2,479.17	$29,750.04
7.0	12.00	$2,625.00	$31,500.00
8.0	12.00	$2,770.83	$33,249.96
9.0	12.00	$2,916.67	$35,000.04
10.0	12.00	$2,916.67	$35,000.04
11.00	5.00	$2,916.67	$14,583.35
		Total	**$291,083.39**

Lease Yr = Mar-Feb; starts Mar 1, 2013

ADC FMV Calculation		
Leasehold SF		7,106.00
Building SF		39,200.00
% Leased		18.1%
Bldg FMV		$980,000.00
Leasehold FMV		**$177,650.00**

Rent Paid OPERATIONAL Yrs 1-2*					
Operat'l Year	Jan-Feb Rate	2 Mos. Rent	Mar-Dec Rate	10 mos. Rent	Annual Rent
Yr 1-2014	$1,750.00	$3,500.00	$1,895.83	$18,958.30	$22,458.30
Yr 2-2015	$1,895.83	$3,791.66	$2,041.67	$20,416.70	$24,208.36

*Jan-Feb is at one rate & Mar-Dec is at next lease year's higher rate.

C(II).2. IDENTIFY THE FUNDING SOURCES FOR THIS PROJECT.

a. PLEASE CHECK THE APPLICABLE ITEM(S) BELOW AND BRIEFLY SUMMARIZE HOW THE PROJECT WILL BE FINANCED. (DOCUMENTATION FOR THE TYPE OF FUNDING MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND IDENTIFIED AS ATTACHMENT C, ECONOMIC FEASIBILITY--2).

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

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

_____C. General Obligation Bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting;

_____D. Grants--Notification of Intent form for grant application or notice of grant award;

___x__E. Cash Reserves--Appropriate documentation from Chief Financial Officer; or

_____F. Other--Identify and document funding from all sources.

Attachment C, Economic Feasibility--2, contains a financing commitment letter from senior management of BHG, the applicant's parent, and documentation that there are sufficient resources to fund the project.

C(II).3. DISCUSS AND DOCUMENT THE REASONABLENESS OF THE PROPOSED PROJECT COSTS. IF APPLICABLE, COMPARE THE COST PER SQUARE FOOT OF CONSTRUCTION TO SIMILAR PROJECTS RECENTLY APPROVED BY THE HSDA.

The space to be leased is in good condition. The estimated $497,420 renovation cost is $70 PSF, to create 7,106 SF of clinic space.

There are no meaningful "comparables" in projects involving office space or commercial-grade renovation. Costs vary greatly depending on the condition of the office space being acquired. The CON approved in 2011 to relocate the Memphis Center for Rehabilitation and Treatment projected only $14.29 PSF for its renovation. The approved new OTP facility in Columbia (CN0905-020), projected a renovation cost of $35.45 PSF construction cost.

C(II).4. COMPLETE HISTORICAL AND PROJECTED DATA CHARTS ON THE FOLLOWING TWO PAGES--DO NOT MODIFY THE CHARTS PROVIDED OR SUBMIT CHART SUBSTITUTIONS. HISTORICAL DATA CHART REPRESENTS REVENUE AND EXPENSE INFORMATION FOR THE LAST THREE (3) YEARS FOR WHICH COMPLETE DATA IS AVAILABLE FOR THE INSTITUTION. PROJECTED DATA CHART REQUESTS INFORMATION FOR THE TWO YEARS FOLLOWING COMPLETION OF THIS PROPOSAL. PROJECTED DATA CHART SHOULD INCLUDE REVENUE AND EXPENSE PROJECTIONS FOR THE PROPOSAL ONLY (I.E., IF THE APPLICATION IS FOR ADDITIONAL BEDS, INCLUDE ANTICIPATED REVENUE FROM THE PROPOSED BEDS ONLY, NOT FROM ALL BEDS IN THE FACILITY).

See the following pages for these charts, with notes where applicable.

HISTORICAL DATA CHART -- ADC RECOVERY & COUNSELING CENTER

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Give information for the last three (3) years for which complete data are available for the facility or agency.
The fiscal year begins in January.

		Year 2010	Year 2011	Year 2012
	Patients	253	231	246
A. Utilization Data	Encounters	92,949	84,391	89,506
B. Revenue from Services to Patients				
1. Inpatient Services		$		
2. Outpatient Services		1,076,543	986,128	1,207,463
3. Emergency Services				
4. Other Operating Revenue (Specify) See notes				
	Gross Operating Revenue	$ 1,076,543	$ 986,128	$ 1,207,463
C. Deductions for Operating Revenue				
1. Contractual Adjustments		$		
2. Provision for Charity Care		15,546	16,148	18,112
3. Provisions for Bad Debt		26,914	24,653	30,187
	Total Deductions	$ 42,460	$ 40,801	$ 48,299
NET OPERATING REVENUE		$ 1,034,083	$ 945,327	$ 1,159,164
D. Operating Expenses				
1. Salaries and Wages		$ 293,467	$ 271,414	$ 344,524
2. Physicians Salaries and Wages		46,202	58,344	48,426
3. Supplies		31,300	32,898	37,890
4. Taxes		24,707	32,815	35,202
5. Depreciation		10,864	26,909	210,618
6. Rent		36,565	38,214	44,521
7. Interest, other than Capital		-	-	-
8. Management Fees				
a. Fees to Affiliates		0	0	0
b. Fees to Non-Affiliates		0	0	0
9. Other Expenses (Specify) See notes		135,610	147,879	189,705
	Total Operating Expenses	$ 578,715	608,473	910,886
E. Other Revenue (Expenses) -- Net (Specify)		$	$	$
NET OPERATING INCOME (LOSS)		$ 455,368	$ 336,854	$ 248,278
F. Capital Expenditures				
1. Retirement of Principal		$	$	$
2. Interest				176,858
	Total Capital Expenditures	$ 0	$ 0	$ 176,858
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES		$ 455,368	$ 336,854	$ 71,420

Notes to D9, Other Expenses:

Category of Expense	2010	2011	2012
Insurance			
Liability & Contents	6,090	6,331	7,644
Workers Compensation	1,787	1,582	3,117
Employee Health/Dental/Vision	22,377	19,099	24,863
401k	1,376	1,384	1,220
Lab Fees	25,825	22,154	28,830
Maintenance	11,732	11,151	11,404
Training & Education	-	210	-
Security	22,807	25,244	29,251
Licenses & Permits	2,108	4,066	4,134
Office Expense	11,334	15,284	13,748
Utilities	-	-	-
Telecommunications	15,355	12,282	13,804
Practice Management Software	983	4,784	6,573
Miscellaneous (1)	13,836	24,308	29,646
Corporate Overhead Allocation	-	-	15,471
	135,610	147,879	189,705

(1) Includes advertising, bank fees, dues & subscriptions, employee recruitment, travel, etc.

SUPPLEMENTAL- # 1
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PROJECTED DATA CHART -- ADC RECOVERY & COUNSELING CENTER

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information for the two (2) years following the completion of this proposal.
iscal year begins in January.

		Year 2014	Year 2015
	Patients	250	250
Utilization Data	Encounters	91,332	91,332
Revenue from Services to Patients			
1. Inpatient Services		$	$
2. Outpatient Services		1,235,000	1,274,000
3. Emergency Services			
4. Other Operating Revenue (Specify)			
	Gross Operating Revenue	$ 1,235,000	$ 1,274,000
Deductions for Operating Revenue			
1. Contractual Adjustments		$ 0	$ 0
2. Provision for Charity Care		18,525	19,110
3. Provisions for Bad Debt		30,875	31,850
	Total Deductions	$ 49,400	$ 50,960
)PERATING REVENUE		$ 1,185,600	$ 1,223,040
Operating Expenses			
1. Salaries and Wages		$ 356,582	$ 365,497
2. Physicians Salaries and Wages		62,400	63,960
3. Supplies		38,250	39,000
4. Taxes		35,658	36,550
5. Depreciation		15,000	12,000
6. Rent		22,458	24,208
7. Interest, other than Capital		-	0
8. Management Fees			
a. Fees to Affiliates		0	0
b. Fees to Non-Affiliates		0	0
9. Other Expenses (Specify)	See notes	240,142	246,052
	Total Operating Expenses	$ 770,491	$ 787,267
Other Revenue (Expenses) -- Net (Specify)		$	$
)PERATING INCOME (LOSS)		$ 415,109	$ 435,773
Capital Expenditures			
1. Retirement of Principal		$ 0	$ 0
2. Interest		140,000	115,000
	Total Capital Expenditures	$ 140,000	$ 115,000
)PERATING INCOME (LOSS) CAPITAL EXPENDITURES		$ 275,109	$ 320,773

SUPPLEMENTAL- # 1
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Notes to D9, Other Expenses:

Category of Expense	2014	2015
Insurance		
Insurance		
Liability & Contents	7,500	7,800
Workers Compensation	3,250	2,750
Employee Health/Dental/Vision	26,000	26,910
401k	1,300	1,750
Lab Fees	30,000	31,000
Maintenance	11,000	10,000
Training & Education	1,200	1,800
Security	30,000	30,750
Licenses & Permits	4,200	4,200
Office Expense	14,250	15,000
Utilities	7,200	7,800
Telecommunications	14,200	15,500
Practice Management Software	19,500	19,000
Miscellaneous (1)	54,542	55,292
Corporate Overhead Allocation	16,000	16,500
Total	240,142	246,052

(1) Includes advertising, bank fees, dues & subscriptions, employee recruitment, travel, etc.

C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.

Table Seven: ADC Recovery & Counseling Center Projected Charge Data for Years One and Two		
	Year One	**Year Two**
Patients (Average Daily Census)	250	250
Average Gross Charge Per Patient	$4,940	$5,096
Average Deduction from Operating Revenue	$198	$204
Average Net Charge (Net Operating Revenue)	$4,742	$4,892

It is not possible to identify the average length of stay and average patient charge per program completion. Opioid treatment programs have varying lengths of stay and "completion" is not a concept applicable to all patients. Addiction has physical and psychological dimensions. Methadone addresses the physical addiction. In some cases it can allow brain receptors to begin operating more normally in 12 to 16 months. Its efficacy depends on how long the patient's addiction has existed, and the amounts and types of substances abused, prior to beginning treatment. If the patient's addiction has existed for years, brain receptors may be sufficiently altered such that lifetime medication maintenance is needed. Moreover, the psychological dimensions of addiction, reinforced by the patient's environment, often take a long time to deal with. Failure to progress in that area can lead to the resumption of addictive behavior. BHG encourages every patient to achieve and maintain sobriety--whether that be while maintaining maintenance with methadone, or after tapering off a daily medication maintenance regimen. While some patients do successfully taper off replacement medication, many patients find they need to be in a program indefinitely and are high functioning (drug and disease free) while remaining in treatment. BHG's analysis of its patients in 2010 indicated that 65% of them had been enrolled for more than one year, and 35% had been enrolled for a year or less. No other historical information is available. Some patients leave the program after a period of time for undisclosed reasons making it difficult to learn if a patient has moved to another similar clinic or a different type of treatment (e.g., inpatient treatment or intensive outpatient counseling).

C(II).6.A. PLEASE PROVIDE THE CURRENT AND PROPOSED CHARGE SCHEDULES FOR THE PROPOSAL. DISCUSS ANY ADJUSTMENT TO CURRENT CHARGES THAT WILL RESULT FROM THE IMPLEMENTATION OF THE PROPOSAL. ADDITIONALLY, DESCRIBE THE ANTICIPATED REVENUE FROM THE PROPOSED PROJECT AND THE IMPACT ON EXISTING PATIENT CHARGES.

With respect to the charge per dose for methadone itself, there is not a separate charge per dose. The clinic's weekly or daily charge its patients includes all medications, unlimited individual and group counseling sessions, unlimited physician visits (Medical Director), laboratory tests as needed, case management of medical issues, assistance with daily life activities, job searches, and educational opportunities. In all OTP clinics, each patient's annual charges vary with the amount of counseling and testing required by his or her individual treatment plan. Below is a comparison of BHG's current weekly charge at each of its Tennessee facilities as of today. As noted below, this typically increases at BHG facilities by $3.00-$4.00 annually each summer. The current detailed fee/charge schedule for the applicant is provided following this page.

	Current Routine Weekly Charge*
Memphis Center for Research and Addiction Treatment	$98
ADC Recovery and Counseling Center, Memphis	$98
Jackson Professional Associates	$98
Paris Professional Associates	$98
Recovery of Columbia	$95
Middle TN Treatment Center, Nashville	$109
DRD Medical Clinic Central, Knoxville	$116
DRD Medical Clinic Bernard, Knoxville	$116

** The standard "weekly charge" is a per-patient charge covering the routine services to each patient. It does not include individually incurred charges for such things as positive drug screens, annual physicals, replacement ID cards, or bottle services.*

BHG usually increases its weekly program fee approximately $3.00-$4.00 per year. This increase goes into effect each summer. Other charges listed in the schedule are non-routine charges. The relocation of this program will not impose any new costs that will impact the charge structures of the program.

BEHAVIORAL HEALTH GROUP--MEMPHIS
PROGRAM FEES 2012-2013

Basic Services	Description	Fee	Basis
Admission & Induction (Option 1 - pay up front)	*Admission into MMT/LTD; includes history and physical, blood work, drug screen, and related documentation*	$ 60.00	One-Time
Admission & Induction (Option 2 - pay over time)	*Admission into MMT/LTD; includes history and physical, blood work, drug screen, and related documentation*	$ 72.00	One-Time
Methadone Maintenance Treatment (MMT)	*Methadone maintenance treatment includes methadone, counseling, and related administration*	$ 98.00	Weekly
Annual Physical	*Annual physical and blood work (begins 2nd year in treatment and is paid on anniversary date)*	$ 30.00	Annually

Additional Products & Services	Description	Fee	Basis
Jail/Hospital Dosing Setup Fee	*Fee to cover the cost of documentation and approvals required for on-site dosing services at jail, hospital, etc.*	$ 20.00	One-Time
Jail/Hospital Dosing Fee	*Daily fee required for on-site dosing services at jail, hospital, etc.*	$ 14.00	Daily
Jail/Hospital Dosing Mileage Reimbursement Fee	*Rate per mile (roundtrip) charged for on-site dosing services at jail, hospital, etc.*	$ 0.50	Per Mile
Individual Aftercare Counseling	*Fee per individual counseling session - maximum session = 1 hour*	$ 50.00	Per Each
Group Individual Aftercare Counseling	*Fee per group counseling session - maximum session = 1 hour*	$ 25.00	Per Each
Temporary Transfers	*(see schedule below)*		
Guest Dose - Setup (Non-BHG Pt.)	*Annual setup for new temporary transfer patients (covers administrative costs of documentation, verification, etc.)*	$ 25.00	Per Each
Guest Dose - Daily Dosing (Non-BHG Pt.)	*Daily dosing for temporary transfer patients*	$ 15.00	Daily
Guest Dose - Setup (BHG Pt.)	*Annual transfer setup fee for BHG patient who will be temporarily attending a BHG sister clinic*	$ 15.00	Per Each
Guest Dose - Daily Dosing (BHG Pt.)	*Daily dosing for existing BHG patient at a BHG sister clinic*	Home Clinic Rate	Daily
Outgoing Temp. Transfer Setup (BHG Pt.)	*Documentation/verification services for BHG patient who will temporarily attend non-BHG clinic*	$ 15.00	Per Each
Non-Routine Blood Testing - Infectious Disease	*Non-routine blood work (see schedule below)*		
Hepatitis B Test	*Bloodwork to test for the presence of Hepatitis B*	$ 15.00	Per Each
Hepatitis C Test	*Bloodwork to test for the presence of Hepatitis C*	$ 21.00	Per Each
HIV Test	*Bloodwork to test for the presence of HIV Virus*	$ 11.00	Per Each
Lipid Panel	*Bloodwork to test for cholestoral & triglyceride levels*	$ 9.00	Per Each
Flu Vaccination	*Influenza vaccination*	$ 20.00	Per Each
Hepatitis B Vaccination	*Hepatitis B vaccination series*	$ 90.00	Per Each
Special Exceptions and Record Requests	*Administrative processing of record(s) requested and/or regulatory approvals for special exception requests*	$ 25.00	Per Each
Lockbox	*Purchase of lockbox from the clinic*	$ 20.00	Per Each
Employment Drug Testing	*Drug screen for third-party employers*	$ 20.00	Per Each
Vitadone	*One-month supply of Vitadone MMT-specific multivitamins*	$ 25.00	Per Each

Conditional Services & Fees	Description/ Precipitating Event	Fee	Basis
Appointment No Show Fee	*Failure to keep scheduled appointment (with M.D., N.P, or fair hearing/ treatment team)*	$ 20.00	Per Each

Readmit Fee	*Readmission documentation, drug screen, physician screening, and related documentation (< 90 days)*	$	15.00	Per Each
Late Dosing Fee	*Dosing within one hour of regularly scheduled dosing hours (in addition to weekly fee for services)*	$	10.00	Per Each
After Hours Dosing Fee	*Dosing more than one hour after regularly scheduled dosing hours/after the clinic is closed (in addition to weekly fee)*	$	25.00	Per Each
Non-Routine Blood Testing - Infectious Disease	*Non-routine blood work (see schedule below)*			
Hepatitis B Test	*Bloodwork to test for the presence of Hepatitis B*	$	15.00	Per Each
Hepatitis C Test	*Bloodwork to test for the presence of Hepatitis C*	$	21.00	Per Each
HIV Test	*Bloodwork to test for the presence of HIV Virus*	$	11.00	Per Each
Non-Routine Blood Testing - Serum Levels	*Non-routine blood work (see specific tests/fees below)*			
Peak Test	*Used to detect serum methadone levels*	$	18.00	Per Each
Trough Test	*Used to detect serum methadone levels*	$	18.00	Per Each
Non-Routine Drug Testing	*Specific, non-routine drug tests as required by compliance or as requested by patient (see schedule below)*			
Positive Drug Tests	*Fee for positive (+) drug tests (Grace periods following admission = 4 weeks for opiates and 8 weeks for all other illicit substances)*	$	10.00	Per Each
Negative Follow-up Drug Tests	*Fee for all compliance required follow-up drug tests that return a negative (-) result*	$	6.00	Per Each
No Show Drug Tests	*Fee for no show drug tests (Grace periods following admission = 4 weeks for opiates and 8 weeks for all other illicit substances)*	$	6.00	Per Each
Guest Dose Drug Screen	*Fee for guest dose patients who require drug tests during their guest dosing program*	$	20.00	Per Each
Confirmation Drug Test (GCMS)	*Fee charged for patient-requested GCMS test that is (+), a screen for a specific drug that is positive (e.g., SOMA), or a GCMS used to determine blood levels (e.g., THC)*	$	12.00	Per Each
Lab Confirmed Oral Swab	*Fee charged for oral drug screen that is confirmed by the lab or on-site oral test kit*	$	8.00	Per Each
Replacement ID Card Fee	*Fee charged for temporary and replacement ID cards*	$	5.00	Per Each
Replacement Dose	*Fee charged for replacing lost medication (in addition to the daily dosing fee for each dose being replaced)*	$	15.00	Per Each
Lost Medication Bottle/Bag Fee	*Fee charged to replace lost or missing medication bottle*	$	5.00	Per Each
Bad Check Fee	*Fee charged for bounced check/insufficient funds*	$	25.00	Per Each
Pregancy Test Fee	*Fee charged to female patients for whom a pregnancy test is requested or required*	$	7.00	Per Each

C(II).6.B. COMPARE THE PROPOSED CHARGES TO THOSE OF SIMILAR FACILITIES IN THE SERVICE AREA/ADJOINING SERVICE AREAS, OR TO PROPOSED CHARGES OF PROJECTS RECENTLY APPROVED BY THE HSDA. IF APPLICABLE, COMPARE THE PROJECTED CHARGES OF THE PROJECT TO THE CURRENT MEDICARE ALLOWABLE FEE SCHEDULE BY COMMON PROCEDURE TERMINOLOGY (CPT) CODE(S).

As demonstrated above, the charges for the applicant are, and will remain, generally comparable to those of the other four BHG facilities in Tennessee.

The applicant has no current information available on current charges of any provider other than BHG. The DMHSAS does not release information on these clinics. The only information available from HSDA records is from the last two CON applications approved for non-BHG providers. Those were in Columbia (Maury County) and in Paris (Henry County) before it was acquired by BHG. This is very old information that does not seem to provide a meaningful comparison, but nothing else appears to be available.

Table Eight: Comparative Charge Information

	The Applicant Memphis	**Recovery Center of Columbia CN0905-020**	**Paris Professional Associates CN0903-013**
Year	2014	2009	2009
Patients	250	330	200
Avg. Gross Charge	$4,940	$4,822	$4,000
Avg. Deductions	$198	$145	None listed
Avg. Net Operating Revenue	$4,742	$4,677	$4,000

The Medicare allowable data is not relevant because this facility does not contract with Medicare for reimbursement.

C(II).7. DISCUSS HOW PROJECTED UTILIZATION RATES WILL BE SUFFICIENT TO MAINTAIN COST-EFFECTIVENESS.

This clinic is operational, with a well-established patient base. The applicant's projection of its utilization is conservative, at levels currently being experienced. The proposed relocation will not adversely impact the facility's overall utilization.

C(II).8. DISCUSS HOW FINANCIAL VIABILITY WILL BE ENSURED WITHIN TWO YEARS; AND DEMONSTRATE THE AVAILABILITY OF SUFFICIENT CASH FLOW UNTIL FINANCIAL VIABILITY IS MAINTAINED.

This clinic has been operating for many years with a positive cash flow. It has been, and will remain, financially viable with a positive cash flow. Its relocation to improved space will not adversely affect its viability.

