HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
NOVEMBER 19, 2014
APPLICATION SUMMARY

NAME OF PROJECT: Metro Knoxville HMA, d/b/a Tennova Healthcare-Physicians Regional Medical Center

PROJECT NUMBER: CN1408-033

ADDRESS: Unaddressed Site at the intersection of Middlebrook Pike and Old Weisgarber Road
Knoxville (Knox County), Tennessee 37909

LEGAL OWNER: Knoxville HMA Holdings, LLC
930 Emerald Avenue, POB Suite 813
Knoxville (Knox County), Tennessee 37919

OPERATING ENTITY: Community Health Systems Professional Services Corporation
4000 Meridian Boulevard
Franklin (Williamson County), Tennessee 37067

CONTACT PERSON: Melanie B. Burgess
(865) 647-5604

DATE FILED: August 13, 2014

PROJECT COST: $303,545,204

FINANCING: Cash Reserves

PURPOSE OF REVIEW: Partial relocation of an existing hospital which includes moving 272 of 401 beds

DESCRIPTION:

Tennova Healthcare operates three separate and distinct facilities under the Physicians Regional Medical Center (PRMC) 610-bed license. The 401-bed PRMC Oak Hill site is the main campus. Satellites include the 108-bed North Knoxville Medical Center and 101-bed Turkey Creek Medical Center. It also formerly operated the 293-bed Riverside campus as a satellite but those beds were surrendered in 2013.

Tennova Healthcare was established in 2011 when Health Management Associates, Inc. (HMA) acquired Mercy Health Partners. Mercy Health Partners was established in 2008 when two long-standing non-profit health systems in the Knox and surrounding counties market merged-St. Mary's Health System and Baptist Hospital of East Tennessee. Community Health Systems (CHS) acquired Tennova's parent company, HMA, earlier this year. The subject of this application is Tennova Healthcare-Oak Hill, which has formerly been known as Mercy Medical Center and most familiarly, as St. Mary's Medical Center in North Knoxville.

PRMC (Oak Hill) seeks to construct a partial replacement hospital and relocate 272 of 401 beds from its main campus at 900 E. Oak Hill Avenue, Knoxville (Knox County), Tennessee to a new site approximately 9 miles southwest. The new location is a 110-acre unaddressed site located at the intersection of Middlebrook Pike and Old Weisgarber Road in Knoxville. The project includes constructing a new 556,083 square foot hospital to replace the existing 917,235 square foot facility. All services except an urgent care center and behavioral health services will be relocated to the partial replacement facility. This includes acute, obstetrical, critical, Level IIB NICU, cardiac catheterization, open heart, extra-corporeal shock wave lithotripsy, inpatient rehabilitation, and radiation therapy services. Major medical equipment to be relocated includes 1 Positron Emission Tomography (PET) Unit, 1 linear accelerator and 2 Magnetic Resonance Imaging (MRI) units. The behavioral health services remaining at the Oak Hill site includes 38 operational psychiatric beds (20 adult and 18 geriatric). Also remaining will be 91 unstaffed beds. Most of the beds are designated as medical surgical but of the total, 5 are NICU and 14 are rehabilitation. If approved, the new site will become the main campus of the Tennova hospitals in Knoxville and the existing PRMC Oak Hill site will operate as an "off-campus" location rather than a satellite hospital. A satellite hospital generally offers a full array of hospital services but does operate under the same management structure.

Note to Agency Members: Tennova is conducting a bed analysis across its 3 metro Knoxville facilities. If this project is approved, Tennova will either seek a waiver from the Tennessee Department of Health to retain the beds in inactive status for a defined period of time; file additional applications for the relocation of licensed beds to its other facilities; or delicense the 91 beds.

The project does not involve the addition of new beds, the initiation of new health care services, or acquisition of major medical equipment. At completion, PRMC will remain licensed for 610 beds, but 272 will be located at the new main campus and the remaining 129 will be at the off-campus site (Oak Hill). The estimated project cost is $303,545,204.00.

The applicant also filed a simultaneous application (Metro Knoxville HMA, LLC d/b/a/ Tennova Healthcare-Physicians Regional Medical Center, CN1408-034) to replace and relocate its separately licensed 25 bed skilled nursing home to the new site. The current facility has a separate license and provider number but operates as a unit of the hospital.

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.

Hospital

The original hospital was built in 1930 and expanded 12 times between 1930 and 1999. Tennova states renovation of the existing hospital will not resolve the following critical issues that face the hospital in its current location:

1) Efficiency and accessibility

- *The topography of the current site, as well as compressed acreage and a lack of a cohesive master plan in the early decades of the hospital resulted in an existing campus consisting of 1.5 million square feet of office building and garages spread over 13 buildings.*
- *The long distances and multiple elevators are challenging for sick patients, confusing for family members, and inefficient for staff.*
- *New payment models do not support a hospital with a large physical footprint and less efficient flow.*

2) Infrastructure Issues

- *The existing 13 buildings share an electrical, ventilation, and air conditioning (HVAC) infrastructure making it difficult and expensive to renovate.*
- *The hospital is served by 3 chillers, ranging in age from 17 to 37 years, and 2 boilers, 1 installed in 1955 and 1 in 1977.*

3) Medical Staff Demand

- *Many physicians have moved their offices away from PRMC because of the age and inaccessibility of the campus, as well as patient feedback.*

The applicant provided the following costs to renovate the existing facility:

Infrastructure Upgrades	$80,000,000
Five Years Maintenance	$75,000,000
Equipment Replacement	$80,000,000
Renovation for Orthopedics	$15,000,000
Renovation for Cardiology	$12,000,000
5 Year Capital Investment Total	**$262,000,000**

The applicant chose to construct a new structure to avoid the costs of investing in an existing building that would still be inefficient after renovation. The estimated hospital renovation cost is $262,000,000 while the total project cost to construct a replacement hospital is $303,000,000.

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 a 1.1% increase in patient admissions from 14,876 in 2013, to 15,035 patient admissions in Year 2 (2018) of the proposed project. Patient days are projected to decrease 5.0% from 70,887 days in 2013 to 67,357 days during the same time period. The chart below lists 15 key service indicators for PRMC from 2013 to 2019. The 15 key service indicators range from a decrease of 51% in PET/CT scans to a 43% increase for MRI scans.

15 Key Indicators 2013-2019

	2013	2014 Annualized	2015	2016	2017	2018 Yr. 1	2019 Yr. 2	% change 2013-2019
Admissions	14,876	13,492	13,627	13,763	13,901	14,457	15,035	**+1.1%**
Patient Days	70,887	60,444	61,048	61,659	62,276	64,767	67,357	**-5.0%**
IP Surgeries	4,698	4,891	4,940	4,989	5,039	5,241	5,450	**+16%**
OP Surgeries	9,305	8,643	8,729	8,817	8,905	9,261	9,632	**+3.5%**
ICU/CCU Admissions	3,631	3,401	3,435	3,469	3,504	3,644	3,790	**+4.4%**
ED Visits	45,827	43,334	43,767	44,205	44,647	46,433	48,290	**+5.4%**
Births	1,427	1,406	1,420	1,434	1,449	1,507	1,567	**+9.8%**
Level IIB Nursery Admissions	186	174	176	177	179	186	194	**+4.3%**
Cardiac Catheterizations	3,998	4,742	4,789	4,837	4,886	5,081	5,284	**+32%**
Open Heart Surgeries	325	362	366	369	373	388	403	**+24%**
PET/CT Scans	1,909	842	850	859	868	902	938	**-51%**
MRI Scans	3,993	5,124	5,175	5,227	5,279	5,490	5,710	**+43%**
Radiation Therapy Treatments	3,801	3,516	3,551	3,587	3,623	3,767	3,918	**+3.1%**
IP Rehabilitation admission	363	341	344	348	351	365	380	**+4.7%**
Lithotripsy Procedures	235	198	200	202	204	212	221	**-6.0%**

Source: CN1408-033

The applicant expects the following to impact the 15 service indicators in the chart above:

- If approved, the proposed project will stop the decline in volumes due to physician attrition by providing a competitive facility in which to serve their patients.
- PRMC plans to recruit 17 physicians representing 10 specialties for the years 2014 and 2015. A table of the specialties is located on page 17 of the proposed project.
- The population in the service area is expected to grow by 5.2% in the next 5 years.

It appears that this criterion has been met.

Staff Summary

The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics.

Tennova Healthcare-Physicians Regional Medical Center is a 401 bed hospital operating as the main campus location of Metro Knoxville HMA, LLC, dba Tennova Healthcare. Tennova Healthcare (formerly Mercy Health Partners) operates Physicians Regional Medical Center (Physicians Regional), North Knoxville Medical Center, and Turkey Creek Medical Center (Turkey Creek), in Knox County under one hospital license and Medicare provider number. As a whole, Tennova Healthcare is licensed for 610 beds and staffs 447 of those beds over the 3 facilities. A bed complement chart for Tennova Healthcare is included in Attachment A.9.

An overview of the project is provided on pages 6-8 of the original application.

The following chart reflects the bed configuration of the proposed replacement facility:

Bed Type	Current Bed Assignment	Proposed Bed Assignment	+ or -
Med/Surg	258	192	-66
Obstetrical	32	22	-10
ICU/CCU	28	32	+4
Neonatal	15	10	-5
Inpatient Rehabilitation	30	16	-14
Adult Psychiatric	20		
Geriatric Psychiatric	18		
Total	**401**	**272**	**-91**
Beds to remain at the current Oak Hill Campus			
Adult Psychiatric	20		
Geriatric Psychiatric	18		
Other (M/S, NICU,IR)	91		
Total	**129**		

Source: CN1408-033

- If approved, 272 of the current licensed 401 beds will relocate to the new campus.
- 129 beds are proposed to remain at the PRMC main campus.
- The 38 psychiatric beds will be operational and staffed while the applicant does not plan to staff the remaining 91 beds.

Please refer to the Square Footage and Cost Per Square Footage Chart on page 12 of the original application for additional information.

Need

- The original hospital was built in 1930 and has experienced 12 expansions and is now aged and obsolete, making renovations and additions cost prohibitive.
- The current layout of the hospital is difficult to navigate for patients and families.
- The physical distance between key departments impairs efficient patient flow and staff productivity.
- The proposed facility is planned at 556,083 square feet, a 40% reduction from the current facility, which will positively impact utility costs and workflow efficiency.

Ownership

Metro Knoxville HMA, d/b/a Tennova Healthcare-Physicians Regional Medical Center is owned by Knoxville HMA Holdings, LLC, which is a wholly owned indirect subsidiary of CHS/Community Health Systems, Inc. In addition to the 3 inpatient campuses operating under one license (Physicians Regional Medical Center, North Knoxville Medical Center, and Turkey Creek Medical Center), Tennova also owns Jefferson Memorial Hospital (Jefferson County), LaFollette Medical Center (Campbell County), Newport Medical Center (Cocke County), and Lakeway Regional Hospital (Hamblen County). Ownership information is provided in Attachment B.I. Project Description.3.

Note to Agency members: In the supplemental response, the applicant acknowledges the existence of a $98 million dollar civil settlement between Community Health Systems, Inc. (CHS) and the federal government (Medicare and Tricare) and state agencies from an investigation that began in the spring of 2011. According to the applicant, the following is a summary of the civil settlement:

- ***The government alleged hospitals affiliated with Community Health Systems, Inc. improperly billed for treatment provided to patients over the age of 65.***
- ***Patients were admitted as inpatients by their treating physicians and cared for in an inpatient setting and submitted bills for that level of care.***
- ***The government subsequently asserted that the patients should have been classified as "observation" patients and billed as such.***
- ***In reaching the settlement, CHS worked cooperatively with the government, did not admit to any improper conduct, and sought to avoid the uncertainty of litigation.***
- ***The settlement and releases were from the non-HMA acquired facilities, so Physicians Regional Medical Center (PRMC) was not part of the settlement, however, all affiliates of CHS are covered by the Corporate Integrity agreement entered into in connection with the settlement***

between CHS and the United States Department of Human Services, Office of Inspector General.

Facility Information

- The new replacement hospital will consist of one primary 5 floor building on a 122 acre site. A detailed description of each floor is included on pages 9-10 of the original application and in Attachment B.IV.
- The applicant indicates the building portion of the property (80 acres) has been approved by local zoning boards.
- The back 44 acres is protected through zoning restrictions (agricultural) and a slope protection designation.
- A walking trail will be developed between the hospital and the 44 acres and will remain natural and wooded.

Note to Agency members: In a letter dated August 25, 2014 in Supplemental #1 from Thomas, Miller & Partners, PPLC, the firm notes the site has constraints such as a creek, an agricultural zoning area, and neighborhood concerns. In addition, the decision was made to make the hospital design more vertical rather than horizontal.

An additional clarifying letter dated August 28, 2014 from the architectural firm, noted only two additional floors can be added to the proposed facility for future expansion. Horizontal expansion of the proposed site will be reserved for the growth of ancillary services. In addition, land will be reserved for a future medical office building development. Please refer to Attachment 6 in Supplemental 1-Site Plan-Potential Future Development.

The 2013 Joint Annual Report indicates PRMC was licensed for 401 beds with 223 beds staffed. Licensed bed occupancy was 48.4% and staffed bed occupancy was 87%.

The following provides the Department of Health's definition of the two bed categories pertaining to occupancy information provided in the Joint Annual Reports:

- ***Licensed Beds - The maximum number of beds authorized by the appropriate state licensing (certifying) agency or regulated by a federal agency. This figure is broken down into adult and pediatric beds and licensed bassinets (neonatal intensive or intermediate care bassinets).***
- ***Staffed Beds - The total number of adult and pediatric beds set up, staffed and in use at the end of the reporting period. This number should be less than or equal to the number of licensed beds.***

Existing and Proposed Bed Type

Inpatient Beds	Existing Rooms #	Existing Beds	Proposed Beds #
Private	**328**	**328**	**262**
Semiprivate	**29**	**58**	**0**
Ward	**1 (NICU)**	**15 (NICU)**	**10 (NICU)**
Total	**358**	**401**	**272**

Source: CN1408-033 Supplemental Response #1

- The above table indicates the proposed replacement hospital will contain 262 private beds and 10 NICU ward beds.

Existing and Proposed Surgical Suite Dimensions

Surgical Suite	Existing #	Size (Sq. Ft.)	Average Size (Sq. Ft.)	Proposed #	Size (Sq. Ft.)	Average Size (Sq. Ft.)
Operating Rooms	17	7,682	452	20	12,800	640
Endo/Procedure Rooms	4	1,303	326	2	600	300
Open Heart Surgery	2	1,113	557	2	2,050	1,025
Surgery Prep and Recovery Areas	8	767	96	9	810	90
Ambulatory Staging Stations	30	2,497	83	33	4,620	140
PACU Stations	15	1,289	86	33	3,630	110
Total	**76**	**14,651**		**99**	**24,510**	

Source: CN1408-033 Supplemental Response #1

- The total surgical suite area represented above will increase 67% from 14,651 SF of existing space to 24,510 SF of proposed space.
- Surgery Prep and Recovery Areas will increase from 8 to 9 rooms, but the average area will decrease from 96 SF to 90 SF.
- Endoscopy Procedure rooms will decrease from 4 at 326 SF, to 2 at 300 SF.

Existing and Proposed Emergency Department

Emergency Department	Existing Stations	Proposed
Exam/Treatment	25	24

Source: CN1408-033 Supplemental Response #1

- Emergency Department stations will decrease from 25 to 24.

Service Area Demographics

PRMC's declared primary service area includes the following counties: Anderson, Blount, Campbell, Claiborne, Cocke, Grainger, Hamblen, Jefferson, Knox, Loudon, Monroe, Roane, Scott, Sevier, and Union Counties.

- The total population of the 15 County Tennessee service area is estimated at 1,197,466 residents in calendar year (CY) 2014 increasing by approximately 4.1% to 1,246,842 residents in CY 2018.
- The overall Tennessee statewide population is projected to grow by 3.7% from 2014 to 2018.
- The latest 2014 percentage of the proposed primary service area population enrolled in the TennCare program is approximately 17.8% in the service area as compared to the statewide enrollment proportion of 18.8%.

Service Area Historical Utilization

Service Area Historical Utilization and Overall Market Share

Facility	Licensed Beds (2012)	2010 Patient Days	2011 Patient Days	2012 Patient Days	'10-'12 % Change	2010 Occup	2011 Occup.	2012 Occup.
15 County Service Area	3,552	649,847	648,418	620,156	-4.6%	49.8%	49.7%	47.8%
PRMC	401	84,826	82,081	74,903	-11.7%	58.0%	56.1%	51.2%
Market Share-PRMC								
	11.3%	13.1%	12.7%	12.1%				

Source: CN1408-033 and JARs 2010-2012

The chart above reflects the following:

- Inpatient days in the 15 Tennessee County service area decreased 4.6% from 649,847 patient days in 2010 to 620,156 patient days in 2012.
- PRMC's inpatient days decreased 11.7% from 84,826 in 2010 to 74,903 in 2012.
- PRMC's licensed beds represented 11.3% of all licensed beds in the 15 County service area with market share of patient days decreasing from 13.1% in 2010 to 12.1% in 2012.

Note to Agency members: Utilization tables (which includes patients days, occupancy, and 3 year trends) of all inpatient hospitals in the 15 county service area are located on pages 34-36 of the original application.

Market Share

Market Share-15 County Service Area

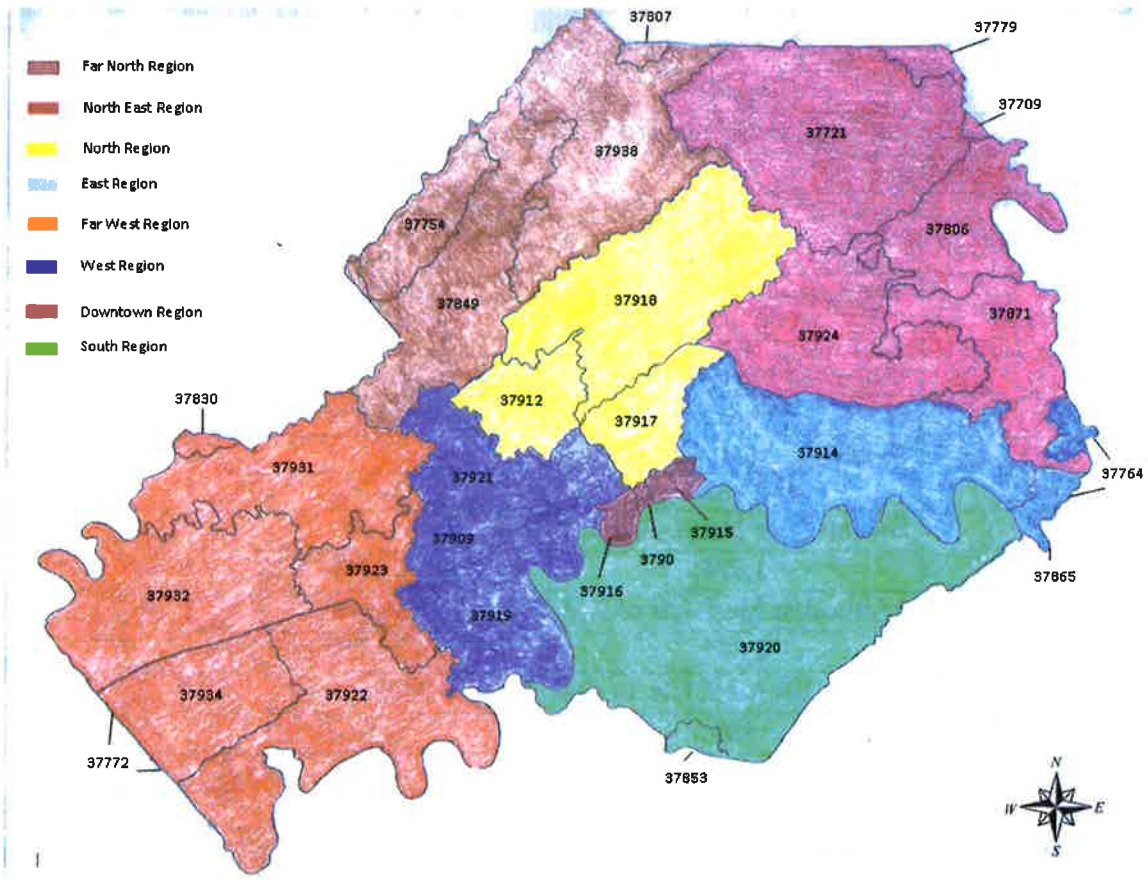
County	Total Patients	Provider-Highest Market Share		(Applicant)	
		Patients	Market Share	Patients	Market Share
Anderson	7,949	Methodist Medical Center of Oak Ridge (Anderson)		459	5.7%
		4,462	**56.1%**		
Blount	13,951	Blount Memorial Hospital (Blount)		313	2.2%
		8,538	**61.2%**		
Campbell	5,998	Tennova-LaFollette Medical Center (Campbell)		700	11.7%
		1,871	**31.2%**		
Claiborne	2,214	Univ. of TN Mem. Hosp. (Knox)		405	18.3%
		659	**29.8%**		
Cocke	5,348	Tennova Healthcare-Newport Med. Ctr. (Cocke)		718	13.4%
		2,090	**39.1%**		
Grainger	2,742	Morristown-Hamblen Healthcare System (Hamblen)		405	14.8%
		664	**24.2%**		
Hamblen	8,059	Morristown-Hamblen Healthcare System-(Hamblen)		281	3.5%
		3,748	**46.5%**		
Jefferson	5,951	Tennova-Jefferson Memorial Hospital (Jefferson)		1,008	16.9%
		1,379	**23.2%**		
Knox	40,656	University of TN Memorial Hosp. (Knox)		8,199	20.2%
		9,316	**22.9%**		
Loudon	6,075	Parkwest Med. Ctr. (Knox)		136	2.2%
		2,037	**33.5%**		
Monroe	5,332	Sweetwater Hosp. Assoc. (Monroe)		46	0.86%
		1,574	**29.5%**		
Roane	6,984	Methodist Med. Ctr of Oak Ridge (Anderson)		107	1.5%
		2,357	**33.7%**		
Scott	2,436	Methodist Med. Ctr. of Oak Ridge (Anderson)		271	11.1%
		584	**24%**		
Sevier	8,684	LeConte Med. Ctr. (Sevier)		429	4.9%
		3,125	**36%**		
Union	1,697	(Knox) PRMC		593	34.9%
		593	**34.9%**		
Totals	**124,076**	**42,997**	**34.6%**	**14,070**	**11.3%**

Source: 2013 Joint Annual Report Summary

The previous table reflects the following:

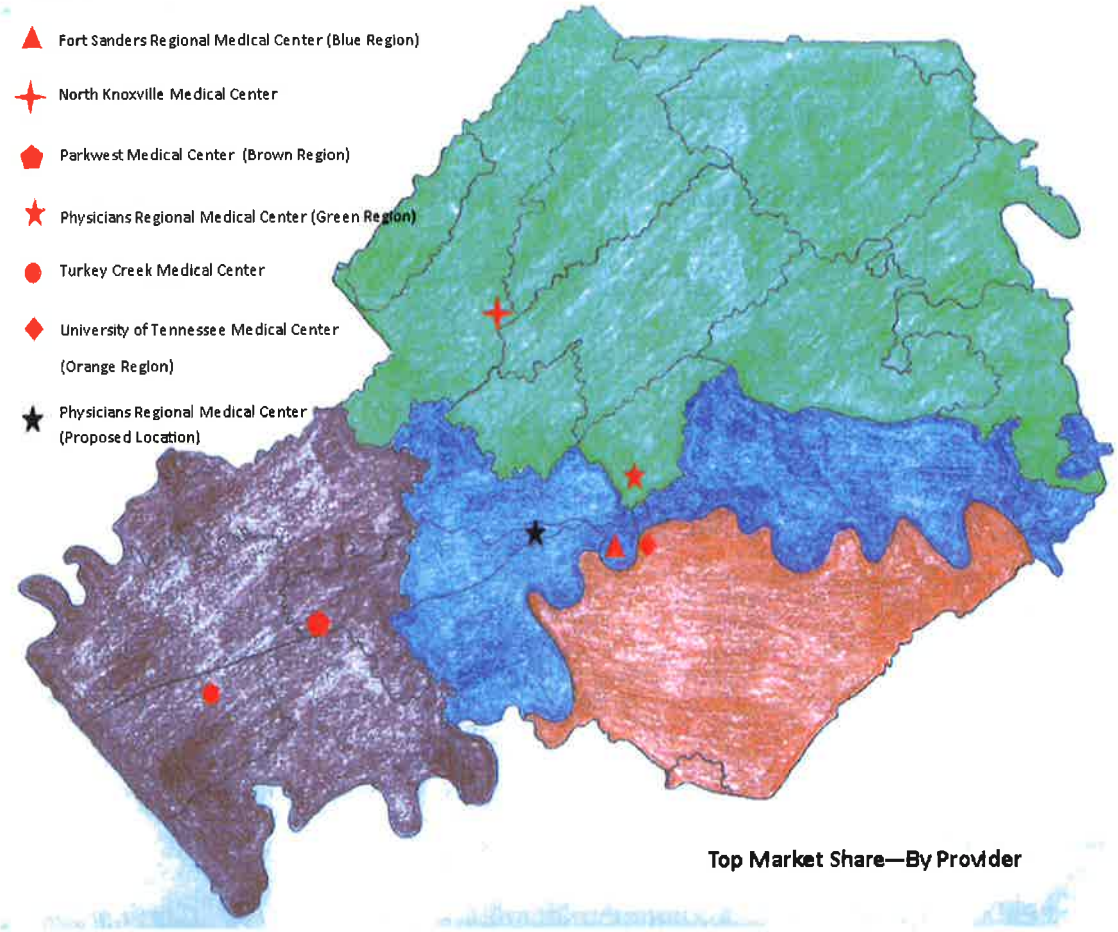
- Physicians Regional Medical Center's market share ranged from 0.86% (46 patients) in Monroe County to 34.9% (593 patients) in Union County.
- Overall, PRMC has an 11.3% market share (14,070 patients) in the 15 county service area which represents 124,076 patients.
- PRMC has a 20.2% market share (8,199 patients) in Knox County which represents 40,656 patients.

The following charts and maps depict the Knox County top market share by provider and the use rate (per 1,000 population) for TennCare, Medicare, and commercial insurance. The Tennessee Department of Health provided 2012 inpatient discharge data by zip code region. The first map depicts how the zip codes in Knox County were divided into 8 zip code regions.



Source: 2012 Hospital Discharge Data

Top Market Share by Provider



Source: 2012 Hospital Discharge Data

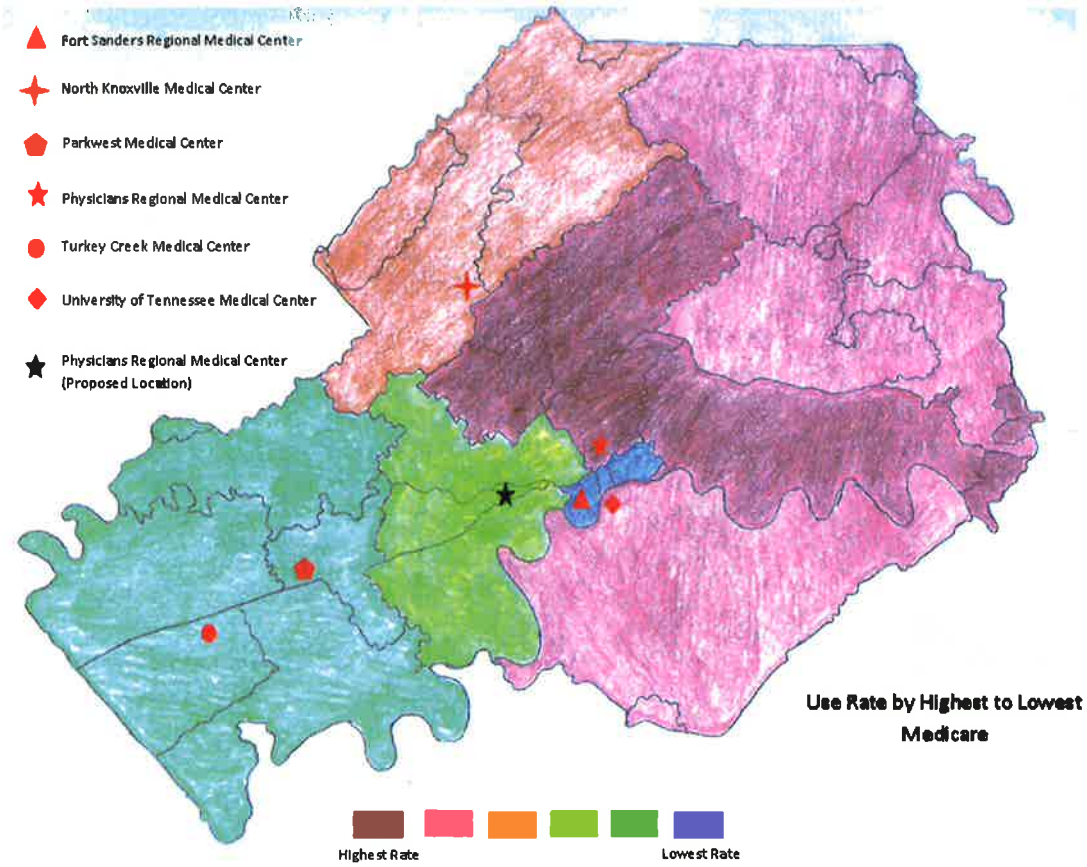
- Knox County is served by 3 major health care providers, Tennova (applicant), Covenant (Parkwest and Fort Sanders) and UT Medical Center.
- The applicant, Physicians Regional Medical Center (PRMC) has the top market share of the northern portion of Knox County (green region).
- If approved, PRMC will relocate southwest to the area (blue region) where Fort Sanders Regional Medical Center (blue region) is the top market share provider.
- Parkwest Medical Center is the top market share provider in the most western portion of Knox County (brown region).
- University of Tennessee Medical Center is the top market share provider in the south eastern region (burnt orange region) of Knox County.

The following table displays the hospital with the highest market share, and compare's applicant's (PRMC) market share for each Knox County zip code region.