C(II).9. DISCUSS THE PROJECT'S PARTICIPATION IN STATE AND FEDERAL REVENUE PROGRAMS, INCLUDING A DESCRIPTION OF THE EXTENT TO WHICH MEDICARE, TENNCARE/MEDICAID, AND MEDICALLY INDIGENT PATIENTS WILL BE SERVED BY THE PROJECT. IN ADDITION, REPORT THE ESTIMATED DOLLAR AMOUNT OF REVENUE AND PERCENTAGE OF TOTAL PROJECT REVENUE ANTICIPATED FROM EACH OF TENNCARE, MEDICARE, OR OTHER STATE AND FEDERAL SOURCES FOR THE PROPOSAL'S FIRST YEAR OF OPERATION.

The applicant does not anticipate contracting for TennCare or Medicare reimbursement for services, for reasons explained in section A.13 of the application. This operating model is true for all State-licensed opioid treatment programs. Almost no Medicare-age patients apply to these programs. Few TennCare enrollees of a qualified age (ages 18-20) apply for admission.

BHG does provide charitable care in the form of scholarships. Under those arrangements, medical care is provided to the patient free of charge, or at a reduced fee, for periods up to six months. Scholarships are evaluated on a case-by-case basis and awarded to approximately 1%-2% of enrollees.

C(II).10. PROVIDE COPIES OF THE BALANCE SHEET AND INCOME STATEMENT FROM THE MOST RECENT REPORTING PERIOD OF THE INSTITUTION, AND THE MOST RECENT AUDITED FINANCIAL STATEMENTS WITH ACCOMPANYING NOTES, IF APPLICABLE. FOR NEW PROJECTS, PROVIDE FINANCIAL INFORMATION FOR THE CORPORATION, PARTNERSHIP, OR PRINCIPAL PARTIES INVOLVED WITH THE PROJECT. COPIES MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND LABELED AS ATTACHMENT C, ECONOMIC FEASIBILITY--10.

These are provided as Attachment C, Economic Feasibility--10.

C(II)11. DESCRIBE ALL ALTERNATIVES TO THIS PROJECT WHICH WERE CONSIDERED AND DISCUSS THE ADVANTAGES AND DISADVANTAGES OF EACH ALTERNATIVE, INCLUDING BUT NOT LIMITED TO:

A. A DISCUSSSION REGARDING THE AVAILABILITY OF LESS COSTLY, MORE EFFECTIVE, AND/OR MORE EFFICIENT ALTERNATIVE METHODS OF PROVIDING THE BENEFITS INTENDED BY THE PROPOSAL. IF DEVELOPMENT OF SUCH ALTERNATIVES IS NOT PRACTICABLE, THE APPLICANT SHOULD JUSTIFY WHY NOT, INCLUDING REASONS AS TO WHY THEY WERE REJECTED.

B. THE APPLICANT SHOULD DOCUMENT THAT CONSIDERATION HAS BEEN GIVEN TO ALTERNATIVES TO NEW CONSTRUCTION, E.G., MODERNIZATION OR SHARING ARRANGEMENTS. IT SHOULD BE DOCUMENTED THAT SUPERIOR ALTERNATIVES HAVE BEEN IMPLEMENTED TO THE MAXIMUM EXTENT PRACTICABLE.

If this provider's patients are to have the benefit of improved accessibility, parking, efficiency, and professional surroundings, relocation to new leased space is the only option.

The particular location was chosen after an extensive search of the nearby community. It appears to be the best available option for the relocation. The lease cost reflects market conditions. The applicant has avoided the high costs of new construction by selection of an existing building for renovation.

C(III).1. LIST ALL EXISTING HEALTH CARE PROVIDERS (I.E., HOSPITALS, NURSING HOMES, HOME CARE ORGANIZATIONS, ETC.) MANAGED CARE ORGANIZATIONS, ALLIANCES, AND/OR NETWORKS WITH WHICH THE APPLICANT CURRENTLY HAS OR PLANS TO HAVE CONTRACTUAL AGREEMENTS FOR HEALTH SERVICES.

The applicant has no contractual relationships with the facilities and organizations mentioned above. The applicant does not "discharge" patients to any other type of licensed facility. The applicant is not part of any health care alliance or network.

With respect to emergency transfer agreements, an emergency transfer agreement is not a licensure or accreditation requirement for this type of clinic, because the applicant's visiting patients are not ill, injured, or at risk for any type of medical emergency, any more than they would be in a visit to a private physician office or a pharmacy.

This clinic has had only an estimated four emergency transfers to hospitals in the past ten years. All were completed without issues due to the excellent capabilities of the local emergency response network.

C(III).2. DESCRIBE THE POSITIVE AND/OR NEGATIVE EFFECTS OF THE PROPOSAL ON THE HEALTH CARE SYSTEM. PLEASE BE SURE TO DISCUSS ANY INSTANCES OF DUPLICATION OR COMPETITION ARISING FROM YOUR PROPOSAL, INCLUDING A DESCRIPTION OF THE EFFECT THE PROPOSAL WILL HAVE ON THE UTILIZATION RATES OF EXISTING PROVIDERS IN THE SERVICE AREA OF THE PROJECT.

A relocation such as this is to secure an improved care environment for a particular group of ambulatory patients who must come onto the premises daily or weekly for years. That can only be a positive thing. It has no negative aspects whatsoever.

This is a type of program that is authorized by the General Assembly, and carefully regulated by the Department of Mental Health and Substance Abuse Services. The DMHSAS regulations revised in 2012 are 44 pages long (TCA Chapter 0940-5-42.1 to 42.29). The facility cares for a needy patient population for whom there is no satisfactory alternative form of care. These are patients attempting to cope with life-destroying addictions. This substitution-based program makes it possible for them to stop the physical and mental deterioration that accompanies illicit opioid use, and to resume normal activities and responsibilities in their families, workplaces, and communities. It increases public safety.

Competitive factors with other licensed providers are not an issue. This program, and the other two in the service area, are all operated by BHG.

C(III).3. PROVIDE THE CURRENT AND/OR ANTICIPATED STAFFING PATTERN FOR ALL EMPLOYEES PROVIDING PATIENT CARE FOR THE PROJECT. THIS CAN BE REPORTED USING FTE'S FOR THESE POSITIONS. IN ADDITION, PLEASE COMPARE THE CLINICAL STAFF SALARIES IN THE PROPOSAL TO PREVAILING WAGE PATTERNS IN THE SERVICE AREA AS PUBLISHED BY THE TENNESSEE DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT AND/OR OTHER DOCUMENTED SOURCES.

Please see the following page for a chart of projected FTE's and salary ranges.

The Department of Labor and Workforce Development website indicates the following Shelby County area annual salary information for clinical employees of the type employed in this project:

Table Nine: TDOL CY2012 Survey of Average Salaries Shelby County Area

Position	Entry Level	Median	Mean	Experienced
Licensed Practical Nurse	$33,100 $15.90	$39,350 $18.90	$39,660 $19.05	$42,940 $20.65
Substance Abuse Counselor	$25,350 $12.20	$34,190 $16.45	$35,370 $17.00	$40,390 $16.45

Table Ten: ADC Recovery and Counseling Center
Staffing Requirements
Current and Proposed Locations

Position Type (RN, etc.)	Current FTE's	Year One FTE's	Year Two FTE's	Proposed Salary Range (Hourly or Annual)
Medical Director	Contract	Contract	Contract	
Program Physician	Contract	Contract	Contract	
Program Director	1	1	1	$50,000-$62,600
Nurses (LPN)	3	3	3	$33,250-$39,000
Counselors	4.5	5	5	$25,000-$41,000
Administrative	1	1	1	$20,200-$24,800
Counseling Supervisor	1	1	1	$34,700-$41,300
Nurse Practitioner	0.06	0.06	0.06	$45/hr
Medical Assistant/Phlebotomist	1	1	1	$19,600-$24,500
Total FTE's	11.56	12.06	12.06	Medical Director Included

Notes:
1. Program Director and Counseling Supervisor are salaried employees.
2. Nurse includes Nursing Supervisor and Medication Nurses.

C(III).4. DISCUSS THE AVAILABILITY OF AND ACCESSIBILITY TO HUMAN RESOURCES REQUIRED BY THE PROPOSAL, INCLUDING ADEQUATE PROFESSIONAL STAFF, AS PER THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, AND/OR THE DIVISION OF MENTAL RETARDATION SERVICES LICENSING REQUIREMENTS.

This is an existing clinic that already meets rigorous State TDMH licensure standards; its relocation within the community will not affect its human resources or its program content. The project requires no addition of staff.

C(III).5. VERIFY THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSING CERTIFICATION AS REQUIRED BY THE STATE OF TENNESSEE FOR MEDICAL/CLINICAL STAFF. THESE INCLUDE, WITHOUT LIMITATION, REGULATIONS CONCERNING PHYSICIAN SUPERVISION, CREDENTIALING, ADMISSIONS PRIVILEGES, QUALITY ASSURANCE POLICIES AND PROGRAMS, UTILIZATION REVIEW PPOLICIES AND PROGRAMS, RECORD KEEPING, AND STAFF EDUCATION.

The applicant so verifies.

C(III).6. DISCUSS YOUR HEALTH CARE INSTITUTION'S PARTICIPATION IN THE TRAINING OF STUDENTS IN THE AREAS OF MEDICINE, NURSING, SOCIAL WORK, ETC. (I.E., INTERNSHIPS, RESIDENCIES, ETC.).

The applicant does not have training relationships with area health professional schools. However, BHG as a company requires all its staff to complete one to two trainings per month through "BHG University" professional courses. These are in addition to required compliance trainings.

C(III).7(a). PLEASE VERIFY, AS APPLICABLE, THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSURE REQUIREMENTS OF THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, THE DIVISION OF MENTAL RETARDATION SERVICES, AND/OR ANY APPLICABLE MEDICARE REQUIREMENTS.

The applicant so verifies.

C(III).7(b). PROVIDE THE NAME OF THE ENTITY FROM WHICH THE APPLICANT HAS RECEIVED OR WILL RECEIVE LICENSURE, CERTIFICATION, AND/OR ACCREDITATION

LICENSURE: Tennessee Department of Mental Health and Substance Abuse Services

CERTIFICATION: The applicant is not certified for Medicare or TennCare

ACCREDITATION: Joint Commission

C(III).7(c). IF AN EXISTING INSTITUTION, PLEASE DESCRIBE THE CURRENT STANDING WITH ANY LICENSING, CERTIFYING, OR ACCREDITING AGENCY OR AGENCY.

The applicant is currently licensed in good standing by the Department of Mental Health and Substance Abuse Services, and holds a three-year Joint Commission accreditation.

C(III).7(d). FOR EXISTING LICENSED PROVIDERS, DOCUMENT THAT ALL DEFICIENCIES (IF ANY) CITED IN THE LAST LICENSURE CERTIFICATION AND INSPECTION HAVE BEEN ADDRESSED THROUGH AN APPROVED PLAN OF CORRECTION. PLEASE INCLUDE A COPY OF THE MOST RECENT LICENSURE/CERTIFICATION INSPECTION WITH AN APPROVED PLAN OF CORRECTION.

They have been addressed. A copy of the most recent licensure inspection and plan of correction, and the most recent accreditation inspection, are provided in Attachment C, Orderly Development--7(C).

C(III)8. DOCUMENT AND EXPLAIN ANY FINAL ORDERS OR JUDGMENTS ENTERED IN ANY STATE OR COUNTRY BY A LICENSING AGENCY OR COURT AGAINST PROFESSIONAL LICENSES HELD BY THE APPLICANT OR ANY ENTITIES OR PERSONS WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE APPLICANT. SUCH INFORMATION IS TO BE PROVIDED FOR LICENSES REGARDLESS OF WHETHER SUCH LICENSE IS CURRENTLY HELD.

None.

C(III)9. IDENTIFY AND EXPLAIN ANY FINAL CIVIL OR CRIMINAL JUDGMENTS FOR FRAUD OR THEFT AGAINST ANY PERSON OR ENTITY WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE PROJECT.

None.

C(III)10. IF THE PROPOSAL IS APPROVED, PLEASE DISCUSS WHETHER THE APPLICANT WILL PROVIDE THE THSDA AND/OR THE REVIEWING AGENCY INFORMATION CONCERNING THE NUMBER OF PATIENTS TREATED, THE NUMBER AND TYPE OF PROCEDURES PERFORMED, AND OTHER DATA AS REQUIRED.

Yes. The applicant will provide the requested data consistent with Federal HIPAA requirements.

2013 MAY 15 AM 11 45

PROOF OF PUBLICATION

Attached.

DEVELOPMENT SCHEDULE

1. PLEASE COMPLETE THE PROJECT COMPLETION FORECAST CHART ON THE NEXT PAGE. IF THE PROJECT WILL BE COMPLETED IN MULTIPLE PHASES, PLEASE IDENTIFY THE ANTICIPATED COMPLETION DATE FOR EACH PHASE.

The Project Completion Forecast Chart is provided after this page.

2. IF THE RESPONSE TO THE PRECEDING QUESTION INDICATES THAT THE APPLICANT DOES NOT ANTICIPATE COMPLETING THE PROJECT WITHIN THE PERIOD OF VALIDITY AS DEFINED IN THE PRECEDING PARAGRAPH, PLEASE STATE BELOW ANY REQUEST FOR AN EXTENDED SCHEDULE AND DOCUMENT THE "GOOD CAUSE" FOR SUCH AN EXTENSION.

Not applicable. The applicant anticipates completing the project within the period of validity.

PROJECT COMPLETION FORECAST CHART

2013 MAY 15 AM 11 15

Enter the Agency projected Initial Decision Date, as published in Rule 68-11-1609(c):

August 28, 2013

Assuming the CON decision becomes the final Agency action on that date, indicate the number of days from the above agency decision date to each phase of the completion forecast.

PHASE	DAYS REQUIRED	Anticipated Date (MONTH /YEAR)
1. Architectural & engineering contract signed	0	8-13
2. Construction documents approved by TDH	4	9-13
3. Construction contract signed	12	9-13
4. Building permit secured	13	9-13
5. Site preparation completed	na	na
6. Building construction commenced	14	9-13
7. Construction 40% complete	44	10-13
8. Construction 80% complete	74	11-13
9. Construction 100% complete	104	12-13
10. * Issuance of license	109	12-13
11. *Initiation of service	123	1-14
12. Final architectural certification of payment	153	2-14
13. Final Project Report Form (HF0055)	183	3-14

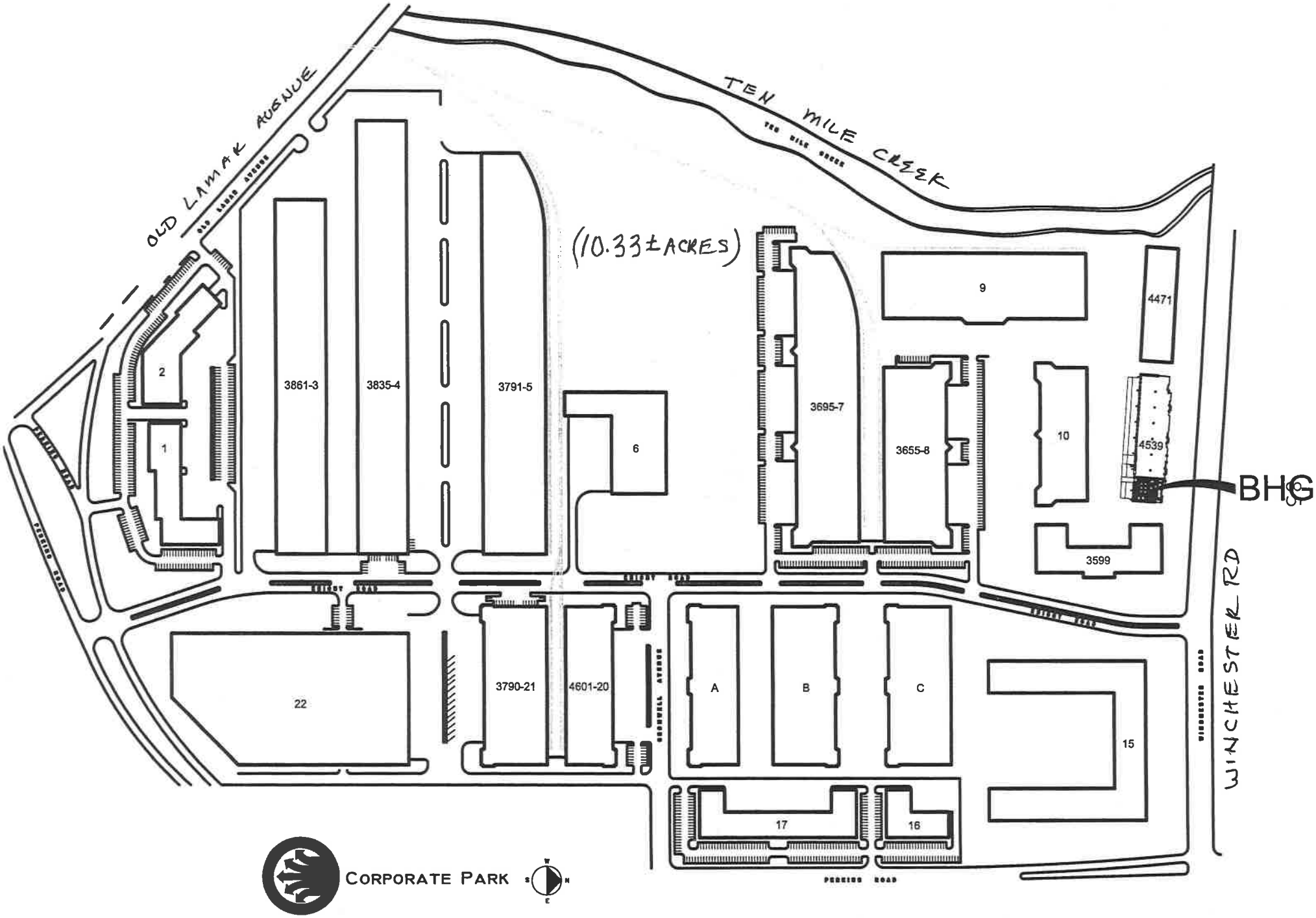
*** For projects that do NOT involve construction or renovation: please complete items 10-11 only.**

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

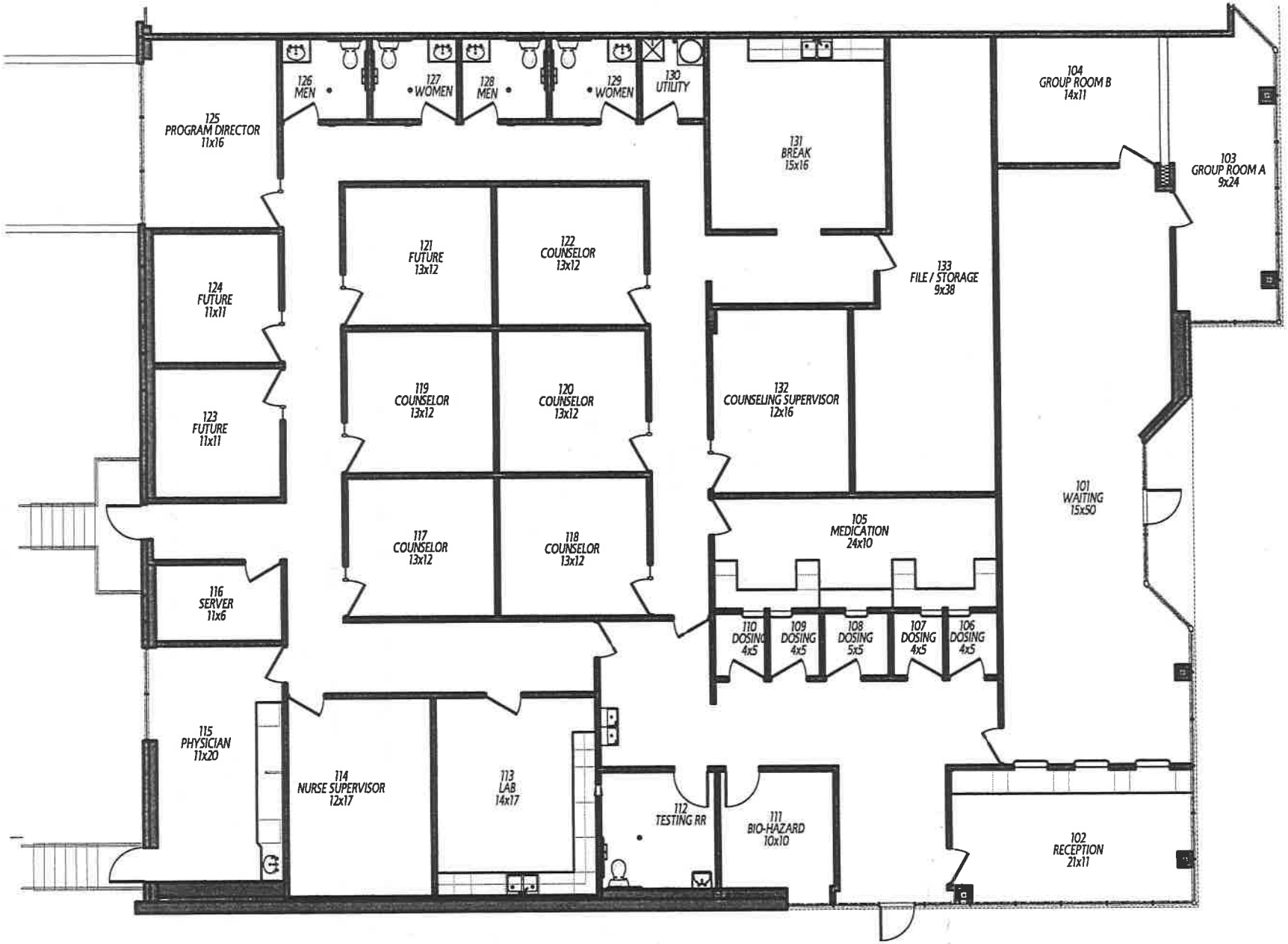
INDEX OF ATTACHMENTS

A.4	Ownership--Legal Entity and Organization Chart (if applicable)
A.6	Site Control
B.III.	Plot Plan
B.IV.	Floor Plan
C, Need-1.A.3	Medical Director Qualifications
C, Need--3	Service Area Maps
C, Economic Feasibility--1	Documentation of Construction Cost Estimate
C, Economic Feasibility--2	Documentation of Availability of Funding
C, Economic Feasibility--10	Financial Statements
C, Orderly Development--7(C)	Facility Inspections and Surveys
Miscellaneous Information	1. "Methadone Maintenance Treatment" (CDC) 2. TDMH Reports of Utilization 3. Bureau of TennCare--Co./State Enrollments 4. U.S. Census QuickFacts for Service Area 5. Notifications to Public Officials

B.III.--Plot Plan


OLD LAMAR AVENUE
TEN MILE CREEK
(10.33± ACRES)
WINCHESTER RD
BHG
2
1
3861-3
3835-4
3791-5
6
3695-7
3655-8
9
10
4471
4539
3599
22
3790-21
4601-20
A
B
C
15
17
16
CORPORATE PARK

B.IV.--Floor Plan



BHG Hope • Respect • Caring

DENTON

Behavioral Health Group • 4539 Winchester Road • Memphis Tennessee

Date of Preparation: January 2013

CURRICULUM VITAE

NAME:

Richard Guerard Farmer, M.D.
Clinical Professor of Psychiatry
University of Tennessee
Health Science Center

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Memphis, TN 38119

MARITAL STATUS:

Susan D. Labovitz

CHILDREN:

Terre Farmer Cabellon
Richard G. Farmer, Jr.
David W. Farmer
James B. Farmer

TAX IDENTIFICATION #:

30-0291175

EDUCATION:

Undergraduate:

University of Tennessee, Knoxville, TN, September 1954-March 1957;

Bachelor of Science awarded December 18, 1958

(awarded at UT College of Medicine, Memphis).

Graduate/Medical School:

University of Tennessee College of Medicine, Memphis, TN,

Graduate/Medical School (continued):

March 1957-June 1960; Medical Degree awarded June 1960.

Internship:

Rotating (Medical/Surgical Type); National Naval Medical Center, Bethesda, MD; July 1960-June 1961.

Residencies:

Psychiatry; U.S. Naval Hospital, Oakland, CA; February 1964-January 1965.

Psychiatry; the University of Tennessee; Memphis, TN; October 30, 1966-November 1968.

PRESENT ACTIVITIES:

Awarded Clinical Professorship at University of Tennessee Health Science Center. Start date: July 2003.

Course Instructor at the University of Tennessee College of Medicine. Start date: July 2004.

Private practice of Psychiatry and Addictionology with emphasis in the use of newer psychopharmacological agents. Start date: October 2003.

Use of Buprenorphine in the Pharmacologic Management of Opioid Dependence. Start date: October 2003.

MILITARY SERVICE:

General Medical Officer and Submarine Medical Officer aboard the USS Bushnell AS-15, Key West, FL; 1 July 1961-10 August 1962.

Fellow (Postgraduate) in Neurology & Psychiatry, at the U.S. Naval Hospital, National

Naval Medical Center, Bethesda, MD: August 1, 1962 (1 year).

Head, Neuropsychiatry Branch, Department of Medicine, U.S. Naval Hospital, Pensacola,

MILITARY SERVICE (continued):

FL, and Staff Psychiatrist, U.S. Naval School of Aviation, Pensacola, FL; August 1963-January 1964.

Head, Neuropsychiatry Branch, Department of Medicine, U.S. Naval Hospital, Newport, RI; February 1, 1965-October 20, 1966.

Honorable Discharge; October 20, 1966.

BOARD CERIFICATION:

Diplomat, American Board of Psychiatry and Neurology, Inc.; February 1970.

MEDICAL LICENSURE:

Tennessee State Board of Medical Examiners License No. MD 03897, September, 1960.

SOCIETY MEMBERSHIPS:

American Medical Association, Member September, 1960 to 2003.

American Psychiatric Association, General Member May 1974 to present.

American Association of Suicidology.

American Association of Chairs of Departments of Psychiatry to 2003.

American Society of Clinical Psychopharmacology.

NAMI, National Associate Professional Member.

American Academy of Addiction Psychiatry.

UNIVERSITY APPOINTMENTS:

Medical Director, Memphis Center for Research and Addiction Treatment, September 1, 2003 to Present.

Professor, Department of Psychiatry, University of Tennessee Health Science Center, Memphis, awarded July 1, 2003.

Member, Admissions Committee, University of Tennessee Health Science Center, Memphis, College of Medicine, July 1, 1992-May 5, 1999 and July 1, 2003 to July 1, 2004.

Interim Chairman, Department of Psychiatry, University of Tennessee Health Science Center, College of Medicine; July 2000-October 31, 2002.

Master Clinician, Longitudinal Community Program, University of Tennessee Health Science Center, Memphis, College of Medicine; August 1999-2001.

Associate Professor with Tenure, Department of Psychiatry, University of Tennessee Health Science Center Memphis July 1993 and promotion to Professor of Psychiatry June 30, 2003.

Director, Student Mental Health Services, University of Tennessee Health Science Center, Memphis, College of Medicine; September 1, 1989-2003.

Director, Division of Outpatient Services, Department of Psychiatry, University of Tennessee, Memphis, College of medicine, 1988-2004.

Assistant Professor, University of Tennessee, Memphis, College of Medicine; September 1988-June 1993.

Clinical Associate Professor of Psychiatry, University of Tennessee, Memphis, College of Medicine; July 1973-July 1975.

Clinical Assistant Professor, University of Tennessee, Memphis, College of Medicine; November 1968-March 1970.

HOSPITAL APPOINTMENTS:

The Regional Medical Center, The University of Tennessee, Memphis (Consulting staff) to retirement from the university.

HOSPITAL APPOINTMENTS (continued)

Baptist Memorial Hospital (Consulting staff) until retirement.

Bowld Hospital, The University of Tennessee, Memphis to retirement.

St. Francis Hospital, Memphis (Consulting staff) August 1988 to July 2004.

PRACTICE (PROFESSIONAL) EXPERIENCE:

President, Medical Staff, University of Behavioral Health Center, Memphis, TN, July 1995-July 1998.

Concurrent with faculty appointment at the University of Tennessee, Memphis since 1988, member of the University of Tennessee Faculty Practice Plan.

President, Medical Staff, Eden Hospital and Medical Center, Castro Valley, CA, July 1987-1988.

Chief, Department of Psychiatry, Eden Hospital and Medical Center, Castro Valley, CA, July 1984-1985 and July 1986-1987

Clinical Faculty, Department of Psychiatry, Pacific Presbyterian Medical Center, San Francisco, CA, July 1, 1977-July 30, 1988

Private Practice of General Psychiatry, San Francisco, CA, July 1, 1975-August 1, 1988

President, Medical Staff, University Behavioral Health Center, Memphis, TN, July 1995-July 1998

Concurrent with faculty appointment at the University of Tennessee, Memphis since 1988, member of the University of Tennessee faculty practice plan

President, Medical Staff, Eden Hospital and Medical Center, Castro Valley, CA, July 1987-1988

Clinical Faculty, Department of Psychiatry, Pacific Presbyterian Medical Center, San Francisco, CA, July 1, 1977-July 30, 1988

Private Practice of General Psychiatry, San Francisco, CA, July 1, 1975-August 1, 1988

OTHER APPOINTMENTS:

Member, Board of Trustees, Memphis Mental Health Institute, Memphis, TN July 2000 to present

Examiner, American Board of Psychiatry and Neurology Chicago, IL; January 1998-May May 2003

TEACHING EXPERIENCE:

(1) Clinical Supervisor to psychiatry residents (PGY-I-IV), academic year, 1-hour sessions September, 1988 to present

(2) *Diagnosis and Treatment of Psychiatric Disorders*, 16 weeks, 1-12 hour sessions, instructor to PGY-I residents

(3) Interviewing and Mental Status, 6 weeks, 1-1/2 hour sessions, instructor to PGY-I residents

(4) Mood and Anxiety Clinic, academic year, 2 hour sessions, instructor to PGY-III residents

(5) Psychotherapy Clinic, bi-monthly, 1 hour, to M-3 medical students

(6) Oral examiner, bi-monthly, 1 hour, to M-3 medical students

(7) Training faculty member for candidates of the oral boards for the American Board of Psychiatry and Neurology

(8) Mentor, M-1 medical students (2); 2-hour weekly sessions

(9) Diagnosis and Treatment of Advanced Psychiatric Disorder, The Regional Medical Center; 2-hour weekly session, instructor to M-3 medical students from January 2002 to May 2002

(10) Regular supervision of Intake/Triage evaluation and treatment plans for new patients; M-3 medical students from January 2002 to May 2002

COMMITTEES AND OFFICES:

Member, Board of Trustees, Memphis Mental Health Institute, Memphis, TN

Member, American Society of Clinical Psychopharmacology, Inc., New York, NY; September 2002 to present.

Member, American Association of Chairs of Departments of Psychiatry, Farmington, CT 2001, 2002.

Member, Residency Training Committee, Department of Psychiatry, The University of Tennessee Health Science Center, College of Medicine, Memphis, TN, September 1998-June 2000 and October 2002 to present

Member, Medical Staff Executive Committee, University Behavioral Health Center, Memphis, TN, July 1996-1998

Member, Patient Assessment & Treatment Team, University Behavioral Center, Department of Psychiatry, The University of Tennessee, College of Medicine, Memphis, TN, July 1995-1997

Member, Medical and Scientific Advisory Council, The Mid-South Chapter, Alzheimer's Association, Memphis, TN. July, 1998 to July 2000

Member, Graduate Medical Education Committee, Baptist Memorial Hospital, Memphis, TN; July 1992 to July 1995

Member, Student Health and Advisory Committee, University of Tennessee Center for The Health Sciences, Memphis, TN, 1989-Present

Chairman, Outpatient Services Committee, Department of Psychiatry, The University of Tennessee, College of Medicine, Memphis, TN.

Chairman, Practice Committee, Department of Psychiatry, The University of Tennessee, College of Medicine, Memphis, TN.

Member, Admissions Committee, University of Tennessee, College of Medicine, Memphis, TN, September, 1991-August 1998.

Acting Director, Residency Training Program, The University of Tennessee, Memphis, TN, January 1, 1991-March 1, 1992.

Chairman, Executive Committee, Department of Psychiatry, The University of

Tennessee, College of Medicine, Memphis, TN.

Chairman, Department of Psychiatry, Professional Services AMA/HFCA

Compliance Committee UT Medical Group Medicare Compliance Corporate Committee, Memphis, TN. July, 1995 to October, 2002

Member, Numerous hospital committees of Eden Hospital and Medical Center, Castro Valley, CA, July 1975-1988.

Founder, Medical Consultant and Instructor, Suicide and Crisis Intervention Service of Memphis, Memphis, TN, May 1970 to present.

BOOK REVIEWS:

Post-Traumatic Stress Disorder, Diagnosis, Management and Treatment, Martin Dunitz Limited, 2000, David Nutt, DM, MRCP, FRCPsych, Jonathan Davidson, M.D. and Joseph Zobar, M.D., for The Journal of Clinical Psychiatry.

Behavior and Mood Disorders in Focal Brain Lesions, Cambridge University Press, 2000, Julian Bogaslovsky and Jeffrey L. Cummings, for The Journal of Clinical Psychiatry.

Psychological Trauma, Review of Psychiatry Series, Vol. 17, American Psychiatric Press, Inc., 1998, for The Journal of Clinical Psychiatry.

The Anatomy of Psychotherapy, The Analytic Press, August 1988, for The Journal of Clinical Psychiatry.

PRESENTATIONS:

Behavior in a Psychiatric ER: A Review and Experiences at One ER. Annual Courses for Family Practice Physicians, 1998-2000.

Annual Course at the International Orthopedic Knee and Trauma Symposia, Barcelona, Spain, 1998-1999.

Presentations regarding psychosomatic disorders in orthopedic patients at the Department of Orthopedics, Medisch Centrum Alkmaar, The Netherlands, 1998-1999.

PRESENTATIONS (continued):

Brown CS, Ling FW, Farmer RG. Efficacy of Depot Leuprolide in PMS as a Function of Serotonin and Symptom Type. Presented at the 43rd Annual Meeting of the American

College of Obstetricians and Gynecologists accepted for publication in American Journal of Obstetrics-Gynecology, May 1994.

Brown CS, Ling, FW, Chesney, CM, Farmer RG. History and Biology Predict LLPDD Subtypes. Presented at the 144th Annual Meeting of the American Psychiatric Association, New Orleans, LA, May 1991.

Farmer, RG. New Managements in Suicide and Homicide. Presented at the Department of Psychiatry, University of New York, England, September 15-18, 1983

Farmer, RG. A rating Scale for Crisis Center Volunteers. Presented at the International Suicidology Meeting, Helsinki, Finland, June 1977.

PUBLICATIONS (RESEARCH IN PROGRESS):

"Somatoform Disorders In Candidates for Total Knee Replacement."

Participating psychiatrist in the Hormone Replacement Therapy Trial of the Women's Health Initiative (Department of Preventive Medicine). (Finished and published 2002)

"Psychosomatic Disorders in Orthopedic Patients."

"Family Relationships of Adults with Borderline Personality Disorder" (with David Allen, M.D.) (Finished and published, 2003)

"Incidence of PTSD in a Private Outpatient Practice."

"Comparison of Aripiprizole with Other Novel Antipsychotics," Under preparation for Amer. J. Psychiatry."

"Establishment of a Collaborative Care Center for Local Communities." A follow-up study of "The President's New Commission on Mental Health."

PUBLICATIONS:

Brown, CS, Farmer, RG, Soberman, J. Cardiovascular Effects of Atypical Antipsychotics, January, 2004, Journal of Pharmacokinetics

Farmer, RG, Brown, CS, Soberman, J. Prolongation of the QTc Interval of the ECG by Novel Antipsychotics, for submission for publication in the J. Clinical Psychiatry. Under review.

Brown CS, Ling FW, Andersen RN, Farmer RG, Arheart KL. Efficacy of Depot Leuprolide in Premenstrual Syndrome: Effect of Symptom Severity and Type in a Controlled Trial Obstetrics & Gynecology, 1994, No. 5 (November), Vol. 84, pp. 779-786.

Allen, DM, Farmer RG. Family Relationships of Adults with Borderline Personality Disorder. The Journal of Comprehensive Psychiatry, 1996, Vol. 37, No. (January/February), pp. 43-51.

Brown CS, Ling FW, Farmer RG, Stone BF. Buspirone in the Treatment of Premenstrual Syndrome. Drug Therapy, pp. 112-129, August 1990.

Farmer, RG. Compendium of Drug—Drug Interactions in Psychiatry. January 1975 (Monograph for use by the University of Tennessee).

Farmer, RG. The Need for Psychotherapy—A Case Against Psychiatric Hospitalization, Medical Tribune, February 1970.

Farmer, RG. Establishing a Therapy Community. Journal of the Tennessee Medical Association. Vol. 62, No. 10, October 1969, pp. 923-27.

Farmer, RG. Values and Personal Style in Psychotherapy. Psychotherapy: Theory, Research and Practice, Spring 1969.

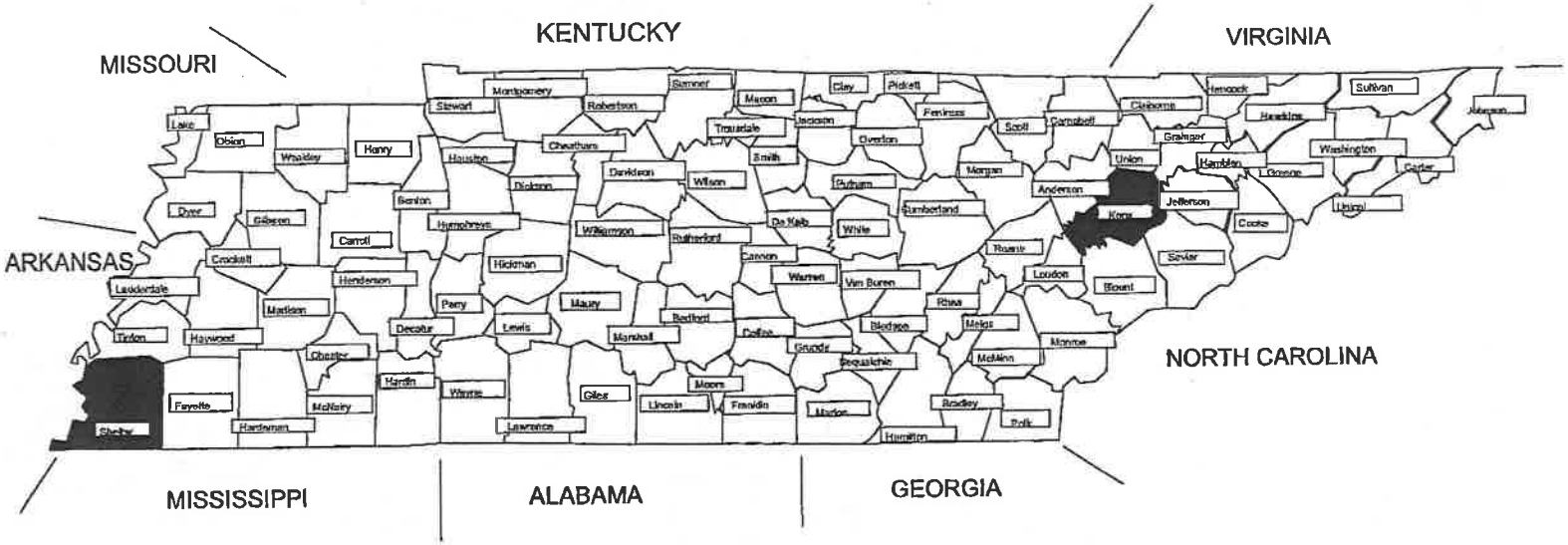
Farmer, RG. Providing Milieu Therapy in a Military Setting. Journal of Hospital and

Community Psychiatry, September 1968.

C, Need--3
Service Area Maps

March 2011

Tennessee Opioid Treatment Clinics



○ ONE LOCATION ● TWO LOCATIONS ● THREE LOCATIONS

* BHG (9)

Shelby (Memphis)
* ADC Recovery & Counseling Center
3041 Getwell, Suite 101
Memphis, TN 38118
(901) 375-1050
Hours of Operation M-F 5a-1:30p; Sat 6a-9a
Dosing Hours M-F 5:30a-11a; Sat 6a-9a

* Memphis Center for Research & Addiction
1270 Madison Ave
Memphis,TN 38104
(901) 722-9420
Hours of Operation M-F 5:45a-2p; Sat 6a-9a
Dosing Hours M-F 5:45a-1p; Sat 6a-9a

* Raleigh Professional Associates
2960-B Austin Peay Hwy
Memphis, TN 38128
(901) 372-7878
Hours of Operation M-F 5a-1p; Sat 6a-2p
Dosing Hours M-F 5a-9a; Sat 6a-10a

Dyer (Dyersburg)
Midsouth Treatment Center
640 Hwy 51 Bypass 3, Suite M
Dyersburg, TN 38024
(731) 285-6535
Hours of Operation M-Sat 5a-11a
Dosing Hours M-F 5a-11a; Sat 6a-10a

Madison (Jackson)
* Jackson Professional Associates
1869 Hwy 45 Bypass, Suite 5
Jackson, TN 38305
(731) 660-0880
Hours of Operation M-F 5a-1p; Sat 6a-2p
Dosing Hours M-F 5a-1p; Sat 6a-2p

Henry (Paris)
* Paris Professional Associates
2555 East Wood Street
Paris, TN 38242
(731) 641-4545
Hours of Operation M-Sat 5a-1p
Dosing Hours M-Sat 5a-1p

Hardin (Savannah)
Solutions of Savannah
85 Harrison Street
Savannah, TN 38372
(731) 925-2767
Hours of Operation M-Sat 5:30a-12p
Dosing Hours M-F 5:30a-11a; Sat 6a-9a