Zip Code Regions	Discharges	Provider-Highest Market Share		PRMC (Applicant)	
		Discharges	Market Share	Discharges	Market Share
Downtown	1,134	Fort Sanders Regional Medical Center		224	20%
		523	**46%**		
East	4,754	Fort Sanders Regional Medical Center		811	17%
		1,768	**37%**		
Far North	5,263	Physicians Regional Medical Center		1,443	27%
		1,443	**27%**		
Far West	10,983	Parkwest Medical Center		656	6%
		5,444	**50%**		
North	9,925	Physicians Regional Medical Center		3,471	35%
		3,471	**35%**		
North East	4,341	Physicians Regional Medical Center		1,473	34%
		1,473	**34%**		
South	4,104	University of Tennessee Medical Center		388	9%
		2006	**49%**		
West	7,008	Fort Sanders Regional Medical Center		951	14%
		2,088	**30%**		
Totals	**47,512**				

Source: 2012 Hospital Discharge Data

Medicare Use Rate (highest to lowest)



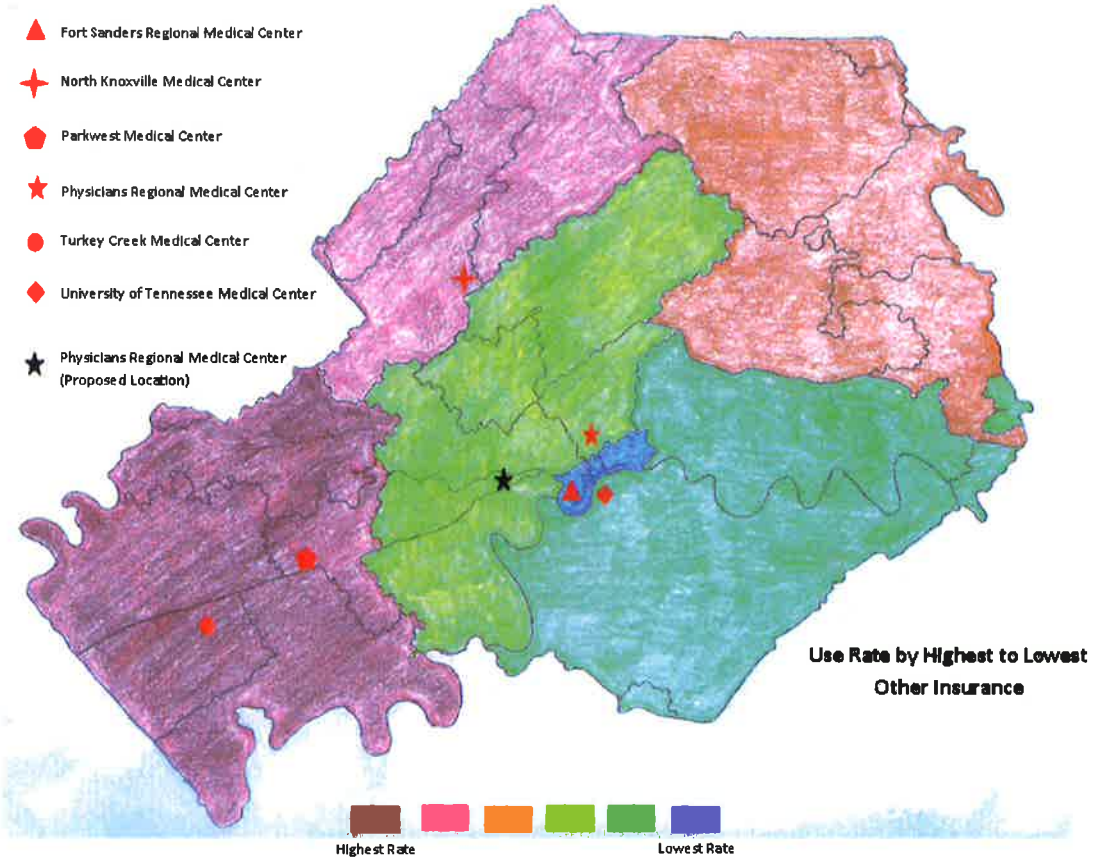
Source: 2012 Hospital Discharge Data

- Physicians Regional Medical Center is located in the highest Medicare inpatient use rate area in Knox County (dark rust region).
- Fort Sanders Medical Center is located in the lowest Medicare use rate (blue region) area in central Knox County.
- If approved, PRMC will relocate from the highest Medicare use rate area (dark rust region) to the area with the median Medicare use rate (lime green colored area).

Medicare Use Rate by Zip code Region

Region	Discharges per 1,000 population
Downtown	25
East	58
Far North	48
Far West	40
North	58
North East	53
South	53
West	45

Commercial Insurance Use Rate (highest to lowest)



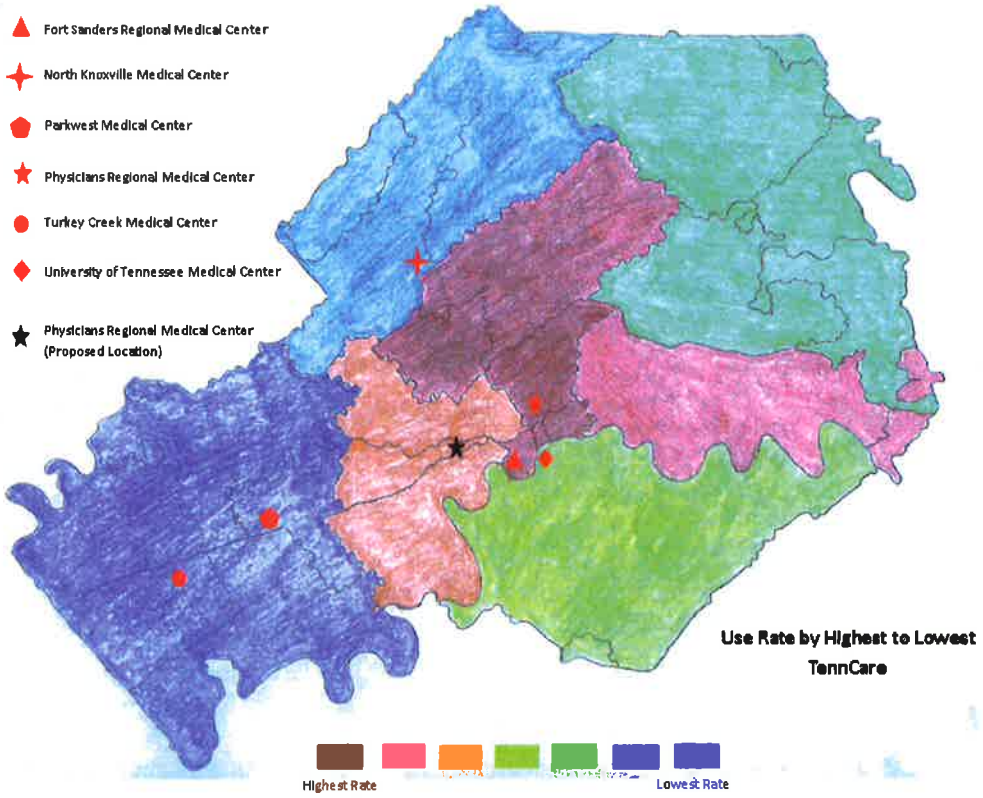
Source: 2012 Hospital Discharge Data

- Fort Sanders Regional is located in the downtown area of Knox County (blue colored region) which has the lowest use rate of commercial insurance.
- The highest use rate of commercial insurance is located in the far western portion of Knox County (dark rust colored region) where Parkwest Medical Center and Turkey Creek Medical Center are located.
- If approved, PRMC will remain in the area (lime green colored region) with the median commercial use rate.

Commercial Insurance Use Rate by Zip code Region

Region	Discharges per 1,000 population
Downtown	8
East	31
Far North	36
Far West	38
North	33
North East	35
South	31
West	33

TennCare Use Rate (highest to lowest)



Source: 2012 Hospital Discharge Data

- Physicians Regional Medical Center and Fort Sanders Regional Medical Center shares the area (dark rust colored region) that has the highest TennCare inpatient use rate.
- The lowest TennCare use rate is located in the purple region located in the far western area of Knox County where Parkwest Medical Center and Turkey Creek Medical Center are located.
- Physicians Regional Medical Center will relocate from the highest TennCare use rate area (dark rust colored region) to a lower, but still moderately high TennCare use rate area (burnt orange colored region).

TennCare Use Rate by Zip code Region

Region	Discharges per 1,000 population
Downtown	27
East	25
Far North	17
Far West	10
North	27
North East	22
South	23
West	24

Source: 2012 Hospital Discharge Data

15 County Service Area
Medicare, TennCare and, Commercial Inpatient Discharge Rates (per 1,000)

County	Medicare	TennCare	Commercial
Anderson	64	23	34
Blount	62	21	35
Campbell	77	33	23
Claiborne	51	20	26
Cocke	82	34	22
Grainger	64	22	26
Hamblen	71	27	26
Jefferson	64	22	26
Knox	45	19	32
Loudon	67	18	30
Monroe	66	24	28
Roane	71	23	33
Scott	58	32	19
Sevier	48	21	25
Union	49	27	28

Source: 2012 Hospital Discharge Data

The following are inpatient discharge rate ranges per 1,000 population for Medicare, TennCare, and Commercial insurance in the 15 county service area.

- Medicare-Inpatient discharge rates ranged from 45/1,000 in Knox County to 82/1,000 in Cocke County.
- TennCare-Inpatient discharge rates ranged from 18/1,000 in Loudon County to 34/1,000 in Cocke County.
- Commercial Insurance-Inpatient discharge rates ranged from 19/1,000 in Scott County to 35/1,000 in Blount County.

Applicant's Historical and Projected Utilization

Historic and projected trends for PRMC are displayed in the table below:

PRMC	2010	2011	2012	2018 Year 1	2019 Year 2
Total Hospital (Beds)	401	401	401	401	401
Beds Oak Hill Site	401	401	401	62	62
Beds Proposed Site	0	0	0	272	272
Admissions	19,694	18,500	15,121	14,457	15,035
Average Daily Census	232.5	229.2	199.5	178.2	185.4
Average Length of Stay	4.3	4.5	4.8	4.5	4.5
Occupancy with observation days	62.3%	61.3%	52.3%	70.1%	74.2%
Occupancy without observation days included	58.0%	57.2%	49.8%	65.5%	68.1%

Source: CN1408-033, Supplemental #2

- Admissions will decrease 23.7% from 19,964 in 2010 to 15,035 in Year 2 (2019) of the proposed project.
- Proposed site occupancy with observations days included will increase from 62.3% in 2010 on 401 beds, to 74.2% in Year 2019 on 272 beds.
- Proposed site occupancy without observations days included will increase from 58.0% in 2010 on 401 beds, to 68.1% in Year 2019 on 272 beds.

Med/Surgical (Beds) Utilization

Medical/Surgical (Beds)	2010	2011	2012	2018 Year 1	2019 Year 2
Total Hospital (Beds)	401	401	401	401	401
Med/Surg Beds Oak Hill	258	258	258	62	62
Total Beds Proposed Site	0	0	0	272	272
Medical/Surgical (Beds)	258	258	258	192	192
Admissions	11,749	8,346	7,751	7,166	7,512
Average Daily Census	132.0	93.7	89.2	82.5	86.4
ALOS	4.1	4.1	4.2	4.2	4.2
Occupancy with observation days	55.2%	42.4%	38.8%	48.5%	52.0%
Occupancy without observation days included	51.2%	36.3%	34.6%	42.9%	45.0%

Source: CN1408-033, Supplemental #1

- Admissions will decrease 36.1% from 11,749 in 2010 to 7,512 in Year 2 (2019).

- Proposed site occupancy with observation days will decrease from 55.2% in 2010 on 258 beds, to 52.0% in Year 2 (2019) on 192 beds.
- The average length of stay will remain in the 4.1-4.2 day range.

Obstetrical (Beds) (including GYN) Utilization

Department	2010	2011	2012	2018 Year 1	2019 Year 2
Total Hospital (Beds)	401	401	401	401	401
Obstetrical Beds Oak Hill	32	32	32	10	10
Total Beds Proposed Site	0	0	0	272	272
Obstetrical (Beds) (including GYN)	0	0	0	22	22
Admissions	1,903	1,652	1,562	1,597	1,645
Average Daily Census	12.5	9.9	10.3	10.5	10.8
ALOS	2.4	2.2	2.4	2.4	2.4
Occupancy	45.3%	38.0%	37.7%	47.7%	49.2%

Source: CN1408-033, Supplemental #1

- Admissions will decrease 13.3% from 1,903 in 2010 to 1,645 in 2019.
- The average length of stay is projected to remain at 2.4 days from 2010 to 2019 with a slight dip in 2011 to 2.2 days.

ICU/CCU (Beds) Utilization

Department	2010	2011	2012	2018 Year 1	2019 Year 2
Total Hospital (Beds)	401	401	401	401	401
ICU/CCU Beds Oak Hill	28	28	28	0	0
Total Beds Proposed Site	0	0	0	272	272
ICU/CCU (Beds)	0	0	0	32	32
Admissions	3,883	3,499	3,631	3,644	3,790
Average Daily Census	21.4	19.7	20.1	24.9	25.9
ALOS	2.43	2.02	2.79	2.5	2.5
Occupancy	76.4%	71.8%	99.3%	78%	81.1%

Source: CN1408-033, Supplemental #1

- Admissions will decrease 2.4% from 3,883 in 2010 to 3,790 in Year 2 (2019)
- The average daily census is projected to increase from 21.4 patients in 2010 to 25.9 in 2019.

Neonatal (Beds) Utilization

Department	2010	2011	2012	2018 Year 1	2019 Year 2
Total Hospital (Beds)	401	401	401	401	401
Neonatal Beds Oak Hill	15	15	15	5	5
Total Beds Proposed Site	0	0	0	272	272
Neonatal (Beds)	0	0	0	10	10
Admissions	196	173	166	186	194
Average Daily Census	5.4	4.3	3.8	5.45	5.69
ALOS	10.0	10.8	10.7	10.7	10.7
Occupancy	36%	29.3%	25.4%	54.5%	56.8%

Source: CN1408-033, Supplemental #1

- Admissions, average daily census, and average length of stay will remain stable from 2010 (15 beds) to 2019 (10 beds).

Inpatient Rehabilitation Utilization

Department	2010	2011	2012	2018 Year 1	2019 Year 2
Total Hospital (Beds)	401	401	401	401	401
Inpatient Rehab Beds Oak Hill	30	30	30	14	14
Beds Proposed Site	0	0	0	272	272
Inpatient Rehabilitation (Beds)	0	0	0	16	16
Admissions	401	378	282	365	380
Average Daily Census	15.7	13.5	11.3	14.5	15.1
ALOS	14.4	13.4	14.6	14.5	14.5
Occupancy	52.8%	43.3%	37.5%	90.6%	94.3%

Source: CN1408-033, Supplemental #1

- Occupancy will increase from 52.8% in 2010 on 30 beds, to 90.6% in Year 1 (2018) on 16 beds at the proposed site.

Emergency Department Utilization

Emergency Department	2010	2011	2012	2018 Year 1	2019 Year 2
Walk-in/ fast track cases	18,337	18,759	19,033	17,180	17,867
Urgent cases	19,824	20,280	20,576	18,573	19,316
Emergent cases	11,398	11,662	11,831	10,680	11,107
Total Visits	49,559	50,701	51,440	46,433	48,290

Source: CN1408-033, Supplemental #1

- The entire above emergency department categories are projected to decrease from the year 2010 to 2019 approximately 2.6%.

Surgical Utilization

Department	2010	2011	2012	2018 Year 1	2019 Year 2
Surgical Suite (Cases)					
Inpatient Surgeries	5,094	5,095	4,698	5,241	5,450
Outpatient Surgeries	9,665	9,617	5,207	9,261	9,632
Total	14,759	14,712	9,905	14,502	15,082

Source: CN1408-033, Supplemental #1

- Inpatient surgeries are projected to increase 6.9% from 5,094 cases in 2010 to 5,420 in Year 2 (2015) of the proposed project.
- Outpatient surgeries are projected to decrease 0.34% from 9,665 in 2010 to 9,632 in Year 2 (2015).
- Total surgeries are projected to increase 2.2% from 14,759 cases in 2010 to 15,082 in Year 2 (2015).

Inpatient Psychiatric Utilization

Department	2010	2011	2012	2018 Year 1	2019 Year 2
Psych Inpatient (Beds)	38	38	38	38	38
Admissions	1,562	1,515	1,484	1,499	1,514
Average Daily Census	25.0	23.7	24.3	24.2	24.5
ALOS	5.8	5.7	6.0	5.9	5.9
Occupancy	65.7%	62.3%	63.9%	63.7%	64.4%

Source: CN1408-033, Supplemental #1

- PRMC's psychiatric beds (38) will remain at the current PRMC Oak Hill campus.
- Admissions, average daily census, average length of stay, and patient occupancy will remain relatively unchanged from 2010 to 2019 (Year 2).

Project Cost

Major costs are:

- Construction Costs plus contingencies- $170,722,071 or 56.2% of total cost.
- Fixed and moveable equipment- $89,965,908, or 29.6% of the total cost.
- Average total construction cost is expected to be $300.00 per square foot, which is between the median cost of $274.63/SF and 3rd quartile cost of $324.00/SF of previously approved hospital projects from 2011-2013.
- For other details on Project Cost, see the Project Cost Chart on page 46 of the original application.

Historical Data Chart

- According to the Historical Data Chart PRMC experienced profitable net operating results for one of the three most recent years reported: $(8,168,000) for 2011; $(21,711,000) for 2012; and $2,733,000 for 2013.
- Average Annual Net Operating Income (NOI) was favorable at approximately 1.2% of annual net operating revenue for the year 2013.

Projected Data Chart

- 14,457 inpatient discharges, 169,964 outpatient procedures, and 46,433 emergency visits are projected in Year 1; and 15,035 inpatient discharges, 176,763 outpatient procedures, and 48,290 emergency visits in Year 2.
- Net operating income less capital expenditures for the proposed project will equal $15,756,100 in Year 2018 increasing to $16,924,900 in Year 2019.

Charges

In Year One of the proposed project, the average charge per inpatient case is as follows:

Average Gross Charge
- $50,658

Average Deduction from Operating Revenue
- $39,157

Average Net Charge
- $11,501

Medicare/TennCare Payor Mix

- TennCare/Medicaid-Charges for PMRC will equal $144,578,000 in Year One representing 11% of total gross revenue.
- Medicare/Managed Medicare-Charges will equal $736,033,760 in Year One representing 56% of total gross revenue.

Financing

- The source of funding for the project is identified as a cash transfer from the applicant's parent (CHS/Community Health Systems Incorporated) to Knoxville HMA Holdings, LLC.
- An August 8, 2014 letter signed by the Chief Financial Officer of Physicians Regional Medical Center attests to CHS/Community Health Systems, Inc.'s ability to finance the project.
- Review of the Community Health Systems Consolidated Balance Sheet ending of 12/31/13 revealed cash and cash equivalents of $373,000,000, total current assets of $3,747,963,000 and current liabilities of $2,457,483,000 for a current ratio of 1.52 to 1.0.

Note to Agency members: 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.

Staffing

The applicant's current and projected staffing will remain unchanged at 805.7 FTE's. A chart of the applicant's staffing pattern for all employees providing patient care is located in Supplemental One.

Licensure/Accreditation

PRMC is licensed by the Tennessee Department of Health. A copy of the full Medicare certification survey completed on January 9-11, 2012 is located in Attachment C. Orderly Development.7.d.

PRMC is accredited by The Joint Commission with an accreditation cycle effective July 19, 2014 valid for up to thirty-six (36) months. A letter from The Joint Commission dated October 10, 2014 is included in the application. The letter states the Joint Commission will conduct an unannounced Accreditation follow-up survey in approximately 3 months.

Public Hearing

Tennessee Health Services and Planning Act, 68-11-1608 (b), states "upon request by interested parties or at the direction of the executive director, the staff of the agency shall conduct a fact-finding public hearing on the application in the area in which the project is to be located". A public hearing was requested for this application. A public hearing was held on October 27, 2014 in Knoxville (Knox County), Tennessee. A public hearing summary will be included in this application packet.

Corporate documentation, real estate deed information, performance improvement plan, utilization review plan, and patient bill of rights are on file at the Agency office and will be available at the Agency meeting.

Note to Agency Members: If approved, PRMC requests an extended expiration date of four years, which is one year beyond the normal expiration date for hospital projects. The Project Completion Chart on page 64 of the original application indicates the initiation of service for the proposed project is projected to occur in April 2018.

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

Pending Applications

Metro Knoxville HMA, LLC d/b/a Tennova Healthcare, CN1406-034, has a pending application scheduled to be heard at the November 19, 2014 Agency meeting. The proposed project is for the replacement and relocation of the 25 bed nursing home which is located in Physicians Regional Medical Center, The nursing home proposed to relocate from the hospital from 900 E. Oak Hill Avenue, Knoxville (Knox County) to a site at the intersection of Middlebrook Pike and Old Weisgarber Road across from Dowell Springs Boulevard, Knoxville (Knox County), a distance of approximately nine (9) miles from the current facility. The estimated project cost is **$6,454,796.00.**

Note: Community Health Systems, Inc. has a financial interest in this project and the following:

Outstanding Certificates of Need

Lakeway Regional Hospital, CN1405-013A, has an outstanding Certificate of Need that will expire on October 1, 2017. The project was approved at the August 27, 2014 Agency meeting for the discontinuation of obstetrical (OB) services. The sixteen (16) OB beds will be redistributed to general medical/surgical beds. The hospital's current 135 licensed bed complement will remain unchanged. The estimated project cost **is $33,000.00.** *Project Status: The project was recently approved in August 2014.*

Dyersburg Regional Medical Center, CN1403-007A, has an outstanding Certificate of Need that will expire on September 1, 2017. The project was approved at the July 23, 2014 Agency meeting for the expansion of Diagnostic Cardiac Catheterization Services, currently limited to diagnostic procedures, to include interventional (therapeutic) cardiac catheterization procedures at Dyersburg Regional Medical Center, Dyersburg (Dyer County), Tennessee. The estimated project cost is **$367,763.** *Project Status: The project was recently approved in July 2014.*

Metro Knoxville, HMA, LLC d/b/a Tennova Healthcare-North Knoxville Medical Center, CN1211-056A, has an outstanding Certificate of Need that will expire on April 1, 2016. The CON was approved at the February 27, 2013 Agency meeting for the initiation of diagnostic cardiac catheterization services. The project involves construction and equipping of shell space within the hospital to

serve as a dual cardiac catheterization/vascular lab, support areas for the lab, expanded waiting room, and additional pre-operative and post-operative space. The estimated project cost is **$4,377,421.00.** *Project Status: Per update provided on 7/30/14 by a representative for CHS, service is scheduled to begin in late 2014.*

HMA Fentress County Hospital, LLC d/b/a Jamestown Regional Medical Center, CN1211-055, has an outstanding Certificate of Need that will expire on April 1, 2016. The CON was approved at the February 27, 2013 Agency meeting for the conversion of six (6) existing acute care hospital beds to swing beds located at 436 Central Avenue West, Jamestown (Fentress County). The estimated project cost is **$30,677.00.** *Project Status: Project Status: Per update provided on 7/30/14 by a representative for CHS, service is scheduled to begin in late 2014.*

Lebanon HMA, d/b/a University Medical Center, CN1210-051A, has an outstanding Certificate of Need that will expire March 1, 2016. The CON was approved at the January 23, 2013 agency meeting for the initiation of linear accelerator services and acquisition of existing major medical equipment from Southeast Cancer Network, Inc. The estimated project cost is **$4,844,035.00.** Project Status: *Per update provided on 11/4/14 by a representative for CHS, University Medical Center now operates the Radiation Oncology Center. Southeast Cancer Network continues to provide treatment planning services. UMC is working to purchase upgraded linear accelerator equipment and is exploring a potential management arrangement for the Radiation Oncology Center.*

North Knoxville Medical Center f/k/a Mercy Medical Center-North, CN1106-019A, has an outstanding Certificate of Need that will expire on 12/1/2014. The CON was approved at the October 26, 2011 Agency meeting for acquisition of a second linear accelerator for its radiation therapy department located on Mercy Medical Center-North campus located at 7551 Dannaher Way, Powell (Knox County), Tennessee 37849. The estimated project cost is **$4,694,671.** *Project Status Update: Tennova Healthcare filed a one year extension request that will be heard at the Agency's November 2014 meeting.*

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

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

Pending Applications

University of Tennessee Medical Center, CN1409-042, has a pending application scheduled to be heard at the December 17, 2014 Agency meeting. The proposed project is for the modification of a hospital requiring capital expenditure greater than $5,000,000 and the addition of 44 licensed beds. The project includes renovation and the new construction total approximately 55,302 SF in the following areas: 1) The expansion and renovation of the Neonatal Intensive Care Unit (NICU) consisting of approximately 9,758 SF of new construction and renovation of 15,432 SF; 2) The addition of approximately 16,850 SF of new space and renovation of approximately 1,262 SF of existing space, which will house a new addition to the intensive care unit (ICU); and 3) The renovation of approximately 12,000 SF of existing space to convert it from non-inpatient care space to inpatient rooms. Twenty-eight of the forty-four beds are anticipated to be allocated as medical / surgical beds and 16 as ICU beds. The project will increase the licensed bed capacity from 581 to 625. The estimated project cost is **$26,292,001.00.**

Outstanding Certificates of Need

University of Tennessee Medical Center, CN0912-056A, has an outstanding Certificate of Need which will expire on May 1, 2015. It was approved at the March 24, 2010 Agency meeting for the interior build out of approximately 47,428 SF of shelled-in space, being floors 3 and 4 of the hospital wing authorized under CN0801-004A. The built-out space will house patient rooms for cardiology and cardiothoracic patients, and is located on the main campus of UTMC at 1924 Alcoa Highway, Knoxville (Knox County), TN. There will be no change from the UTMC's current licensed bed complement of 581 beds. The estimated cost of the project is **$13,941,818.00** *Project Status Report: The project was modified on March 27, 2013 with the expiration date extended to May 1, 2015.*

University of Tennessee Medical Center, CN1002-022A, has an outstanding Certificate of Need that will expire on May 1, 2015. The CON was approved at the August 25, 2010 Agency meeting for the construction of an addition to the existing surgery facilities consisting of approximately 28,000 SF of space to house 13 new operating rooms. The project also includes the renovation of existing space in the surgical facilities and the addition of a new endovascular suite. The estimated project cost is **$18,432,272.00.** *Project Status: On March 27, 2013, an 18 month extension was granted. It extended the original expiration date from October 1, 2013 to May 1, 2015.*

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, 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
(11/10/2014)

LETTER OF INTENT

LETTER OF INTENT
TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the **Knoxville News Sentinel** which is a newspaper
(Name of Newspaper)
of general circulation in **Knox County**, Tennessee, on or before **August 8, 2014**, for one day.
(County) (Month / day)(Year)

==========

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that: **Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare – Physicians Regional Medical Center, Hospital**
(Name of Applicant) (Facility Type-Existing)

owned by: **Knoxville HMA Holdings, LLC,** with an ownership type of **Limited Liability Company** and to be managed by: **Community Health Systems Professional Services Corporation** intends to file an application for a Certificate of Need

for: **a replacement hospital for Physicians Regional Medical Center, currently located at 900 E. Oak Hill Avenue, Knoxville, TN 37917. The site of the proposed replacement hospital is a currently unaddressed site consisting of 110 acres located at the intersection of Middlebrook Pike and Old Weisgarber Road, across from Dowell Springs Boulevard in Knoxville. The project includes constructing and equipping a 556,083 square foot replacement hospital consisting of 272 beds and 24 operating/procedure rooms. Designated health services that will be relocated are acute care services, obstetrical services, critical care services, Level IIB neonatal nursery services, cardiac catheterization services, extra-corporeal shock wave lithotripsy services, open heart surgery, inpatient rehabilitation services, and radiation therapy services. Major medical equipment that will be relocated includes one (1) Positron Emission Tomography unit, one (1) linear accelerator, and two (2) magnetic resonance imaging (MRI) units. No new beds or new healthcare services are proposed in this project. The anticipated total cost of the project is $303,545,204.**

The anticipated date of filing the application is: **August 13, 2014**

The contact person for this project is **Melanie Burgess** (Contact Name) **Asst. Vice President** (Title)

who may be reached at: **Tennova Healthcare – Physicians Regional Medical Center**
(Company Name)
930 Emerald Ave., POB Suite 813
(Address)

Knoxville (City) **Tennessee** (State) **37919** (Zip Code) **865 / 647-5604** (Area Code / Phone Number)

Melanie Burgess
(Signature)

August 7, 2014 (Date) **melanie.burgess@hma.com** (E-mail Address)

==========

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

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The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development

COPY-

-Application

Tennova

Healthcare-

Hospital

CN1408-033

SUPPLEMENTAL #1
August 27, 2014
8:24 am

SECTION A:

APPLICANT PROFILE

1. ***Name of Facility, Agency, or Institution***			
Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare – Physicians Regional Medical Center			
Name			
Currently Unaddressed Site at the intersection of Middlebrook Pike and Old Weisgarber Road		**Knox**	
Street or Route		*County*	
Knoxville	**TN**	**37909**	
City	*State*	*Zip Code*	
2. ***Contact Person Available for Responses to Questions***			
Melanie B. Burgess	**Vice President of Development**		
Name	*Title*		
Tennova Healthcare	**melanie.burgess@hma.com**		
Company Name	*Email address*		
930 Emerald Ave, POB Suite 813	**Knoxville**	**TN**	**37917**
Street or Route	*City*	*State*	*Zip Code*
Employee	**865-647-5604**	**865-647-5630**	
Association with Owner	*Phone Number*	*Fax Number*	
3. ***Owner of the Facility, Agency or Institution***			
Knoxville HMA Holdings, LLC		**865-647-5600**	
Name		*Phone Number*	
930 Emerald Ave., POB Suite 813	**Knox**		
Street or Route	*County*		
Knoxville	**TN**	**37919**	
City	*State*	*Zip Code*	

4. ***Type of Ownership of Control (Check One)***

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

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)***		
Community Health Systems Professional Services Corporation		
Name		*Phone Number*
4000 Meridican Boulevard	**Davidson**	
Street or Route	*County*	
Nashville	**TN**	**37067**
City	*State*	*Zip Code*

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

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

A.	Ownership	X	D.	Option to Lease	
B.	Option to Purchase		E.	Other (Specify) _____	
C.	Lease of _____ Years				

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

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

A.	Hospital (Specify) General	X	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 Facility	
E.	Hospice		M.	Residential Hospice	
F.	Mental Health Hospital		N.	Non-Residential Methadone Facility	
G.	Mental Health Residential Treatment 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 response may apply)*

A.	New Institution		G.	Change in Bed Complement *[Please note the type of change by underlining the appropriate response: Increase, **Decrease**, Designation, Distribution, Conversion, Relocation]*	
B.	Replacement/Existing Facility	X			
C.	Modification/Existing Facility				
D.	Initiation of Health Care Service as defined in TCA §68-11-1607(4) (Specify)_____		H.	Change of Location	
E.	Discontinuance of OB Services		I.	Other (Specify)_____	
F.	Acquisition of Equipment				

9. Bed Complement Data**
Please indicate current and proposed distribution and certification of facility beds.

		Current Beds Licensed	*CON	Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A.	Medical	258		152	192	192
B.	Surgical					
C.	Long-Term Care Hospital					
D.	Obstetrical	32		16	22	22
E.	ICU/CCU	28		20	32	32
F.	Neonatal	15		6	10	10
G.	Pediatric					
H.	Adult Psychiatric	20*		16		
I.	Geriatric Psychiatric	18*		12		
J.	Child/Adolescent Psychiatric					
K.	Rehabilitation	30		15	16	16
L.	Nursing Facility (non-Medicaid Certified)					
M.	Nursing Facility Level 1 (Medicaid only)					
N.	Nursing Facility Level 2 (Medicare only)					
O.	Nursing Facility Level 2 (dually certified Medicaid/Medicare)					
P.	ICF/MR					
Q.	Adult Chemical Dependency					
R.	Child and Adolescent Chemical Dependency					
S.	Swing Beds					
T.	Mental Health Residential Treatment					
U.	Residential Hospice					
	TOTAL *CON-Beds approved but not yet in service	401		237	272	272

* Beds marked with an asterisk (*) will remain at their current service address:
Adult Psychiatric and Geriatric Psychiatric at 900 E. Oak Hill Avenue, Knoxville, TN.
** This is the approved licensed bed complement at Physicians Regional Medical Center. A chart showing the total number of licensed beds under Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare provider number is shown as Attachment A.9.

10. Medicare Provider Number **44-0120**
Certification Type **Hospital**

Tennova Healthcare – Physicians Regional Medical Center is the main campus Metro Knoxville HMA, LLC. North Knoxville Medical Center and Turkey Creek Medical Center are satellites of Physicians Regional Medical Center. All three share the same Provider number and hospital license.

11. Medicaid Provider Number **44-0120**
Certification Type **Hospital**

Tennova Healthcare – Physicians Regional Medical Center is the main hospital of Metro Knoxville HMA, LLC. North Knoxville Medical Center and Turkey Creek Medical Center are satellites of Physicians Regional Medical Center. All three share the same Provider number.

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid?

Not applicable.

13. *Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area.* Will this project involve the treatment of TennCare participants? Yes **If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted *or plans to contract.***

The TennCare MCOs/BHOs operating in the proposed service area are:

- Blue Cross Blue Care / TennCare Select
- Americhoice

The applicant contracts through master provider agreements with each TennCare MCO/BHO operating in the service area.

- Blue Cross BlueCare / TennCare Select utilizing ValueOptions (MCO). Tennova Healthcare – Physicians Regional Medical Center is listed as a provider with ValueOptions.
- Americhoice TennCare utilizes United Behavioral Health (MCO). Tennova Healthcare – Physicians Regional Medical Center is listed as a provider with United Behavioral Health.

There is no intent to alter our participation in these plans.

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

The applicant is in network with all TennCare MCOs/BHOs in the area.

NOTE: ***Section B*** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. ***Section C*** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

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.

Project Description

Metro Knoxville HMA, LLC, hereinafter referred to as "Hospital", is a three campus hospital operating under a single license and provider number. The main campus of the Hospital is Tennova Healthcare – Physicians Regional Medical Center ("PRMC"), an acute care, 401 bed, 917,235 square foot, tertiary medical center located at 900 E. Oak Hill Avenue, Knoxville, Tennessee. The Hospital has two satellite locations, North Knoxville Medical Center and Turkey Creek Medical Center. The three campuses ("Hospital") have a total of 610 licensed beds.

The Hospital proposes to construct a replacement facility for PRMC on approximately 110 acres on Middlebrook Pike in Knoxville, nine miles from its current location and approximately one mile from what is now the population center of Knox County, accessible to its entire 15-county service area. For maps showing the proposed location, see attachment B.I.Project Description.1. The Hospital currently holds an option on the property. The option contract is attached as attachment B.I.Project Description.2. The existing facility was built and put into service in 1930 and was expanded twelve times between 1930 and 1999. As a result of the facility's age, operational inefficiencies, accessibility issues for patients, and infrastructure challenges, significant facility upgrades or additions are not financially feasible nor are they an acceptable option for the hospital's medical staff. The intent of the proposed project is to reconstruct PRMC in such a way as to significantly improve its operational efficiency, improve the patient experience through easier access both to the campus as well as within the hospital itself, and to create a facility that is financially sustainable and meets the future needs of the region, the medical staff, and the health system.

Proposed Services and Equipment

The proposal is to move all acute care services and some sub-acute services currently being provided at PRMC to the Middlebrook Pike campus, including Medical/Surgical beds, Surgical services, Women's Health services, Level IIB Nursery services, Intensive Care services, Inpatient Rehabilitation services, and the Transitional Care/Skilled Nursing unit. Because the Skilled Nursing unit is separately licensed, that unit is addressed in a separate Certificate of Need application. Certain sub-acute health services will remain at the existing campus, including Adult Psychiatric services and Geriatric Psychiatric services.

The replacement hospital will consist of 272 beds (excluding SNF) over 556,083 square feet. The proposed project does not involve the initiation of new services or an increase in licensed bed capacity. The Hospital consists of three hospital campuses in Knoxville, which have a total of 610 licensed beds and are operated under a single hospital license. This application seeks to relocate 272 of the 401 licensed beds from the Oak Hill campus (PRMC) to the new facility. In addition to 38 psychiatric beds which will be operated at PRMC, the Hospital also seeks to retain the remaining 91 medical/surgical licensed beds at the Oak Hill campus. The Hospital is conducting a comprehensive bed need analysis across its three metro Knoxville campuses as part of a long range strategic plan. Upon completion of that study, and prior to implementation of a certificate of need for the replacement facility, it will either obtain a waiver from the Tennessee Department of Health to retain the beds in inactive status

for a defined period of time; file additional applications for the relocation of licensed beds to its other facilities; or delicense the 91 beds.

No major medical equipment is being added. Major medical equipment that will be replaced in the project consists of a PET/CT unit and two MRI units. PRMC intends to replace aged existing equipment with the following:

- Two MRI units – GE Optima MR450W 1.5T MR Systems
- One PET/CT unit – GE Discovery NM/CT 670 Integrated with Xeleris 3.1

Ownership Structure

The site of service for this project is Physicians Regional Medical Center, which is the main location of Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare. In metro Knoxville, the Hospital provides inpatient care on three campuses, Physicians Regional Medical Center, North Knoxville Medical Center and Turkey Creek Medical Center. Those three campuses operate under a single hospital license and Medicare provider number.

Metro Knoxville HMA, LLC is owned by Knoxville HMA Holdings, LLC, which is a wholly owned indirect subsidiary of CHS/Community Health Systems, Inc., with corporate offices in Franklin, Tennessee. Please see the attached ownership listing, attachment B.I.Project Description.3.

Service Area

The service area for this project consists of the following 15 counties in Tennessee: Anderson, Blount, Campbell, Claiborne, Cocke, Grainger, Hamblen, Jefferson, Knox, Loudon, Monroe, Roane, Scott, Sevier, and Union. Residents of these counties account for approximately 95% of the inpatient services at PRMC. A map of the service area is included as attachment B.I.Project Description.4. It should be noted that this project is not intended to alter PRMC's existing service area.

Need

PRMC is a busy, tertiary medical center located off I-275 on the northern side of Knoxville, in an area of Knox County that was vibrant when the facility was built in 1930. In 2013, PRMC admitted 14,876 patients resulting in 70,887 patient days, with an average acute length of stay of 4.77 and average daily census of 194.

The proposed project is to replace and relocate Physicians Regional Medical Center. Founded in 1930 as St. Mary's Hospital, the facility has had twelve expansions over seven decades, and now consists of 917,235 square feet. Much of the support infrastructure is aged and obsolete, making major renovations or additions cost prohibitive. The layout of the hospital is highly inefficient, as well as difficult for patients and their families to navigate. The physical layout, access, and appearance of the current physical plant are becoming increasingly, if not already, obsolete. The distance between key departments impairs efficient patient flow and staff productivity. This project will improve access to modern, high quality hospital facilities and services for residents of the PRMC service area, as well as result in improved patient flow, operational efficiency, and medical staff satisfaction. The proposed facility is planned at 556,083 square feet, a 40% reduction in size versus the existing hospital, which will have significant impact on utility costs and workflow efficiency.

Project Cost

		The total estimated cost of the proposed project is $303,545,204, including the application fee and all associated legal, consulting, and financing costs. This includes the cost of construction, which is $166,824,900 for 556,083 square feet of hospital space, as well as $89,965,908 in replacement equipment. Funding and Financial Feasibility The costs of the project will be funded through capital provided by CHS/Community Health Systems, Inc. The project is financially feasible in its first year, as shown in the Project Data Chart. Staffing While similar staffing levels are planned for this project as compared to the existing hospital, the efficiencies gained are expected to allow nursing, ancillary, and support staff to focus more time on direct patient care and the fulfillment of critical job duties, minimizing the wasted time currently spent in transporting patients, equipment, food, and supplies throughout a vast and inefficient facility. For a listing of projected staffing levels, see attachment B.I.Project Description.5.
II.	**Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.**	
	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. 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 Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project. If the project involves none of the above, describe the development of the proposal.** Physicians Regional Medical Center is proposing to replace the existing facility and relocate to approximately 110 acres on Middlebrook Pike, nine miles away from its current location. The existing hospital consists of 917,235 square feet of hospital space, plus another 624,265 square feet of medical office building and parking garage space on 21 acres. The facility is licensed for 401 hospital beds, with separate licenses for 25 skilled nursing beds and 18 residential hospice beds. A photo of the existing hospital campus is attached as attachment B.II.A.1. The existing hospital consists of 13 buildings all interconnected with the exception of the outpatient surgery center. In addition to the hospital buildings,

there is a large parking garage on campus.

Building Name	Year Built	Beds / Major Services
Main Building	1930	Administrative offices
East Wing	1940	Office - HR, Finance, Support Svcs, Chapel
West Wing	1946	Med/Surg units / Wound Care / MRI and CT
St. Joseph's/North Wing	1948 and 1956	Food Services / Offices
McAuley Hall	1952	Engineering / Plant Ops
Marian Wing	1958	LTAC / Med/Surg Units
Annunciation Wing	1966	ED / IP Rehab Gym / Lab / Imaging / SNF
Magdalen Clark Tower	1972	Administration / Med/Surg Units / Psych / MD Offices
Central Wing	1980	ICU / CCU / Surgery
Professional Office Building	1980	Physician Offices
Women's Pavilion	1989	OB / Nursery / NICU
Central Wing Annex	1999	Cardiology Offices
Outpatient Surgery Bldg	1999	Outpatient Surgery

The proposed replacement facility will consist of one primary building, laid out as detailed below:

Ground Floor (below grade):

- Pharmacy
- Plant Operations
- Materials Management
- Mechanical/Electrical
- Dietary
- Lab

First Floor (at grade):

- Emergency Department
- Central Registration
- Admitting/Discharge
- Diagnostic Imaging, including 2 MRIs, 2 CTs, 1 PET/CT, 4 general radiology rooms, 4 ultrasound rooms, 2 digital mammography rooms, and 6 nuclear medicine cameras.
- Administrative, business, and support department offices
- Radiation Therapy

Second Floor:

- ICU/CCU
- Surgery – 22 ORs
- 33-bed PACU
- 42-bed Surgery Prep and Recovery area

Third Floor:

- 22-bed Labor and Delivery unit
- 2 C-Section rooms
- 10-bed Level IIB Nursery
- 2, 32-bed Medical/Surgical units (64 beds total)

Fourth Floor:

- 2, 32-bed Medical/Surgical units (64 beds total)
- 25-bed Skilled Nursing unit (separately licensed, addressed in a separate CON application)

Fifth Floor:

- 2, 32-bed Medical/Surgical units (64 beds total)

The replacement facility has been designed with the following key principles in mind:

- Maximum operational efficiency and flexibility
- Easy access and navigation for patients and family members
- Design for future growth with minimum operational disruption

The site topography and zoning provide a natural buffer between the hospital and the neighboring homes. The back 44 acres is protected through agricultural zoning and a slope protection designation. As promised to the City of Knoxville and neighborhood groups during the local land use approval process, if the project is approved, a walking trail will be developed between the hospital and the 44 acres that will remain natural and wooded. The buildable portion of the property, totaling approximately 80 acres, has already been through the local required rezoning and Use on Review processes and has gained all necessary local approvals.

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 the existing services.

The bed configuration on the replacement hospital campus will be:

Department	Proposed
Medical/Surgical Beds	192
Obstetrical beds (including GYN)	22
ICU/CCU	32
Neonatal	10
Inpatient Rehabilitation	16
Total	272

*Adult Psychiatric/Geri-Psychiatric , and Residential Hospice beds will remain in their current locations.

The Hospital consists of three hospital campuses in Knoxville, which have a total of 610 licensed beds and are operated under a single hospital license. This application seeks to relocate 272 of the 401 licensed beds from the Oak Hill campus of the Hospital to the replacement facility. In addition to 38 psychiatric beds which will be operated at the Oak Hill campus, the Hospital also seeks to

		retain the remaining 91 medical/surgical licensed beds at the Oak Hill campus. The Hospital is conducting a comprehensive bed need analysis across its three metro Knoxville campuses, as part of a long range strategic plan. Upon completion of that study, and prior to implementation of a certificate of need for the replacement facility, it will either obtain a waiver from the Tennessee Department of Health to retain the beds in inactive status for a defined period of time; file additional applications for the relocation of licensed beds to its other facilities; or delicense the 91 beds.

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost/ SF		
					Reno-vated	New	Total	Reno-vated	New	Total
Operating Rooms	n/a	45,458	n/a	2nd floor	n/a	101,063	101,063	n/a	329.34	$ 33,284,088
Nursing Areas	n/a	208,533	n/a	Multiple	n/a	179,795	179,795	n/a	271.70	$ 48,850,302
Administrative Space	n/a	78,678	n/a	Multiple	n/a	55,566	55,566	n/a	283.84	$ 15,771,853
Diagnostic & Treatment Areas	n/a	129,122	n/a	1st Floor	n/a	77,790	77,790	n/a	290.55	$ 22,601,885
Support Services	n/a	147,933	n/a	Ground	n/a	50,707	50,707	n/a	264.54	$ 13,414,030
Site Preparation	n/a		n/a	n/a	n/a			n/a		$ 12,049,435
B. Unit/Dept GSF Sub-Total		609,724			n/a	464,921	464,921	n/a	313.97	$ 145,971,593
C. Mechanical/Electrical SF		307,510			n/a	91,162	91,162	n/a	228.75	$ 20,853,308
D. Circulation/Structure										
*Included in Mechanical/Electrical										
E. Total GSF		**917,234**			n/a	**556,083**	**556,083**	**n/a**	**300.00**	**$ 166,824,900**

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	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 for Adolescents (exceeding 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. Positron Emission Tomography** **19. Radiation Therapy/Linear Accelerator** **20. Rehabilitation Services** **21. Swing Beds** No new health services will be initiated. The designated health services which are already offered at Physicians Regional Medical Center which are planned for the replacement hospital are: 3. Birthing Center 5. Cardiac Catheterization Services 7. Extracorporeal Lithotripsy 12. Long-term Care Services (submitted under a separate application) 13. Magnetic Resonance Imaging (MRI) - 2 units 15. Neonatal Intensive Care Unit 17. Open Heart Surgery 18. Positron Emission Tomography 19. Radiation Therapy/Linear Accelerator 20. Rehabilitation Services This application does not include the initiation of these services but rather their relocation. The project will involve replacing aged major medical equipment, including 2 MRI units and a Positron Emission Tomography (PET) unit. The current equipment will be replaced with: • Two MRI units – GE Optima MR450W 1.5T MR Systems • One PET/CT unit – GE Discovery NM/CT 670 Integrated with Xeleris 3.1
	D.	**Describe the need to change location or replace an existing facility.**

		There is a significant need to replace PRMC's existing facility, for a number of reasons. The 84 year old facility is not sustainable in its current form. The baseline costs to replace and/or upgrade facility infrastructure, such as the electrical plant and boiler/chiller system is cost-prohibitive, estimated at $80 million. $80 million in infrastructure upgrades adds significantly to the cost of providing healthcare without improving technology, care delivery, patient flow, or appearance. If PRMC were to invest in the necessary infrastructure upgrades, adding to the building or renovating the existing buildings would only add to the facility's inherent operational inefficiencies. In addition, there is limited ability to reconfigure the facility on the site. The facility is surrounded by other development and was built on a slope. Adding to the building would exacerbate the existing efficiency issues and is more expensive on a per unit basis than a replacement facility. PRMC was built and expanded when the norm was for patients to have lengthy hospital stays. As healthcare has changed, and with the mandates of healthcare reform, care is moving toward a more ambulatory model, making it more and more important that healthcare facilities provide quick and easy access for patients to find the facility, park, and easily navigate the campus. PRMC is inherently unfriendly for patients, since it was built in stages, with no overall long-term plan, requiring patients and family members to navigate long, confusing hallways and multiple elevators to find the department they need. PRMC has a medical staff consisting of approximately 450 affiliated physicians and its affiliated clinic has 87 employed physicians. The medical staff has been clear that their practices require a more competitive, patient-friendly, and efficient hospital. Physicians have "spoken with their feet" by relocating their offices away from PRMC, to places more accessible to their patient base, including several major physician groups that have placed their primary offices at Dowell Springs, across Middlebrook Pike from the proposed replacement hospital site. Active members of the medical staff have been polled and are almost unanimous in their agreement that a replacement hospital is required in order to meet the needs of their patients and their practices. As a responsible healthcare provider, largely dependent on our physicians, we must listen and be responsive to our physician partners who utilize our services to care for their patients. The market forces that were just discussed have become apparent through the data, which show steadily declining volumes for the hospital since the time a replacement hospital was promised in 2008 and not delivered. While the hospital is still very busy, those steadily declining volumes have exacerbated the issue of having an inflexible facility, as well as made it more difficult for PRMC to continue to reinvest in the facility. The health system must prepare for the future by investing in a facility and services that will maximize returns in an increasingly challenging environment in terms of reimbursement models and payment reform. In order to meet the healthcare needs of the service area in the future, PRMC must be financially strong.
	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 (MRI) scanner, 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.** Not applicable.
			b.	**Provide current and proposed schedules of operations.** Not applicable. This project involves replacement equipment only.
		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.** Not applicable.
		3.	**Indicate applicant's legal interest in equipment (*i.e.*, 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. The project does not involve the acquisition of major medical equipment. However, major medical equipment will be replaced as part of the project. In addition to major medical equipment, this proposal includes the assumption that 90% of the current minor equipment and furnishings will also be replaced. This is a conservative estimate, but given the planned three year development period, it is reasonable to project that the majority of the existing equipment and furnishings will be at or near the end of their useful lives and will require replacement. Please see attachment B.II.E.3 for a detailed inventory of all equipment being purchased for the proposed project, as well as vendor quotations for the major medical equipment being replaced.		
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; and** **3. Location of the proposed construction.**		

		4. Names of streets, roads or highway 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.*** The plot plan is attached as attachment B.III.(A).
	(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 proposed site of PRMC's replacement hospital is a 110 acre parcel at the intersection of Middlebrook Pike and Old Weisgarber Road, across from Dowell Springs Boulevard. The site is located approximately one mile from the current population center of Knox County, according to the Knox County Chamber of Commerce data. It is located two turns from I-40/I-75, off the Papermill Road/Weisgarber Road exit (exit #383), which is 2 miles from the I-640 bypass, and 4 miles from I-75 North. The proposed site of PRMC's replacement hospital is located on an existing bus route provided by Knoxville Area Transit, Knoxville's public transportation authority. Located on Route 90, the "Crosstown Connector" route, the proposed site is easily accessible by bus. For a map of all bus routes, see attachment B.III.(B).a. For a map of the "Crosstown Connector" route, with the location of the proposed replacement hospital marked, see attachment B.III.(B).b. During the local land use approval process, it was agreed between Tennova and the City of Knoxville that a covered bus stop will be added to the property at Middlebrook Pike for the convenience of patients, patient family members, and hospital staff. In addition to Knoxville Area Transit, patients in need of transportation may have access through Knoxville Community Action Committee (CAC) Service vans, which provide service to those patients who qualify. The campus is also served by East Tennessee HRA Public Transit (ETHRA) for patients in the service area's rural counties.
IV.	**Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.** **NOTE: *DO NOT SUBMIT BLUEPRINTS*. Simple line drawings should be submitted and need not be drawn to scale.** Floor plans for the facility are attached as attachment B.IV.	
V.	**For a Home Health Agency or Hospice, identify:** **1. Existing service area by County;** **2. Proposed service area by County;** **3. A parent or primary service provider;** **4. Existing branches; and**	

	5. Proposed branches. Not applicable.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2" x 11" white paper.* All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS

Need

1.	**Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.** The Five Principles to Achieving Better Health in the State Health Plan are: • Healthy Lives • Access to Care • Economic Efficiencies • Quality of Care • Healthcare Workforce This application contributes to the Five Principles, most notably: • Healthy Lives. In the State Health Plan, it is noted that Tennesseans see heart disease, stroke, and high blood pressure as having the greatest impact on the health of state residents. In this section it is also noted that health starts "where we live, work, and learn." This application is focused on providing needed healthcare services to a population at high risk for heart disease, cancer, and respiratory issues, in a location that is accessible to a broad range of patients from across the service area. • Access to Care. Two of the key areas identified in the State Health Plan as impacting access to care are economic access and geographical access. Through both its broad charity care policy as well as full participation in all TennCare and Medicare programs, the Hospital and PRMC strive to ensure care is provided to patients regardless of income, and will continue to do so in a new location. This application also addresses geographical access to care, or as the Health Plan says, "the distance one has to travel to receive comprehensive care." The plan directly identifies strategies that are in keeping with this project to help promote access to care, including ensuring that geography is not a barrier to critical health services. The proposed replacement hospital site is located one mile from the population center of Knox County, and is easily accessible via interstate from all parts of the service area. PRMC currently serves a 15-county service area, and that service area is not expected to change. • Economic Efficiencies. The State Health Plan identifies one of the key elements in providing economically efficient healthcare as "balancing competitive markets, health systems, and economic efficiencies." In order for PRMC to continue to be a competitive hospital provider and economically viable, it must provide services in a location that is significantly more operationally efficient and in a setting that is attractive to patients and to physicians. • Quality of Care. The 2012 State Health Plan update describes high-quality healthcare as care that is: o Safe

- Effective
- Patient-centered
- Timely
- Efficient
- Equitable

This project seeks to improve safety by replacing aged and inefficient facilities and equipment with modern, state-of-the-art facilities. The project is patient-centered by ensuring convenient access for patients in every part of the service area, as well as by providing an internal environment that is more conducive to the healing process. The project is efficient in terms of improving efficiencies and scaling down acute care services in keeping with the new healthcare environment. The Hospital is committed to providing care in an equitable way, providing the same level of care regardless of race, gender, ethnicity, or socioeconomic status. At PRMC there is a strong commitment to continuing to provide services that are accessible to all patients.

- Healthcare Workforce. One of the stated strategies in the State Health Plan around the Healthcare Workforce is to "assure the health care workforce is trained to provide high quality and culturally competent care." If the project is approved, the existing hospital staff will be transferred to the replacement hospital, ensuring that well-trained and highly competent staff members are retained and that patients receive care from experienced, dedicated nurses and support staff. In addition, improved efficiency should help ease increasing demand for nurses and other patient care staff, thus benefiting the entire market, including PRMC's competitors.

A. Please provide a response to each criterion and standard in Certificate of Need categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

Not applicable. No new services are being initiated.

B. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c).

The General Criterion and Standards for the relocation or replacement of an existing licensed healthcare institution are:

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

Several options were considered before settling on the decision to build a replacement hospital. The medical staff has been requesting a replacement facility or significant upgrade for PRMC for approximately ten years, since before the 2008 merger between St. Mary's Health System and Baptist Hospital of East Tennessee. Over the years, several plans have been developed to

renovate the existing hospital, but renovation does not solve the hospital's critical issues:

1) Efficiency and accessibility issues. The existing campus has 1.5 million square feet including medical office buildings and parking garages and is spread over 13 buildings. The topography of the site, as well as the compressed acreage and lack of a cohesive master plan in the early decades of the hospital, drove development of buildings that are not easily navigable or reached from one another. The long distances and multiple elevators required are challenging for sick patients, confusing for family members, and inefficient for staff. While space to add another tower or patient care facility is very limited, it is possible to do on the existing site. However, additional space would only add to the efficiency and accessibility issues.

   Historic payment models were such that hospitals could afford to maintain higher levels of staffing in order to support a larger physical footprint and less efficient flow. With new payment models, downward pressure on reimbursement rates by governmental payers, and the rise of observation stays with their low levels of payment, hospitals like PRMC must focus resources on direct patient care and mission-critical support activities.

2. Infrastructure issues. The 13 buildings on the existing campus share electrical and HVAC infrastructure, making it very difficult and expensive to modify for renovation or additions. The entire campus is served by a single power plant with an interconnected electrical system. The hospital is served by three chillers, ranging in age from 17 to 37 years, and two boilers, one installed in 1955 and one in 1977. The estimate to upgrade and replace the hospital infrastructure, which would be required in any major renovation or addition, is $80 million. This cost contributes nothing to the improvement of health services while adding to the cost of delivering healthcare.

3. Medical staff demand. The 450 members of PRMC's medical staff have overwhelmingly voiced concern that the existing hospital facility is no longer acceptable for many patients who are choosing to receive care in newer and more easily accessible environments. Because of the age and inaccessibility of the campus, as well as patient feedback, many physicians have chosen to move their offices away from PRMC. For a listing of physician offices that have moved off campus over the past five years, see attachment C.Need.B.3. Several of the large groups have relocated to the Dowell Springs outpatient campus, which is across Middlebrook Pike from the proposed replacement hospital location.

   PRMC is home to one of the highest-rated joint replacement and orthopedic programs in the State. The providers have been requesting improved facilities for their patients for years, including dedicated nursing units, an upgraded skilled nursing unit co-located with the orthopedic unit for post-acute care, patient-friendly educational space, and greater ease of accessibility. Over the past

10 years, various plans have been developed to attempt to meet these needs on the existing campus, but the configuration of the existing buildings and the infrastructure issues have made those plans infeasible.

As previously noted, renovation of the existing hospital will not resolve the critical issues facing the hospital in its current location. Cost estimates were developed for facility renovation. While the simple capital cost of renovation is lower than the cost to build a replacement facility, renovation also includes:

- Higher operational costs due to inefficiency (utilities, staff time)
- Lower patient and medical staff satisfaction (patient satisfaction has financial impact today through CMS' Value Based Purchasing program)
- Continued volume losses due to physician and patient dissatisfaction with the current facility

Cost to Renovate Existing Hospital ($ millions)		
Infrastructure upgrades	$	80
Five years' maintenance	$	75
Equipment replacement	$	80
Renovation for orthopedics	$	15
Renovation for cardiology	$	12
5 year capital investment	**$**	**262**

An estimated investment of $262 million to stay in a facility that would still have inherent inefficiencies for staff and accessibility issues for patients is not a wise investment, relative to investing $303 million in a facility that will enhance efficiencies and provide a positive patient and medical staff experience for decades to come. On the strict basis of initial capital costs, the costs to renovate appear lower than the costs to build a replacement hospital, but what must also be considered is the lost volume due to physicians moving procedures and hospital admissions to competitor hospitals, in response to the system not providing a replacement hospital when one was promised by previous ownership, in 2008.

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

As part of the internal assessment completed to determine whether or not to pursue building a replacement hospital, a careful analysis was conducted to determine future demand for PRMC's services. PRMC is the Hospital's largest and busiest campus, with 401 beds as compared to 108 at North Knoxville Medical Center. While PRMC's volumes have declined over the last several years in the wake of changing leadership as well as an aging facility, patient volumes are still substantial.

PRMC Key Statistics

	2013
Admissions	14,876
Patient Days	70,887
IP Surgeries	4,698
OP Surgeries	9,305
ICU/CCU Admissions	3,631
ED Visits	45,827
Births	1,427
Level IIB Nursery Admissions	186
Cardiac Catheterizations	3,998
Open Heart Surgeries	325
PET/CT scans	1,909
MRI scans	3,993
Radiation therapy treatments	3,801
IP Rehabilitation admissions	363
Lithotripsy procedures	235

It is expected that building the replacement facility will stop the decline in volumes due to physician attrition, since we will be providing them with a competitive facility in which to serve their patients. The volume projections for this hospital project include stabilizing the current volumes, with future growth coming through physician recruiting and population growth. The following physicians have been recruited or are part of the recruitment plans for 2014 and 2015:

Specialty	Qty
Primary Care (Family Medicine/Internal Medicine)	3
Obstetrics	1
General Surgery	1
Interventional Cardiology	2
Cardiology - EP	1
Neurology	3
Neurosurgery	2
Gastroenterology	2
Otolaryngology	1
Vasculary Surgery	1
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In addition to the volumes expected through physician recruiting, population in the service area is expected to grow by 5.2% over the next five years, which is an annual growth rate of 1.04%. Taking PRMC's baseline volume numbers for 2013 and including population growth of 1.04% per year, as well as volumes projected due to physician recruiting, the following volumes are projected.

	2013	2014 Annualized	2015	2016	2017	2018 - Project Year 1	2019 - Project Year 2
Admissions	14,876	13,492	13,627	13,763	13,901	14,457	15,035
Patient Days	70,887	60,444	61,048	61,659	62,276	64,767	67,357
IP Surgeries	4,698	4,891	4,940	4,989	5,039	5,241	5,450
OP Surgeries	9,305	8,643	8,729	8,817	8,905	9,261	9,632
ICU/CCU Admissions	3,631	3,401	3,435	3,469	3,504	3,644	3,790
ED Visits	45,827	43,334	43,767	44,205	44,647	46,433	48,290
Births	1,427	1,406	1,420	1,434	1,449	1,507	1,567
Level IIB Nursery Admissions	186	174	176	177	179	186	194
Cardiac Catheterizations	3,998	4,742	4,789	4,837	4,886	5,081	5,284
Open Heart Surgeries	325	362	366	369	373	388	403
PET/CT scans	1,909	842	850	859	868	902	938
MRI scans	3,993	5,124	5,175	5,227	5,279	5,490	5,710
Radiation therapy treatments	3,801	3,516	3,551	3,587	3,623	3,767	3,918
IP Rehabilitation admissions	363	341	344	348	351	365	380
Lithotripsy procedures	235	198	200	202	204	212	221

There is more than enough need for the healthcare services PRMC provides, and this project will allow the Hospital to continue providing those services in a way that is more economically feasible, efficient, and better meets the needs of both patients and physicians.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

The Hospital operates under the Tennova Healthcare brand identity and was previously known as Mercy Health System, which was formed in the 2008 merger of the St. Mary's and Baptist Health Systems. At that time, Mercy's leadership acknowledged that the combined system's hospital facilities needed to be right-sized as part of a long-range plan. That process began with the closure of Baptist Hospital of East Tennessee and has continued under new ownership with the development of additional services and capabilities at the Hospital's two other metro-Knoxville campuses, North Knoxville Medical Center and Turkey Creek Medical Center. In 2013, the Hospital relinquished 293 beds, removing excess capacity from the market.