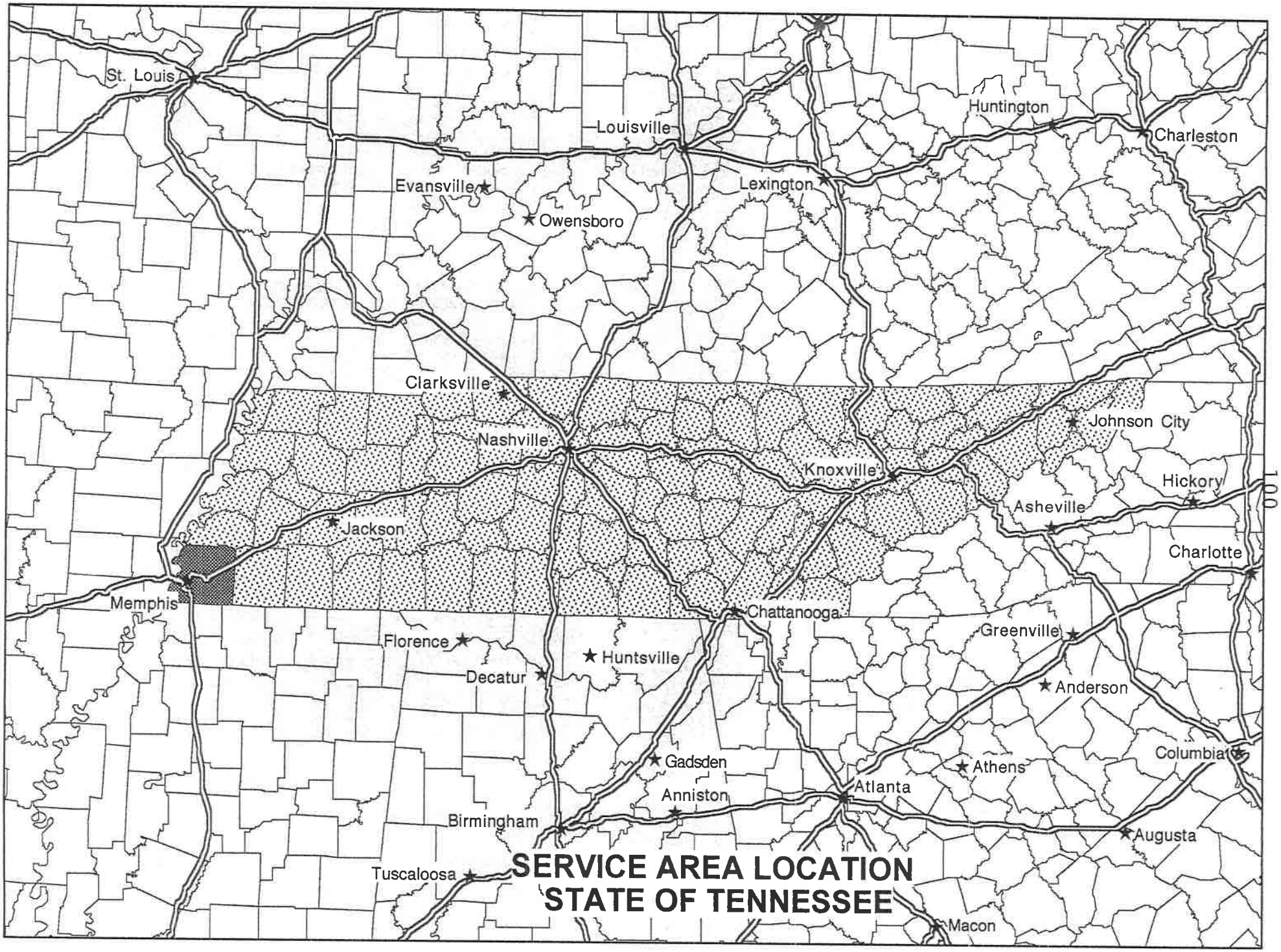
Maury (Columbia)
* Recovery of Columbia
1202 South James Campbell Blvd.
Columbia, TN 38401
(931) 381-0020
Hours of Operation M-Sat 5:30a-11a
Dosing Hours M-F 5:30-11a; Sat 6a-9a

Davidson (Nashville)
* Middle Tennessee Treatment Center
2410 Charlotte Avenue
Nashville, TN 37203
(615) 321-2575
Hours of Operation M-Sat 6a-1p
Dosing Hours M-F 6a-1p; Sat 6a-9a

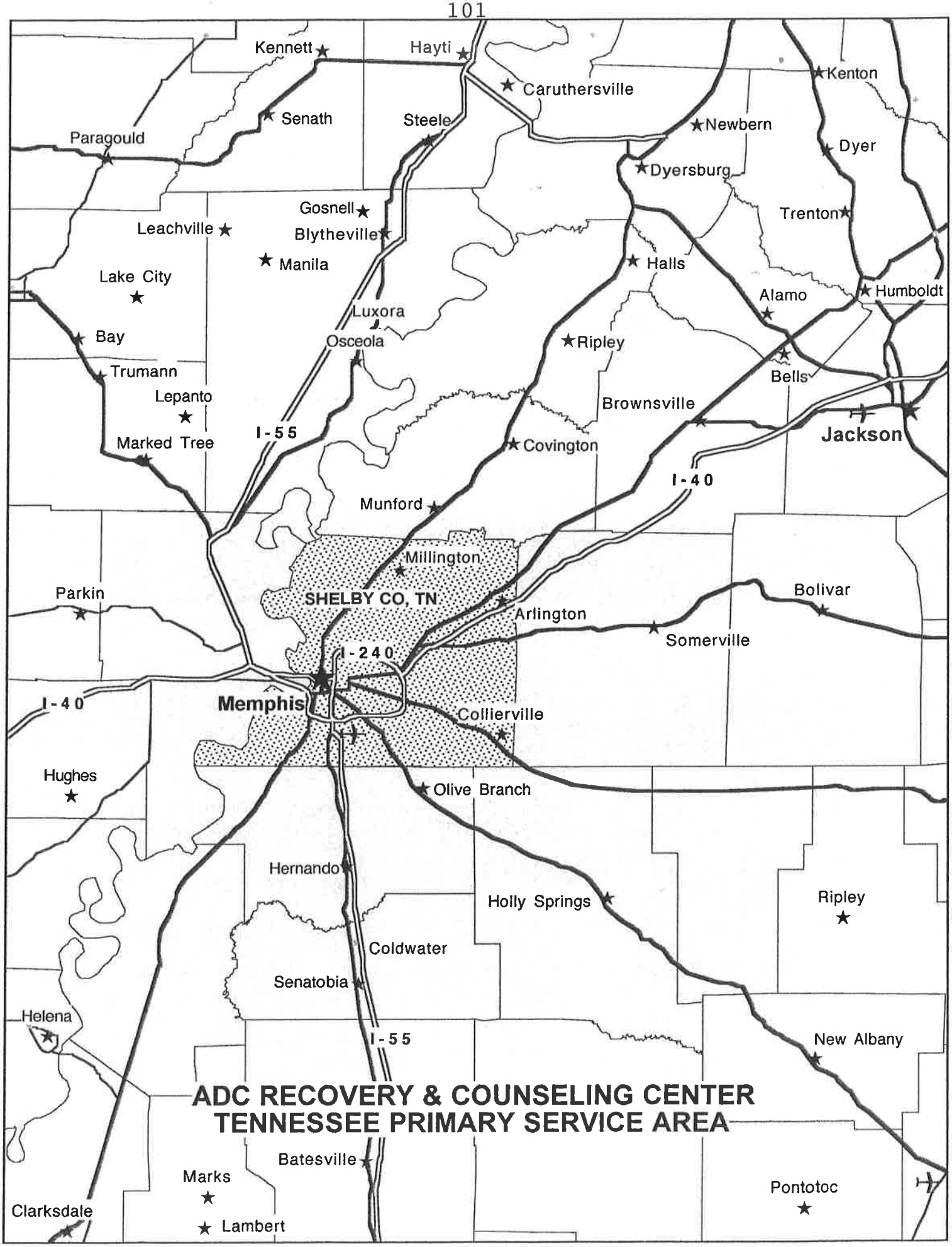
Hamilton (Chattanooga)
Volunteer Treatment Center, Inc.
2347 Rossville Blvd
Chattanooga, TN 37408
(423) 265-3122
Hours of Operation M-Sat 5:30a-2p
Dosing Hours M-F 5:30a-12:30p; Sat 5:30-11a

Knox (Knoxville)
* DRD Knoxville Medical Clinic-Central
412 Citico Street
Knoxville, TN 37921
(865) 522-0661
Hours of Operation M-Sat 5:30a-2:30p
Dosing Hours 5:30a-11p; Sat 6a-9a

* DRD Knoxville Medical Clinic-Bernard
626 Bernard Avenue
Knoxville, TN 37921
(865) 522-0161
Hours of Operation M-Sat 5:30a-2:30p
Dosing Hours M-F 5:30a-11a; Sat 6a-9a



SERVICE AREA LOCATION
STATE OF TENNESSEE

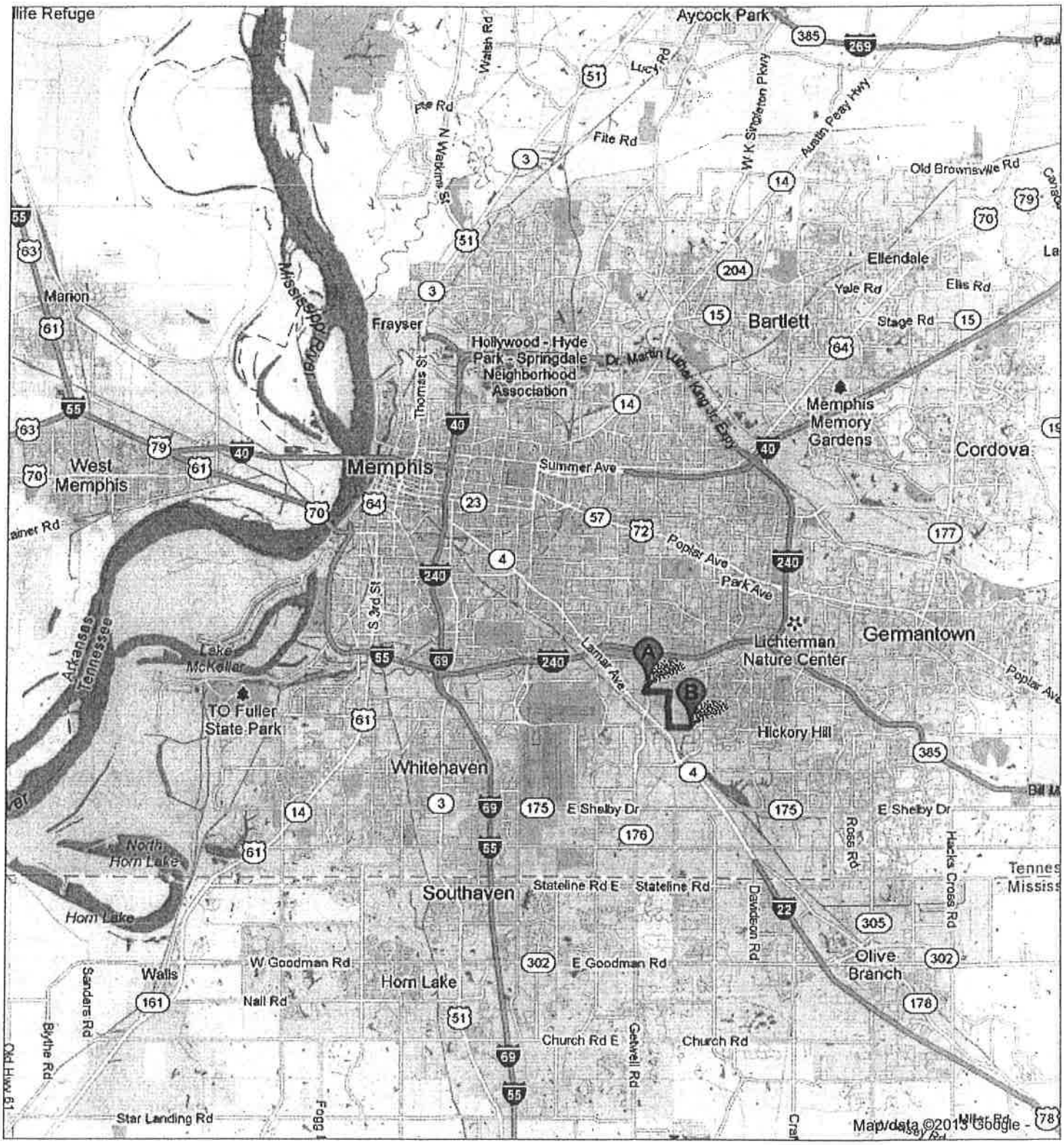

Kennett
Hayti
Caruthersville
Kenton
Senath
Steele
Newbern
Paragould
Dyer
Dyersburg
Gosnell
Trenton
Leachville
Blytheville
Manila
Halls
Lake City
Alamo
Humboldt
Luxora
Bay
Osceola
Ripley
Trumann
Bells
Lepanto
Brownsville
I-55
Jackson
Marked Tree
Covington
I-40
Munford
Millington
Parkin
SHELBY CO, TN
Bolivar
Arlington
Somerville
I-240
I-40
Memphis
Collierville
Hughes
Olive Branch
Hernando
Holly Springs
Ripley
Coldwater
Senatobia
Helena
I-55
New Albany
ADC RECOVERY & COUNSELING CENTER
TENNESSEE PRIMARY SERVICE AREA
Batesville
Marks
Pontotoc
Clarksdale
Lambert

102

ADC

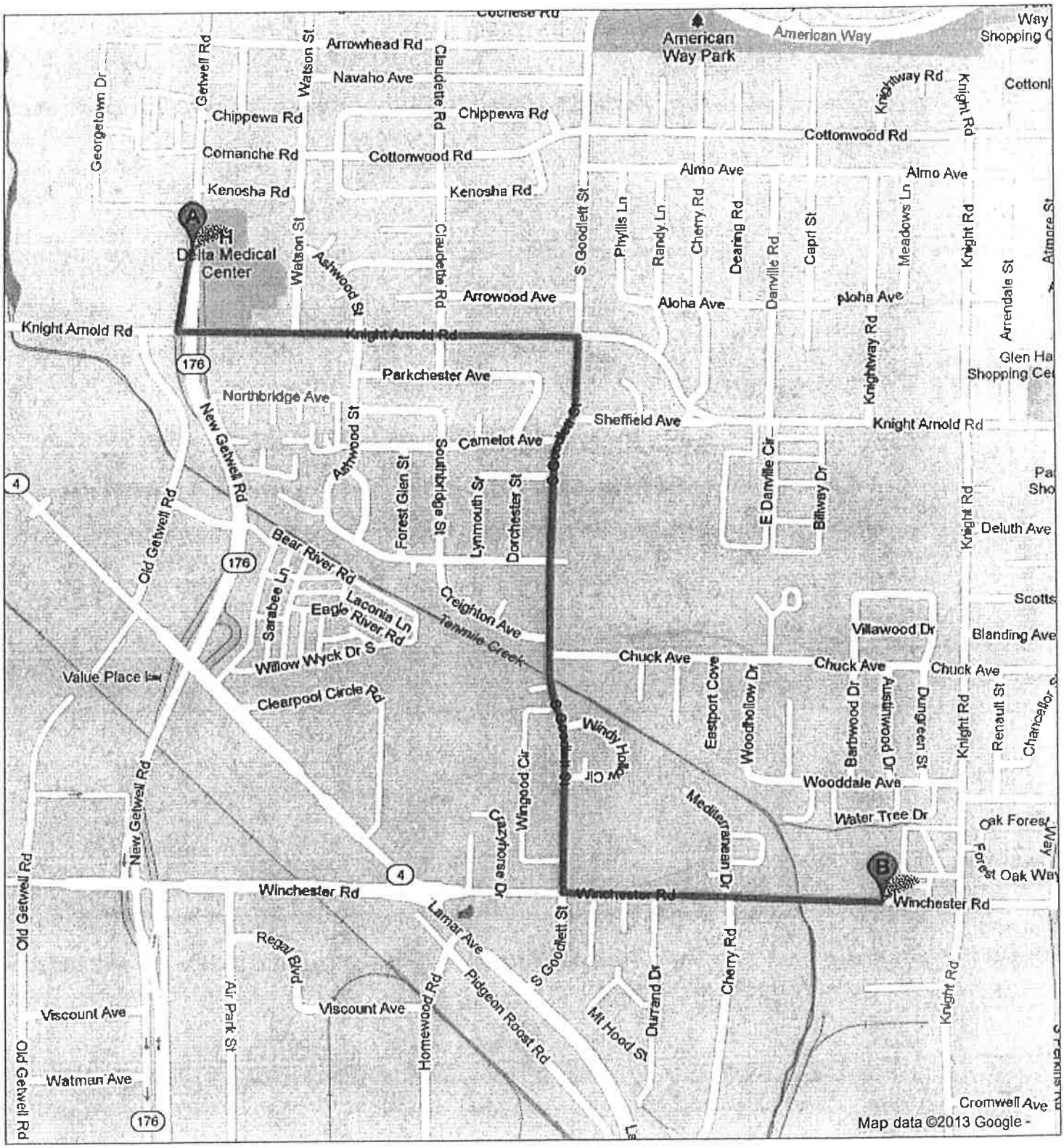
To see all the details that are visible on the screen, use the "Print" link next to the map.

Google



To see all the details that are visible on the screen, use the "Print" link next to the map.

Google



C, Economic Feasibility--1
Documentation of Construction Cost Estimate

SUPPLEMENTAL

DENTON ARCHITECTURE

1052 Oakhaven Road
Memphis TN 38119
901 761 3905
901 761 4103
www.dentonarchitecture.com

15 May 2013

Ms Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
161 Rosa Parks Boulevard
Nashville Tennessee 37203

RE: ADC Recovery and Counseling Center
4539 Winchester Road Memphis TN

Dear Ms Hill:

Denton Architecture has reviewed the construction cost estimate provided by Newmark Grubb Memphis. Based on experience and the current construction market, it is our opinion that the projected cost of $497,420 appears to be reasonable for this project type, size & location.

Below is a list of the current codes and laws governing the design and construction of this project.

Codes:
-2009 International Building Code (IBC) (with local amendments)
-2009 International Mechanical Code (IMC) (with local amendments)
-2009 International Plumbing Code (IPC) (with local amendments)
-2009 International Fire Code (IFC) (with local amendments)
-2009 International Fuel & Gas Code (IFGC) (with local amendments)
-2009 International Energy Conservation Code (IECC) (with local amendments)
-2009 International Existing Building Code (IEBC) (with local amendments)
-2008 National Electrical Code (NEC) (with local amendments)
-2003 Accessibility Code ICC/ANSI A117.1

Laws:
Americans with Disability Act Accessibility Guidelines (revised 9-15-2010)

Thank you

Marcus S Denton, AIA

C, Economic Feasibility--2
Documentation of Availability of Funding

8300 Douglas Avenue
Suite 750
Dallas, TX 75225
214-365-6100
bhgrecovery.com

May 13, 2013

Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Frost Building, Third Floor
161 Rosa Parks Boulevard
Nashville, Tennessee 37203

RE: VCPHCS I, LLC
Certificate of Need Application to Change Location

Dear Ms. Hill:

VCPHCS I, LLC d/b/a ADC Recovery & Counseling Center is applying for a Certificate of Need to move to a new site in Memphis. This will require a capital expenditure estimated at approximately $671,000.

The applicant LLC's only member is VCPHCS L.P., a limited partnership which does business as Behavioral Health Group (BHG). I am the President and Chief Operations Officer of Behavioral Health Group.

I am writing to confirm that VCPHCS I, LLC has sufficient cash assets to implement this project. The LLC's income statement and balance sheet are included in the application as documentation of its ability to provide project funding.

Sincerely,

James F. Draudt
President & Chief Operating Officer

C, Economic Feasibility--10
Financial Statements

VCPHCS I, LLC
Balance Sheet as of March 30, 2013

ASSETS

Cash on Hand	$	23,308
Segregated Cash		
Accounts Receivable		-
Inter-company VCPHCS		1,834,805
Intercompany Appian		-
Intercompany DRD		88,281
Inventory		1,806
Prepaid Assets		17,089
Other Current Assets		-
Total Current Assets	$	1,965,289
Non-Current Assets		
Investments DRD	$	-
Investments in DRD Holdings		-
Investments-Appian		-
Investments-VCPHCS		-
Long Term Investments		-
Fixed Assets		38,997
Goodwill		354,425
Intangible Assets		261,424
Notes Receivable due LLC Subs and DRD Mgmts		-
Other Assets		5,857
Total Non-Current Assets	$	660,703
Total Assets	$	2,625,992

LIABILITIES

Current Liabilities		
Accounts Payable	$	8,670
Short Term Notes Payable		-
Current Portion of Capitalized Lease Obligation		
Current Maturities of Long-term Debt		-
Inter-company Payables-DRD		103,824
Deferred Revenue		
Accrued Expenses		20,304
Accrued Taxes		(40,622)
Total Current Liabilities	$	92,176
Long-term Debt		
Notes Payable due LLC Subs and DRD Mgmt	$	-
Deferred Lease Liability		-
Deferred Income Taxes, Net		3,521
Long-Term Liabilities	$	3,521
Total Liabilities	$	95,697
Treasury Stock		
Opening Balance	$	411,920
Paid-in Capital		-
Prior Ownership Retained Earnings		-
Retained Earnings		2,061,822
Net Income YTD		56,553
Stockholders' Equity	$	2,530,295
Liabilities and Shareholder's Equity	$	2,625,992

VCPHCS I, LLC
Income Statement
For the 12 Months Ended March 2013

Revenue	$ 1,195,979
Cost of Sales	465,695
Gross Profit	$ 730,284
Operating Exp. - Clinics	240,396
EBITDA	$ 489,888
Depreciation & Amortization	210,893
EBIT	$ 278,995
Interest Income	$ -
Interest Expense	176,858
Pre-Tax Income	102,137
Taxes	6,348
Net Income	$ 95,789

BDO

Tel: 214-969-7007
Fax: 214-953-0722
www.bdo.com

700 North Pearl, Suite 2000
Dallas, Texas 75201

May 13, 2013

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Frost Building, Third Floor
161 Rosa Parks, Boulevard
Nashville, TN 37203

Dear Ms. Hill:

We have audited the consolidated financial statements of BHG Holdings, LLC, (BHG) (Parent Entity of VCPHCS LP) which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations, members' equity and cash flows for the year ended December 31, 2012 and the period from June 30, 2011 (Inception) through December 31, 2011, and the related notes to the consolidated financial statements. In connection therewith, we issued an unqualified opinion dated March 27, 2013 on such consolidated financial statements.

These consolidated financial statements are the responsibility of BHG's management. As reflected in the consolidated balance sheet as of December 31, 2012, the cash balance is in excess of $2.5 million and total assets as of December 31, 2012, is in excess of $22.0 million.

Our audits of the consolidated financial statements as of December 31, 2012 and 2011, and for the year ended December 31, 2012 and the period from June 30, 2011 (Inception) through December 31, 2011 comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such consolidated financial statements taken as a whole, and not on the individual account balances or totals referred to above.

Very truly yours,

BDO USA, LLP

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Behavioral Health Group

Balance Sheet as of March 30, 2013

ASSETS

Cash on Hand	$	1,215,150
Segregated Cash		-
Accounts Receivable		257,164
Inter-company VCPHCS		-
Intercompany Appian		-
Intercompany DRD		-
Inventory		128,004
Prepaid Assets		958,711
Other Current Assets		294
Total Current Assets	$	2,559,323
Non-Current Assets		
Investments DRD	$	-
Investments in DRD Holdings		-
Investments-Appian		-
Investments-VCPHCS		-
Long Term Investments		12,500
Fixed Assets		4,857,934
Goodwill		94,849,082
Intangible Assets		10,859,606
Notes Receivable due LLC Subs and DRD Mgmts		-
Other Assets		1,220,746
Total Non-Current Assets	$	111,799,868
Total Assets	$	114,359,191

LIABILITIES

Current Liabilities		
Accounts Payable	$	407,713
Short Term Notes Payable		-
Current Portion of Capitalized Lease Obligation		-
Current Maturities of Long-term Debt		396,339
Inter-company Payables-DRD		-
Deferred Revenue		-
Accrued Expenses		2,050,720
Accrued Taxes		(65,440)
Total Current Liabilities	$	2,789,332
Long-term Debt	$	53,989,360
Notes Payable due LLC Subs and DRD Mgmt		-
Deferred Lease Liability		16,836
Deferred Income Taxes, Net		596,732
Long-Term Liabilities	$	54,602,928
Total Liabilities	$	57,392,260
Treasury Stock	$	-
Opening Balance		-
Paid-in Capital		63,908,500
Prior Ownership Retained Earnings		-
Retained Earnings		(5,772,771)
Net Income YTD		(1,168,798)
Stockholders' Equity	$	56,966,931
Liabilities and Shareholder's Equity	$	114,359,191

C, Orderly Development--7(C)
TDH Inspection & Plan of Correction

LICENSURE NOTICE OF NON-COMPLIANCE AND PLAN OF COMPLIANCE FORM STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH	DATE OF NOTICE: June 15, 2012 PAGE 1 OF 1 PAGE(S)	NOTICE OF NON-COMPLIANCE TO: (Licensee's Name & Address) VCPHCS I, LLC 5950 Sherry Lane, Suite 750 Dallas, TX 75225 Attn: Mr. James Draudt, Director/President and COO
NAME AND ADDRESS OF TDMH OFFICE SENDING NOTICE: West Tennessee Office of Licensure and Review 170 N. Main, 12th Floor Memphis, TN 38103 Attn: Ms. Sandra H. Randle, West TN Licensure Surveyor	EVENT AND DATE RESULTING IN THIS NOTICE: Unannounced Inspection June 14, 2012	NAME AND LOCATION OF FACILITY IN NON-COMPLIANCE: ADC Recovery and Counseling Center 3041 Getwell Road, Building A, Suite 101 Memphis, TN 38118 A&D Non-Residential Opiate Treatment Facility

NOTICE TO LICENSEE: Your facility has been found to be in non-compliance with the rule(s) listed on this form. You must provide a plan for complying with each rule cited in non-compliance. Type or print your plan(s) in the space provided on this form. Include the date by which you will be in compliance with each rule cited. Sign and date each page of the form. Return this form by the indicated date to the address of the TDMH Office listed above.

YOUR PLAN OF COMPLIANCE MUST BE RETURNED NO LATER THAN: N/A

(Do Not Write in Space Below)

REFERENCE RULE NUMBER 0940-5-	SUMMARY OF THE FINDINGS OF NON-COMPLIANCE WITH THE RULES REFERENCED	P.O.C. Review Code*	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
	There were no deficiencies identified during this inspection. No response is required.			

114

SIGNATURE OF TDMH REVIEWER OF P.O.C.	DATE OF REVIEW:	SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:	DATE OF SIGNATURE:

*P.O.C. Review Codes: (See Review & Approval Status Form For Explanations.) A=Approved. AE=Approved With Exception. RR=Rejected-Resubmit. RS=Rejected-Sanction.

LICENSURE NOTICE OF NON-COMPLIANCE AND PLAN OF COMPLIANCE FORM STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES	DATE OF NOTICE: January 23, 2013 PAGE 1 OF 4 PAGE(S)	NOTICE OF NON-COMPLIANCE TO: (Licensee's Name & Address) VCPHCS I, LLC 5950 Sherry Lane, Suite 750 Dallas, TX 75225 Attn: Mr. James Draudt, Director/President and COO
NAME AND ADDRESS OF TDMHSAS OFFICE SENDING NOTICE: West Tennessee Office of Licensure and Review 170 N. Main, 12th Floor Memphis, TN 38103 Attn: Ms. Sandra H. Randle, West TN Licensure Surveyor	EVENT AND DATE RESULTING IN THIS NOTICE: **SOTA Inspection** November 26, 2012	NAME AND LOCATION OF FACILITY IN NON-COMPLIANCE: ADC Recovery and Counseling Center 3041 Getwell Road, Building A, Suite 101 Memphis, TN 38118 A&D Non-Residential Opiate Treatment Facility
NOTICE TO LICENSEE: Your facility has been found to be in non-compliance with the rule(s) listed on this form. You must provide a plan for complying with each rule cited in non-compliance. Type or print your plan(s) in the space provided on this form. Include the date by which you will be in compliance with each rule cited. Sign and date each page of the form. Return this form by the indicated date to the address of the TDMHSAS Office listed above.		YOUR PLAN OF COMPLIANCE MUST BE RETURNED NO LATER THAN: **February 6, 2013**

(Do Not Write in Space Below)

REFERENCE RULE NUMBER 0940-5-	SUMMARY OF THE FINDINGS OF NON-COMPLIANCE WITH THE RULES REFERENCED	P.O.C. Review Code*	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
42-.01(41)	#1612, 1235, 342, 1304 – Client offered short/long term detox plan – not located within the chart.		We did acknowledge that our current forms did address this, but not directly. A form that specifically covers this (and will be completed with the patient during intake) is being prepared and will be ready by 1/28/13.	1/28/2013
42-.04(4)(f)	#1612 – Patient failed to show for counseling multiple times. Multiple notations of counselor attempt to contact patient. Patient was at the clinic during this time period multiple times to dose daily. Existing counseling notes did not document reasoning for absences.		We have assigned a team member to directly be responsible for calling all no shows that same day. This will help us stay on top of why patients are not showing. Also, training was conducted with counselors on the importance of keeping patients engaged in treatment. They were also trained to discuss with patient and/or add to the treatment plan if that patient misses several days of dosing and/or counseling. Counseling Supervisor will conduct monthly audits.	12/31/12

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SIGNATURE OF TDMHSAS REVIEWER OF P.O.C.	DATE OF REVIEW:	SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:	DATE OF SIGNATURE:
			3/4/2013

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LICENSURE NOTICE OF NON-COMPLIANCE AND PLAN OF COMPLIANCE FORM (Continuation Page)	DATE OF NOTICE: January 23, 2013	NOTICE OF NON-COMPLIANCE TO: (Licensee's Name) VCPHCS I, LLC
	Page 2 of 4 Page(s)	NAME OF FACILITY IN NON-COMPLIANCE: ADC Recovery and Counseling Center

(Do Not Write in Space Below)

REFERENCE RULE NUMBER 0940-5-	SUMMARY OF THE FINDINGS OF NON-COMPLIANCE WITH THE RULES REFERENCED	P.O.C. Review Code*	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
42-.04(6a)	The local district attorney's office was not posted in the main public entrance.		This number is now posted on the opposite wall from where the surveyor had originally looked.	11/26/12
42-.05(5)(d)	#1612 – Group Counseling notes were generic and non-descript. Group counseling notes did not address patient's involvement in the group nor if progress, if any, had been made to meet goals in the patient's treatment plan.		The group note had check boxes for participation and affect, but no individuality for this patient. Training was conducted with counseling staff concerning individual group notes for each participant. Training was also conducted on adding group participation on the patient's treatment plan goals. Counseling Supervisor will conduct monthly audits to check these requirements.	12/31/12
42-.05 (2)(a)1(viii)	#1612, 1235, 342, 1304 – Signed treatment options and detox rights were not located within the chart.		We did acknowledge that our current forms did address this, but not directly. A form that specifically covers this (and will be completed with the patient during intake) is being prepared and will be ready by 1/28/13.	1/28/13

T16

SIGNATURE OF TDMHSAS REVIEWER OF P.O.C.	DATE OF REVIEW:

SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:	DATE OF SIGNATURE:
[illegible]	3/4/2013

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LICENSURE NOTICE OF NON-COMPLIANCE AND PLAN OF COMPLIANCE FORM (Continuation Page)	DATE OF NOTICE: January 23, 2013	NOTICE OF NON-COMPLIANCE TO: (Licensee's Name) VCPHCS I, LLC
	Page 3 of 4 Page(s)	NAME OF FACILITY IN NON-COMPLIANCE: ADC Recovery and Counseling Center

(Do Not Write in Space Below)

REFERENCE RULE NUMBER 0940-5-	SUMMARY OF THE FINDINGS OF NON-COMPLIANCE WITH THE RULES REFERENCED	P.O.C. Review Code*	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
42.06 (7)(a)9(iv)	#1612 – Procedures for medically supervised withdrawal in the event client is unable to pay was not located within patient chart.		We did acknowledge that our current forms did address this, but not directly. A form that specifically covers this (and will be completed with the patient during intake) is being prepared and will be ready by 1/28/13.	1/28/13
42-.06(8)(a)	#1612 – Only two urine drug screens results located within the chart, the admission drug screen on 8/21/12 and 11/13/12, both were illicit for opiates #342 – Patient had an illicit drug screen on 6/29/12 and repeat urine drug screen was not repeated until 7/17/12. #1304 – No urine drug screens were found in the chart for months of June of July. Urine drug screen on 9/18/12 and 10/5/12 were both illicit for marijuana.		#1612 – after patient was admitted the team member failed to change the patient to weekly screens in SAMMS. – We have since changed staffing in this area and training was conducted with new staff member to make sure this is changed on all admissions. This way SAMMS can schedule the drug screens randomly. #342 – patient had a drug screen on 6/26/12 + THC, then again on 7/2/12, 7/10/12, 7/17/12 8/10/12 all negative. At that time she went to monthly screening. These screens did appear in the SAMMS version, but the hard copies were not in the chart in the correct area. Counseling supervisor will conduct monthly audits for hard copies. #1304 – Patient was screened on 6/15/12 and 7/30/12 both negative results. Again, these screens were in the electronic file of the patient, but the hard copies were no in the chart. Staffing has been changed in this area and counseling supervisor will conduct monthly audits.	12/31/12

SIGNATURE OF TDMHSAS REVIEWER OF P.O.C.:	DATE OF REVIEW:

SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:	DATE OF SIGNATURE:
	3/4/2013

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	Page 4 of 4 Page(s)	NAME OF FACILITY IN NON-COMPLIANCE: ADC Recovery and Counseling Center

(Do Not Write in Space Below)

REFERENCE RULE NUMBER 0940-5-	SUMMARY OF THE FINDINGS OF NON-COMPLIANCE WITH THE RULES REFERENCED	P.O.C. Review Code*	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
42-.06 (9)(a)6	Exception request to dose at 130 mg was denied with further instructions to have patient dose daily and repeat COWS assessment and resubmit back to the state prior to Friday dosing. No documentation of COWS assessment or follow-up sent to the state. During exit interview it was explained the patient had a transportation issue preventing fulfillment of the request. No documentation of patient hardship communicated with the state.		Training will be conducted with staff concerning request from the State. Any request from the state will need to show documentation that a response was sent back to the State to acknowledge the request. (i.e. request fulfilled or hardship, etc)	1/31/13

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SIGNATURE OF TDMHSAS REVIEWER OF P.O.C.:	DATE OF REVIEW:

SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:	DATE OF SIGNATURE:
	3/4/2013

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The Joint Commission

VCPHCS I LLC dba ADC Recovery Counseling Center
3041 Getwell Road, Bldg A, Ste 101
Memphis, TN 38118

Organization Identification Number: 505739

Program(s)
Behavioral Health Care Accreditation

Surveyor(s) and Survey Date(s)
Gale B.Levesque, PhD - (03/24 - 03/25/2011)

Executive Summary

As a result of the survey conducted on the above date(s), the following survey findings have been identified. Your official report will be posted to your organization's confidential extranet site. It will contain specific follow-up instructions regarding your survey findings.

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

The Joint Commission
Summary of Findings

INDIRECT Impact Standards:

Program:	Behavioral Health Care Accreditation Program	
Standards:	CTS.03.01.09	EP1
	HR.02.01.03	EP8

The Joint Commission
Findings

Chapter: Care, Treatment, and Services

Program: Behavioral Health Care Accreditation

Standard: CTS.03.01.09

Standard Text: The organization assesses the outcomes of care, treatment, or services provided to the individual served.

Primary Priority Focus Area: Assessment and Care/Services

Element(s) of Performance:

1. The organization monitors the individual's progress in achieving his or her care, treatment, or service goals.

Scoring Category : C
Score : Partial Compliance

Observation(s):

EP 1
Observed in Individual Tracer at VCPHCS I, LLC d.b.a. ADC Recovery & Counseling Center (3041 Getwell Road, Bldg. , Suite 101, Memphis, TN) site.
The clinical record of one client did not contain a treatment plan review that documented the client's progress in meeting all of the active goals and objectives that were identified in the treatment plan. A review of the monthly progress notes that were written during the six month interval between scheduled treatment plan updates/reviews indicated that none of the the progress notes addressed the client's progress related to one or more of the identified goals/objectives. Subsequently, the documentation did not support the continuance of the goal in the next revision of the treatment pla.

Observed in Individual Tracer at VCPHCS I, LLC d.b.a. ADC Recovery & Counseling Center (3041 Getwell Road, Bldg. , Suite 101, Memphis, TN) site.
The scheduled six month review a second client's treatment plan, that was reviewed during tracer active,y did not address all of the active goals/objectives in the treatment plan. Six of nine progress notes that were written during the interval separating the treatment plan reviews/updates dealt primarily with an event that occurred during treatment and the remaining notes did not consistently relate to identified issues in the treatment plan. There was insuffielent documentation in the treatment plan review or in the progress notes to support the formulation of the new treatment plan

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Chapter: Human Resources

Program: Behavioral Health Care Accreditation

Standard: HR.02.01.03

Standard Text: The organization assigns initial, renewed, or revised clinical responsibilities to staff who are permitted by law and the organization to practice independently.

Primary Priority Focus Area: Credentialed Practitioners

ADC

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq. and the Rules of the Health Services and Development Agency, that the ADC Recovery and Counseling Center (an adult non-residential substitution-based treatment center for opiate addiction), owned and managed by VOPHCS II LLC (a limited liability company), intends to file an application for a Certificate of Need to relocate from its current site at 3041 Getwell Road, Suite 101 Building A, Memphis, TN 38118, to 4599 Winchester Road, Building B, Suite 1, Memphis, TN 38118 (a distance of 2 miles), at a capital cost estimated at $370,000.

The facility is licensed by the Tennessee Department of Mental Health and Substance Abuse Services as an Alcohol & Drug Non-Residential Opiate Treatment Facility. It will be used exclusively to provide a comprehensive adult outpatient treatment program for opioid addiction with testing, counseling, counseling, medication (including methadone and buprenorphine) and related services required for State licensure and for Federal certification by the U.S. Department of Health and Human Services.

The project does not contain major medical equipment, or initiate or discontinue any other health services, and it will not affect any facility's licensed bed complements. The anticipated date of filing the application is on or before May 15, 2013. The contact person for the project is Joan Wallborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 203, Nashville, TN 37215, (615) 665-2022.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Tennessee Health Services and Development Agency
First Building, Third Floor
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37243

Pursuant to TCA Sec. 68-11-1607(c)(1), any health care institution wishing to oppose a Certificate of Need application must file a written request with the Health Services and Development Agency (a) within ten (10) days before the regularly scheduled Health Services and Development Agency meeting at which the application is regularly scheduled, and (b) any other person wishing to oppose the application must file written request with the Health Services and Development Agency at any time in the consideration of the application by the Agency.

the Successor Trustee's option at any time. The right is reserved to adjourn the sale to another day, time and/or place certain without further publication, upon announcement at the time and place for the sale set forth above, or at any date and time fixed by a preceding postponement. Alternatively, at its option, Successor Trustee may give a new notice of sale. Weissman Nowack Curry & Wilco, PC
One Alliance Center, 4th Floor
3500 Lenox Road
Atlanta, GA 30326
(866) 960-8298
File# 01971

NOTICE OF FORECLOSURE SALE

MADISON COUNTY, STATE OF TENNESSEE
THIS IS AN ATTEMPT TO COLLECT A DEBT. ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.
Default has been made in the terms, conditions and payments provided for in that certain Deed of Trust dated February 16, 2007, of record in Deed Book/Page Number T1789 340, instrument 07002372, Register's Office for Madison County, Tennessee, from Travis Thompson and Robbie Thompson (Borrower) to NECTINC Trustee, for the benefit of MORTGAGE ELECTRONIC REGISTRATION SYSTEMS INC., AS NOMINEE FOR FIRST NLC FINANCIAL SERVICES LLC (Lender), securing the Note, indebtedness therein described, the entire Note/indebtedness having been declared in default and immediately due and payable by the lawful owner and holder thereof.
DEUTSCHE BANK NATIONAL TRUST COMPANY, AS TRUSTEE FOR MORGAN STANLEY ABS CAPITAL I INC. TRUST 2007-HE2, ASSET BACKED PASS-THROUGH CERTIFICATES, 2007-HE2 (Holder), now being the present owner and holder of said indebtedness, has now requested that foreclosure proceedings be instituted, and said Holder has appointed the undersigned listed below as Substitute Trustee under and pursuant to the terms of Deed of Trust by an instrument duly recorded in the appropriate records to serve in the place and stead of the aforementioned Trustee. Notice of the Right to Foreclose was sent to

PROPERTY CONVEYED BY ALMA CARROLL BY DEED APPEARING OF RECORD DEED BOOK 6 PAGE 367 IN THE REGISTER'S OFFICE OF MADISON COUNTY, TENNESSEE.
For informational purposes only, this property is commonly known as 117 Jackson St, Jackson, TN 38301, Parcel ID 078J D 001500000. The property shall be free and clear of all right and equity of redemption, statutory or otherwise, homestead, dower, curtesy, elective share, and all other exemptions that are expressly waived in said Deed of Trust, and the title believed to be good, but the Successor Trustee will sell and convey only as Successor Trustee, "as is" and "where is" and without covenants of seizin or warranties of title.
Terms of Subordinate Mortgage:
Schedule Recovery Associates LLC Cosignee of GE Money Bank FSB
Original One Bank
Listing of Other Interested Parties: N/A
Sale is subject to liens, easements, encumbrances: property taxes; rights of redemption of tenants; entities all matters shown on any recorded plan(s) or plat(s); any unpaid taxes; any restrictive covenants, easements or setback lines that may be applicable; any statutory rights of redemption of any governmental agency, state or federal; any prior liens or encumbrances as well as any property erected by a fixture; any matter that an accurate survey of the premises might disclose; and other matters which are prior in right to the lien of the aforesaid Deed of Trust.
If a high bidder fails to close a sale, the Successor Trustee shall have the option of making the sale to the next highest bidder. The sale held pursuant to this Notice may be rescinded at the Successor Trustee's option at any time. The right is reserved to adjourn the sale to another day, time and/or place certain without further publication, upon announcement at the time and place for the sale set forth above, or at any date and time fixed by a preceding postponement. Alternatively, at its option, Successor Trustee may give a new notice of sale. Weissman Nowack Curry & Wilco, PC
One Alliance Center, 4th Floor
3500 Lenox Road
Atlanta, GA 30326
(866) 960-8298
File# 013288

NOTICE OF FORECLOSURE SALE

SHELBY COUNTY, STATE OF TENNESSEE
THIS IS AN ATTEMPT TO COLLECT A DEBT. ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.
Default has been made in the terms, conditions and payments provided for in that certain Deed of Trust dated June 30, 2006, of record in Deed Instrument 06122964, Register's Office for Shelby County, Tennessee, from Dobbins Brown Revocable Trust to ROBERT W. WILSON, ESQUIRE, Trustee, for the benefit of MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC., AS NOMINEE FOR MORTGAGE LENDERS NETWORK USA, INC. (Lender), securing the Note, indebtedness therein described, the entire Note/indebtedness having been declared in default and immediately due and payable by the lawful owner and holder thereof.
U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE UNDER THE POOLING AND SERVICING AGREEMENT DATED AS OF AUGUST 1, 2006 GSAMP TRUST 2006-HE5 MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2006-HE5 (Holder), now being the

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AFFIDAVIT

2013 MAY 15 AM 11 46

STATE OF TENNESSEE

COUNTY OF DAVIDSON

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

SIGNATURE/TITLE

Sworn to and subscribed before me this 15 day of MAY (Month), 2013 (Year) a Notary Public in and for the County/State of DAVIDSON CO, TENNESSEE

TIFFANY B. POULOSE
STATE OF TENNESSEE
NOTARY PUBLIC
DAVIDSON COUNTY

NOTARY PUBLIC

My commission expires 1-11 (Month/Day), 2017 (Year).

COPY-

SUPPLEMENTAL-1

ADC Recovery and Counseling Ctr.

CN1305-018

DSG Development Support Group

SUPPLEMENTAL- # 1
May 28, 2013
3:45 pm

May 28, 2013

Phillip M. Earhart, Health Planner III
Tennessee Health Services and Development Agency
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37203

RE: Certificate of Need Application CN 1305-018
ADC Recovery and Counseling Center--Relocation
Memphis, Shelby County

Dear Mr. Earhart:

This letter responds to your first request for supplemental information on the subject application. The responses are numbered to correspond to your questions, and are provided in triplicate, with an affidavit.