This application does not seek to regain any of the beds that were relinquished, but rather seeks to continue the long-range process of systematically right-sizing and maximizing the use, efficiency, and capability of the Hospital's healthcare facilities. In keeping with the changing nature of healthcare and the reimbursement challenges facing all hospital providers, building a replacement hospital for PRMC will allow the Hospital to optimize its resources while minimizing excess capacity in the overall system. It will enable the Hospital to offer services in the least acute care setting possible, in a patient-friendly environment that is also highly efficient. This approach has been successfully utilized by other hospital systems across Tennessee, including several projects within this project's service area, such as the replacement facilities built for LeConte and Roane Medical Centers.

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 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 proposed service area for the project is a fifteen (15) county region of East Tennessee with Knoxville and Knox County at its center. The service area represents counties from which Physicians Regional Medical Center has historically drawn 95% of its inpatients. A map of the service area is attached as attachment C.Need.3. Because PRMC is a tertiary medical center with a regional reach, the current service area of the hospital is not expected to change with the relocation of the facility.

4. A. Describe the demographics of the population to be served by this proposal.

In aggregate the service area is home to 1,197,466 residents, of which 982,449 are adults 15 and older. As a hospital that does not provide pediatric services, PRMC's targeted population is 15 years of age and older.

The table below summarizes 2014 service area population by county and age cohort based on projections published by Tennessee Department of Health.

PRMC SERVICE AREA POPULATION BY AGE COHORT
2014 ESTIMATES

COUNTY	AGES 0-14	AGES 15-44	AGES 45-64	AGES 65-74	AGES 75-84	AGES 85+	TOTAL
Anderson	12,597	26,646	22,805	8,120	4,251	2,160	76,579
Blount	22,122	46,678	36,448	13,786	6,712	2,622	128,368
Campbell	7,248	15,085	11,527	4,626	2,297	691	41,474
Claiborne	5,428	12,235	9,061	3,607	1,747	526	32,604
Cocke	7,183	13,178	9,732	4,086	1,989	594	36,762
Grainger	4,152	8,259	6,496	2,662	1,210	332	23,111
Hamblen	12,184	24,019	16,636	6,593	3,461	1,215	64,108
Jefferson	12,658	16,475	14,624	6,201	2,956	815	53,729
Knox	79,869	184,855	122,513	39,019	19,270	8,103	453,629
Loudon	7,706	15,910	14,599	7,722	3,804	1,185	50,926
Monroe	10,877	13,257	13,020	5,712	2,454	772	46,092
Roane	8,525	17,679	16,380	6,759	3,356	1,307	54,006
Scott	4,372	8,252	5,779	2,151	1,038	352	21,944
Sevier	16,539	35,009	26,517	10,446	4,808	1,514	94,833
Union	3,557	6,946	5,627	2,033	882	256	19,301
Total	215,017	444,483	331,764	123,523	60,235	22,444	1,197,466
TENNESSEE	1,247,629	2,601,052	1,758,033	587,456	285,951	108,577	6,588,698

Source: Tennessee Population Projections 2010-2020, Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics, 2013 Revision, and NHA Analysis

The service area population by county is presented in the table below, excluding

those younger than 15.

Between 2014 and 2019, the service area is expected to grow by 62,257 residents, an overall growth rate of 5.2%. Its growth will outpace that of the State, which will experience a 4.6% increase. Several counties in the service area are expected to experience greater than average growth rates, such as Knox County with more than 27,000 new residents and a 6% growth factor, Blount County with nearly 9,000 new residents for a 6.8% increase, and Sevier County which is expected to grow by more than 7,000 people representing a 7.5% increase. All 15 counties will experience a growth in population.

PRMC SERVICE AREA POPULATION
AGES 15+
CALENDAR YEARS 2014 THROUGH 2019

COUNTY	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
Anderson	63,982	64,514	64,988	65,403	65,809	66,217
Blount	106,246	107,786	109,494	111,070	112,663	114,387
Campbell	34,226	34,576	34,867	35,146	35,364	35,571
Claiborne	27,176	27,303	27,403	27,516	27,598	27,720
Cocke	29,579	29,660	27,449	29,830	29,929	30,047
Grainger	18,959	19,022	19,084	19,164	19,223	19,309
Hamblen	51,924	52,348	52,808	53,283	53,667	54,077
Jefferson	41,071	45,313	46,065	46,767	47,434	48,151
Knox	373,760	378,873	383,995	388,902	393,823	398,780
Loudon	43,220	43,894	44,535	45,174	45,759	46,324
Monroe	35,215	38,505	39,071	39,649	40,298	40,939
Roane	45,481	45,712	45,935	46,160	46,338	46,521
Scott	17,572	17,591	17,637	17,699	17,779	17,877
Sevier	78,294	79,506	80,722	81,879	83,165	84,450
Union	15,744	15,844	15,986	16,148	16,280	16,429
Service Area	982,449	1,000,447	1,010,039	1,023,790	1,035,129	1,046,799
TENNESSEE	5,341,069	5,400,137	5,457,971	5,514,469	5,569,916	5,625,869

Source: Tennessee Population Projections 2010-2020, Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics, 2013 Revision, and NHA Analysis

Service Area population growth for those ages 15 and older, by county, between

2014 and 2019 is presented below.

PRMC SERVICE AREA POPULATION CHANGE AGES 15+ 2014 ESTIMATE AND 2019 FORECAST				
	Population Counts		2014-2019 Change	
COUNTY	2014 Estimate	2019 Forecasted	Change	Percent Change
Anderson	63,982	66,217	2,235	3.5%
Blount	106,246	114,387	8,141	7.7%
Campbell	34,226	35,571	1,345	3.9%
Claiborne	27,176	27,720	544	2.0%
Cocke	29,579	30,047	468	1.6%
Grainger	18,959	19,309	350	1.8%
Hamblen	51,924	54,077	2,153	4.1%
Jefferson	41,071	48,151	7,080	17.2%
Knox	373,760	398,780	25,020	6.7%
Loudon	43,220	46,324	3,104	7.2%
Monroe	35,215	40,939	5,724	16.3%
Roane	45,481	46,521	1,040	2.3%
Scott	17,572	17,877	305	1.7%
Sevier	78,294	84,450	6,156	7.9%
Union	15,744	16,429	685	4.4%
Service Area	982,449	1,046,799	64,350	6.5%
TENNESSEE	5,341,069	5,625,869	284,800	5.3%

Source: Tennessee Population Projections 2010-2020, Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics, 2013 Revision, and NHA Analysis

While the overall service area population (ages 15 and older) is expected to grow 6.5% in the ensuing five years, the 65 and older cohort is expected to experience more significant growth, 16.7% between 2014 and 2019. Senior population along with other service area population and demographic characteristics are discussed in response to question 4B below.

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

The Applicant intends to serve all residents of the service area and beyond, including those with unique demographic characteristics, health disparities, the elderly, women, racial and ethnic minorities, low-income groups and others. These groups are discussed below.

Senior Population

The service area is home to more than 206,000 residents age 65 and older. This cohort is expected to grow by 16.7% between 2014 and 2019. Knox County will experience the greatest growth rate (23.1%), an increase of more than 15,000 seniors, and Sevier County is anticipated to grow by more than 3,000 seniors. Knox and Sevier Counties have the first and second greatest concentration of senior population in the 15 county service area. Sevier County is contiguous to the southeast of Knox County. All 15 counties will experience a growth in this older adult population.

The service area's 16.7% growth rate in the senior population is expected to exceed the State's senior adult growth rate of 15.5%. The following table summarizes the current and expected population 65 years of age and older, by county, for 2014 and forecasted 2019, as well as the expected growth, numerical and percent change.

PRMC SERVICE AREA POPULATION CHANGE, AGES 65+
2014 ESTIMATE AND 2019 FORECAST

	Population Count		2014-2019 Change	
COUNTY	2014 Estimate	2019 Forecasted	Change	Percent Change
Anderson	14,531	16,737	2,206	15.2%
Blount	23,120	26,507	3,387	14.6%
Campbell	7,614	8,241	627	8.2%
Claiborne	5,880	6,471	591	10.1%
Cocke	6,669	6,905	236	3.5%
Grainger	4,204	4,607	403	9.6%
Hamblen	11,269	12,198	929	8.2%
Jefferson	9,972	11,606	1,634	16.4%
Knox	66,392	81,757	15,365	23.1%
Loudon	12,711	14,488	1,777	14.0%
Monroe	8,938	10,680	1,742	19.5%
Roane	11,422	12,863	1,441	12.6%
Scott	3,541	3,927	386	10.9%
Sevier	16,768	19,842	3,074	18.3%
Union	3,171	3,789	618	19.5%
Service Area	206,202	240,618	34,416	16.7%
TENNESSEE	981,984	1,134,565	152,581	15.5%

Source: Tennessee Population Projections 2010-2020, Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics, 2013 Revision, and NHA Analysis

As indicated by the previous table, residents in the service area are aging and in

fact, the growth amongst seniors is expected to account for half the total adult growth. This is significant when planning healthcare services for the future. The proposed PRMC replacement hospital will provide a much needed resource in the community to ensure seniors as well as the population at large are most appropriately served in a facility built for the future.

Female Population

Female population, ages 15 to 44, was separately evaluated since it serves as a basis for projecting obstetrics utilization. In aggregate, the service area is home to 230,853 female residents between 15 and 44 years of age. Female population in the service area, aged 15 to 44, presented by county in the next table, for 2014 and each of the ensuing five years.

PRMC SERVICE AREA FEMALE POPULATION
AGES 15 TO 44
CALENDAR YEARS 2014 THROUGH 2019

COUNTY	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
Anderson	13,224	13,170	13,140	13,155	13,223	13,405
Blount	23,473	23,712	24,009	24,336	24,702	25,162
Campbell	7,543	7,666	7,709	7,762	7,806	7,865
Claiborne	6,182	6,174	6,145	6,152	6,154	6,192
Cocke	6,712	6,879	7,020	7,196	7,387	7,569
Grainger	4,076	4,074	4,146	4,190	4,249	4,332
Hamblen	11,732	11,833	11,922	12,055	12,182	12,343
Jefferson	9,939	10,088	10,237	10,405	10,535	10,717
Knox	92,445	92,312	92,214	92,158	92,350	92,763
Loudon	7,870	7,909	7,898	7,899	7,865	7,857
Monroe	7,887	7,885	7,845	7,842	7,900	7,972
Roane	8,795	8,803	8,771	8,721	8,714	8,714
Scott	4,112	4,080	4,076	4,073	4,111	4,165
Sevier	17,173	17,369	17,551	17,725	18,007	18,370
Union	3,407	3,380	3,379	3,390	3,399	3,427
Service Area	224,570	225,334	226,062	227,059	228,584	230,853
TENNESSEE	1,301,018	1,306,684	1,310,964	1,317,765	1,326,526	1,337,422

Source: Tennessee Population Projections 2010-2020, Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics, 2013 Revision, and NHA Analysis

Between 2014 and 2019 the female population, ages 15 through 44, is anticipated to grow by more than 6,200 in the 15 county service area, resulting in a 2.8% growth rate. The service area's 2.8% projected growth is equivalent to the projected growth rate for the State. This information is summarized below.

PRMC SERVICE AREA FEMALE POPULATION CHANGE,

AGES 15 THROUGH 44 2014 ESTIMATE AND 2019 FORECAST				
	Population Count		2014-2019 Change	
COUNTY	2014 Estimate	2019 Forecasted	Change	Percent Change
Anderson	13,224	13,405	181	1.4%
Blount	23,473	25,162	1,689	7.2%
Campbell	7,543	7,865	322	4.3%
Claiborne	6,182	6,192	10	0.2%
Cocke	6,712	7,569	857	12.8%
Grainger	4,076	4,332	256	6.3%
Hamblen	11,732	12,343	611	5.2%
Jefferson	9,939	10,717	778	7.8%
Knox	92,445	92,763	318	0.3%
Loudon	7,870	7,857	(13)	-0.2%
Monroe	7,887	7,972	85	1.1%
Roane	8,795	8,714	(81)	-0.9%
Scott	4,112	4,165	53	1.3%
Sevier	17,173	18,370	1,197	7.0%
Union	3,407	3,427	20	0.6%
Service Area	224,570	230,853	6,283	2.8%
TENNESSEE	1,301,018	1,337,422	36,404	2.8%

Source: Tennessee Population Projections 2010-2020, Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics, 2013 Revision, and NHA Analysis

There will continue to be a significant need for obstetrical services in the service area.

Age of Population

The median age in the Service Area is 40.8 years and the average age is 40.5.

PRMC Service Area Median and Average Age Calendar Year 2014		
County	Median Age	Average Age
Anderson	43.4	42.1
Blount	42.5	41.4
Campbell	42.8	41.7
Claiborne	42.2	41.4
Cocke	44.2	42.2
Grainger	43.2	41.5

Hamblen	40.2	40.1
Jefferson	41.7	40.9
Knox	37.8	38.8
Loudon	47.0	44.3
Monroe	42.4	41.2
Roane	46.0	43.5
Scott	38.8	38.9
Sevier	41.9	40.9
Union	40.7	39.8
Service Area	40.8	40.5

Source: Claritas, Inc. and NHA Analysis

Household Characteristics

The service area is home to 475,511 households, an increase from nearly 467,000 as of the 2010 Census. The number of households in the 15 county service area is expected to increase to 489,429 by 2019. The average household income in the service area is $56,910 and the median income is $35,346. Household statistics by county for the service area follow.

	Number of Households			Household Income	
County	2010 Census	2014 Estimate	2019 Projection	Median	Average
Anderson	31,253	31,461	32,044	$43,918	$57,715
Blount	49,265	49,883	51,012	$44,083	$55,729
Campbell	16,354	16,106	16,034	$30,319	$39,769
Claiborne	12,853	12,563	12,363	$34,902	$45,640
Cocke	14,788	14,790	14,974	$27,994	$38,200
Grainger	9,029	9,022	9,098	$30,444	$41,331
Hamblen	24,560	24,526	24,722	$37,944	$50,478
Jefferson	19,864	20,349	21,070	$38,436	$51,011
Knox	177,249	183,063	190,856	$46,746	$64,913
Loudon	19,826	20,711	21,818	$51,749	$65,608
Monroe	17,711	18,141	18,745	$35,346	$48,079
Roane	22,376	21,918	21,685	$46,512	$62,328
Scott	8,671	8,658	8,739	$29,535	$38,483
Sevier	35,343	36,916	38,806	$42,674	$51,852
Union	7,391	7,404	7,463	$32,358	$41,909
Service Area	466,533	475,511	489,429	$42,264	$56,910
TENNESSEE	2,493,552	2,568,174	2,668,110	$43,390	$59,239

Source: Claritas, Inc. and NHA Analysis

The service area's median and average household incomes are 2.7% and 4.1% lower than the State of Tennessee overall, respectively.

Education Attainment

In terms of educational attainment, the State overall is slightly more educated than the service area population; 22.2% of the service area residents age 25 and older hold a Bachelor's Degree or higher compared to the State population of 23.3%.

PRMC SERVICE AREA
PERCENT OF POPULATION AGE 25+ BY EDUCATION ATTAINMENT

COUNTY	> 9th Grade	Some High School	High School Grad	Some College, No Degree	Assoc. Degree	Bach. Degree	Master's Degree	Profess School Degree	Doctor. Degree
Anderson	5.80%	10.00%	36.00%	21.10%	5.60%	11.20%	7.00%	1.00%	2.40%
Blount	4.70%	9.10%	36.10%	21.90%	7.20%	13.00%	5.90%	1.20%	1.00%
Campbell	36.00%	13.90%	16.40%	41.80%	14.50%	6.10%	2.40%	0.60%	0.30%
Claiborne	14.20%	13.70%	40.00%	14.30%	4.90%	7.80%	3.70%	1.00%	0.60%
Cocke	12.40%	14.20%	45.30%	14.90%	5.30%	4.40%	2.60%	0.60%	0.40%
Grainger	15.50%	15.30%	42.70%	14.60%	3.80%	4.90%	1.90%	0.90%	0.40%
Hamblen	10.20%	10.20%	37.70%	20.10%	5.80%	9.90%	4.00%	1.40%	0.60%
Jefferson	7.80%	13.00%	39.00%	21.20%	6.00%	7.70%	4.10%	0.60%	0.60%
Knox	3.90%	6.50%	27.00%	20.90%	8.50%	20.90%	7.80%	2.60%	2.00%
Loudon	7.40%	7.90%	32.70%	21.00%	6.80%	15.90%	5.70%	1.40%	1.30%
Monroe	11.40%	12.40%	41.70%	19.40%	5.70%	5.90%	2.60%	0.60%	0.40%
Roane	5.90%	11.00%	37.10%	21.20%	7.40%	10.70%	4.90%	0.60%	1.10%
Scott	9.80%	15.40%	42.80%	15.60%	6.80%	5.50%	3.10%	0.50%	0.60%
Sevier	6.70%	11.70%	38.60%	22.60%	7.20%	7.70%	3.70%	1.00%	1.00%
Union	15.90%	13.80%	45.00%	13.60%	5.00%	4.40%	1.70%	0.20%	0.30%
Service Area	6.80%	9.60%	34.20%	20.20%	7.00%	13.70%	5.60%	1.60%	1.30%
STATE	6.20%	9.80%	11.40%	21.10%	6.10%	15.10%	5.60%	1.50%	1.10%

Source: Claritas, Inc. and NHA Analysis

TennCare Enrollees & Percent Below Poverty

There are nearly 205,000 TennCare enrollees in the service area, of which more than 62,000 reside in Knox County. TennCare enrollees as a percent of total county population range between 13.7% in Knox County to 31.7% in Scott County. 18.1% of the entire State's population is enrolled in TennCare. Nine of the 15 service area counties have greater percentages of their population enrolled in TennCare than the State average.

More than 16% of the service area's population is below the Federal poverty line, compared to 17.3% statewide. As with TennCare enrollment, 9 of the 15 service area counties have greater percentages of population below the poverty line than the State average. This information is presented on the table on the following page.

County	TennCare Enrollees	TennCare Enrollees as % of Total	Persons Below Poverty Level	Persons Below Poverty Level as % of Total
Anderson	13,771	18.00%	12,789	16.70%
Blount	18,646	14.50%	16,303	12.70%
Campbell	11,435	27.60%	9,829	23.70%
Claiborne	7,809	24.00%	7,499	23.00%
Cocke	9,766	26.60%	9,558	26.00%
Grainger	4,915	21.30%	4,668	20.20%
Hamblen	12,995	20.30%	11,924	18.60%
Jefferson	10,161	18.90%	10,316	19.20%
Knox	62,331	13.70%	64,415	14.20%
Loudon	7,026	13.80%	7,435	14.60%
Monroe	9,871	21.40%	8,896	19.30%
Roane	9,590	17.80%	7,777	14.40%
Scott	6,963	31.70%	5,662	25.80%
Sevier	15,120	15.90%	12,708	13.40%
Union	4,364	22.60%	4,362	22.60%
Service Area	204,763	17.10%	194,141	16.20%
Tennessee	1,190,766	18.10%	1,139,845	17.30%

Source: Tennessee Population Projections 2010-2020, Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics, 2013 Revision, Claritas, Inc., U.S. Census Bureau and NHA Analysis

In addition to TennCare and poverty statistics, there are Medically Underserved Areas and Populations within PRMC's service area, as well as Health Professional Shortage Areas, as defined by the U.S. Department of Health and Human Services.

County	Medically Underserved Area / Population	Health Professional Shortage Area (Primary Care)
Anderson	Partial	No
Blount	Partial	No
Campbell	All	Yes
Claiborne	All	Yes
Cocke	All	Yes
Grainger	All	Yes
Hamblen	Partial	No
Jefferson	Partial	No
Knox	Partial	No
Loudon	All	No
Monroe	All	Yes
Roane	All	Yes
Scott	All	Yes
Sevier	Partial	Yes
Union	All	Yes

To summarize, key findings based on this data include the following:

- The target population is expected to grow 4.6% between 2014 and 2019;
- The target population accounts for 83% of total population in the service area;
- The service area's median age is 40.8 years;
- The median household income in the 15 county service area is $42,264;
- There are nearly 205,000 TennCare enrollees in the Service Area with Knox County accounting for 30.4% of these enrollees.
- TennCare enrollees as a percent of total county population range between 13.7% in Knox County to 31.7% in Scott County;
- More than 17% of the entire service area's population is enrolled in TennCare;
- 16.2% of the service area's total population is below the poverty line. Blount County has the lowest ratio of population below poverty, only 12.7%. In contrast, Scott and Cocke Counties have 25.8% and 26% of their population counts, respectively, below the poverty line.

5. Describe the existing or certified services, including approved but unimplemented CONs, 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.

Hospital Providers

The 15 county Service Area is home to 20 medical/surgical hospitals dispersed amongst 12 of these 15 counties.

The Hospital is affiliated with the following separately licensed facilities that also operate under the Tennova Healthcare brand identity:

- Lafollette Medical Center (Campbell County)
- Newport Medical Center (Cocke County)
- Jefferson Memorial Hospital (Jefferson County)

To see the 2012 utilization rates for each of the hospital providers in the service area, see the table below. The three campuses of the Hospital are listed separately.

SERVICE AREA HOSPITAL PROVIDERS
CALENDAR YEAR 2012

HOSPITAL	County	Beds	Admits/ Discharges	Patient Days	ADC	Occupancy Rate	Outpatient Visits
PRMC	Knox	401	15,563	74,903	205.2	51.20%	174,951
University of TN Med Ctr	Knox	581	23,907	136,604	374.3	64.40%	215,984
Ft. Sanders Regional Med Ctr	Knox	517	16,206	86,156	236	45.70%	223,025
Parkwest Medical Center	Knox	307	16,223	75,068	205.7	67.00%	152,558
Blount Memorial	Blount	304	11,650	51,691	141.6	46.60%	185,992
Methodist of Oak Ridge	Anderson	301	11,022	48,308	132.4	44.00%	165,848
Morristown - Hamblen Healthca	Hamblen	167	6,705	25,436	69.7	41.70%	91,213
Lakeway Regional Hospital	Hamblen	135	3,242	14,064	38.5	28.50%	48,354
Tennova - North Knoxville	Knox	108	3,281	14,922	40.9	37.90%	99,237
Roane Medical Center	Roane	105	1,694	6,620	18.1	17.30%	49,983
Turkey Creek Medical Center	Knox	101	4,475	16,853	46.2	45.70%	70,515
Claiborne County Hospital	Claiborne	85	1,590	7,491	20.5	24.10%	471,630
LeConte Medical Center	Sevier	79	4,289	13,269	36.4	46.00%	120,144
Tennova - Newport Med Ctr	Cocke	74	2,571	7,607	20.8	28.20%	50,583
Tennova - LaFollette Med Ctr	Campbell	66	2,324	11,429	31.3	47.40%	63,104
Sweetwater Hospital Assoc.	Monroe	59	2,268	10,251	28.1	47.60%	85,061
Tennova - Jefferson Memorial	Jefferson	58	2,300	8,565	23.5	40.50%	54,067
Jellico Cmmty Hospital	Campbell	54	1,537	4,724	12.9	24.00%	40,110
Fort Loudon Medical Center	Loudon	50	1,724	6,195	17	33.90%	73,105
Service Area Total (*)		3,552	132,571	620,156	1,699	47.80%	2,435,464

The three-year trend in admissions and patient days is shown below.

SERVICE AREA HOSPITAL PROVIDERS
ADMISSION AND PATIENT DAY TREND
CALENDAR YEAR 2010 THROUGH 2012

	Admissions/Discharges			*Patient Days*		
HOSPITAL	**2010**	**2011**	**2012**	**2010**	**2011**	**2012**

Physicians Regional Medical Center	19,680	17,639	15,563	84,826	82,081	74,903
Methodist Med Ctr of Oak Ridge	11,592	11,108	11,022	50,794	51,464	48,308
Blount Memorial Hospital	12,144	12,107	11,650	54,889	54,809	51,691
Tennova - Lafollette Med Ctr	2,508	2,315	2,324	12,804	11,370	11,429
Jellico Community Hospital	1,803	1,744	1,537	5,590	5,890	4,724
Claiborne County Hospital	2,140	1,880	1,590	7,826	7,937	7,491
Tennova - Newport Med Ctr	1,893	2,075	2,571	5,338	5,999	7,607
Lakeway Regional Hospital	3,162	3,474	3,242	13,093	15,519	14,064
Morristown - Hamblen Healthcare	7,108	6,747	6,705	28,167	26,725	25,436
Tennova - Jefferson Memorial	2,489	2,410	2,300	9,787	9,061	8,565
Turkey Creek Medical Center	4,782	4,590	4,475	19,726	18,265	16,853
Fort Sanders Regional Med Ctr	16,034	15,543	16,206	89,061	88,758	86,156
Parkwest Medical Center	16,889	17,169	16,223	75,583	77,646	75,068
North Knoxville Medical Center	2,974	2,901	3,281	13,103	12,251	14,922
University of Tennessee Memorial	23,882	23,629	23,907	137,257	137,141	136,604
Fort Loudon Medical Center	1,979	1,811	1,724	6,656	6,629	6,195
Sweetwater Hospital Association	2,480	2,545	2,268	10,557	11,465	10,251
Roane Medical Center	2,338	1,973	1,694	8,312	7,452	6,620
LeConte Medical Center	3,796	3,892	4,289	11,046	12,669	13,269
Scott County Hospital	1,899	1,879	--	5,432	5,287	--
Service Area Total	141,572	137,431	132,571	649,847	648,418	620,156

Source: Joint Annual Reports, Tennessee Department of Health and NHA Analysis
(*) Note: Scott County Hospital is licensed for 25 beds but did not report in 2012

The above decline in utilization at nearly every service area hospital resulted in an overall occupancy rate amongst all 20 hospitals of 47.8 percent in 2012, down from 49.8 percent occupancy in 2010. A summary of occupancy by year at each of the Service Area hospitals is presented in the following table.

SERVICE AREA HOSPITAL PROVIDERS
OCCUPANCY RATE TREND
CALENDAR YEAR 2010 THROUGH 2012

HOSPITAL	2010	2011	2012
Physicians Regional Medical Center	58.0%	56.1%	51.2%
Methodist Med Ctr of Oak Ridge	46.2%	46.8%	44.0%
Blount Memorial Hospital	49.5%	49.4%	46.6%
Tennova - Lafollette Med Ctr	53.2%	47.2%	47.4%
Jellico Community Hospital	28.4%	29.9%	24.0%
Claiborne County Hospital	25.2%	25.6%	24.1%
Tennova - Newport Med Ctr	19.8%	22.2%	28.2%
Lakeway Regional Hospital	26.6%	31.5%	28.5%
Morristown - Hamblen Healthcare	46.2%	43.8%	41.7%
Tennova - Jefferson Memorial	46.2%	42.8%	40.5%

Turkey Creek Medical Center	53.5%	49.5%	45.7%
Fort Sanders Regional Med Ctr	47.2%	47.0%	45.7%
Parkwest Medical Center	67.5%	69.3%	67.0%
North Knoxville Medical Center	33.2%	31.1%	37.9%
University of Tennessee Memorial	64.7%	64.7%	64.4%
Fort Loudon Medical Center	36.5%	36.3%	33.9%
Sweetwater Hospital Association	49.0%	53.2%	47.6%
Roane Medical Center	21.7%	19.4%	17.3%
LeConte Medical Center	38.3%	43.9%	46.0%
Scott County Hospital	59.5%	57.9%	--
Service Area Total	49.8%	49.7%	47.8%

Source: Joint Annual Reports, Tennessee Department of Health and NHA Analysis
(*) Note: Scott County Hospital is licensed for 25 beds but did not report in 2012

Only four of the 20 Service Area hospitals increased in occupancy between 2010 and 2012 (North Knoxville Medical Center, Newport Medical Center, Lakeway Regional Hospital and LeConte Medical Center).

Utilization statistics and trends are shown below for each of the designated health services included in the replacement hospital project.

Obstetrics Program

SERVICE AREA OBSTETRICS PROGRAM UTILIZATION
CALENDAR YEAR 2012

	Birthing Rooms			*Deliveries*		
HOSPITAL	**Total Rooms**	**LDRPs**	**Percent LDRP**	**C-Section Deliveries**	**Non C-Section Deliveries**	**Total Deliveries**
Physicians Regional Medical Center	22	22	100%	476	990	1,466
University of TN Med Ctr	12	0	0%	1,147	1,976	3,123
Ft. Sanders Regional Medical Center	12	6	50%	896	1,837	2,733
Parkwest Medical Center	20	20	100%	544	1,060	1,604
LeConte Medical Center	19	10	53%	301	647	948
Morristown - Hamblen Healthcare	7	0	0%	246	580	826
Blount Memorial Hospital	9	9	100%	163	584	747
Methodist Med Ctr of Oak Ridge	8	8	100%	191	474	665
Turkey Creek Medical Center	10	10	100%	166	167	333
Lakeway Regional Hospital	6	6	100%	73	225	298
Tennova - Newport Med Ctr	4	4	100%	46	162	208
Sweetwater Hospital Assoc.	4	2	50%	67	123	190
Jellico Community Hospital	4	4	100%	46	103	149
Service Area Total	137	101	74%	4,362	8,928	13,290

Source: Joint Annual Reports, Tennessee Department of Health and NHA Analysis
(*) Note: Scott County Hospital did not report in 2012 but in previous years it delivered between 136 and 139 babies annually.

The three year trend for deliveries in the service area is shown below.

SERVICE AREA OBSTETRICS PROGRAMS DELIVERY TREND CALENDAR YEARS 2010 THROUGH 2012					
HOSPITAL	2010	2011	2012	Change, 2010-2012	Percent Change, 2010-2012
PRMC	1,722	1,552	1,466	-256	-14.90%
University of TN Med Ctr	2,466	2,822	3,123	657	26.60%
Ft. Sanders Regional Med Center	2,343	2,681	2,733	390	16.60%
Parkwest Medical Center	1,620	1,624	1,604	-16	-1.00%
LeConte Medical Center	930	929	948	18	1.90%
Morristown - Hamblen Healthcare	836	801	826	-10	-1.20%
Blount Memorial Hospital	785	771	747	-38	-4.80%
Methodist of Oak Ridge	662	621	665	3	0.50%
Turkey Creek Medical Center	693	338	333	-360	-51.90%
Lakeway Regional Hospital	271	327	298	27	10.00%
Tennova - Newport Med Ctr	292	258	208	-84	-28.80%
Sweetwater Hospital Assoc.	225	253	190	-35	-15.60%
Jellico Community Hospital	168	162	149	-19	-11.30%
Service Area Total	13,013	13,139	13,290	277	2.10%
Scott County Hospital	139	136	--	--	--

Source: Joint Annual Reports, Tennessee Department of Health and NHA Analysis
(*) Note: Scott County Hospital did not report in 2012

Inpatient Rehabilitation Unit

There are three comprehensive rehabilitation hospitals in the Service Area, PRMC, Fort Sanders Regional Medical Center and Lakeway Regional Hospital. The first two are in Knox County and Lakeway Regional is in Hamblen County. There are no freestanding rehabilitation hospitals in this market.

HOSPITALS WITH DEDICATED INPATIENT REHABILITATION UNITS UTILIZATION SUMMARY CALENDAR YEAR 2012					
HOSPITAL	Beds	Admissions	Patient Days	ADC	Occupancy Rate
PRMC	30	282	4,118	11.3	37.6%
Ft. Sanders Regional Med Ctr	73	878	12,639	34.6	47.4%
Lakeway Regional Hospital	27	174	2,411	6.6	24.5%
Service Area Total	130	1,334	19,168	52.5	40.4%

Source: Joint Annual Reports, Tennessee Department of Health and NHA Analysis

During the past three years admissions and patient days at both PRMC's and Fort Sanders inpatient rehabilitation unit have declined. PRMC declined in admissions by nearly 30 percent whereas Fort Sanders decline in admission was just shy of 5 percent. Lakeway Regional Hospital declined in admission by 32 percent in the three year period.

HOSPITALS WITH DEDICATED INPATIENT REHABILITATION UNITS
ADMISSION AND PATIENT DAY TREND
CALENDAR YEAR 2010 THROUGH 2012

	Admissions/Discharges			*Patient Days*		
HOSPITAL	**2010**	**2011**	**2012**	**2010**	**2011**	**2012**
Physicians Regional Medical Center	401	378	282	5,747	4,913	4,118
Fort Sanders Regional Medical Center	919	962	878	14,582	14,920	12,639
Lakeway Regional Hospital	257	255	174	3,843	3,516	2,411
Total	1,577	1,595	1,334	24,172	23,349	19,168

HOSPITAL		**Change**	**Percent Change**		**Change**	**Percent Change**
Physicians Regional Medical Center TCU	--	(119)	-29.7%	--	(1,629)	-28.3%
Fort Sanders Transitional Care	--	(41)	-4.5%	--	(1,943)	-13.3%
Lakeway Regional Hospital	--	(83)	-32.3%	--	(1,432)	-37.3%
Total	--	(243)	-15.4%	--	(5,004)	-20.7%

Source: Joint Annual Reports, Tennessee Department of Health and NHA Analysis

As a result of the trended data, this program will relocate to the replacement hospital, but at a reduced bed count of 16 beds.

Designated Outpatient Services and Radiology Services

Aside from the hospitals in the service area that provide radiological procedures, there are three outpatient diagnostic centers with 2012 Joint Annual Reports. All three outpatient diagnostic centers in the service area are situated in Knox County. They include:

- East Tennessee Community Open MRI
- East Tennessee Diagnostic Center
- Outpatient Diagnostic Center of Knoxville

PRMC plans to move its major medical equipment including but not limited to Certificate of Need reviewable equipment such as:

- Lithotripsy
- Magnetic Resonance Imaging (MRI)
- Positron Emission Tomography (PET)

- Radiation

Per Joint Annual Reports for each facility, the 2012 volumes for each facility in each of the designated service areas is shown below.

SERVICE AREA MAJOR EQUIPMENT UTILIZATION
INPATIENT AND OUTPATIENT PROCEDURES
CALENDAR YEAR 2012

FACILITY	LITHOTRIPSY		MRI		PET/CT	
	IP	OP	IP	OP	IP	OP
PRMC	57	173	2,021	3,797	131	902
University of TN Med Ctr	18	551	2,998	14,602	233	2,562
East TN Diagnostic Center	0	0	0	0	0	2,049
Blount Memorial Hospital	0	161	1,898	5,980	24	1,720
Morristown - Hamblen	0	0	436	4,134	1	404
Methodist Med Ctr of Oak Ridge	19	225	1,358	5,117	3	163
Tennova - Lafollette Med Ctr	0	0	12	1,317	0	0
Jellico Community Hospital	0	0	13	552	0	0
Claiborne County Hospital	0	0	120	1,380	0	0
Tennova - Newport Med Ctr	0	0	240	1,202	0	0
Lakeway Regional Hospital	5	37	223	2,065	0	0
Tennova - Jefferson Memorial	0	0	306	2,166	0	0
Turkey Creek Medical Center	0	43	269	2,420	0	0
Ft. Sanders Regional Med Ctr	28	160	2,068	6,452	0	0
Parkwest Medical Center	15	441	1,572	6,764	0	0
Tennova - North Knoxville	28	364	505	4,570	0	0
Fort Loudon Medical Center	0	0	155	2,142	0	0
Sweetwater Hospital Assoc.	0	0	152	1,486	0	0
Roane Medical Center	0	0	74	2,067	0	0
LeConte Medical Center	1	27	453	3,812	0	0
East TN Community Open MRI	0	0	0	1,860	0	0
Outpatient Diag Ctr of Knoxville	0	0	0	8,040	0	0
Total Service Area	171	2,118	14,873	62,468	392	7,396

Source: Joint Annual Reports, Tennessee Department of Health and NHA Analysis
(*) Note: Scott County Hospital is not included in above list because it did not report its utilization data in 2012

The following series of tables provides a three year trend of inpatient and outpatient utilization of major medical equipment by hospital and outpatient diagnostic facility.

SERVICE AREA LITHOTRIPSY PROCEDURES
INPATIENT AND OUTPATIENT TREND
CALENDAR YEARS 2010 THROUGH 2012

	Inpatient			Outpatient			Total		
FACILITY	2010	2011	2012	2010	2011	2012	2010	2011	2012
Physicians Regional Med Center	59	57	57	278	339	173	337	396	230
Methodist Med Ctr of Oak Ridge	19	15	19	205	173	225	224	188	244
Blount Memorial Hospital	0	0	0	150	188	161	150	188	161
Lakeway Regional Hospital	0	1	5	214	17	37	214	18	42
Turkey Creek Medical Center	66	64	0	78	127	43	144	191	43
Fort Sanders Regional Med Ctr	30	32	28	220	199	160	250	231	188
Parkwest Medical Center	17	22	15	402	225	441	419	247	456
North Knoxville Medical Center	22	19	28	331	343	364	353	362	392
University of Tennessee Mem	41	40	18	513	562	551	554	602	569
LeConte Medical Center	0	3	1	38	52	27	38	55	28
Total Service Area	254	255	171	2,429	2,225	2,118	2,683	2,480	2,353

Source: Joint Annual Reports, Tennessee Department of Health and NHA Analysis
(*) Note: Scott County did not report its utilization data in 2012

SERVICE AREA MRI VOUME
INPATIENT AND OUTPATIENT TREND
CALENDAR YEARS 2010 THROUGH 2012

	Inpatient			Outpatient			Total		
FACILITY	2010	2011	2012	2010	2011	2012	2010	2011	2012
PRMC	1,952	1,714	2,021	4,625	4,319	3,797	6,577	6,033	5,818
Methodist Med Ctr Oak Ridge	3,561	3,334	2,998	11,947	13,712	14,602	15,508	17,046	17,600
Blount Memorial Hospital	1,845	1,855	2,068	7,412	6,902	6,452	9,257	8,757	8,520
Tennova - Lafollette Med Ctr	1,790	1,986	1,572	5,850	6,647	6,764	7,640	8,633	8,336
Jellico Community Hospital	0	0	0	5,498	7,680	8,040	5,498	7,680	8,040
Claiborne County Hospital	1,285	1,963	1,898	6,553	6,196	5,980	7,838	8,159	7,878
Tennova - Newport Med Ctr	1,202	1,267	1,358	5,140	5,137	5,117	6,342	6,404	6,475
Lakeway Regional Hospital	364	396	505	4,662	4,731	4,570	5,026	5,127	5,075
Morristown - Hamblen	514	413	436	2,726	3,277	4,134	3,240	3,690	4,570
Tennova - Jefferson Memorial	373	480	453	3,366	3,784	3,812	3,739	4,264	4,265
Turkey Creek Medical Center	394	299	269	2,965	2,475	2,420	3,359	2,774	2,689
Ft Sanders Regional Med Ctr	207	196	306	2,401	2,470	2,166	2,608	2,666	2,472
Parkwest Medical Center	174	171	155	1,922	2,076	2,142	2,096	2,247	2,297
Tennova - North Knoxville	94	230	223	1,447	1,875	2,065	1,541	2,105	2,288
University of TN Med Ctr	109	118	74	2,129	2,100	2,067	2,238	2,218	2,141
Fort Loudon Medical Center	0	0	0	1,808	1,783	1,860	1,808	1,783	1,860
Sweetwater Hospital Assoc.	174	191	152	1,461	1,428	1,486	1,635	1,619	1,638
Roane Medical Center	179	123	120	1,562	1,270	1,380	1,741	1,393	1,500
LeConte Medical Center	122	176	240	1,419	1,339	1,202	1,541	1,515	1,442
Scott County Hospital	7	9	12	1,498	1,399	1,317	1,505	1,408	1,329
East TN Community Open MRI	15	18	13	729	668	552	744	686	565
Outpatient Diag Ctr of KNX	0	0	0	771	793	0	771	793	0
Total Service Area	14,361	14,939	14,873	77,891	82,061	81,925	92,252	97,000	96,798

Source: Joint Annual Reports, Tennessee Department of Health and NHA Analysis
(*) Note: Scott County did not report its utilization data in 2012

SERVICE AREA PET/CT VOLUME
INPATIENT AND OUTPATIENT TREND
CALENDAR YEARS 2010 THROUGH 2012

	Inpatient			Outpatient			Total		
FACILITY	2010	2011	2012	2010	2011	2012	2010	2011	2012
PRMC	433	173	131	1,450	1,007	902	1,883	1,180	1,033
Methodist of Oak Ridge	12	2	3	451	464	163	463	466	166
Blount Memorial	21	34	24	2,057	1,672	1,720	2,078	1,706	1,744
Morristown - Hamblen	0	5	1	313	309	404	313	314	405
Univ of TN Med Ctr	408	301	233	3,663	2,346	2,562	4,071	2,647	2,795
East TN Diagnostic Ctr	0	0	0	3,388	2,950	2,049	3,388	2,950	2,049
Total Service Area	874	515	392	11,322	8,748	7,396	12,196	9,263	8,192

Linear accelerator utilization was evaluated separately since that includes evaluation of utilization at cancer treatment centers, in addition to hospitals with the equipment. The service area's inventory of linear accelerators includes 7 within hospitals, three within hospital-based outpatient cancer centers, and one outpatient cancer center operated by Provision Health Alliance which is not a hospital, but a healthcare center specializing in cancer treatment.

PRMC SERVICE AREA LINEAR ACCELERATOR UTILIZATION TREND
CALENDAR YEARS 2010 THROUGH 2012

			Total Treatments		
FACILITY	**County**	**Type Of Facility**	**2010**	**2011**	**2012**
Physicians Regional Medical Center	Knox	Hospital	3,909	4,260	2,112*
Methodist Medical Center of Oak Ridge	Anderson	Hospital	9,572	8,296	8,503
Blount Memorial Hospital	Blount	Hospital	7,180	7,366	6,467
Baker Cancer Treatment Center	Claiborne	Hospital	3,844	3,911	3,380
Morristown - Hamblen Healthcare System	Hamblen	Hospital	7,044	6,131	7,090
East TN Radiation Therapy Services	Knox	Radiation	0	0	742
North Knoxville Medical Center	Knox	Hospital	7,615	7,700	7,437
Thompson Cancer Survival Center	Knox	ASTC	8,726	8,609	10,251
Thompson Cancer Survival Center West	Knox	ASTC	10,111	10,300	9,286
Turkey Creek Medical Center	Knox	Hospital	1,454	0	1,397
University of Tennessee Memorial	Knox	Hospital	11,172	10,554	10,270
Thompson Cancer Survival Center-Sevier	Sevier	ASTC	2,824	3,589	3,688
Total Service Area	--	--	73,451	70,716	70,623

Source: Tennessee Health Services and Development Agency, Equipment Listing

*PRMC's linear accelerator was out of service for five months during 2012 for an equipment upgrade.

Of note, there is one open, unimplemented Certificate of Need for a linear accelerator,

	which was approved in 2011. North Knoxville Medical Center currently has one linear accelerator in operation and was approved for a second unit. CN1106-019 was approved in October, 2011, which was the same month that Mercy Health Partners was purchased by Health Management Associates of Naples, Florida. As a result of that transaction, Mercy Health Partners was renamed Tennova Healthcare. While Health Management Associates was fully supportive of Tennova moving forward with the application to add a second linear accelerator to the cancer center at North Knoxville Medical Center, the change in ownership did cause the Hospital to re-evaluate the timeline for implementing the project. After an analysis of this region's radiation therapy centers was completed by Health Management, it was determined that the most orderly approach to ensuring that patient care would not be disrupted was to delay adding the second linear accelerator to the North Knoxville Medical Center campus until the other affiliated radiation therapy centers could be upgraded. First, an aged linear accelerator was replaced at Physicians Regional Medical Center and upgraded with new hardware and software. Second, the linear accelerator at Turkey Creek Medical Center was replaced with a new Varian linear accelerator. Now, the linear accelerator at Baker Cancer Center in Harrogate, Tennessee is being replaced with new equipment due to its age. Because each of these centers have an active load of patients receiving treatment, it has been critical that there be no disruptions in the operations or accessibility of the radiation therapy center at North Knoxville Medical Center. During the course of these other linear accelerator replacement projects, the Hospital underwent an ownership change, effective January 27, 2014. During the transition period leading up to the ownership change, all capital projects were put on hold by Health Management. The Hospital is currently evaluating the project to add a 2nd linear accelerator to North Knoxville Medical Center. In order to allow time to complete that evaluation, we will be requesting a one year extension for this project, prior to the CON expiration date.
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.** A chart showing utilization for all designated services and equipment for the past three years at PRMC, as well as projections for the years during the proposed construction and the first two years in the replacement hospital is attached as attachment C.Need.6. PRMC has steadily lost volumes over the past several years. While there are many factors driving those volume losses, including changes in ownership structure, the primary drivers are: • <u>Reduced utilization of inpatient services in the market</u>. There was an overall contraction in the utilization of inpatient services in PRMC's service area of 3.8% from 2012 to 2013. However, while there was reduced demand overall due to a shift toward outpatient procedures as well as economic pressures given the overall economy, PRMC experienced volume loss greater than the

reduction in overall utilization.

- Physician movement from the existing campus. Sixty-eight (68) physicians have physically relocated from the existing campus to locations with newer and more accessible facilities. The medical staff remaining on campus has clearly indicated to administration that it is their expectation that we build a replacement hospital, and that moving forward with the project will help to stop the shift of business away from the hospital.
- Patient preference. The PRMC medical staff has communicated that many of their patients have become resistant to being treated at PRMC and are requesting to be treated in a facility that is in a more accessible location, is more physically appealing, and is easier to navigate.

In spite of this volume loss over the last several years, there remains substantial need for the services PRMC provides. We are proposing to provide those services in a much more efficient way by reducing the hospital's square footage footprint as well as its bed count.

In terms of future utilization, we are projecting that volumes will stabilize and eventually improve in 2015 and future years. As shown in the projected utilization chart attached (Attachment C.Need.6), volumes are projected to increase by 1% per year during the proposed years of construction (2015-2017), then 4% per year in the first two years in the replacement hospital.
As physician "flight" is slowed due to the anticipation of the replacement facility, volume losses will be slowed. To further stabilize the hospital's volumes, population growth is expected to be 1.02% per year over the next five years. In addition, PRMC has identified certain physician recruiting needs, based on a community needs assessment. As a result, physician recruiting for the next two years is planned to include the following:

Specialty	Qty
Primary Care (Family Medicine/Internal Medicine)	3
Obstetrics	1
General Surgery	1
Interventional Cardiology	2
Cardiology - EP	1
Neurology	3
Neurosurgery	2
Gastroenterology	2
Otolaryngology	1
Vasculary Surgery	1
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Using the Merritt Hawkins national benchmarking study, it is to be expected that, after a ramp-up period, the newly recruited physicians will each contribute an average of 25 admissions annually (OB, General Surgeon, and Vascular Surgeon will admit more, Cardiology – EP, GI, and ENT will admit fewer). With an additional 17 physicians, averaging 25 admissions each per year, we can expect approximately 425 additional admissions per year, or 3% growth over 2013 volumes. Combining 1% population

	growth with 3% additional volume arising from recruited physicians gives a 4% per year expected growth rate in years 1 and 2 of the project. At the projected growth rate shown on the attached schedule, PRMC will have 15,035 admissions in the second year of the project. This volume of admissions constitutes a move back toward historic volumes for the hospital, which were approximately 18,000 per year in 2007 – 2009. This replacement hospital project is not, therefore, a "grab" for market share, but rather a needed project to stabilize the medical staff and patient base in order to move back to historic volume levels. It is not to be expected that those volumes would return to 18,000 in that time frame, but at 15,000 – 16,000 admissions per year, the volumes of PRMC will represent a stabilization of the trend and recapture of patients who have historically been treated at one of three Hospital facilities.

ECONOMIC FEASIBILITY

I.	**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 from Line D. (See Application Instructions for Filing Fee)** Confirmed – application fee is shown on Line F of the Project Costs Chart.
	•	**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.** Not applicable. Land and equipment will be purchased.
	•	**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.** Confirmed. Equipment costs include installation, and sales taxes are reflected in the total equipment quote.
	•	**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.**

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PROJECT COSTS CHART

A.	Construction and equipment acquired by purchase:		
	1.	Architectural and Engineering Fees	$ 9,815,274
	2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	$60,000
	3.	Acquisition of Site	$14,875,000
	4.	Preparation of Site	$3,150,000
	5.	Construction Costs	$161,179,900
	6.	Contingency Fund	$9,542,171
	7.	Fixed Equipment (Not included in Construction Contract)	$30,028,151
	8.	Moveable Equipment (List all equipment over $50,000)	$59,937,757
	9.	Other (Specify) _____	

B.	Acquisition by gift, donation, or lease:		
	1.	Facility (inclusive of building and land)	
	2.	Building only	
	3.	Land only	
	4.	Equipment (Specify) _____	
	5.	Other (Specify) _____	

C.	Financing Costs and Fees:		
	1.	Interim Financing	$14,911,951
	2.	Underwriting Costs	
	3.	Reserve for One Year's Debt Service	
	4.	Other (Specify)_____	

D.	Estimated Project Cost (A+B+C)	$303,500,204

E.	CON Filing Fee	$45,000

F.	Total Estimated Project Cost (D+E)	$303,545,204

	TOTAL	**$303,545,204**

Moveable Equipment
Breakout of individual items over $50,000

ID # / CAD ID	Description	Manufacturer	Qty	Unit Cost	Extended Cost
C-109510	Video System, Surgical	Olympus American - Scientific	24	$ 120,000.00	$ 2,880,000.00
C45-012	Computer Workstation, Cardiac Cath-Lab	GE Healthcare - Cardiology	11	$ 210,000.00	$ 2,310,000.00
C-109462	Telemetry, Wireless, 13-16 Patient Channels	MindRay - Datascope	9	$ 200,000.00	$ 1,800,000.00
5740-010	Ultrasound Imaging, Vascular Access	Volcano Corp	8	$ 169,050.00	$ 1,352,400.00
3370-031	Anesthesia Machine, General	GE Healthcare	24	$ 50,000.00	$ 1,200,000.00
C-106707	Allowance - Surgical Instruments	Specialty Surgical Instrumentatio	22	$ 50,000.00	$ 1,100,000.00
6927-000	Allowance - Software	GE Healthcare	4	$ 200,000.00	$ 800,000.00
4808-000	Ultrasound, Imaging, Cardiac / Echo	GE Healthcare - Imaging	5	$ 250,000.00	$ 1,250,000.00
5946-011	Table - Surgical, Orthopedic	Mizuho OSI	10	$ 68,750.00	$ 687,500.00
4389-013	Sterilizer, Hydrogen Peroxide	STERIS Corporation	2	$ 216,000.00	$ 432,000.00
4183-007	Pump, Balloon, Intra-Aortic	MAQUET Cardiovascular	7	$ 55,570.00	$ 388,990.00
4172-014	Pump, Heart / Lung Bypass	Sorin Group USA	2	$ 190,000.00	$ 380,000.00
4569-000	Ultrasound, Imaging, Multipurpose	GE Healthcare	2	$ 175,000.00	$ 350,000.00
4815-003	Computer Workstation, Data Mgt, Obstetric	GE Healthcare	1	$ 300,000.00	$ 300,000.00
6287-009	Computer Workstation, Cardiac Cath-Lab / EP	GE Healthcare	2	$ 130,000.00	$ 260,000.00
5509-000	Microscope, Operating, General	Carl Zeiss Surgical Products	1	$ 150,000.00	$ 150,000.00

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ID # / CAD ID	Description	Manufacturer	Qty	Unit Cost	Extended Cost
4183-011	Pump, Balloon, Intra-Aortic	MAQUET Cardiovascular	2	$ 66,040.00	$ 132,080.00
C-227107	Computer Workstation	Olympus America - Endo	1	$ 125,000.00	$ 125,000.00
C-039473	Ultrasound, Diagnostic, OB/GYN, Mobile	GE Healthcare	1	$ 108,785.00	$ 108,785.00
7733-001	Computed Radiography, Plate-reader, Single	Carestream Health	1	$ 90,000.00	$ 90,000.00
5372-017	Pulmonary Function Testing System, General	CareFusion	1	$ 66,000.00	$ 66,000.00
6224-000	Electroencephalograph	Nihon Kohden America	1	$ 65,000.00	$ 65,000.00
7689-002	Ultrasound, Imaging, OB/GYN, Portable	FUJIFILM SonoSite	1	$ 50,000.00	$ 50,000.00

		See attachment C.Economic Feasibility.I.a.

2.	**Identify the funding sources for this project.** **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 alpha/numeric 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;charges.**
__	**B.**	**Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial 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; or**
X	**E.**	**Cash Reserves--Appropriate documentation from Chief Financial Officer.** See attachment C.Economic Feasibility.2.
__	**F.**	**Other—Identify and document funding from all other sources.**
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 Health Services and Development Agency.** Costs per square foot of construction in similar projects (new construction) recently approved by the Health Services and Development Agency are shown below: 1st Quartile: $235.00/sf Median: $274.63/sf 3rd Quartile: $324.00/sf Costs for this project are projected to be $300.00 / sf, which is between the median and 3rd quartile of the per square foot costs of other recently approved projects.	
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 (2) years following the completion of this proposal. Projected Data Chart should reflect 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).** The Historical Data Chart and Projected Data Chart are complete.	
5.	**Please identify the project's average gross charge, average deduction from**	

	operating revenue, and average net charge. Inpatients: Average gross charge - $50,658 Average deduction - $39,157 Average net charge - $ 11,501 Outpatients: Average gross charge - $ 2,879 Average deduction - $ 2,311 Average net charge - $ 568

HISTORICAL DATA CHART

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.

			2011	2012	2013
A.		Utilization Data (Admissions)	17,639	15,563	14,876
B.		Revenue from Services to Patients			
	1	Inpatient Services	$ 532,455,000	$ 541,169,000	$ 589,229,000
	2	Outpatient Services	$ 432,671,000	$ 353,122,000	$ 387,143,000
	3	Emergency Services	$ 44,972,000	$ 42,267,000	$ 48,432,000
	4	Other Operating Revenue (Specify) Rent, Gift Shops	$ 17,051,000	$ 9,078,000	$ 6,755,000
		Gross Operating Revenue	$ 1,027,149,000	$ 945,636,000	$ 1,031,559,000
C.		Deductions from Gross Operating Revenue			
	1	Contractual Adjustments	$ 736,208,000	$ 645,732,000	$ 728,234,000
	2	Provision for Charity Care	$ 23,579,000	$ 34,954,000	$ 42,471,000
	3	Provisions for Bad Debt	$ 21,392,000	$ 22,617,000	$ 24,992,000
		Total Deductions	$ 781,179,000	$ 703,303,000	$ 795,697,000
		NET OPERATING REVENUE	$ 245,970,000	$ 242,333,000	$ 235,862,000
D.		Operating Expenses			
	1	Salaries and Wages (incl. Benefits)	$ 90,368,000	$ 83,635,000	$ 78,753,000
	2	Physician's Salaries and Wages	$ 4,818,000	$ 3,956,000	$ 3,994,000
	3	Supplies	$ 48,240,000	$ 58,154,000	$ 56,854,000
	4	Taxes	$ 4,404,000	$ 17,922,000	$ 17,633,000
	5	Depreciation	$ 9,576,000	$ 7,573,000	$ 8,357,000
	6	Rent	$ 1,176,000	$ 2,433,000	$ 2,457,000
	7	Interest, other than Capital	$ 2,465,000	$ 2,097,000	$ 2,346,000
	8	Management Fees	$ 40,275,000	$ 48,773,000	$ 12,117,000
	9	Other Expenses	$ 49,043,000	$ 25,956,000	$ 35,521,000
		Total Operating Expenses	$ 250,365,000	$ 250,499,000	$ 218,032,000
E.		Other Revenue (Expenses)			
		NET OPERATING INCOME (LOSS)	$ (4,395,000)	$ (8,166,000)	$ 17,830,000
F.		Capital Expenditures	$ 3,773,000	$ 13,545,000	$ 15,097,000
		NET OPERATING INCOME (LOSS) LESS			
		CAPITAL EXPENDITURES	$ (8,168,000)	$ (21,711,000)	$ 2,733,000

OTHER EXPENSES - BREAK DOWN BY CATEGORY				
		2011	2012	2013
1	Outside Services	$ 2,073,000	$ 10,112,000	$ 16,544,000
2	Utilities	$ 5,690,000	$ 4,658,000	$ 5,016,000
3	General/Liability Insurance	$ 3,052,000	$ 3,053,000	$ 4,031,000
4	Repairs and Maintenance	$ 4,224,000	$ 5,199,000	$ 5,823,000
5	Telephone / Communications	$ -	$ 832,000	$ 965,000
6	Travel / Relocation / Meals & Entertain	$ 156,000	$ 575,000	$ 380,000
7	Education / Dues / Subscriptions / Adv.	$ 116,000	$ 212,000	$ 1,014,000
8	All Other Misc Expenses	$ 33,732,000	$ 1,315,000	$ 1,748,000
	Total	$ 49,043,000	$ 25,956,000	$ 35,521,000

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			Year 1	Year 2
A.		Utilization Data (Inpatient Admissions)	14,457	15,035
		Utilization Data (Outpatient Procedures)	169,964	176,763
		Utilization Data (ER Visits)	46,433	48,290
B.		Revenue from Services to Patients		
	1	Inpatient Services	$ 716,243,000	$ 763,515,000
	2	Outpatient Services	$ 533,686,000	$ 580,116,000
	3	Emergency Services	$ 64,417,000	$ 69,683,000
	4	Other Operating Revenue (Specify)_____		
		Gross Operating Revenue	$ 1,314,346,000	$ 1,413,314,000
C.		Deductions from Gross Operating Revenue		
	1	Contractual Adjustments	$ 953,301,000	$ 1,028,404,000
	2	Provision for Charity Care	$ 60,849,000	$ 65,643,000
	3	Provisions for Bad Debt	$ 33,022,000	$ 35,119,000
		Total Deductions	$ 1,047,172,000	$ 1,129,166,000
		NET OPERATING REVENUE	$ 267,174,000	$ 284,148,000
D.		Operating Expenses		
	1	Salaries and Wages	$ 85,606,000	$ 89,030,000
	2	Physician's Salaries and Wages	$ 4,411,000	$ 4,627,000
	3	Supplies	$ 69,441,000	$ 74,669,000
	4	Taxes	$ 25,734,000	$ 28,510,000
	5	Depreciation	$ 13,856,000	$ 15,015,000
	6	Rent	$ 3,243,000	$ 3,402,000
	7	Interest, other than Capital	$ 22,106,000	$ 21,552,000
	8	Management Fees	$ -	$ -
	9	Other Expenses	$ 33,257,900	$ 36,842,100
		Total Operating Expenses	$ 257,654,900	$ 273,647,100
E.		Other Revenue (Expenses)	$ 6,237,000	$ 6,424,000
		NET OPERATING INCOME	$ 15,756,100	$ 16,924,900
F.		Capital Expenditures	$ -	$ -
		NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	$ 15,756,100	$ 16,924,900

		OTHER EXPENSES - BREAK DOWN BY CATEGORY		
			Year One	Year Two
	1	Purchased Services	18,940,000	19,870,000
	2	Utilities	3,812,900	4,000,100
	3	Advertising	728,000	764,000
	4	Dues	385,000	404,000
	5	General/Liability Insurance	4,710,000	4,941,000
	6	Collection Fees	985,000	1,033,000
	7	Repairs and Maintenance	1,000,000	3,000,000
	8	Telephone (Communications)	1,113,000	1,168,000
	9	Other Operating (Misc)	1,584,000	1,662,000
		Total	33,257,900	36,842,100

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.** Since the proposed project does not involve the implementation of new services or additional beds, PRMC does not anticipate an increase in charges other than normal inflationary increases. See attachment C.Economic Feasibility.6 for a list of the highest volume DRGs for PRMC with current charge schedules.
	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 Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).** A comparison of highest-volume DRGs is attached as attachment C.Economic Feasibility.6., showing the proposed charges to the current Medicare allowable fee schedule. This comparison is presented for the top DRGs rather than by CPT code, since there are over 12,000 applicable CPT codes.
7.	**Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.** As indicated in the Projected Data Chart, utilization rates will stabilize and increase as population growth occurs and new physicians are recruited to the market. With stabilized volumes in a facility that is 67% smaller than the current hospital, cost effectiveness is greatly enhanced. More efficient heating and cooling systems and a new power plant, along with the smaller facility, will dramatically reduce utility costs. Enhanced patient satisfaction with the facilities will help to improve patient satisfaction scores, which will support the hospital's efforts to benefit from Value Based Purchasing awards (and avoid penalties). Greater efficiency in the facility will reduce non-value-added staff time.	
8.	**Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.** As indicated in the Projected Data Chart, projected cash flow will ensure financial viability within the first year of the project and over the long term. As mentioned previously, to maintain the status quo would result in serious negative impact to PRMC over time, given the costs of maintaining antiquated facilities and the negative competitive forces in the market that are already being demonstrated.	