1. **Applicant Profile, Item 1 and Item 3**
   a. **The applicant list the proposed project address on the Letter of Intent as 3041 Getwell Road, Suite 101, Building B, on page 8 of the application as Building A, and no building location is listed under Item 1 on page 1 of the application. Please clarify.**

   b. **Please list the phone number of the owner of the facility, agency or institution. Also, the zip code appears to be incorrect.**

   The letter of intent, public notice, and page 8 of the application all included "Building B". Attached following this page is revised page 1R. It provides the owner's phone number, removes the excess digit from the zip code, and adds "Building B" to the facility address.

4219 Hillsboro Road, Suite 203
Nashville, TN 37215
jwdsg@comcast.net
Tel 615.665.2022
Fax 615.665.2042

SUPPLEMENTAL

2. Section B., Project Description, Item I

a. Please explain the State-Designated Methadone Planning Areas and how this proposed project fits into that plan.

In response to a request by the Tennessee General Assembly, in late 2001 the Tennessee Department of Health conducted a study of opioid dependency issues and methadone treatment needs in Tennessee—in consultation with other State agencies and experts, and utilizing all available clinical sources, e.g., the 1997 National Institutes of Health Consensus Statement on Methadone Treatment. The study's findings and recommendations were set forth in a Commissioner's Report to the General Assembly. Pages 3-9 of the Commissioner's Report contain most of the concerns, findings, and estimates referred to in this CON application. *Paraphrased* highlights are as follows:

• *Untreated opioid dependency costs U.S. society $20 billion annually, of which more than $1.2 billion are health care costs (p. 3).*

• *Most opioid-dependent persons cannot remain drug-free (p. 3). Opioid use leads to criminal behavior; 95% of opioid users in one study reported committing crimes while using opioids (p. 3).*

• *The NIH (National Institutes of Health) literature states that methadone maintenance treatment, or "MMT", is effective in reducing opioid drug use, in reducing crime, in increasing productivity, and in reducing diseases such as AIDS and hepatitis, while providing an opportunity for employment and improved quality of life for patients (p. 3).*

• *From a public policy standpoint, placing persons in a nonresidential methadone treatment program is preferable (to) allowing them to remain dependent on opioids (p. 6).*

• *Available public health data don't accurately quantify the opioid problems in Tennessee (p. 4). However, Federal planning factors indicate that Tennessee probably had 12,300 opioid-dependent residents in 2000/2001, only a fraction of whom were participating in methadone programs (p. 6).*

• *Tennessee had too few methadone programs (p. 4). The closer one lives to a treatment program, the greater likelihood of participation (p. 4). All Tennesseans who are eligible for and choose to participate in a nonresidential methadone treatment program should have reasonable geographic access to a program (p. 6)—to develop a life that could include full employment...(p. 6).*

• *Assuring reasonable access to a treatment program led to the Department's designating and recommending 23 Methadone Service Areas (p. 8), with sufficient population (minimum 100,000+) to make a clinic viable (p. 6), and offering geographic access to its residents within an hour's drive (p. 8).*

The General Assembly took no action on this report when it was submitted. Recent 2012 legislation regulating these clinics did not reference the report or its planning areas. The MPA Plan is unrelated to this CON application except as referenced in the application; the project merely allows this OTP to continue to serve the Memphis MPA that it has always served.

b. The application under the heading "ownership structure" refers readers to Attachment A.4 for information regarding the facilities owned by the applicant's parent organization. The information could not be found. Please provide ownership interest in any other health care institutions.

The only licensed Tennessee facilities owned by BHG are its several OTP clinics across Tennessee. A list of those was included in Attachment C, Need--3 (location maps). An additional list is attached following this page, for insertion into Attachment A-4.

c. On page 7 of the application, the applicant states the facility needs a building that is easier for patients to find. Please clarify what makes the current site hard to find by patients.

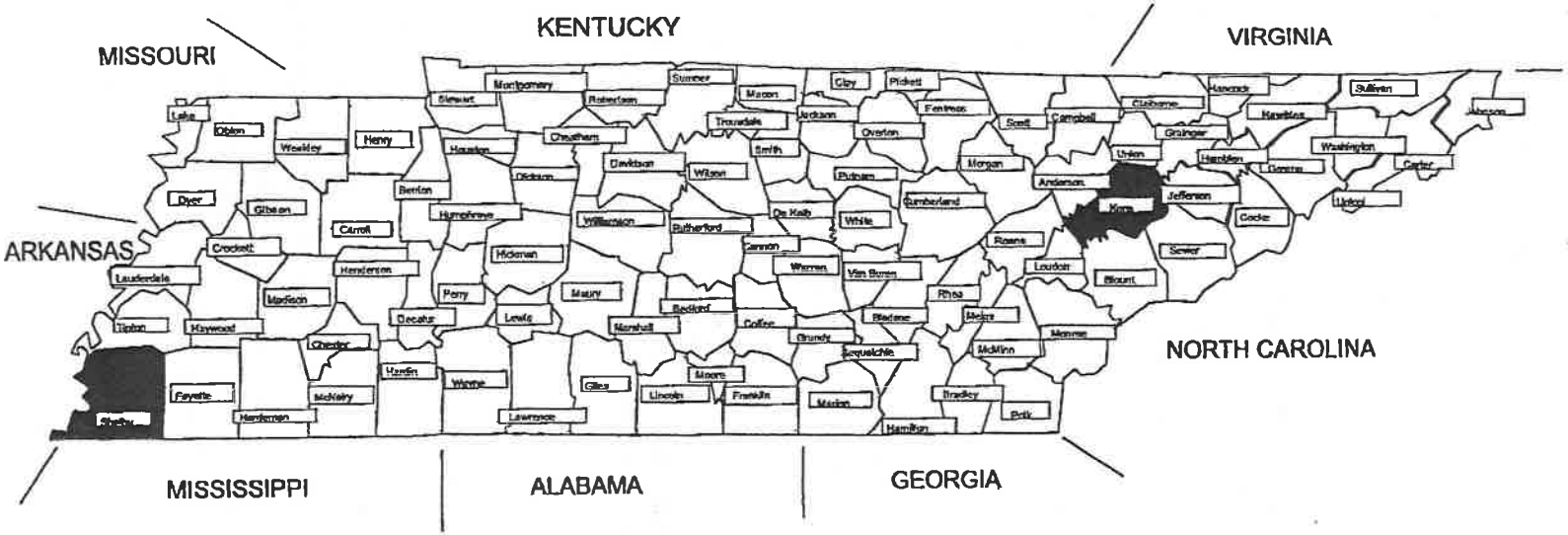
The current facility's entrance is on a one-way side street that is poorly signed and veers off of Getwell Road along an overpass, thus making the Getwell Road address somewhat misleading. In addition, the facility shares a strip development with four other businesses. Two of them are an auto repair shop and an auto body shop. Due to the number of cars parked at these facilities at all times, the clinic is often hard to distinguish. The lot is also surrounded by a fence with barbed wire on top, which is very unattractive. The building is now being maintained poorly and new patients often don't recognize it as a healthcare facility when they first approach.

d. What is the age of the present facility and the new proposed facility?

The applicant's real estate agency in Memphis says that the current building is more than 25 years old but has no more specific information. A web search identified no further information. The proposed site is in a very well-maintained building constructed in 1989, approximately 24 years ago.

March 2011

Tennessee Opioid Treatment Clinics



○ ONE LOCATION ● TWO LOCATIONS ● THREE LOCATIONS

*BHG (9)

Shelby (Memphis)
* ADC Recovery & Counseling Center
3041 Getwell, Suite 101
Memphis, TN 38118
(901) 375-1050
Hours of Operation M-F 5a-1:30p; Sat 6a-9a
Dosing Hours M-F 5:30a-11a; Sat 6a-9a

* Memphis Center for Research & Addiction
1270 Madison Ave
Memphis,TN 38104
(901) 722-9420
Hours of Operation M-F 5:45a-2p; Sat 6a-9a
Dosing Hours M-F 5:45a-1p; Sat 6a-9a

* Raleigh Professional Associates
2960-B Austin Peay Hwy
Memphis, TN 38128
(901) 372-7878
Hours of Operation M-F 5a-1p; Sat 6a-2p
Dosing Hours M-F 5a-9a; Sat 6a-10a

Dyer (Dyersburg)
Midsouth Treatment Center
640 Hwy 51 Bypass 3, Suite M
Dyersburg, TN 38024
(731) 285-6535
Hours of Operation M-Sat 5a-11a
Dosing Hours M-F 5a-11a; Sat 6a-10a

Madison (Jackson)
* Jackson Professional Associates
1869 Hwy 45 Bypass, Suite 5
Jackson, TN 38305
(731) 660-0880
Hours of Operation M-F 5a-1p; Sat 6a-2p
Dosing Hours M-F 5a-1p; Sat 6a-2p

Henry (Paris)
* Paris Professional Associates
2555 East Wood Street
Paris, TN 38242
(731) 641-4545
Hours of Operation M-Sat 5a-1p
Dosing Hours M-Sat 5a-1p

Hardin (Savannah)
Solutions of Savannah
85 Harrison Street
Savannah, TN 38372
(731) 925-2767
Hours of Operation M-Sat 5:30a-12p
Dosing Hours M-F 5:30a-11a; Sat 6a-9a

Maury (Columbia)
* Recovery of Columbia
1202 South James Campbell Blvd.
Columbia, TN 38401
(931) 381-0020
Hours of Operation M-Sat 5:30a-11a
Dosing Hours M-F 5:30-11a; Sat 6a-9a

Davidson (Nashville)
* Middle Tennessee Treatment Center
2410 Charlotte Avenue
Nashville, TN 37203
(615) 321-2575
Hours of Operation M-Sat 6a-1p
Dosing Hours M-F 6a-1p; Sat 6a-9a

Hamilton (Chattanooga)
Volunteer Treatment Center, Inc.
2347 Rossville Blvd
Chattanooga, TN 37408
(423) 265-3122
Hours of Operation M-Sat 5:30a-2p
Dosing Hours M-F 5:30a-12:30p; Sat 5:30-11a

Knox (Knoxville)
* DRD Knoxville Medical Clinic-Central
412 Citico Street
Knoxville, TN 37921
(865) 522-0661
Hours of Operation M-Sat 5:30a-2:30p
Dosing Hours 5:30a-11p; Sat 6a-9a

* DRD Knoxville Medical Clinic-Bernard
626 Bernard Avenue
Knoxville, TN 37921
(865) 522-0161
Hours of Operation M-Sat 5:30a-2:30p
Dosing Hours M-F 5:30a-11a; Sat 6a-9a

2013 MAY 28 AM 11:36

SUPPLEMENTAL- # 1
May 28, 2013
3:45 pm

e. Approximately how many more parking spaces are available at the new proposed site?

The current site has only 32 parking spaces for 5 businesses. The auto businesses have 10 in use at all times, for vehicles being worked on. Employees of the businesses take up at least 14 spots. That leaves only 8 spots for clinic patients.

At the new site, 3 adjoining buildings will share 216 spaces (about 72 each building). The clinic will have 36 spaces for its own patients directly in front. Staff will park behind the building. Among the 3 buildings at the new site, there will be a total of 3 businesses, including the clinic.

f. What is the maximum number of patients that can be seen at the present site and what is the maximum number of patients that can be seen at the proposed site?

The present site serves about 250 patients and could accommodate no more than 300 patients. It has room for only 5 counseling offices, all of which are in use; and there is no room for expansion. The facility has only two bathrooms, one for staff and one for patients/drug screens. There are only 25 spaces for seating in the waiting room.

The proposed site will be opened with space for five counselors and 250 patients, but has space to build out another four counselors' rooms. It has a larger waiting room. If fully furnished, it could accommodate perhaps 450 patients; but enrollment has been relatively stable thus far.

3. Section B., Project Description, Item II.A

a. Please clarify what "EMP Zoning" is.

EMP stands for "Employment". An EMP zoning classification accommodates a wide variety of commercial uses, some of which are listed in the Memphis Unified Development Code, and others of which are listed in the chart following this page. A medical clinic such as ADC is permitted under EMP zoning.

Key: Blank Cell = Not Permitted ■ = Permitted □ = Special Use Approval C = Conditional Use Permit + = Conditional Use Permit – Significant Neighborhood Structure

USE CATEGORY	PRINCIPAL USE	P	OS	FW	CA	CIV	R-MP	R-E	R-15	R-10	R-8	R-6	R-3	RU-1	RU-2	RU-3	RU-4	RU-5	R-W	OG	CMU-1	CMU-2	CMU-3	CBD	CMP-1	CMP-2	EMP	WD	IH	Use Standard
Education Facility (see 2.9.3C)	School, Trade, Vocational, Business																			■	■	■	■	■	■	■	■	■	■	
	Dormitory, housing for students or faculty accessory to educational facilities not classified as colleges, community colleges or universities				□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	
Medical Facility (see 2.9.3D)	Blood Plasma Donation Center																					■	■		■	■	■			
	Medical or Dental Laboratory																			■	■	■	■	■	■	■	■			
	Pharmacy								+	+	+	+	+	+	+	+	+	+	+	■	■	■	■	■	■	■	■		■	
	Hospital					□														□			■	■	■	■				
	Medical, Dental or Chiropractic Clinic/Office, massage therapy, or outpatient surgery center								+	+	+	+	+	+	+	+	+	+	■	■	■	■	■	■	■	■	■		■	
Park/Open Area (see 2.9.3E)	All parks and open areas, except as listed below:	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
	Cemetery, Mausoleum, Columbarium, Memorial Park	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	2.6.2D
	Game Preserve, Wildlife Management Area, Refuge, Animal Sanctuary			□	□																									
	Recreation Field, without lights	■		■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
	Recreation Field, with lights	□		□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	■	■	■	■	■	■	■	■	■	2.6.2E
	Reservoir, Control Structure, Water Supply, Water Well	■	■	□	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
Passenger Terminal (see 2.9.3F)	Airport, Heliport, Airline Terminal			□																							□	■	■	2.6.2F
	Bus, Train Passenger Terminal																						■	■			□	□	■	
	Taxicab Dispatch Station, Limousine Service																					□	■	■			■	■	■	
	Multimodal Facility																						■	■			■	■	■	
Place of Worship (see 2.9.3G)	All places of worship				■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	2.6.2G
	Off-site parking for places of worship				□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	
Social Service Institution (see 2.9.3H)	All social service institutions					□																□	□	□			□		□	
Utilities (see 2.9.3I)	All minor utilities		■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
	All major utilities																										□		■	
	Amateur Radio Operator Tower (65 feet or less)			□	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	2.6.2H
	Communication towers			□	□	□													□	□	□	□	□	□			□	□	□	
	CMCS tower and facilities			□	■	□	□	□	□	□	□	□	□	□	□	□	□	□	□	■	■	■	■	■	■	■	■	■	■	2.6.2I
	Wind farm				□																						□		■	
	Solar farm	□	□	□	■	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	■	■	■	2.6.2J
COMMERCIAL																														
Funeral Services (see 2.9.4L)	Funeral establishment, funeral merchandise, funeral directing, crematorium and pet crematorium																				□	■	■	■			■		■	2.6.3R
Indoor Recreation (see 2.9.4A)	All indoor recreation, except as listed below:																				■	■	■	■	■	■	■	■	■	
	Adult-oriented establishment																										■		■	2.6.3A
	Athletic, tennis, swim or health club																			■	■	■	■	■	■	■	■	■	■	

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SUPPLEMENTAL- # 1
May 28, 2013
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b. There appears to be an incomplete sentence on the top of page 10. Please clarify.

Attached following this page is revised page 10R, containing the preceding sentences that were omitted from your copy. This page is from our master file of the document.

c. The applicant has provided a list of businesses on page 11 that are located near the proposed site. Please provide the approximate distance of these businesses to the proposed site. Are these businesses aware of the proposed methadone relocation? Is there support from any of these businesses?

In compliance with staff practice in prior applications, the applicant listed the businesses within two blocks of the proposed site, in every direction. In another response in this letter, the applicant has also identified any other tenants within the building itself.

The applicant does not know whether nearby businesses are aware of the proposed clinic, or if they support its relocation to this office park. Publication of notice is all that any applicant is required to provide in that regard. However, the applicant believes the landlord who has entered into this lease can be presumed to know if the proposed use is acceptable to other tenants. And of course, upon inquiry from any such businesses, or after CON approval of the move, the applicant will meet with nearby tenants to resolve any concerns they might have.

d. The applicant states a significant number of guests patients who are traveling through Memphis are also served by ADC Recovery and Counseling Center. Approximately what is the number of "guest patients" are provided care on a monthly basis?

In 2012 the guests per month averaged 2.8; YTD 2013 the average has been 3.

4. **Section B., Project Description, Item III.A.**
The attached plot plan is noted. There are some street names that are not legible. Please provide a revised plot plan with all legible street names.

The originally submitted plot plan provided large lettering only for the streets bordering the office park at the corner where the project will be located. Attached following this page is the same plot plan, with similar large names added to all the other public streets around and inside the office park.

5. **Section B., Project Description, Item III.B.1**
a. Please provide the walking distance from the nearest bus stop to the proposed site using the Shelby County Mass Transit web-site at http://www.matatransit.com/.

The site is 0.5 miles and 10 minutes walking time from the closest bus stop, at the intersection of Winchester Road and South Goodlett Street.

b. The applicant states the proposed site will open at 5:00 am. When does public bus service begin each day to the proposed site?

Buses on route 69 are scheduled to arrive at the Winchester and South Goodlett Street intersection at 6:51 am, Monday through Friday, and at 8:10 am on Saturday.

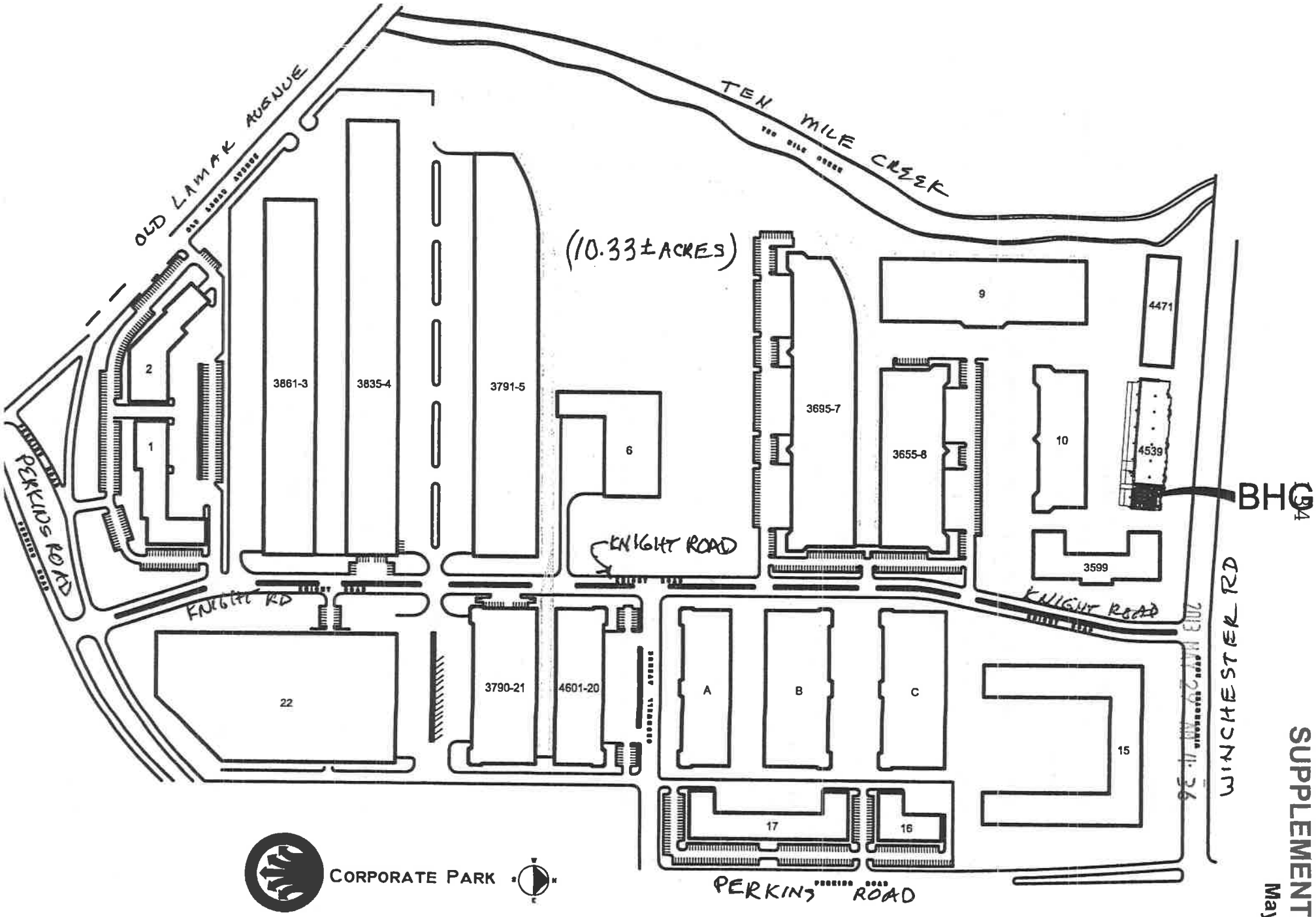
c. Approximately how many patients use mass transit?

Only four of the current 250 patients use mass transit currently--less than one-half of one percent of the total patients.

6. **Section C, Economic Feasibility, Item 1 (Project Costs Chart)**

a. There referenced Architect's letter in Attachment C, Economic Feasibility-1 is not included in the application. Please provide the referenced attachment.

The architect's letter was submitted in triplicate on Friday, May 17.