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.** PRMC participates in both the Medicare and TennCare/Medicaid programs, as well as adhering to the charity policy put in place by the Sisters of Mercy. PRMC's 2013 payor mix by governmental payors is shown below: Medicare/Managed Medicare: 56% TennCare/Medicaid: 11% Other Governmental: 1% Self Pay: 5% The estimated dollar amount and percentage of gross revenue anticipated from each governmental payor during the proposed replacement hospital's first year of operation is shown below: Medicare/Managed Medicare: $736,763,000 / 56% TennCare/Medicaid: $144,578,000 / 11% Other Governmental: $ 13,143,000 / 1% Self Pay: $ 65,717,000 / 5%
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 alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.** See attachments C.Economic Feasibility.10. Financial statements for CHS/Community Health Systems, Inc. have been submitted for 2013, as verification of the financial health and funding capability of the Hospital's parent company.
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 discussion 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.**

PRMC's proposed replacement and relocation project is designed to address critical issues that are compromising the hospital's long-term ability to serve patients and retain medical staff. A number of alternatives have been considered, but the replacement alternative that has been selected was done so as a means of stopping rapid declines in utilization by both physicians and patients, improve operating efficiencies and access, and employing the capital strategy with the best chance of a successful return.

Three of the major alternatives considered were (1) status quo, (2) renovation/refurbishment of the existing campus, (3) expansion of one of the Hospital's other metro Knoxville hospital campuses. Each of these three alternatives is considered in detail below.

(1) Status quo. As described throughout this application, continuing with the status quo was considered and rejected. By maintaining the status quo, PRMC will not just experience steady declines in volume, but will experience an additional significant and immediate shift in volume by key medical staff members. The costs to sustain a facility the size of the existing campus are substantial and reflect the environment of the past in which the hospital was built. Today's reimbursement and payment models no longer support a facility like PRMC, and in the interest of the orderly development of healthcare, the health system must right-size its resources.

(2) Renovation/remodel. Renovation or remodeling will not solve the hospital's critical issues:

1) Efficiency and accessibility issues. The existing campus has 1.5 million square feet and is spread over 13 buildings. The topography of the site, as well as the compressed acreage and lack of a cohesive master plan in the early decades of the hospital, drove development of buildings that are not easily navigable or reached from one another. The long distances and multiple elevators required are challenging for sick patients, confusing for family members, and inefficient for staff. While space to add another tower or patient care facility is very limited, it is possible to do on the existing site. However, additional space would only add to the efficiency and accessibility issues.

   Historic payment models were such that hospitals could afford to maintain higher levels of staffing in order to support a larger physical footprint and less efficient flow. With new payment models, downward pressure on reimbursement rates by governmental payers, and the rise of observation stays with their low levels of payment, hospitals like PRMC must focus resources on direct patient care and mission-critical support activities.

2. Infrastructure issues. The 13 buildings on the existing campus share electrical and HVAC infrastructure, making it very difficult and expensive to modify for renovation or additions. The entire campus is served by a single power plant with an interconnected electrical system. The hospital is served by three chillers, ranging in age from 17 to 37 years, and two boilers, one installed in 1955 and one in 1977. The estimate to upgrade and replace the hospital infrastructure,

		which would be required in any major renovation or addition, is $80 million. This cost contributes nothing to the improvement of health services while adding to the cost of delivering healthcare. 3. Medical staff demand. The 450 members of PRMC's medical staff have overwhelmingly voiced concern that the existing hospital facility is no longer acceptable for many patients who are choosing to receive care in newer and more easily accessible environments. Because of the age and inaccessibility of the campus, as well as patient feedback, many physicians have chosen to move their offices away from PRMC. For a listing of physician offices that have moved off campus over the past five years, see attachment C.Need.B.3. Several of the large groups have relocated to the Dowell Springs outpatient campus, which is across Middlebrook Pike from the proposed replacement hospital location. (3) Expansion of one of the Hospital's other metro Knoxville campuses. When considering the options to building a replacement hospital, an analysis was conducted to determine whether or not it is feasible to simply expand either Turkey Creek Medical Center, North Knoxville Medical Center, or both. Neither option was found to be viable for the following reasons: 1. Turkey Creek Medical Center has extremely limited expansion capabilities due to its landlocked position in the Turkey Creek development. There is little remaining space on the property to add on to the building, but even if a major addition were possible, there is no way to meet code in terms of available parking spaces without building a parking garage, which the strict City of Farragut zoning ordinances will not permit. 2. North Knoxville Medical Center provides plenty of space for expansion. However, because the facility infrastructure was only built to support the current capacity of 108 beds, not only would bed tower construction be required, but also additional infrastructure. The cost to expand North Knoxville Medical Center to meet the needs of the PRMC medical staff and patients is only slightly less than the cost to build a replacement hospital (estimated at $282 million). However, while North Knoxville Medical Center is very accessible to the northernmost portions of PRMC's current service area, it is not accessible to the southern and western portions of the service area, which are the areas of greatest growth. A 2010 study of the North Knoxville Medical Center service area by Navigant Consulting came back with the following quote: "Given the current population and healthcare needs in the Mercy North primary service area, Navigant does not believe that the region could fully support a tertiary campus for about another 10 years." In addition, the medical staff does not support moving the Hospital's main campus to North Knoxville Medical Center.
	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. Various upgrades of the existing facility have been completed to the point that it is practical and cost-effective, such as a remodel of the main lobby in 2012 and a refurbishment of the Women's Pavilion in 2013. However, as has been demonstrated, more substantial renovations and restructuring is not cost-effective and would constitute a poor investment into infrastructure that will not meet the needs of the medical staff, patients, or PRMCover the coming decades, or the State's interest in the orderly development of healthcare services.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1.	**List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.** The Hospital has contractual and working relationships with the following providers: Asbury Acres HealthCare — Athens Community Hospital Baptist Convalescent Center — Baptist Health Care Center Brakebill Nursing Home — Blount Memorial Hospital East Tennessee Children's Hospital — Briarcliff Health Care Center Claiborne County Nursing Home — Claiborne County Hospital Hillcrest Medical Nursing Institute — Farragut Healthcare Holston Health and Rehabilitation Center — Hillhaven Health Care Knoxville Convalescent Center — Jellico Community Hospital Maynardville Community Medical Center — LifeCare Center Northhaven Health Care Center — Morgan County Center for Health Care Regency Health Care Center — Peninsula Hospital Rockwood Health Care Center — Ridgeview Terrace of LifeCare Serene Manor Medical Center — Shannondale Nursing Home Parkwest Surgery Center — UT Medical Center – Knoxville Vanderbilt University — Rural/Metro Ambulance Services TN Division of Rehabilitation Services — Laughlin Memorial Hospital Knoxville Surgery Center — Takoma Adventist Hospital Lafollette Medical Center — NHC, Fort Sanders of Knoxville Tennessee Nursing Services, Inc. — Physicians Surgery Center

	Wellington Place of Kingston	Select Specialty Hospital - North Knoxville, Inc.
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.** Providing access to state-of-the-art, efficient, and accessible health care services will have a beneficial effect on the healthcare system. Ensuring the long-term viability of a tertiary care hospital in the service area will be beneficial to the overall system of healthcare. There will be no duplication of services or impact to other providers in the area, since this proposal simply takes services that are already in place, right-sizes them to the current demand (reducing the active beds in the market by 91), and replaces them in a more efficient facility that is easier for patients to navigate and less costly for the Hospital to operate.	
3.	**Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, 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.** Projected staffing for the replacement hospital is:	

PRMC Replacement Hospital - Estimated Staf

Department	Planned FTEs
ICU/CCU	52.2
Surgery	101.4
Cardiac Cath Lab	24.2
General Medicine	177.9
OB/GYN, NICU	50.1
ED	47.8
IP Rehab	16.5
Laboratory	53.5
Pharmacy	40
Imaging/Diagnostics	82.6
Accounting	21
Admitting	38
ASC	19
Biomed/Eng/Sec	51
Cardiac Rehab	4.2
Case Management	21
Dialysis	5.5
HR/EH	7
Materials Mgmt	7
Medical Records	6.5
Medical Staffing	4.5
Mktg/Vol/Comm	11.5
Pain Center	9
Quality/Inf Ctrl	13.5
Rehab (OT/PT/Sp)	40
Respiratory	30
Sleep Center	5
Sterile Processing	10
Tele/Monitor	15.5
Transport	17.6
Wound	2.5
Admin/Nsg Admin/Market	37.3
TOTAL	**1022.8**

Current wage rates for key positions within the hospital are shown in the following chart.

	PRMC, Current Wage Rates		
Occupational Title	**Min**	**Mid**	**Max**
Licensed Practical and Licensed Vocational Nurses	$ 13.10	$ 16.40	$ 19.65
Nursing Aides, Orderlies, and Attendants	$ 9.95	$ 12.45	$ 14.95
Physician Assistants	$ 36.25	$ 45.35	$ 54.40
Registered Nurses	$ 18.00	$ 21.00	$ 31.45
Surgical Technologists	$ 13.60	$ 17.00	$ 20.40

The prevailing wages for 2013 for both the State of Tennessee as well as the Knoxville MSA, as reported by the Tennessee Department of Labor and Workforce Development are shown below.

	Tennessee, 2013			
Occupational Title	**Mean**	**Entry Level**	**Experienced**	**Median**
Licensed Practical and Licensed Vocational Nurses	$ 17.40	$ 14.55	$ 18.80	$ 19.40
Nursing Aides, Orderlies, and Attendants	$ 10.95	$ 8.85	$ 12.00	$ 10.70
Physician Assistants	$ 42.10	$ 29.15	$ 48.55	$ 41.70
Registered Nurses	$ 26.85	$ 21.00	$ 29.75	$ 26.50
Surgical Technologists	$ 17.95	$ 14.60	$ 19.65	$ 17.40

	Knoxville, TN MSA, 2013			
Occupational Title	**Mean**	**Entry Level**	**Experienced**	**Median**
Licensed Practical and Licensed Vocational Nurses	$ 16.95	$ 14.40	$ 18.25	$ 16.70
Nursing Aides, Orderlies, and Attendants	$ 10.05	$ 8.05	$ 11.05	$ 10.00
Physician Assistants	$ 41.40	$ 27.70	$ 48.30	$ 42.70
Registered Nurses	$ 25.55	$ 21.25	$ 27.70	$ 25.65
Surgical Technologists	$ 17.45	$ 15.85	$ 18.25	$ 17.05

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.

Because this is a replacement hospital project and not a new service, it is anticipated that most if not all needed staff will transfer from the existing hospital site to the new location. However, when new staff is needed, the metro Knoxville area does have adequate professional staff to meet the needs of the hospital.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review *policies and programs, record keeping, and staff education.*

The applicant has reviewed and understands all licensing certification required by the State of Tennessee for medical/clinical staff.

6. Discuss your health care institution's participation in the training of

		students in the areas of medicine, nursing, social work, etc. (*e.g.*, internships, residencies, etc.). The Hospital has education affiliations with the following schools and organizations: AT Still University (Arizona School of Health Sciences) Carson Newman College Creighton University East Tennessee State University Grace Academy Independence University Iowa College Acquisition Co (Kaplan University) Lincoln Memorial University Pellissippi State Community College Roane State Community College South College Tennessee Technical College at Jacksboro Tennessee Technical College of Knoxville Tennessee Technical College of Oneida Union Co Schools University of New England University of Miami University of North Carolina at Chapel Hill University of Tennessee, Knoxville University of Tennessee, Memphis Vanderbilt University Walden University Walters State University Wesleyan College Fort Sanders Nursing Dept.
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 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, as well as Medicare requirements.
	(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 Health, Board for Licensing Health Care Facilities **Accreditation:** The Joint Commission

	(c)	**If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.** Tennova Healthcare – Physicians Regional Medical Center is in good standing with all licensing, certifying, and accrediting agencies. A copy of the hospital license is attached as attachment C.Orderly Development.7.c.
	(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.** The Hospital is in good standing with all licensing agencies. The Joint Commission just completed PRMC's three year survey and a copy of the report has not been received. That report will be submitted to the Health Services and Development Agency when it is available. In the meantime, a copy of the most recent previous survey inspection is attached as attachment C.Orderly Development.7.d.
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.** While there are no final orders or judgments entered by a licensing agency, there is a civil judgment against one of the metro Knoxville hospital campuses, North Knoxville Medical Center. The judgment is against the former owner of the hospital, Mercy Health System, and is being appealed.	
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.** There are none.	
10.	**If the proposal is approved, please discuss whether 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.** If the proposal 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 requested.	

PROOF OF PUBLICATION

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

DEVELOPMENT SCHEDULE

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

1. **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.**
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.**

Form HF0004
Revised 02/01/06
Previous Forms are obsolete

Copy of Advertisement

To TENNOVA HEALTHCARE

Advertising } PUBLICATION OF INTENT

Certificate of Need - Replacement Hospital

PUBLISHER'S AFFIDAVIT

State of Tennessee }
s.s.
County of Knox }

Before me, the undersigned, a Notary Public in and for said county, this day personally came

D. A. WRIGHT, who, being first duly sworn, according to law,

says that he/she is a duly authorized representative of the Knoxville News-Sentinel, a Daily newspaper published at Knoxville, in said county and state, and that the advertisement of

NOTICE (described above),

of which the annexed is a copy, was published in said paper on the following dates:

August 8, 2014,

and that the statement of account herewith is correct to the best of his/her knowledge and belief.

STATE OF TENNESSEE NOTARY PUBLIC

Subscribed and sworn to before me this 12 day

of August, 2014

Notary Public. My Commission expires MY COMMISSION EXPIRES: July 8, 2017 20__

PUBLICATION OF INTENT

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. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that: Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare – Physicians Regional Medical Center, Hospital, owned by: Knoxville HMA Holdings, LLC, with an ownership type of Limited Liability Company and to be managed by: Community Health Systems Professional Services Corporation intends to file an application for a Certificate of Need for: a replacement hospital for Physicians Regional Medical Center, currently located at 900 E. Oak Hill Avenue, Knoxville, TN 37917. The site of the proposed replacement hospital is a currently unaddressed site consisting of 110 acres located at the intersection of Middlebrook Pike and Old Weisgarber Road, across from Dowell Springs Boulevard in Knoxville. The project includes constructing and equipping a 556,083 square foot replacement hospital consisting of 272 beds and 24 operating/procedure rooms. Designated health services that will be relocated are acute care services, obstetrical services, critical care services, Level IIB neonatal nursery services, cardiac catheterization services, extracorporeal shock wave lithotripsy services, open heart surgery, inpatient rehabilitation services, and radiation therapy services. Major medical equipment that will be relocated includes one (1) Positron Emission Tomography unit, one (1) linear accelerator, and two (2) magnetic resonance imaging (MRI) units. No new beds or new healthcare services are proposed in this project. The anticipated total cost of the project is $303,545,204.

The anticipated date of filing the application is: August 13, 2014. The contact person for this project is Melanie Burgess, Asst. Vice President, who may be reached at: Tennova Healthcare – Physicians Regional Medical Center, 930 Emerald Ave., POB Suite 813, Knoxville, Tennessee 37919, (865) 647-5604

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

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

PROJECT COMPLETION FORECAST CHART

November 19, 2014 T.C.A. § 68-11-1609(c): _____

Assuming the CON approval 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 and engineering contract signed	30 days	January, 2015
2. Construction documents approved by the Tennessee Department of Health	440 days	February, 2016
3. Construction contract signed	470 days	March, 2016
4. Building permit secured	530 days	May, 2016
5. Site preparation completed	620 days	August, 2016
6. Building construction commenced	625 days	August, 2016
7. Construction 40% complete	805 days	February, 2017
8. Construction 80% complete	1,065 days	November, 2017
9. Construction 100% complete (approved for occupancy	1,195 days	March, 2018
10. *Issuance of license	1,205 days	March, 2018
11. *Initiation of service	1,215 days	April, 2018
12. Final Architectural Certification of Payment	1,240 days	May, 2018
13. Final Project Report Form (HF0055)	1,270 days	June, 2018

*** For projects that do NOT involve construction or renovation: Please complete items 10 and 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.

AFFIDAVIT

STATE OF Tennessee

COUNTY OF Knox

Melanie B. Burgess, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant 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.

Melanie B. Burgess / VP
SIGNATURE/TITLE

Sworn to and subscribed before me this 12 day of August (Month), 2014 (Year) a Notary Public in and for the County/State of Tennessee.

Linda R. Cooper
NOTARY PUBLIC

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

LINDA R. COOPER
STATE OF TENNESSEE NOTARY PUBLIC
KNOX COUNTY

List of Attachments

Attachment A.4.	Hospital Organizational documents
Attachment A.9	Bed Complement Chart – Hospital – metro Knoxville campuses combined
Attachment B.I.Project Description.1	Maps of proposed replacement hospital site
Attachment B.I.Project Description.2	Option contract for land
Attachment B.I.Project Description.3	Corporate Ownership Listing
Attachment B.I.Project Description.4	Service Area Map
Attachment B.I.Project Description.5	Projected staffing levels
Attachment B.II.A.1	Photo of existing hospital
Attachment B.II.E.3	Major Medical Equipment Quotes / Equipment Listing and Prices
Attachment B.III.(A)	Plot Plan of Site
Attachment B.III.B.a	Map of Knoxville Area Transit bus routes
Attachment B.III.B.b	Map of Crosstown Connector bus route
Attachment B.IV	Floor Plans
Attachment C.Need.B.3	List of Physician Practices that have relocated
Attachment C.Need.3	Service Area Map
Attachment C.Need.6	Historic and Projected Utilization Chart
Attachment C.Economic Feasibility.1	Contractor's Quote
Attachment C.Economic Feasibility.2	CFO Letter
Attachment C.Economic Feasibility.6	Charges for Top 25 DRGs
Attachment C.Economic Feasibility.10	Audited Financial Statements and Most Recent Income Statements
Attachment C.Orderly Development.7.c	Hospital License
Attachment C.Orderly Development.7.d	Most Recent Survey Inspection Report

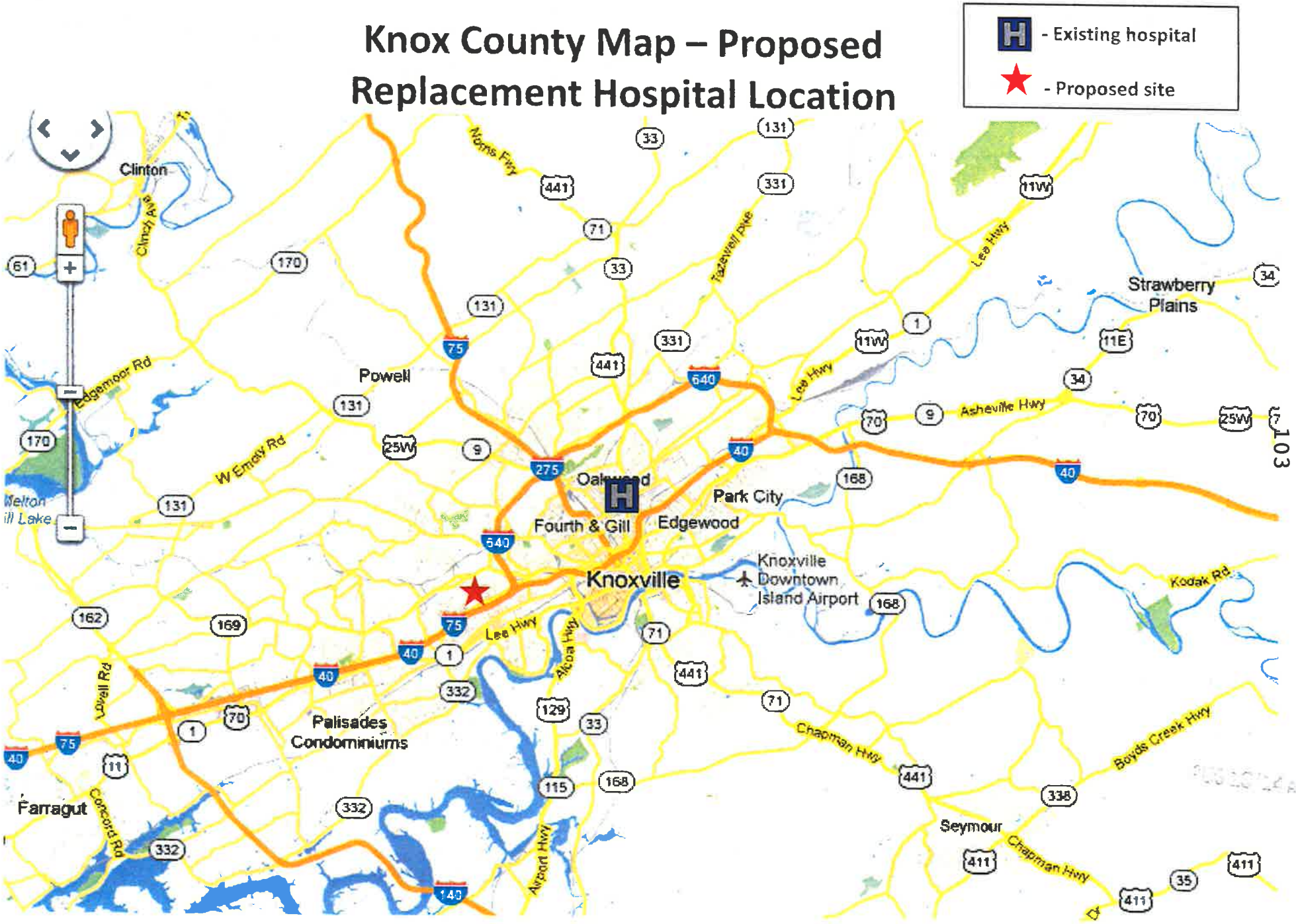
Attachment A.9

9. Bed Complement Data – Tennova Metro Knoxville Hospital *Please indicate current and proposed distribution and certification of facility beds.*						
		Current Beds		***Staffed***	***Beds***	***TOTAL Beds at***
		Licensed	****CON***	***Beds***	***Proposed***	***Completion***
A.	Medical (Med/Surg)	415		309	416	416
B.	Surgical					
C.	Long-Term Care Hospital					
D.	Obstetrical	48		32	48	48
E.	ICU/CCU	64		56	68	68
F.	Neonatal	15		6	10	10
G.	Pediatric					
H.	Adult Psychiatric	20		16	20	20
I.	Geriatric Psychiatric	18		12	18	18
J.	Child/Adolescent Psychiatric					
K.	Rehabilitation	30		16	30	30
L.	Nursing Facility (non-Medicaid Certified)					
M.	Nursing Facility Level 1 (Medicaid only)					
N.	Nursing Facility Level 2 (Medicare only)					
O.	Nursing Facility Level 2 (dually certified Medicaid/Medicare)					
P.	ICF/MR					
Q.	Adult Chemical Dependency					
R.	Child and Adolescent Chemical Dependency					
S.	Swing Beds					
T.	Mental Health Residential Treatment					
U.	Residential Hospice					
	TOTAL *CON-Beds approved but not yet in service	610		447	610	610

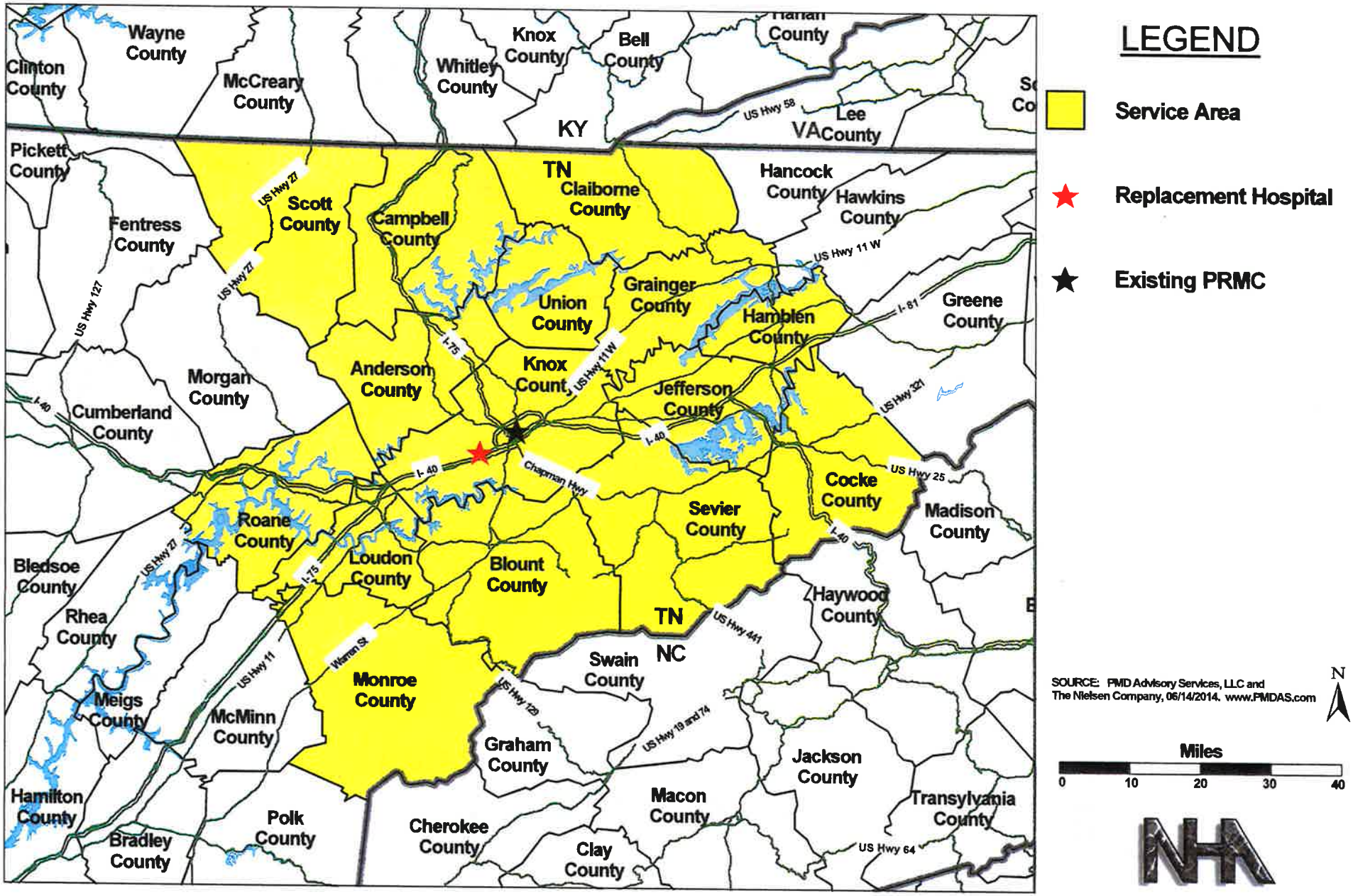
Metro Knoxville HMA, LLC (the "Hospital") consists of three hospital campuses in Knoxville, which have a total of 610 licensed beds and are operated under a single hospital license and provider number. This application seeks to relocate 272 of the 401 licensed beds from the Oak Hill campus (PRMC) to the new facility. In addition to 38 psychiatric beds which will be operated at PRMC, Tennova also seeks to retain the remaining 91 medical/surgical licensed beds at the Oak Hill campus. The Hospital is conducting a comprehensive bed need analysis for the Tennova system, as part of a long range strategic plan. Upon completion of that study, and prior to implementation of a certificate of need for the replacement facility, it will either obtain a waiver from the Tennessee Department of Health to retain the beds in inactive status for a defined period of time; file additional applications for the relocation of licensed beds to its other facilities; or delicense the 91 beds.