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May 28, 2013
3:45 pm

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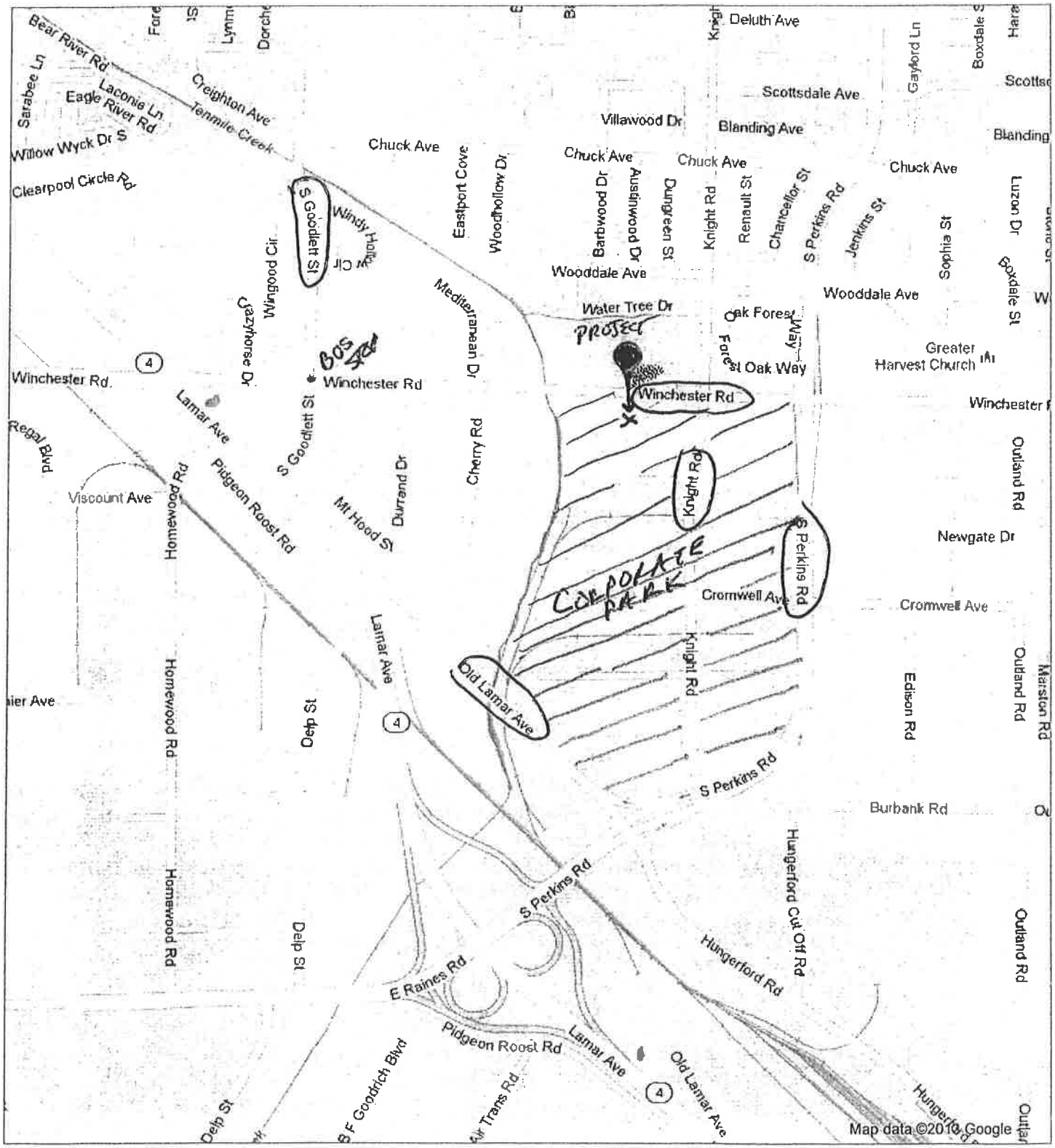
May 28, 2013
3:45 pm

To see all the details that are visible on the screen, use the "Print" link next to the map.

Google



b. Please compare the lease cost of the current facility to the new proposed facility.

Excluding pass-through costs (e.g., common area maintenance, utilities, and taxes), the lease rates at the current and proposed locations are:

Current lease cost, CY2013:	$45,192
Proposed lease cost, CY2014:	$22,458

Please note: The comparison is not meaningful. The current lease is a "gross" lease whose level monthly payment covers periodic common building expenses (common area maintenance, taxes, etc.) that are separately billed under a "net" lease. The new lease is a net lease. Its pass-through expenses will be billed separately.

c. The applicant is leasing 7,106 SF of a building that has 39,200 SF. Are there other businesses located in the building? Who has control of the remainder of the building?

The only other business in the proposed building is "Medwork Psychotherapy Associates". The building is controlled by the lessor, whose name on the lease is "Memphis Investments, a Wisconsin Limited Liability Company".

7. Section C. Economic Feasibility, Item 2

a. The applicant states the proposed project cost of $671,000 will be funded through cash reserves of VCPHC I, LLC. The balance sheet as of March 31, 2013 indicates cash on hand in the amount of $23,208. Please clarify if the applicant intends to fund the project through the asset category "Inter-company VCPHCS" that totals $1,834,805. If so, please clarify this current asset as it relates to Behavioral Health Group's Balance Sheet that list a total of $2,559,323 in current assets and current liabilities of $2,789,332.

VCPHCS I, LLC's parent, Behavioral Health Group (BHG), maintains a significant cash balance upon which its Treatment Centers can draw to fund capital projects. VCPHCS I, LLC generates adequate excess cash from ongoing operations to fund ordinary course liabilities (payroll, other Cost of Goods Sold,

and Operating Expenses) and has done so for the past seven (7) years. BHG (the Parent) also generates additional excess cash flows from its other twenty-eight (28) treatment centers operating in eight (8) states. In addition, BHG has both immediate and unfettered access to an untapped credit line of more than $5,000,000 and can also call upon committed equity capital that exceeds its credit line. The project will be funded by the BHG (parent company) resources.

b. The applicant's parent company Behavioral Health Group has a current ratio of .91:1. Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities. How is the applicant meeting current liability obligations?

The current ratio depicted on the March 31, 2013 balance sheet reflects two temporary anomalies that do not reflect on the organization's healthy liquidity position. First, the Company made the discretionary decision to fund the acquisition of three providers in December 2012 with cash (approximately $2.24 million) as opposed to funding them with long-term debt, which would have maintained the current ratio significantly higher than 1.0. The net effect of this elective decision changed a November Current Ratio of 1.88 (Current Assets $7.3 million and Current Liabilities $3.9 million) to one temporarily slightly less than 1.0. In fact, the cash balance prior to funding these acquisitions was $4.5M. Second, the "Accrued Expenses" liability line item reflects a $500,000 escrow holdback related to these acquisitions that is due to be paid in December 2013. Elimination of this one-time liability establishes a Current Ratio equal to 1.11:1.00. More importantly, BHG's ongoing strong operating cash flows and ready access to both equity and debt capital ensures excellent liquidity.

8. Section C, Economic Feasibility, Item 4 Historical Data Chart and Projected Data Chart

a. On the Historical Data Chart please clarify why depreciation increased from $26,909 in 2011 to $210,618 in 2012.

Depreciation experienced a significant increase as a result of the purchase of the stock of Behavioral Health Group in August 2011 by its current majority owner BHG Investments, LLC. The change in depreciation reflects the amortization of Goodwill assigned to "customer lists", an intangible asset that reflects the value

paid in excess of the Company's asset value when acquiring the stock. This is a non-cash expenditure that is being amortized over a twenty-four (24) month period and does not impact cash flow.

b. Why there is $176,858 in interest paid in 2012 as listed under Capital Expenditures in the Historical Data Chart?

As mentioned above, a stock purchase of Behavioral Health Group occurred in August 2011. A portion of that purchase price was funded with long-term debt. The interest expense paid in 2012 reflects the allocation of a portion of the debt interest payments by BHG to VCPHCS I, LLC.

c. The physician salaries and wages are listed as $48,426 on the Historical Data Chart. On average, how many hours a week do physicians provide services?

Historically, the Medical Director has provided approximately nine (9) hours of in-clinic coverage across three (3) scheduled days per week. In addition, our Medical Director is available for both consult and emergency in-clinic coverage twenty-four (24) hours per day, seven (7) days per week. VCPHCS I, LLC also maintains a dedicated back-up Program Physician in the event the Treatment Center's Medical Director is unavailable (i.e., goes on a scheduled vacation). Last, VCPHCS I, LLC's historical physician coverage exceeds the mandated regulatory requirements.

9. Section C, Orderly Development, Item 3
The staffing requirement of the proposed project is noted. The applicant's LPN salary range of $33,250-$39,000 appears to not be compatible with the Shelby County mean wage of $39,660. Please clarify.

LPN's at BHG facilities spend a large majority of their time dosing patients. At a basic level this encompasses sitting at a counter in a dosing booth, handing patients the appropriate amount of medication, and observing the patients' reactions to the medication. This role requires light physical duty and a limited scope of practice when compared with other LPN positions in nursing homes, hospitals, etc. Consequently the range is not equal to that of Shelby County LPN's in general.

10. Support Letters

Please provide any letters of support from the community, government, judicial and law enforcement, physical and behavioral health care providers, and residents near the proposed facility.

No support letters have been sought or received, as yet. If any are received, they will be submitted timely to the HSDA staff.

11. Proof Of Publication

Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

The originally submitted application contained a folded full page of the newspaper in which the notice of intent appeared (with the mast and dateline intact).

12. Notification Requirements

Please note that Tennessee Code Annotated 68-11-1607(c)(3) states that "...Within ten (10) days of filing an application for a nonresidential methadone treatment facility with the agency, the applicant shall send a notice to the county executive of the county in which the facility is proposed to be located, the member of the House of Representatives and the Senator of the General Assembly representing the district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential methadone treatment facility has been filed with the agency by the applicant." Please provide documentation that these notification requirements have been met.

Documentation is attached at the end of this response letter.

SUPPLEMENTAL- # 1
May 28, 2013
3:45 pm

Additional Item from Applicant

The applicant is attaching revised pages 49R-50R after this page. These are the Projected Data Chart and Notes. Errors were discovered in the amounts entered in the rent line. In the revisions, rent includes payments for both the space and certain other items such as software.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully,

John Wellborn

John Wellborn
Consultant

SUPPLEMENTAL- # 1
May 28, 2013
3:45 pm

Behavioral Health Group

Notification of Public Officials

4539 Winchester Road, Suite 1, Memphis, Tennessee 38118

BHG Behavioral Health Group

SUPPLEMENTAL- # 1
May 28, 2013
3:45 pm

8300 Douglas Avenue, Suite 750
Dallas, TX 75225

May 15, 2013

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

The Honorable Antonio Parkinson.
Representative, State of Tennessee
P. O. Box 281453
Memphis, TN 38168

RE: Proposed Relocation of Adult Non-Residential Substitution-Based Treatment Center for Opiate Addiction

Dear Representative Parkinson:

Please be advised that VCPHCS XXI, LLC d/b/a Raleigh Professional Associates has filed an application with the Tennessee Health Services and Development Agency to relocate from its current site at 2960-B Old Austin Peay Highway, Memphis, Tennessee 38128 to 2165 Spicer Cove, Suite 9, Memphis, Tennessee 38134 (a distance of three miles), at a capital cost estimated at $1,137,000.

Opioid Treatment Programs (OTPs) give persons struggling with opioid drug addiction (e.g., OxyContin, hydrocodone) the best chance at long term recovery, as the OTP treatment model specifically addresses both the neurochemical and psychological aspects of the disease. This dual-pronged approach is accomplished on an outpatient basis through physician-supervised medication assisted treatment (i.e., methadone replacement therapy) and intensive behavioral treatment (i.e., individual and group counseling), and it is complemented by access to social services and other support systems for patients. OTPs have been found by the Tennessee Department of Mental Health and relevant federal agencies to be tremendous resources for persons struggling to overcome opioid addiction and also for their families and communities.

This notice is provided pursuant to Tenn. Code Ann. § 68-11-1607(c)(3).

Please contact Richard Lodge at 615-742-6254 should you desire further information.

Sincerely,

VCPHCS XXI, LLC d/b/a Raleigh
Professional Associates

SUPPLEMENTAL- # 1
BHG - March 22, 2013
3:45 pm

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Representative, State of Tennessee
Street, Apt. or PO Box P. O. Box 281453
City, State, Memphis, TN 38168

PS Form 3800, August 2006 See Reverse for Instructions

BHG Behavioral Health Group
8300 Douglas Avenue, Suite 750
Dallas, TX 75225

SUPPLEMENTAL- # 1
May 28, 2013
3:45 pm

May 15, 2013

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

The Honorable Reginald Tate
Senator, State of Tennessee
88 Union Center, Suite 106
Memphis, TN 38103

RE: Proposed Relocation of Adult Non-Residential Substitution-Based Treatment Center for Opiate Addiction

Dear Senator Tate:

Please be advised that VCPHCS I, LLC d/b/a ADC Recovery and Counseling Center has filed an application with the Tennessee Health Services and Development Agency to relocate from its current site at 3040 Getwell Road, Suite 101 Building A, Memphis, Tennessee 38118 to 4539 Winchester Road, Suite 1, Memphis, Tennessee 38118 (a distance of two miles), at a capital cost estimated at $961,000.

Opioid Treatment Programs (OTPs) give persons struggling with opioid drug addiction (e.g., OxyContin, hydrocodone) the best chance at long term recovery, as the OTP treatment model specifically addresses both the neurochemical and psychological aspects of the disease. This dual-pronged approach is accomplished on an outpatient basis through physician-supervised medication assisted treatment (i.e., methadone replacement therapy) and intensive behavioral treatment (i.e., individual and group counseling), and it is complemented by access to social services and other support systems for patients. OTPs have been found by the Tennessee Department of Mental Health and relevant federal agencies to be tremendous resources for persons struggling to overcome opioid addiction and also for their families and communities.

This notice is provided pursuant to Tenn. Code Ann. § 68-11-1607(c)(3).

Please contact Richard Lodge at 615-742-6254 should you desire further information.

Sincerely,

VCPHCS I, LLC d/b/a ADC Recovery
and Counseling Center

SUPPLEMENTAL- # 1
BHG - Winchester
May 28, 2013
3:45 pm

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Street, Apt. or PO Box Senator, State of Tennessee
88 Union Center, Suite 106
City, State, Memphis, TN 38103

PS Form 3800, August 2006 See Reverse for Instructions

BHG Behavioral Health Group

8300 Douglas Avenue, Suite 750
Dallas, TX 75225

SUPPLEMENTAL- # 1
May 28, 2013
3:45 pm

2013 MAY 29 AM 4: 35

May 15, 2013

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

The Honorable Joe Towns
Representative, State of Tennessee
4528 St. Honore Drive
Memphis, TN 38116

RE: Proposed Relocation of Adult Non-Residential Substitution-Based Treatment Center for Opiate Addiction

Dear Representative Towns:

Please be advised that VCPHCS I, LLC d/b/a ADC Recovery and Counseling Center has filed an application with the Tennessee Health Services and Development Agency to relocate from its current site at 3040 Getwell Road, Suite 101 Building A, Memphis, Tennessee 38118 to 4539 Winchester Road, Suite 1, Memphis, Tennessee 38118 (a distance of two miles), at a capital cost estimated at $961,000.

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This notice is provided pursuant to Tenn. Code Ann. § 68-11-1607(c)(3).

Please contact Richard Lodge at 615-742-6254 should you desire further information.

Sincerely,

VCPHCS I, LLC d/b/a ADC Recovery
and Counseling Center

SUPPLEMENTAL- # 1
May 28, 2013
3:45 pm

BHG - Winchester

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Street or PO Representative, State of Tennessee
4528 St. Honore Drive
City, S Memphis, TN 38116

PS Form 3800, August 2006 See Reverse for Instructions

BHG Behavioral Health Group
8300 Douglas Avenue, Suite 750
Dallas, TX 75225

SUPPLEMENTAL- # 1
May 28, 2013
3:45 pm

May 15, 2013

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

The Honorable Mark H. Luttrell, Jr.
Mayor, Shelby County, Tennessee
160 N. Main Street, Suite 1850
Memphis, TN 38103

RE: Proposed Relocation of Adult Non-Residential Substitution-Based Treatment Center for Opiate Addiction

Dear Mayor Luttrell:

Please be advised that VCPHCS I, LLC d/b/a ADC Recovery and Counseling Center has filed an application with the Tennessee Health Services and Development Agency to relocate from its current site at 3040 Getwell Road, Suite 101 Building A, Memphis, Tennessee 38118 to 4539 Winchester Road, Suite 1, Memphis, Tennessee 38118 (a distance of two miles), at a capital cost estimated at $961,000.

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This notice is provided pursuant to Tenn. Code Ann. § 68-11-1607(c)(3).

Please contact Richard Lodge at 615-742-6254 should you desire further information.

Sincerely,

VCPHCS I, LLC d/b/a ADC Recovery
and Counseling Center

SUPPLEMENTAL- # 1
May 28, 2013
3:45 pm

BHG - Winchester

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Sent To The Honorable Mark H. Luttrell, Jr.
Mayor, Shelby County, Tennessee
Street, Apt. or PO Box 160 N. Main Street, Suite 1850
City, State Memphis, TN 38103

PS Form 3800, August 2006 See Reverse for Instructions

Recd 5-20-2012

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1. Article Addressed to:

The Honorable Mark H. Luttrell, Jr.
Mayor, Shelby County, Tennessee
160 N. Main Street, Suite 1850
Memphis, TN 38103

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X D Harter ☐ Agent ☐ Addressee

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PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

BHG Behavioral Health Group
8300 Douglas Avenue, Suite 720
Dallas, TX 75225

SUPPLEMENTAL- # 1
May 28, 2013
2:45 pm

May 15, 2013

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

The Honorable A.C .Wharton, Jr.
Mayor, City of Memphis
City Hall, Room 700
125 N. Main Street
Memphis, TN 38103

RE: Proposed Relocation of Adult Non-Residential Substitution-Based Treatment Center for Opiate Addiction

Dear Mayor Wharton:

Please be advised that VCPHCS I, LLC d/b/a ADC Recovery and Counseling Center has filed an application with the Tennessee Health Services and Development Agency to relocate from its current site at 3040 Getwell Road, Suite 101 Building A, Memphis, Tennessee 38118 to 4539 Winchester Road, Suite 1, Memphis, Tennessee 38118 (a distance of two miles), at a capital cost estimated at $961,000.

Opioid Treatment Programs (OTPs) give persons struggling with opioid drug addiction (e.g., OxyContin, hydrocodone) the best chance at long term recovery, as the OTP treatment model specifically addresses both the neurochemical and psychological aspects of the disease. This dual-pronged approach is accomplished on an outpatient basis through physician-supervised medication assisted treatment (i.e., methadone replacement therapy) and intensive behavioral treatment (i.e., individual and group counseling), and it is complemented by access to social services and other support systems for patients. OTPs have been found by the Tennessee Department of Mental Health and relevant federal agencies to be tremendous resources for persons struggling to overcome opioid addiction and also for their families and communities.

This notice is provided pursuant to Tenn. Code Ann. § 68-11-1607(c)(3).

Please contact Richard Lodge at 615-742-6254 should you desire further information.

Sincerely,

VCPHCS I, LLC d/b/a ADC Recovery
and Counseling Center

11873503.1

SUPPLEMENTAL- # 1
BHG - May 28 2013
3:45 pm

7003 3110 0001 4973 6191

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MAY 15 2013

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To The Honorable A.C .Wharton, Jr.
Mayor, City of Memphis
City Hall, Room 700
125 N. Main Street
Memphis, TN 38103

PS Form 3800, June 2002 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

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1. Article Addressed to:

The Honorable A.C .Wharton, Jr.
Mayor, City of Memphis
City Hall, Room 700
125 N. Main Street
Memphis, TN 38103

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X Tara Tate ☐ Agent ☐ Addressee

B. Received by (Printed Name) Tara Tate C. Date of Delivery 5-17-13

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PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

Rec'd at
BBS - 5-20-2012

SUPPLEMENTAL- # 1
May 28, 2013
3:45 pm

AFFIDAVIT

2013 MAY 29 AM 4:35

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY:

ADC Recovery & Counseling Center

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge.

John Wellborn
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 28 day of May, 2013, witness my hand at office in the County of Davidson, State of Tennessee.

NOTARY PUBLIC

My commission expires 6-21, 2016.

CHRISTOPHER D. DOBBS
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY
MY COMMISSION EXPIRES 6-21-2016

HF-0043

Revised 7/02

COPY-

SUPPLEMENTAL-2

ADC Recovery and Counseling Ctr.

CN1305-018

SUPPLEMENTAL

DSG Development Support Group

2013 MAY 31 AM 4:23

May 29, 2013

Phillip M. Earhart, Health Planner III
Tennessee Health Services and Development Agency
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37203

RE: Certificate of Need Application CN 1305-018
ADC Recovery and Counseling Center--Relocation
Memphis, Shelby County

Dear Mr. Earhart:

This letter responds to your second request for supplemental information on the subject application. The responses are numbered to correspond to your questions, and are provided in triplicate, with an affidavit.

1. Section C, Economic Feasibility, Item 1 (Project Costs Chart)
The referenced Architect's letter in Attachment C, Economic Feasibility-1 is not included in the application. The applicant states the architect's letter was submitted in triplicate on Friday May 17, 2013. The letter provided by the applicant in the May 17th submission was from the President and Chief Operating Officer of BHG attesting to the availability of funds to implement the proposed project. Please provide the referenced architect's letter.

The requested Architect's Cost Attestation Letter is attached following this page.

2. Section C, Economic Feasibility, Item 4. (Projected and Historical Data Chart)
a. Please clarify the reason physician's salaries increase from $48,426 for 246 patients in 2012 in the Historical Data Chart to $62,400 (average 9 hrs. of care per week) for 250 patients in Year 2014 in the Projected Data Chart.

This increase reflects an increase in the rate of compensation and is a result of BHG's attempt to cast a wider net for potential physician applicants by providing a rate more reflective of the quality of individuals (i.e., Board Certified Addictionologists and/or Psychiatrists with American Society of Addiction Medicine Board Certification) whom BHG is seeking to attract to these positions.

4219 Hillsboro Road, Suite 203
Nashville, TN 37215
jwdsg@comcast.net
Tel 615.665.2022
Fax 615.665.2042

SUPPLEMENTAL

b. The applicant states the Medical Director provides nine (9) hours coverage three (3) days per week. In another application filed simultaneously by the applicant's corporation BHG, Raleigh Professional Associates, CN1305-019, the applicant states the Medical director provides approximately twelve (12) hours of coverage across four scheduled days per week. The patient census appears to be similar. Please clarify why there is a discrepancy in physician coverage and if patients with higher acuities are sent Raleigh Associates where there is additional MD coverage.

The difference in coverage hours is owed to each of the respective Medical Directors' availability and does not reflect a higher level of care at one Treatment Center versus the other. The Raleigh Professional Associates coverage level actually exceeds the patient service needs and reflect the hours of coverage that were being provided when we acquired the Treatment Center. Given the Medical Director's tenure, technical competence, and rapport with the patients and staff, BHG elected to maintain coverage at historical rates. Also, it should be noted that the physician coverage provided at ADC exceeds the Tennessee regulatory requirement to provide "on-site prescriber services of one hour per week for every 35 service recipients" found in 0940-05-42-.29 1.(3)(c)2.

c. Does the back-up Physician provide services to multiple sites?

Generally, BHG's back-up physicians will provide services to several facilities if they are located within close proximity to one another. In this case, anyone hired as a back-up physician for ADC will also likely be capable of providing services at BHG's other Memphis locations (Memphis Center for Research and Addiction Treatment and Raleigh Professional Associates). BHG's preferred practice is to have multiple "back-up" physicians under contract for each Treatment Center in order to ensure on-demand availability and the best possible patient care at all of its locations.

d Please clarify the reason salaries and wages in Year 2014 is $356,582 for 250 patients and in Raleigh Professional Associates, CN1305-019 is $497,125 for 260 patients, an increase of $140,543.

Raleigh Professional Associates and its staffing costs were acquired by BHG at wage rates higher than the market average, primarily for counselors. Out of fairness to the Raleigh Professional Associates staff, BHG maintained their compensation rates instead of lowering them to align with market rates. In addition, Raleigh Professional Associates is staffed with one (1) additional counselor who will be dedicated to a trial project focused

SUPPLEMENTAL

on external case management services development in the greater Memphis area. This effort will benefit all BHG Treatment Center patients, but the cost is carried at Raleigh Professional Associates.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully,

John Wellborn

John Wellborn
Consultant

SUPPLEMENTAL

AFFIDAVIT

2013 MAY 31 AM 4:23

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY:

ADC Recovery & Counseling Center

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge.

Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 30 day of MAY, 2013, witness my hand at office in the County of DAVIDSON, State of Tennessee.

NOTARY PUBLIC

My commission expires 1-11, 2017.

HF-0043

Revised 7/02

TIFFANY B. POULOS
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY

LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Commercial Appeal, which is a newspaper of general circulation in Shelby County, Tennessee, on or before May 10, 2013, for one day.

2013 MAY -9 PM 1:26

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that the ADC Recovery and Counseling Center (an adult non-residential substitution-based treatment center for opiate addiction), owned and managed by VCPHCS I, LLC (a limited liability company), intends to file an application for a Certificate of Need to relocate from its current site at 3041 Getwell Road, Suite 101 Building A, Memphis, TN 38118, to 4539 Winchester Road, Building B, Suite 1, Memphis, TN 38118 (a distance of 2 miles), at a capital cost estimated at $970,000.

The facility is licensed by the Tennessee Department of Mental Health and Substance Abuse Services as an Alcohol & Drug Non-Residential Opiate Treatment Facility. It will be used exclusively to provide a comprehensive adult outpatient treatment program for opioid addiction--with testing, monitoring, counseling, medication (including methadone and suboxone) , and related services required for State licensure and for Federal certification by the U.S. Department of Health and Human Services.

The project does not contain major medical equipment or initiate or discontinue any other health service; and it will not affect any facility's licensed bed complements. The anticipated date of filing the application is on or before May 15, 2013. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 203, Nashville, TN 37215; (615) 665-2022.

John Wellborn 5-8-13 jwdsg@comcast.net

(Signature) (Date) (E-mail Address)

STATE OF TENNESSEE
DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES
601 MAINSTREAM DRIVE
NASHVILLE, TENNESSEE 37243

BILL HASLAM
GOVERNOR

E. DOUGLAS VARNEY
COMMISSIONER

MEMORANDUM

TO: Melanie Hill, Executive Director
Health Services and Development Agency

FROM: TDMHSAS

DATE: August 1, 2013

RE: Review and Analysis of Certificate of Need Application
CN1305-018 ADC Recovery and Counseling Center

Pursuant to and in accordance with Tennessee Code Annotated (TCA) § 68-11-1608 and Rules of the Health Services and Development Agency including the Criteria and Standards for Certificate of Need (2000 Edition, Tennessee's Health Guidelines for Growth, prepared by the Health Planning Commission) [hereinafter Guidelines for Growth], staff of the Tennessee Department of Mental Health (TDMH), the licensing agency, have reviewed and analyzed the above-referenced application for a Certificate of Need.

Attached is the TDMH report. At a minimum and as noted in TCA § 68-11-1608, the report provides:

(1) Verification of application-submitted information;

(2) Documentation or source for data;

(3) A review of the applicant's participation or non-participation in Tennessee's Medicaid program, TennCare or its successor;

(4) Analyses of the impact of a proposed project on the utilization of existing providers and the financial consequences to existing providers from any loss of utilization that would result from the proposed project;

(5) Specific determinations as to whether a proposed project is consistent with the state health plan; and

(6) Further studies and inquiries necessary to evaluate the application pursuant to the rules of the agency.

If there are any questions, please contact TDMHSAS at (615) 532-6520.

cc: E. Douglas Varney, Commissioner, TDMHSAS
Marie Williams, Deputy Commissioner, TDMHSAS
Dr. Jason Carter, Pharm. D., TDMHSAS, Chief Pharmacist and State Opioid Treatment Authority (SOTA)

REVIEW AND ANALYSIS
CERTIFICATE OF NEED APPLICATION
#CN1305-018

Pursuant to and in accordance with Tennessee Code Annotated (TCA) § 68-11-1608 and Rules of the Health Services and Development Agency including the Criteria and Standards for Certificate of Need (2000 Edition, Tennessee's Health Guidelines for Growth, prepared by the Health Planning Commission) [hereinafter Guidelines for Growth], staff of the Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS), the licensing agency, have reviewed and analyzed the application for a Certificate of Need submitted by Mr. John L. Wellborn, Consultant (Development Support Group) on behalf of the ADC Recovery and Counseling Center, owned and managed by VCPHCS I, LLC, for the relocation (change of location; site change) of an existing, established, appropriately licensed "Alcohol and Drug Non-Residential Substitution-Based Treatment Center for Opiate Addiction"; "Opioid Treatment Program" (OTP); or "methadone clinic") from its present location at 3041 Getwell Road, Suite 101, Building A, Memphis, TN 38118 to a proposed new location at 4539 Winchester Road, Building B, Suite 1, Memphis, TN 38118, a distance of approximately two (2) miles. The Applicant reports that the relocation to a new leased space will make the clinic easier to find, provide for sufficient parking, and occupy a building which is better maintained than the current location.

The report has three (3) parts:

A. Summary of Project
B. Conclusions
C. Analysis - in three (3) parts:

Need	**Economic Feasibility**	**Contribution to the Orderly Development of Health Care**
Evaluated by the following general factors: a. Relationship to any existing applicable plans; b. Population to be served; c. Existing or Certified Services or Institutions; d. Reasonableness of the service area; e. Special needs of the service area population (particularly women, racial and ethnic minorities, and low-income groups); f. Comparison of utilization/ occupancy trends and services offered by other area providers; g. Extent to which Medicare, Medicaid, and medically indigent patients will be served; and h. Additional factors specified in the Tennessee's Health Guidelines for Growth publication for this type of facility.	Evaluated by the following general factors: a. Whether adequate funds are available to complete the project; b. Reasonableness of costs; c. Anticipated revenue and the impact on existing patient charges; d. Participation in state/federal revenue programs; e. Alternatives considered; f. Availability of less costly or more effective alternative methods; and g. Additional factors specified in the Tennessee's Health Guidelines for Growth publication.	Evaluated by the following general factors: a. Relationship to the existing health care system (i.e., transfer agreements, contractual agreements for health services, and affiliation of the project with health professional schools); b. Positive or negative effects attributed to duplication or competition; c. Availability and accessibility of human resources required; d. Quality of the project in relation to applicable governmental or professional standards; and e. Additional factors specified in the Tennessee's Health Guidelines for Growth publication.

A. SUMMARY OF PROJECT

Mr. John L. Wellborn, Consultant (Development Support Group) has submitted, on behalf of the ADC Recovery and Counseling Center, owned and managed by VCPHCS I, LLC (Applicant), an application for a Certificate of Need seeking the relocation of an existing, established, appropriately licensed "Alcohol and Drug Non-Residential Opiate Treatment Facility" (also referred to as a "Non-Residential Substitution-Based Treatment Center for Opiate Addiction"; "Opioid Treatment Program" (OTP); or "methadone clinic") from its present location at 3041 Getwell Road, Memphis, TN 38118to a proposed new location approximately two (2) miles away at 4539 Winchester Road, Memphis, TN 38118. On the Applicant Profile, for Type of Institution (Item 7.), the Applicant selected "Non-Residential Methadone Facility (Item 7.N.). The purpose of the review is "Change of Location" (Item 8.H.).

The Applicant reports that the current licensed facility's owner is VCPHCS I, LLC, whose only member and parent company is VCPHCS, LP which does business as Behavioral Health Group (BHG). The Applicant further reports that BHG is Tennessee's largest provider of this type of service, owning nine (9) of Tennessee's twelve (12) clinic programs of this type. Of the nine Tennessee clinics, two (2) are in Knoxville, three (3) are in Memphis, with the remainder located in Nashville, Paris, Columbia, and Jackson.

The facility is and will continue to be, licensed by the Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS). The Applicant reports that its program serves adult patients eighteen (18) years of age and over who are addicted to, or dependent on, opioids such as heroin, OxyContin, Dilaudid, morphine, and hydrocodone. The Applicant further reports that the program of dispensing daily dosages of opioid substitutes such as methadone suppresses patients' cravings for harmful opioids, allowing patients to lead normal lives, hold jobs, maintain family relationships, and live more safely. The Applicant reports that the program operates under rigorous controls that include mandatory drug testing, counseling, social services, and provides comprehensive behavior therapy and case management services to support each patient's recovery and stabilization.

The Applicant reports that the primary service area consists of a large number of counties around Memphis, Tennessee as well as Mississippi and Arkansas. The Applicant reports that currently, Shelby County, Tennessee patients comprise ninety-three percent (93%) of the clinic's Tennessee patients, and approximately forty-six percent (46%) of its total patients.

The Applicant reports that there is no major medical equipment involved in the project. Total project costs are estimated by the Applicant to be $961,168.00. If the application is approved, the clinic's first full operational year will be January through December of 2014.

B. CONCLUSIONS

As previously stated, if the application is approved, the facility would be licensed by the TDMHSAS. TDMHSAS staff have reviewed and analyzed the application and offer the following in support of approval of the application:

1. A note about specific criteria for a non-residential methadone treatment facility. In addition to the other general criteria, the application for a Certificate of Need for a non-residential methadone treatment facility should also address these and other specific criteria as listed in the Guidelines for Growth: 1) A non-residential methadone treatment facility should provide adequate medical, counseling, vocational, educational, mental health assessment, and social services to patients enrolled in the opioid treatment program with the goal of the individual becoming free of opioid dependency; 2) Need should be based information prepared by the Applicant which acknowledges the importance of considering the demand for services along with need as well as addressing and analyzing service problems; 3) The need assessment should also cover the proposed service area and include the utilization of existing service providers, scope of services provided, patient origin, and patient mix; 4) The Applicant should show that the geographic service area is reasonable and based on an optimal balance between population density and service proximity and show that the project is sensitive and responsive to the special needs of the service area in terms of accessibility to consumers, particularly women, racial and ethnic minorities, and low-income groups; and 5) The Applicant should show the project's relationship to policy as formulated in local and national plans, including need methodologies.

2. A note about applications for change of site. The provisions in HSDA Rule 0720-11-.01(4)(a) through 0720-11-.01(4)(c) state that when the HSDA is considering a Certificate of Need (CON) application which is limited to a request for a change of site for a proposed new health care institution, the HSDA may consider, in addition to all other factors, the following factors: 1) Need: The Applicant should show that the proposed new site will serve the needs in the area to be served as least as well as the original site and that there is some significant legal, financial, or practical need to change to the proposed new site; 2) Economic Factors: The Applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site; and 3) Contribution to the Orderly Development of Health Care: The Applicant should address any potential delays that would be caused by the proposed change of site and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.

3. There Continues to be a Need as described in further detail in Section C.1. The need criteria, satisfactorily met in the previously approved application for the Certificate of Need for the existing facility, continue to be met based on information reported by the Applicant showing that there will be no significant change to the existing, established, appropriately licensed program or to the program's enrollment. The proposed service area, as reported by the Applicant, was defined by historical utilization of the Applicant's own program and consists of a large number of counties near Memphis, Tennessee and surrounding

counties in both Mississippi and Arkansas. The Applicant reports that Shelby County, Tennessee patients currently comprise approximately ninety-three percent (93%) of the clinic's Tennessee patients and approximately forty-six percent (46%) of its total patients. The Applicant reports that there will be sufficient time for the Certificate of Need process to be completed, the renovation of the building at the proposed new site to be completed, and services at the proposed new site to begin, so there should be no interruption of services as long as there are no unusual delays in any of these events. Because the application is not seeking the establishment of a new non-residential methadone treatment facility, but is seeking the relocation of an existing facility within the same sector, approval of the application will not increase the number of programs to be operated in Methadone Service Area (MSA) 23.

4. Economic Feasibility has been established as described in further detail in Section C.2. The cost of the proposed project appears to be reasonable and the project can be completed in a timely manner. The Applicant reports that there is sufficient cash on hand to implement the project. The Applicant further reports that the total project cost of an estimated $961,168.00 will not create feasibility issues for the project or the Applicant since the parent company has significant assets and will transfer whatever funds required for operations, including cash to implement this project. The Applicant reports that the clinic currently has an established patient base and a positive cash flow and operating margin that will continue at the proposed new site. Overall, adequate funding appears to be available and the projected utilization and revenue reported by the Applicant should be sufficient to ensure the economic feasibility of the project.

5. The project does Contribute to the Orderly Development of Healthcare as described in further detail in Section C.3. The Applicant reports extensive experience in the operation of this type of program. The application under review is a "change of location" application to relocate the program to a newer building approximately two miles from the current location. The Applicant is aware of Federal and State licensure requirements and will continue to comply with such requirements at the proposed new site. The Applicant reports that the relocation will make it easier for current and future patients to find and access the clinic. The Applicant reports that no negative impact on services is expected absent unusual delays in the Certificate of Need process or the physical relocation to the new site. The Applicant reports that the relocation should not have any adverse impact on utilization at any other such facility since the current facility is proposing to relocate only a short distance of approximately two miles from its current location.

C. ANALYSIS

1. Need

As noted above, the need criteria which were satisfactorily met in the previously approved application for the Certificate of Need for the existing facility, continue to be met based on information reported by the Applicant showing that there will be no significant change to the existing, established, appropriately licensed

program or to the program's enrollment. Since the application is not seeking the establishment of a new non-residential methadone treatment facility, but is seeking the relocation of an existing facility, approval of the application will not increase the number of programs to be operated in Methadone Service Area (MSA) 23.

The Applicant reports that the proposed service area was defined by historical utilization of the Applicant's own program and consists of a large number of counties near Memphis, Tennessee and surrounding counties in both Mississippi and Arkansas. The Applicant reports that the current clinic is one of two such programs operated by the Behavioral Health Group (BHG) in Memphis to serve residents of West Tennessee and nearby states. The Applicant reports that Shelby County, Tennessee patients currently comprise approximately ninety-three percent (93%) of the clinic's Tennessee patients and approximately forty-six percent (46%) of its total patients, with a significant number residing in adjoining states.

The Applicant reports that all of the Applicant's programs meet and comply with State licensing standards. The Applicant reports that its program follows the TDMHSAS rules for qualifications and training of all staff and that the clinic is medically supervised by a Board-certified physician (Medical Director) who has extensive experience in opioid dependency, thereby satisfying the criteria of providing adequate medical, counseling, vocational, educational, mental health assessment, and social services to patients enrolled in the program. The Applicant further reports that the program provides continuous and intensive counseling, support services, and mental health assessments aimed at helping patients become free of opioid dependency as soon as possible, and to manage life successfully on methadone maintenance until that time.

The proposed service area is an area defined by historical utilization of the Applicant's own existing program, and the Applicant submitted projected utilization for this project as well as utilization data for the Applicant's other programs in Memphis and data obtained from the TDMHSAS for utilization of other OTP providers in the primary service area. The Applicant reports that opioid addiction is found in all ages and socioeconomic and ethnic groups; the services of this facility will continue to be provided to all members of these groups who qualify medically and accept the disciplines of the program; and that this facility will primarily serve the adult population aged eighteen to sixty-four (18-64) years. The Applicant reports that there is no particular age group between ages twenty to sixty-four (20-64) years that merits special consideration, but mentions that dependent persons typically have thirty to forty percent (30-40%) shorter life expectancies than their peers and older persons rarely enter a program of this type because their opioid dependencies usually have caused their deaths before age 65. The Applicant submitted information from a July 2010 U.S. Substance Abuse and Mental Health Services Administration (SAMHSA) report that points to an increasing national abuse of pain relief medications from 1994 through 2008 and is not gender, race, ethnicity, or income specific, but cuts across all such factors. The Applicant reports that admission to this clinic's program is based solely on clinical criteria and commitment to comply with the requirements of the treatment program including drug testing; counseling; daily purchase and ingestion of prescribed

medication; absence of prohibited substances in the blood; consent to coordinate care, and other such practices. The Applicant notes that in order to be eligible to enter an opioid treatment program, one must be found to be opioid-dependent for more than one (1) year.

The Applicant reports that it does not know of a formal need methodology at the local or national level; however, the Applicant states that the Tennessee Department of Health's 2002 Report has been de facto state policy regarding the need for OTPs and calls for statewide distribution of licensed OTPs at convenient locations within an hour's drive time of patients. The Applicant further reports that Federal agencies consistently endorse regulated opioid treatment programs as the most effective means of dealing with the major national problem with opioid dependency. The Applicant's program has been serving Memphis area patients for approximately a decade. The three (3) programs currently in existence in Memphis are distributed geographically in a triangular configuration: downtown, southeast, and northeast. There are no other state-licensed OTP programs in West Tennessee closer than the one in Dyer County, Tennessee which is approximately seventy-eight (78) miles north of Memphis, Tennessee. The Applicant reports that the closest such licensed facilities of this type in adjoining Mississippi and Arkansas are in Jackson, Mississippi (211 miles south of Memphis) and in Little Rock, Arkansas (140 miles west of Memphis). This project will allow an established, existing, accredited, licensed program to continue operation at a nearby location.

2. Economic Feasibility

A review of the information supplied by the Applicant shows that there should be sufficient funds available for this project. The Applicant has been and currently is providing these services at the clinic's current location in Memphis, Tennessee, has a lengthy history of providing these services, and understands the financial requirements of the proposed project.

This application under review is a "change of location" application. The proposed new site will continue to be owned by VCPHCS I, LLC, whose only member and parent company is VCPHCS, LP, which does business as Behavioral Health Group (BHG). The Applicant appears to be Tennessee's largest provider of this type of service and operates numerous similar facilities in other states. The information provided by the Applicant supports a reasonable expectation that the relocation of the existing clinic will not deleteriously affect its continuing economic viability.

3. Contribution to the Orderly Development of Health Care

The Applicant reports that it is familiar with all applicable Federal and State requirements related to the staffing and operation of this type of program and will continue to comply with all such requirements at the proposed new site. The current location is appropriately licensed by the TDMHSAS and the U.S. Drug Enforcement Administration (DEA). The Applicant reports that the current location operates under certification as an opioid treatment program by the U.S. Department of Health and Human Services' Substance Abuse and Mental Health Services Administration's Center for Substance Abuse Treatment (CSAT). The Applicant further reports that the current location is accredited by

the Commission of Accreditation of Rehabilitation Facilities (CARF). The proposed new site will have these same licenses, certifications, and accreditations.

Insofar as this application is for a relocation of an extant clinic, with no reasonably anticipated negative impact upon the existing services offered by the Applicant's ongoing operations, there is no reason to expect that the relation will not contribute to the orderly development of health care in the region.

No significant change in staffing or resource utilization is reasonably anticipated as a result of the proposed relocation. The geographic area for the proposed relocation likewise appears to be reasonable, with no reasonably anticipated deleterious effect upon the delivery of health care services in the region.

The Applicant reports that this type of facility does not train healthcare professionals, so the Applicant does not participate in internships, residencies, and other such programs; however, the Applicant does work closely with the University of Tennessee's High Risk Pregnancy Program and the Applicant's staff work on boards and committees of Memphis organizations supporting preventive education, research and patient education, appropriate treatments for addictions, and improved maternal health. The Applicant also reports that staff work as volunteers, speakers, participants, or board members with other community organizations.

The Applicant reports that the proposed new site is readily accessible from the nearest interstate highway system and is a short walk from nearby mass transit stops. No interruption of service arising from the relocation is anticipated.

The Applicant reports that if the application is approved, the Applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated; the number and type of procedures performed; and other data as required consistent with Federal Health Insurance Portability and Accountability Act (HIPAA) requirements.

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