Attachment B.I.Project Description.1

Knox County Map – Proposed Replacement Hospital Location



PRMC Replacement Hospital



LEGEND

- Service Area
- Replacement Hospital
- Existing PRMC

SOURCE: PMD Advisory Services, LLC and The Nielsen Company, 06/14/2014. www.PMDAS.com

N

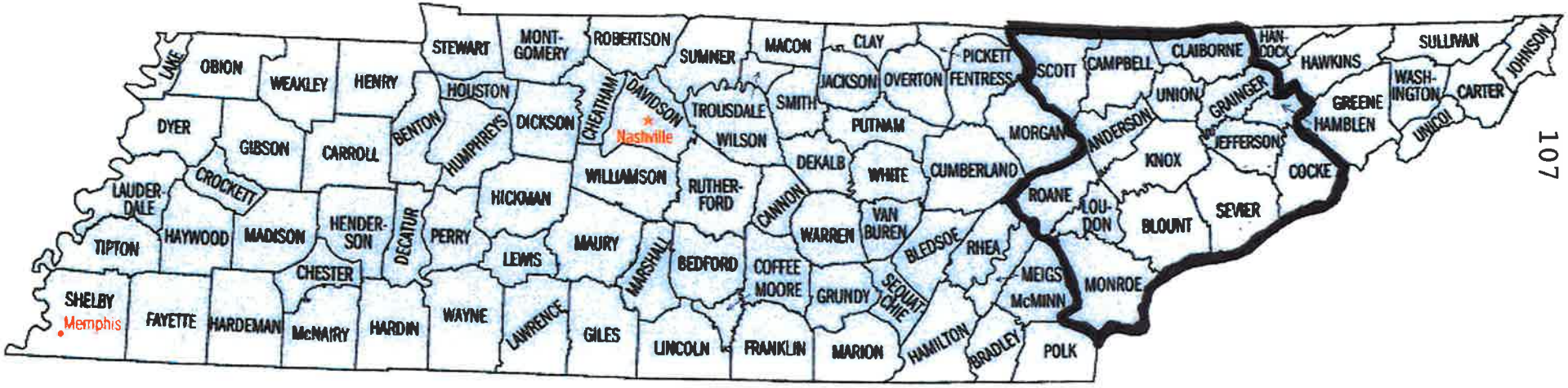
Miles

0 10 20 30 40

NH

Attachment B.I.Project Description.2

Attachment B.I.Project Description.4


LAKE
OBION
WEAKLEY
HENRY
STEWART
MONT-GOMERY
ROBERTSON
SUMNER
MACON
CLAY
PICKETT
SCOTT
CAMPBELL
CLAIBORNE
HAN-COCK
HAWKINS
SULLIVAN
JOHNSON
DYER
GIBSON
CARROLL
BENTON
HOUSTON
HUMPHREYS
DICKSON
CHEATHAM
DAVIDSON
Nashville
TROUSDALE
WILSON
SMITH
JACKSON
OVERTON
FENTRESS
PUTNAM
MORGAN
ANDERSON
UNION
GRAINGER
JEFFERSON
GREENE
HAMBLEN
WASH-INGTON
UNICOI
CARTER
CROCKETT
LAUDER-DALE
TIPTON
HAYWOOD
MADISON
HENDER-SON
DECATUR
PERRY
HICKMAN
WILLIAMSON
RUTHER-FORD
CANNON
DEKALB
WHITE
CUMBERLAND
KNOX
COCKE
ROANE
LOU-DON
BLOUNT
SEVIER
CHESTER
LEWIS
MAURY
MARSHALL
BEDFORD
COFFEE
MOORE
WARREN
VAN BUREN
BLEDSOE
RHEA
MEIGS
McMINN
MONROE
SHELBY
Memphis
FAYETTE
HARDEMAN
McNAIRY
HARDIN
WAYNE
LAWRENCE
GILES
LINCOLN
FRANKLIN
MARION
GRUNDY
SEQUATCHIE
HAMILTON
BRADLEY
POLK

Attachment B.I.Project Description.5

PRMC Replacement Hospital - Estimated Staffing

Department	Planned FTEs
ICU/CCU	52.2
Surgery	101.4
Cardiac Cath Lab	24.2
General Medicine	177.9
OB/GYN, NICU	50.1
ED	47.8
IP Rehab	16.5
Laboratory	53.5
Pharmacy	40
Imaging/Diagnostics	82.6
Accounting	21
Admitting	38
ASC	19
Biomed/Eng/Sec	51
Cardiac Rehab	4.2
Case Management	21
Dialysis	5.5
HR/EH	7
Materials Mgmt	7
Medical Records	6.5
Medical Staffing	4.5
Mktg/Vol/Comm	11.5
Pain Center	9
Quality/Inf Ctrl	13.5
Rehab (OT/PT/Sp)	40
Respiratory	30
Sleep Center	5
Sterile Processing	10
Tele/Monitor	15.5
Transport	17.6
Wound	2.5
Admin/Nsg Admin/Market	37.3
TOTAL	**1022.8**

Attachment B.II.A.1

Physicians Regional Medical Center

111

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Tennova™ Healthcare

Attachment B.III.(A)

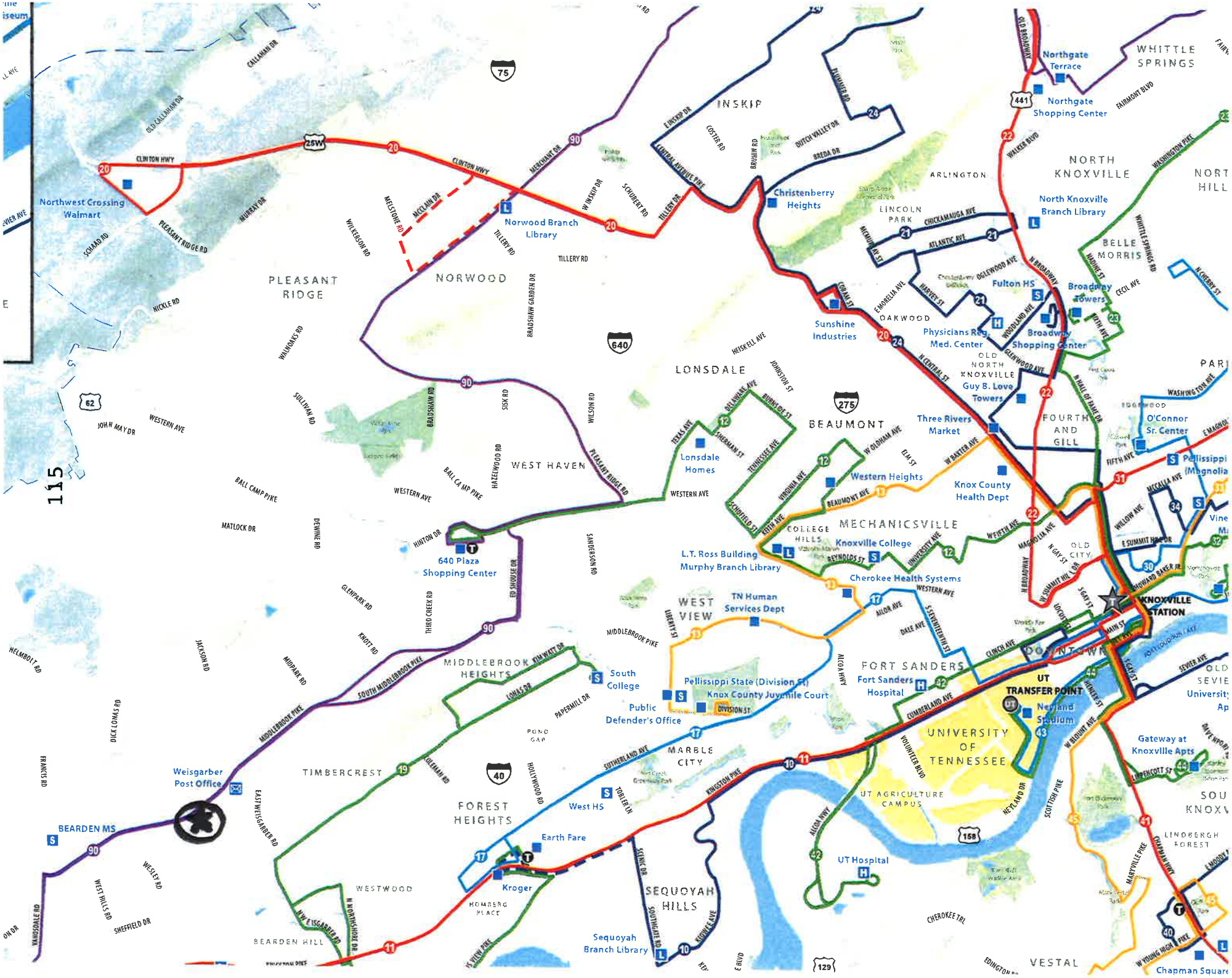
JULY 1, 2014

CONCEPT PLAN EXHIBIT
PHYSICIANS REGIONAL MEDICAL CENTER
KNOXVILLE, TN

Littlejohn

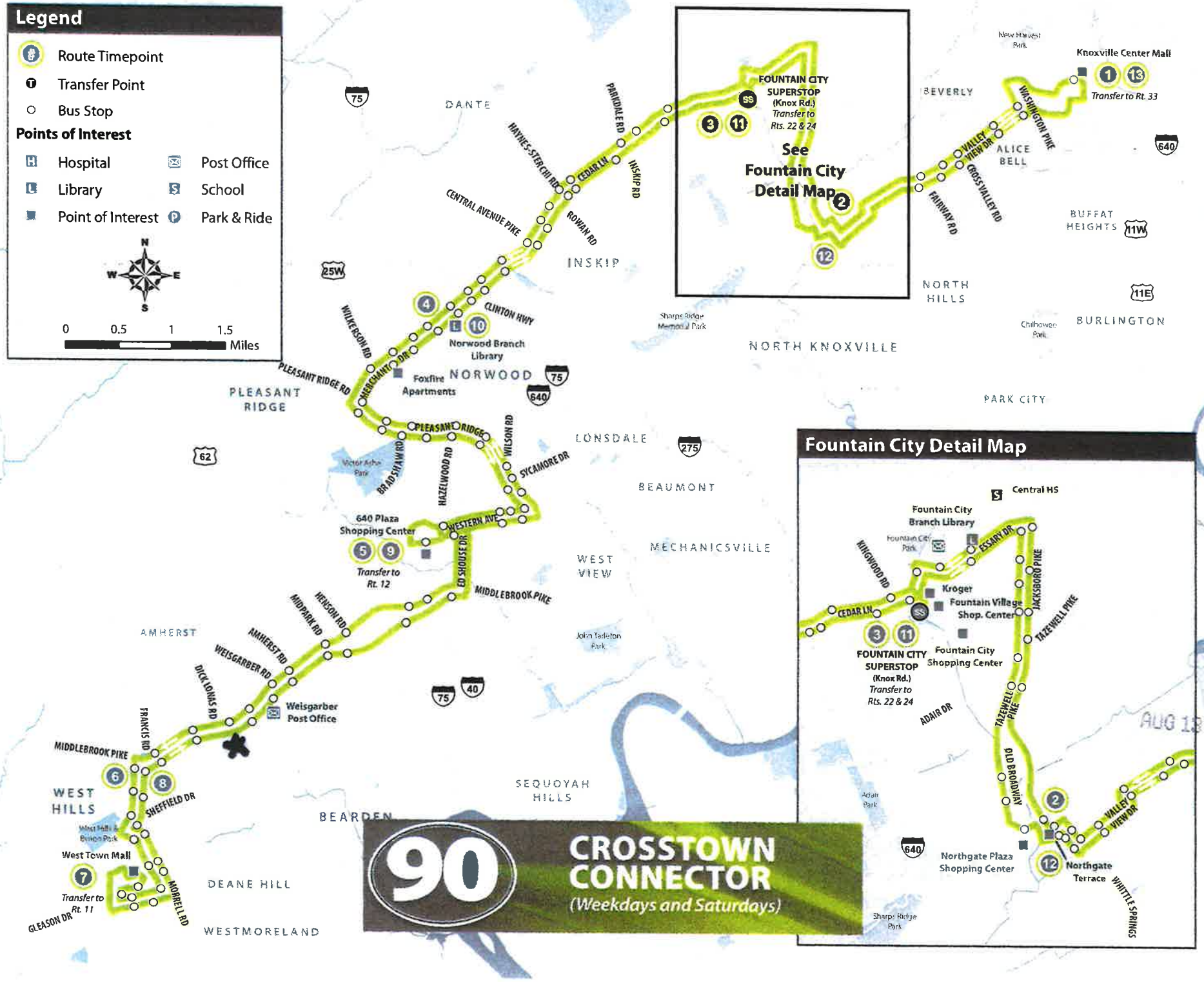
tmp

Attachment B.III.B.a



Northwest Crossing Walmart
Norwood Branch Library
Christenberry Heights
Northgate Terrace
Northgate Shopping Center
North Knoxville Branch Library
Fulton HS
Broadway Towers
Broadway Shopping Center
Physicians Reg. Med. Center
Sunshine Industries
Guy B. Love Towers
Three Rivers Market
Knox County Health Dept
Western Heights
Lonsdale Homes
Knoxville College
L.T. Ross Building Murphy Branch Library
Cherokee Health Systems
TN Human Services Dept
640 Plaza Shopping Center
South College
Pellissippi State (Division St)
Knox County Juvenile Court
Public Defender's Office
Fort Sanders Hospital
UT TRANSFER POINT
Neyland Stadium
Gateway at Knoxville Apts
Weisgarber Post Office
BEARDEN MS
West HS
Earth Fare
Kroger
UT Hospital
Sequoyah Branch Library
Chapman Square
KNOXVILLE STATION
PLEASANT RIDGE
NORWOOD
INSKIP
ARLINGTON
LINCOLN PARK
NORTH KNOXVILLE
WHITTLE SPRINGS
BELLE MORRIS
OAKWOOD
OLD NORTH KNOXVILLE
LONSDALE
BEAUMONT
FOURTH AND GILL
WEST HAVEN
MECHANICSVILLE
COLLEGE HILLS
WEST VIEW
MIDDLEBROOK HEIGHTS
FORT SANDERS
DOWNTOWN
UNIVERSITY OF TENNESSEE
UT AGRICULTURE CAMPUS
MARBLE CITY
TIMBERCREST
FOREST HEIGHTS
WESTWOOD
SEQUOYAH HILLS
BEARDEN HILL
VESTAL
LINDBERGH FOREST
115

Attachment B.III.B.b


Legend
Route Timepoint
Transfer Point
Bus Stop
Points of Interest
Hospital
Post Office
Library
School
Point of Interest
Park & Ride
N
W
E
S
0
0.5
1
1.5
Miles
90
CROSSTOWN CONNECTOR
(Weekdays and Saturdays)
FOUNTAIN CITY SUPERSTOP (Knox Rd.) Transfer to Rts. 22 & 24
See Fountain City Detail Map
Knoxville Center Mall
Transfer to Rt. 33
Norwood Branch Library
Foxfire Apartments
640 Plaza Shopping Center
Transfer to Rt. 12
Weisgarber Post Office
West Town Mall
Transfer to Rt. 11
DANTE
INSKIP
BEVERLY
ALICE BELL
BUFFAT HEIGHTS
NORTH HILLS
BURLINGTON
NORTH KNOXVILLE
PARK CITY
NORWOOD
PLEASANT RIDGE
LONSDALE
BEAUMONT
MECHANICSVILLE
WEST VIEW
AMHERST
SEQUOYAH HILLS
BEARDEN
WEST HILLS
DEANE HILL
WESTMORELAND
PARKDALE RD
INSKIP RD
HAYNES-STERCHI RD
CEDAR LN
ROWAN RD
CENTRAL AVENUE PIKE
CLINTON HWY
WILKERSON RD
MERCHANT DR
PLEASANT RIDGE RD
BRADSHAW RD
HAZELWOOD RD
WILSON RD
SYCAMORE DR
WESTERN AVE
ED SHOUSE DR
MIDDLEBROOK PIKE
HENSON RD
MID PARK RD
AMHERST RD
WEISGARBER RD
DICK LONAS RD
FRANCIS RD
SHEFFIELD DR
MORELL RD
GLEASON DR
WASHINGTON PIKE
VALLEY VIEW DR
CROSS VALLEY RD
FAIRWAY RD
Central HS
Fountain City Branch Library
KINGWOOD RD
ESSARY DR
Kroger
Fountain Village Shop. Center
JACKSBORO PIKE
TAZEWELL PIKE
Fountain City Shopping Center
ADAIR DR
OLD BROADWAY
Northgate Plaza Shopping Center
Northgate Terrace
WHITTLE SPRINGS
AUG 13 '14

90 CROSSTOWN CONNECTOR

(Weekdays and Saturdays)

SERVES:

- 640 Plaza
- Knoxville Center Mall
- Knox Road/Kroger
- Northgate Shopping Center
- Northgate Terrace
- West Town Mall

kat KNOXVILLE AREA TRANSIT

Ride for Change

Information Updated: June 3, 2013

	Going toward West Town Mall									Going toward Knoxville Center Mall							
	Transfer to:		Rts. 22 & 24		Rt. 12			Rt. 11				Rt. 12			Rts. 22 & 24		Rt. 33
	Knoxville Center Mall	Northgate Terrace	Fountain City Superstop (Arrives)	(Leaves)	Merchants at Expo Center	I-640 Plaza (Arrives)	(Leaves)	Vanosdale at Middlebrook	West Town Mall (Arrives)	(Leaves)	Vanosdale at Middlebrook	I-640 Plaza (Arrives)	(Leaves)	Merchants at Marguerite	Fountain City Superstop (Arrives)	(Leaves)	Northgate Terrace	Knoxville Center Mall
	1	2	3		4	5		6	7		8	9		10	11		12	13
WEEKDAY SCHEDULE																		
A.M.										6:01	6:06	6:20	6:22	6:37	7:00	7:05	7:11	7:25
				6:05	6:17	6:37	6:39	6:46	6:59	7:01	7:06	7:20	7:22	7:37	8:00	8:05	8:11	8:25
	6:30	6:45	7:00	7:05	7:17	7:37	7:39	7:46	7:59	8:01	8:06	8:20	8:22	8:37	9:00	9:05	9:11	9:25
	7:30	7:45	8:00	8:05	8:17	8:37	8:39	8:46	8:59	9:01	9:06	9:20	9:22	9:37	10:00	10:05	10:11	10:25
	8:30	8:45	9:00	9:05	9:17	9:37	9:39	9:46	9:59	10:01	10:06	10:20	10:22	10:37	11:00	11:05	11:11	11:25
	9:30	9:45	10:00	10:05	10:17	10:37	10:39	10:46	10:59	11:01	11:06	11:20	11:22	11:37	12:00	12:05	12:11	12:25
	10:30	10:45	11:00	11:05	11:17	11:37	11:39	11:46	11:59	12:01	12:06	12:20	12:22	12:37	1:00	1:05	1:11	1:25
	11:30	11:45	12:00	12:05	12:17	12:37	12:39	12:46	12:59	1:01	1:06	1:20	1:22	1:37	2:00	2:05	2:11	2:25
P.M.	12:30	12:45	1:00	1:05	1:17	1:37	1:39	1:46	1:59	2:01	2:06	2:20	2:22	2:37	3:00	3:05	3:11	3:25
	1:30	1:45	2:00	2:05	2:17	2:37	2:39	2:46	2:59	3:01	3:06	3:20	3:22	3:37	4:00	4:05	4:11	4:25
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	6:30	6:45	7:00	7:05	7:17	7:37	7:39	7:46	7:59	*To Garage*								
	7:30	7:45	8:00	8:05	8:17	8:37	8:39	8:46	8:59	*To Garage*								
SATURDAY SCHEDULE																		
A.M.										7:31	7:39	7:59	8:04	8:14	8:30	8:35	8:41	8:55
	7:00	7:15	7:30	7:35	7:47	8:08	8:12	8:20	8:29	8:31	8:39	8:59	9:04	9:14	9:30	9:35	9:41	9:55
	8:00	8:15	8:30	8:35	8:47	9:08	9:12	9:20	9:29	9:31	9:39	9:59	10:04	10:14	10:30	10:35	10:41	10:55
	9:00	9:15	9:30	9:35	9:47	10:08	10:12	10:20	10:29	10:31	10:39	10:59	11:04	11:14	11:30	11:35	11:41	11:55
	10:00	10:15	10:30	10:35	10:47	11:08	11:12	11:20	11:29	11:31	11:39	11:59	12:04	12:14	12:30	12:35	12:41	12:55
	11:00	11:15	11:30	11:35	11:47	12:08	12:12	12:20	12:29	12:31	12:39	12:59	1:04	1:14	1:30	1:35	1:41	1:55
P.M.	12:00	12:15	12:30	12:35	12:47	1:08	1:12	1:20	1:29	1:31	1:39	1:59	2:04	2:14	2:30	2:35	2:41	2:55
	1:00	1:15	1:30	1:35	1:47	2:08	2:12	2:20	2:29	2:31	2:39	2:59	3:04	3:14	3:30	3:35	3:41	3:55
	2:00	2:15	2:30	2:35	2:47	3:08	3:12	3:20	3:29	3:31	3:39	3:59	4:04	4:14	4:30	4:35	4:41	4:55
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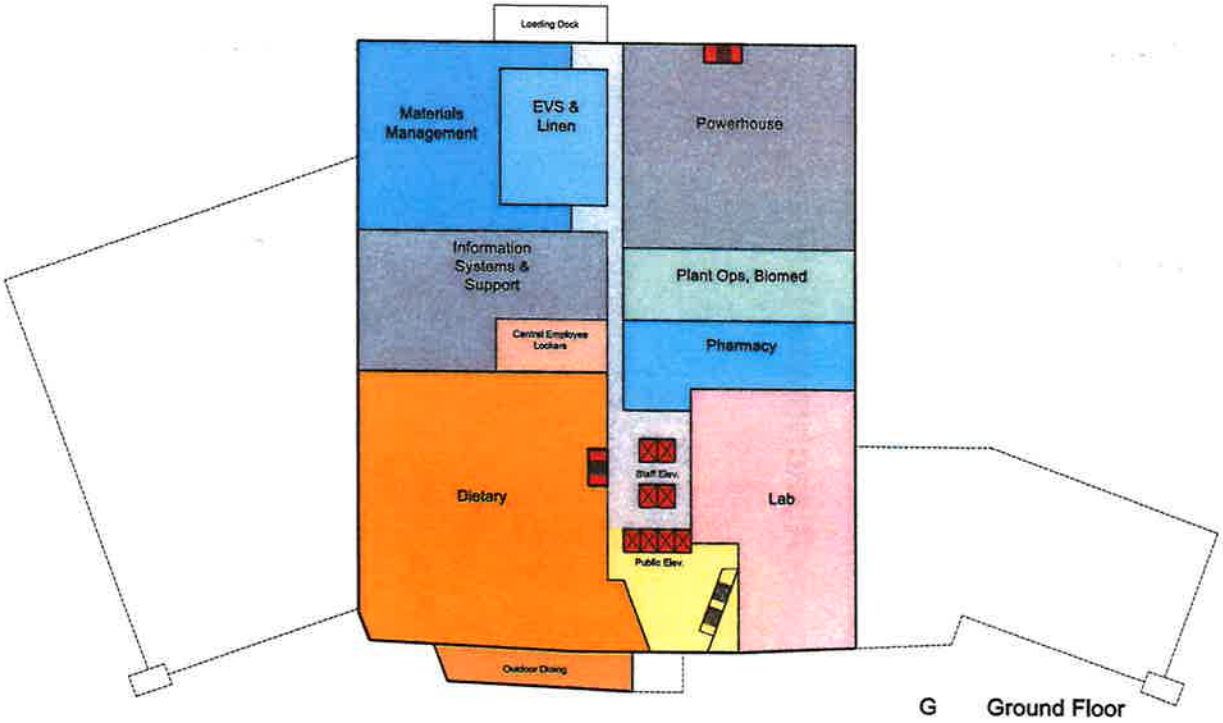
	6:00	6:15	6:30	6:35	6:47	7:08	7:12	7:20	7:29	7:31	7:39	7:59	8:04	8:14	8:30	8:35	8:41	8:55
	7:00	7:15	7:30	7:35	7:47	8:08	8:12	8:20	8:29	*To Garage*								

Need help reading this schedule?
Need other general information on how to ride?
Click here to Download the General Schedule Information pdf available from katbus.com

Attachment B.IV

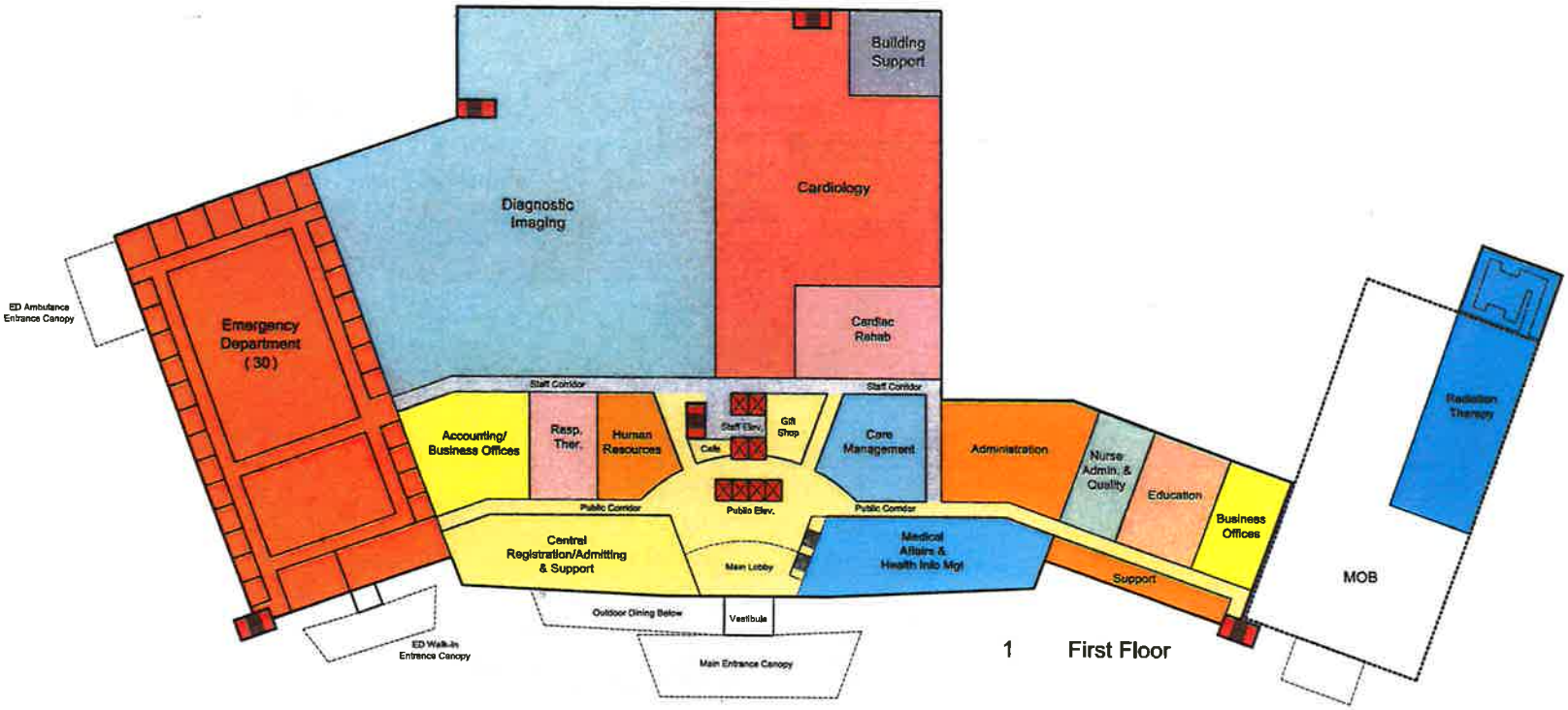


G Ground Floor

tmp

Replacement Facility Planning

PROPOSED PLAN
GROUND FLOOR



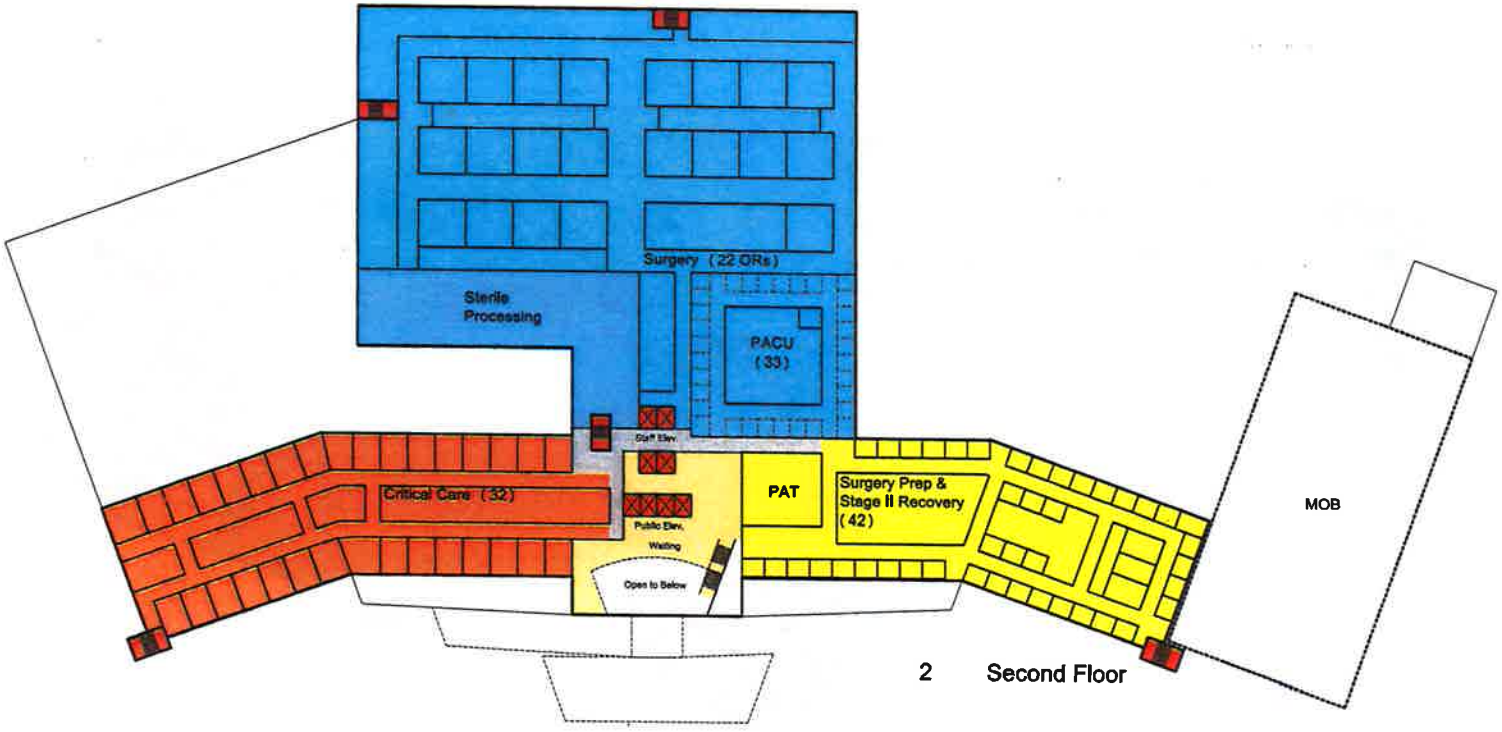
1 First Floor

tmp

Replacement Facility Planning

Physicians Regional Medical Center

PROPOSED PLAN
FIRST FLOOR

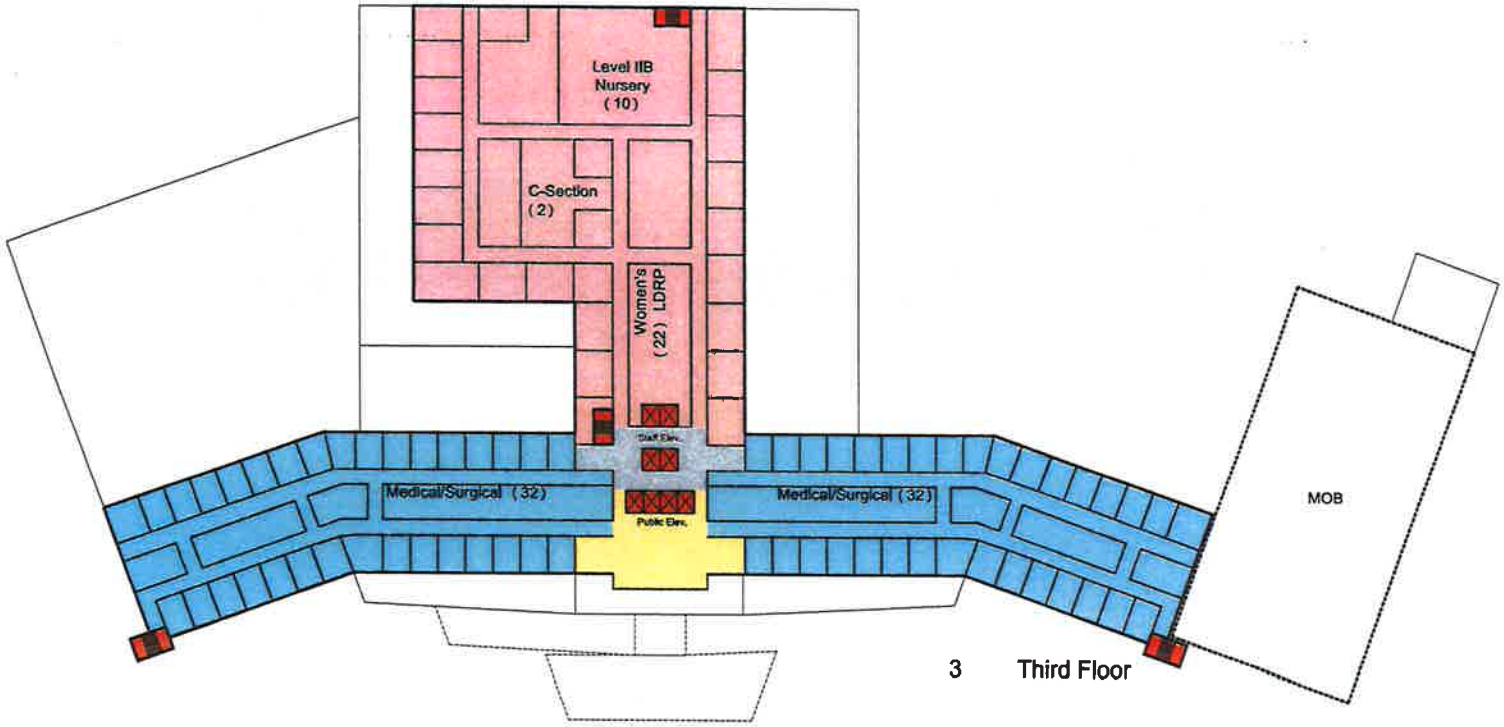


2 Second Floor

tmp

Replacement Facility Planning

PROPOSED PLAN SECOND FLOOR

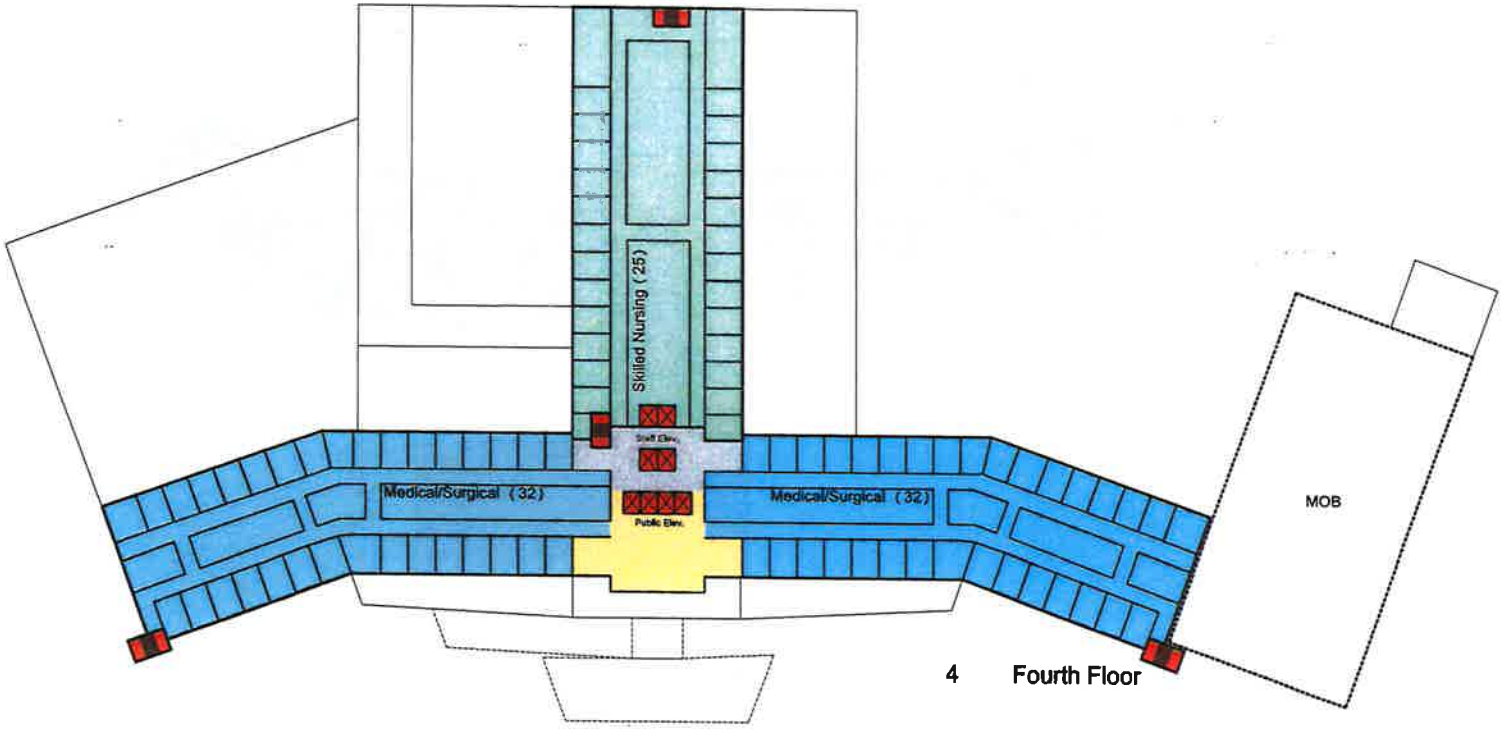


3 Third Floor

Replacement Facility Planning

Physicians Regional Medical Center

PROPOSED PLAN
THIRD FLOOR



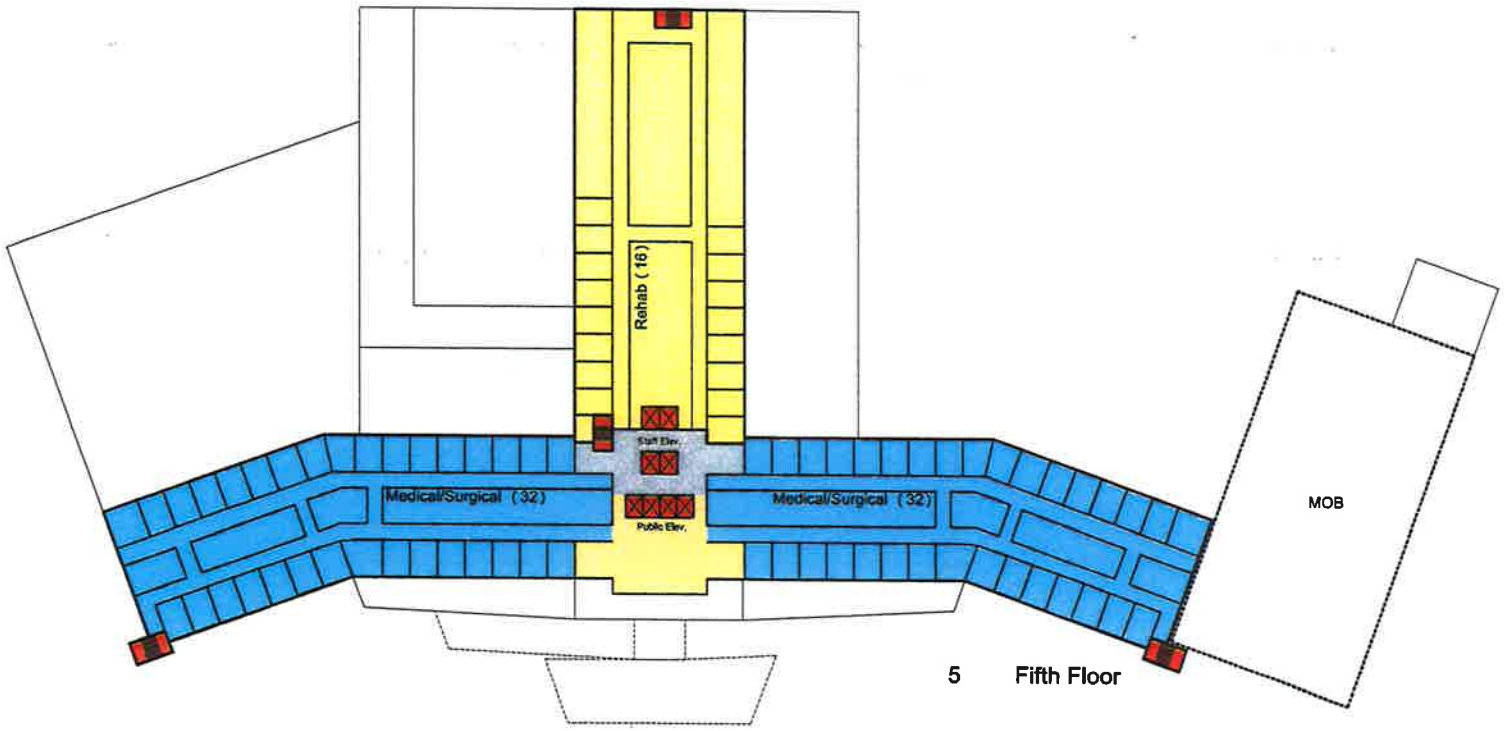
4 Fourth Floor

tmp

Replacement Facility Planning

Physicians Regional Medical Center

PROPOSED PLAN
FOURTH FLOOR



5 Fifth Floor

tmp

Replacement Facility Planning

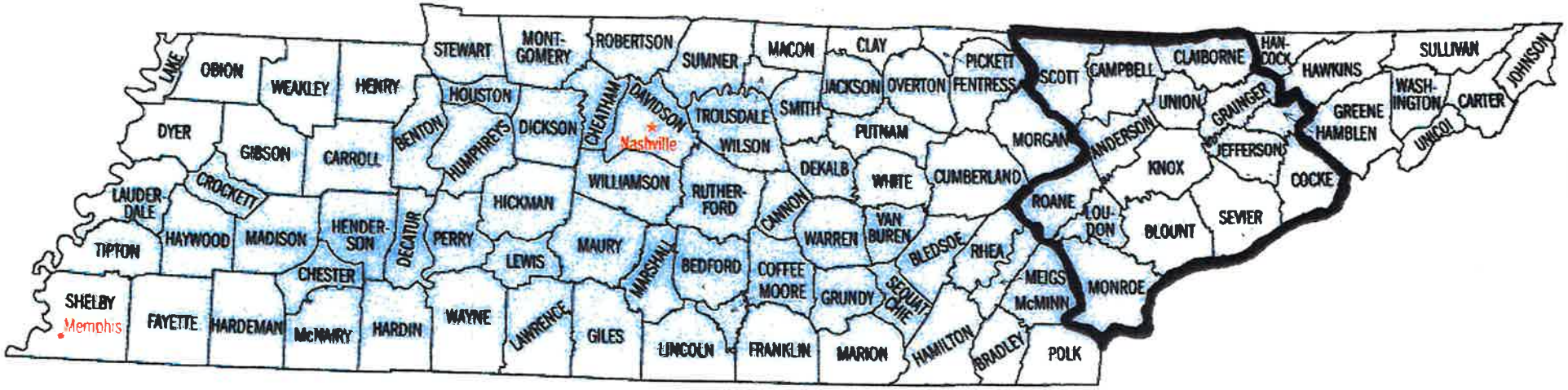
PROPOSED PLAN
FIFTH FLOOR

Attachment C.Need.B.3

Physicians, by Specialty, Moved from Physicians Regional Medical Center Campus

Specialty	# of Physicians	Date Moved
Internal Medicine	16	2009
Urology	6	2010
Orthopedic Surgery	21	2011
General Surgery/Vascular Surgery	10	2011
Otolaryngology	9	2011
Opthalmology	4	2012
Pediatrics	2	2013
Total	**68**	

Attachment C.Need.3


LAKE
OBION
WEAKLEY
HENRY
STEWART
MONT-
GOMERY
ROBERTSON
SUMNER
MACON
CLAY
PICKETT
FENTRESS
SCOTT
CAMPBELL
CLAIBORNE
HAN-
COCK
HAWKINS
SULLIVAN
JOHNSON
WASH-
INGTON
CARTER
UNICOI
GREENE
HAMBLEN
COCKE
SEVIER
BLOUNT
KNOX
JEFFERSON
GRAINGER
UNION
ANDERSON
MORGAN
ROANE
LOU-
DON
MONROE
MEIGS
McMINN
POLK
BRADLEY
HAMILTON
SEQUATCHIE
RHEA
BLEDSOE
VAN
BUREN
WHITE
CUMBERLAND
JACKSON
OVERTON
PUTNAM
SMITH
DEKALB
WILSON
TROUSDALE
DAVIDSON
Nashville
CHEATHAM
DICKSON
HOUSTON
BENTON
HUMPHREYS
CARROLL
GIBSON
DYER
CROCKETT
LAUDER-
DALE
TIPTON
HAYWOOD
MADISON
HENDER-
SON
CHESTER
DECATUR
PERRY
HICKMAN
WILLIAMSON
RUTHER-
FORD
CANNON
WARREN
MAURY
LEWIS
MARSHALL
BEDFORD
COFFEE
MOORE
GRUNDY
MARION
FRANKLIN
LINCOLN
GILES
LAWRENCE
WAYNE
HARDIN
McNAIRY
HARDEMAN
FAYETTE
SHELBY
Memphis

Attachment C.Need.6

PRMC Key Statistics and Growth Projections

	2011	2012	2013	2014 Annualized	2015	2016	2017	2018 - Project Year 1	2019 - Project Year 2
Admissions	17,639	15,563	14,876	13,492	13,627	13,763	13,901	14,457	15,035
Patient Days	82,081	74,903	70,887	60,444	61,048	61,659	62,276	64,767	67,357
IP Surgeries	4,462	5,095	4,698	4,891	4,940	4,989	5,039	5,241	5,450
OP Surgeries	9,671	5207**	9,305	8,643	8,729	8,817	8,905	9,261	9,632
ICU/CCU Admissions	3,302	3,499	3,631	3,401	3,435	3,469	3,504	3,644	3,790
ED Visits	51,495	52,097	45,827	43,334	43,767	44,205	44,647	46,433	48,290
Births	1,552	1,466	1,427	1,406	1,420	1,434	1,449	1,507	1,567
Level IIB Nursery Admissions	173	166	186	174	176	177	179	186	194
Cardiac Catheterizations	5,858	3,647	3,998	4,742	4,789	4,837	4,886	5,081	5,284
Open Heart Surgeries	374	312	325	362	366	369	373	388	403
PET/CT scans	1,180	1,033	1,909	842	850	859	868	902	938
MRI scans	6,033	5,818	3,993	5,124	5,175	5,227	5,279	5,490	5,710
Radiation therapy treatments	3,621	2112*	3,801	3,516	3,551	3,587	3,623	3,767	3,918
IP Rehabilitation admissions	378	282	363	341	344	348	351	365	380
Lithotripsy procedures	280	230	235	198	200	202	204	212	221

*Linear accelerator was closed for upgrade for four months during 2012.

** Different method of calculating OP surgeries under former ownership.

Check rad therapy numbers against utilization reports. These numbers come from JARs

Attachment C.Economic Feasibility.1

SUPPLEMENTAL #1
August 27, 2014
8:24 am

Thomas, Miller & Partners, PLLC
Architecture Interiors Planning Sustainable Design

5210 Maryland Way, Suite 200
Brentwood, Tennessee 37027-5065
615.377.9773
www.tmpartners.com

Marc Stephen Rowland REGISTERED ARCHITECT AGRICULTURE COMMERCE NO. 021347 STATE OF TENNESSEE

8-22-2014

Date August 22, 2014

To Ms. Melanie Burgess
Vice President of Development, Tennova Healthcare
930 East Emerald Avenue, POB 8th Floor
Knoxville, Tennessee 37919

Project Replacement Facility – Physicians Regional Medical Center
Knoxville, Tennessee
TMP No. A04614

Subject Proposed Cost and Applicable Code Information

Dear Ms. Burgess

I have reviewed the cost information for the referenced project. The probable construction cost is $166,824,900. Line items for equipment, contingency, and architectural/engineering fees bring the total probable project cost to $303,545,204. Having current experience with comparable projects, it is my professional opinion that these costs are reasonable and compare favorably with similar projects.

This project is being developed under the current codes and standards enforced by the State of Tennessee as follows:

2012	INTERNATIONAL BUILDING CODE (IBC)
2012	INTERNATIONAL MECHANICAL CODE
2012	INTERNATIONAL PLUMBING CODE
2012	INTERNATIONAL FUEL GAS CODE
2011	NATIONAL ELECTRIC CODE
2012	INTERNATIONAL ENERGY CONSERVATION CODE
2012	NFPA 101 LIFE SAFETY CODE
2002	NORTH CAROLINA ACCESSIBILITY CODE WITH 2004 AMENDMENTS
2010	ADA STANDARDS FOR ACCESSIBLE DESIGN
2010	FGI - GUIDELINES FOR DESIGN AND CONSTRUCTION OF HEALTH CARE FACILITIES
2008	ASHRAE HANDBOOK OF FUNDAMENTALS

Please let me know if any further information is required.

Sincerely,

Marc S. Rowland, AIA ACHA
Principal-in-Charge
Tennessee Certificate Number 21,347

Copy: A04614 gf

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AUG 29 '14 AM 7:5

SUPPLEMENTAL #2
August 29, 2014
7:44 am

Thomas, Miller & Partners, PLLC
Architecture Interiors Planning Sustainable Design

5210 Maryland Way, Suite 200
Brentwood, Tennessee 37027-5065
615.377.9773
www.tmpartners.com

Date August 28, 2014

To Ms. Melanie Burgess
Vice President of Development, Tennova Healthcare
930 East Emerald Avenue, POB 8th Floor
Knoxville, Tennessee 37919

Project Replacement Facility – Physicians Regional Medical Center
Knoxville, Tennessee
TMP No. A04614

Subject Phased Facility Expansion

Dear Ms. Burgess:

The 107 acre site is in an excellent location and is absolutely suitable for building. However, like all sites, it does have topographical and other constraints that must be considered when planning the hospital. In developing the plan for the replacement hospital facility, consideration was given to geographical and topographical boundaries, consideration for neighboring homes, and creating a design that enables optimal efficiency of hospital operations. The design was created in order to meet the needs of the hospital, patients, and physicians both in the short term as well as for future years.

As noted in the previous letter, space is available for horizontal expansion, but that expansion area is planned to be reserved for growth of ancillary services. There is also land available for future medical office building development, and we feel that it is important to reserve the land for that use. Up to two additional floors could be added to the proposed facility for future expansion, if necessary, although vertical expansion is costly and disruptive, making it important that the hospital be constructed with future growth in mind.

Please let me know if any further information is required.

Sincerely,

Marc S. Rowland, AIA ACHA
Principal-in-Charge
Tennessee Certificate Number 21,347

Copy: A04614 gf

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M . J . H A R R I S
CONSTRUCTION SERVICES, LLC

July 8, 2014

Physicians Regional Medical Center
c/o
Mr. Keith Kizzire
CHS Professional Services Corporation (CHSPSC)
4000 Meridian Blvd.
Franklin, TN 37067

RE: Conceptual Budget Proposal
Physicians Regional Medical Center
Replacement Hospital
Knoxville, Tennessee

Dear Mr. Kizzire:

M. J. Harris Construction Services, LLC is pleased to submit the attached Conceptual Budget Proposal for the above referenced project. This proposal is based on the CHS KPU Space Program Template dated January 30, 2014, C200 Preliminary Site Layout Plan without MOB prepared by Thomas, Miller & Partners, PLLC dated February 7, 2014, Report of Preliminary Subsurface Exploration prepared by Professional Engineers, Inc. dated May 24, 2013, and MEP Systems Narratives prepared by I. C. Thomasson Associates, Inc. dated January 28, 2014.

Please note builder's risk and performance and payment bonds are not included in the pricing.

Our price is based on today's material and labor values.

We appreciate the opportunity to work with Community Health Systems and the Physicians Regional Medical Center and look forward to a quality working relationship. If you have any questions, please contact me at (615) 727-0400.

Respectfully submitted,

Jennifer Johnson

Jenny Johnson
Senior Estimator

CC: File, Tommy Yeager, Michael Harris, and Garrett Barnes

5210 Maryland Way, Suite 101
Brentwood, TN 37027
phone 615.727.0400
fax 615.727.0401
www.mjharris.com

M. J. HARRIS
CONSTRUCTION SERVICES, LLC

Division Cost Breakdown

Conceptual Budget Proposal
Physicians Regional Medical Center
Replacement Hospital
Knoxville, TN

July 8, 2014

DIVISION	ITEM OF WORK	Quantity	Unit	Unit Price	TOTAL COST
1	General Requirements	22	MO	$ 70,000.00	$ 1,540,000
2	Sitework	70	AC	$ 172,134.79	$ 12,049,435
3	Concrete	556,083	SF	$ 17.13	$ 9,525,702
4	Masonry	556,083	SF	$ 5.80	$ 3,225,281
5	Metals	556,083	SF	$ 28.50	$ 15,848,366
6	Woods, Plastics, and Composites	556,083	SF	$ 3.85	$ 2,140,920
7	Thermal and Moisture Protection	556,083	SF	$ 10.93	$ 6,077,987
8	Openings	556,083	SF	$ 10.82	$ 6,016,818
9	Finishes	556,083	SF	$ 43.08	$ 23,956,056
10	Specialties	556,083	SF	$ 2.71	$ 1,506,985
11	Equipment	556,083	SF	$ 2.76	$ 1,534,789
12	Furnishings	556,083	SF	$ 0.42	$ 233,555
13	Special Construction	556,083	SF	$ 0.70	$ 389,258
14	Conveying Systems	556,083	SF	$ 2.11	$ 1,173,335
15	Mechanical	556,083	SF	$ 96.24	$ 53,517,428
16	Electrical	556,083	SF	$ 50.51	$ 28,088,985
	BASE BID:	**556,083**	**SF**	**$ 300.00**	**$166,824,900**
	M. J. Harris Construction Services, LLC				

M . J . H A R R I S
CONSTRUCTION SERVICES, LLC

COMMENTS & CLARIFICATIONS

Conceptual Budget Proposal
Physicians Regional Medical Center
Replacement Hospital
Knoxville, TN

July 8, 2014

INCLUSIONS

- 22 Month Project Duration

EXCLUSIONS

- Structured Cabling and Low Voltage Equipment & Devices
- Pneumatic Tube System
- Grave Relocation
- Escalation (Recommend 3-5% per Year)
- Payment & performance Bond
- Builder's Risk Insurance
- Remobilization (All Work Completed in One Mobilization)
- Hoisting of Owner Furnished Equipment
- Subguard / Bonding
- Tap & Impact Fees
- Contingency

5210 Maryland Way, Suite 101
Brentwood, TN 37027
phone 615.727.0400
fax 615.727.0401
www.mjharris.com

Attachment C.Economic Feasibility.2

August 8, 2014

Ms. Melanie Hill
Executive Director
Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

Dear Ms. Hill:

As CFO of Physicians Regional Medical Center, I am submitting this letter to confirm that the $303,545,204 required for the application to build a replacement hospital for Physicians Regional Medical Center is available through CHS/Community Health Systems, Inc., the parent of Knoxville HMA Holdings, LLC. The cost estimate for this project includes legal and administrative costs, construction costs, equipment costs, the cost of the land purchase, and a contingency fund.

Sincerely,

Rhonda Maynard
Chief Financial Officer

Attachment C.Economic Feasibility.10

CHS/Community Health Systems, Inc.
(a wholly-owned subsidiary of Community Health Systems, Inc.) and Subsidiaries
Consolidated Financial Statements as of December 31, 2013 and 2012, and for the Years Ended December 31, 2013, 2012 and 2011 and Independent Auditors' Report

Table of Contents

CHS/Community Health Systems, Inc. (a wholly-owned subsidiary of Community Health Systems, Inc.) and Subsidiaries

	Page
Consolidated Financial Statements:	
Independent Auditors' Report	1
Consolidated Statements of Income for the Years Ended December 31, 2013, 2012 and 2011	3
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2013, 2012 and 2011	4
Consolidated Balance Sheets as of December 31, 2013 and 2012	5
Consolidated Statements of Stockholder's Equity for the Years Ended December 31, 2013, 2012 and 2011	6
Consolidated Statements of Cash Flows for the Years Ended December 31, 2013, 2012 and 2011	7
Notes to Consolidated Financial Statements	8 - 43

Deloitte.

Deloitte & Touche LLP
Suite 2400
424 Church Street
Nashville, TN 37219
USA

Tel: +1 615 259 1800
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder of
CHS/Community Health Systems, Inc.
Franklin, Tennessee

We have audited the accompanying consolidated financial statements of CHS/Community Health Systems, Inc. (a wholly-owned subsidiary of Community Health Systems, Inc.) and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, stockholder's equity, and cash flows for each of the three years in the period ended December 31, 2013, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Member of
Deloitte Touche Tohmatsu Limited

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CHS/Community Health Systems, Inc. and its subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in accordance with accounting principles generally accepted in the United States of America.

Deloitte + Touche LLP

March 5, 2014

CHS/COMMUNITY HEALTH SYSTEMS, INC.
(A WHOLLY-OWNED SUBSIDIARY OF COMMUNITY HEALTH SYSTEMS, INC.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31,		
	2013	2012	2011
		(In thousands)	
Operating revenues (net of contractual allowances and discounts)	$ 15,078,074	$ 14,988,179	$ 13,626,168
Provision for bad debts	2,080,381	1,959,194	1,719,956
Net operating revenues	12,997,693	13,028,985	11,906,212
Operating costs and expenses:			
Salaries and benefits	6,217,747	6,103,931	5,577,925
Supplies	1,994,116	1,973,491	1,834,106
Other operating expenses	2,880,357	2,869,786	2,515,638
Government settlement and related costs	101,500	-	-
Electronic health records incentive reimbursement	(165,877)	(126,734)	(63,397)
Rent	287,412	272,829	254,781
Depreciation and amortization	782,675	725,558	652,674
Total operating costs and expenses	12,097,930	11,818,861	10,771,727
Income from operations	899,763	1,210,124	1,134,485
Interest expense, net of interest income of $2,977, $3,031 and $4,650 in 2013, 2012 and 2011, respectively	615,147	622,933	644,410
Loss from early extinguishment of debt	1,295	115,453	66,019
Equity in earnings of unconsolidated affiliates	(42,641)	(42,033)	(49,491)
Impairment of long-lived assets	20,100	10,000	-
Income from continuing operations before income taxes	305,862	503,771	473,547
Provision for income taxes	88,594	157,502	137,653
Income from continuing operations	217,268	346,269	335,894
Discontinued operations, net of taxes:			
Loss from operations of entities sold	-	(466)	(7,769)
Impairment of hospitals sold	-	-	(47,930)
Loss on sale, net	-	-	(2,572)
Loss from discontinued operations, net of taxes	-	(466)	(58,271)
Net income	217,268	345,803	277,623
Less: Net income attributable to noncontrolling interests	76,065	80,163	75,675
Net income attributable to CHS/Community Health Systems, Inc. stockholder	$ 141,203	$ 265,640	$ 201,948

See notes to the consolidated financial statements.

CHS/COMMUNITY HEALTH SYSTEMS, INC.
(A WHOLLY-OWNED SUBSIDIARY OF COMMUNITY HEALTH SYSTEMS, INC.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2013	2012	2011
		(In thousands)	
Net income	$ 217,268	$ 345,803	$ 277,623
Other comprehensive income (loss), net of income taxes:			
Net change in fair value of interest rate swaps, net of tax of $33,875, $26,219 and $31,154 for the years ended December 31, 2013, 2012 and 2011, respectively	60,304	46,409	55,145
Net change in fair value of available-for-sale securities, net of tax	2,181	3,012	(960)
Amortization and recognition of unrecognized pension cost components, net of tax (benefit) of $9,140, $(3,310) and $(4,754) for the years ended December 31, 2013, 2012 and 2011, respectively	15,320	(10,252)	(7,737)
Other comprehensive income	77,805	39,169	46,448
Comprehensive income	295,073	384,972	324,071
Less: Comprehensive income attributable to noncontrolling interests	76,065	80,163	75,675
Comprehensive income attributable to CHS/Community Health Systems, Inc. stockholder	$ 219,008	$ 304,809	$ 248,396

See notes to the consolidated financial statements.

CHS/COMMUNITY HEALTH SYSTEMS, INC.
(A WHOLLY-OWNED SUBSIDIARY OF COMMUNITY HEALTH SYSTEMS, INC.) AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2013	December 31, 2012
	(In thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 373,403	$ 387,813
Patient accounts receivable, net of allowance for doubtful accounts of $2,448,432 and $2,201,875 at December 31, 2013 and 2012, respectively	2,353,308	2,067,379
Supplies	377,005	368,172
Prepaid income taxes	107,077	49,888
Deferred income taxes	101,372	117,045
Prepaid expenses and taxes	128,476	126,561
Other current assets	307,322	302,284
Total current assets	3,747,963	3,419,142
Property and equipment:		
Land and improvements	628,539	614,964
Buildings and improvements	6,302,739	6,086,169
Equipment and fixtures	3,675,472	3,444,275
Property and equipment, gross	10,606,750	10,145,408
Less accumulated depreciation and amortization	(3,492,287)	(2,993,535)
Property and equipment, net	7,114,463	7,151,873
Goodwill	4,444,135	4,408,138
Other assets, net of accumulated amortization of $535,142 and $394,827 at December 31, 2013 and 2012, respectively	1,810,734	1,627,182
Total assets	$ 17,117,295	$ 16,606,335
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 166,902	$ 89,911
Accounts payable	958,593	825,914
Deferred income taxes	3,183	-
Accrued liabilities:		
Employee compensation	698,987	713,685
Interest	111,891	110,702
Other	517,927	403,008
Total current liabilities	2,457,483	2,143,220
Long-term debt	9,286,495	9,451,394
Deferred income taxes	906,101	808,489
Other long-term liabilities	977,336	1,039,045
Total liabilities	13,627,415	13,442,148
Redeemable noncontrolling interests in equity of consolidated subsidiaries	358,410	367,666
Commitments and contingencies (Note 14)		
EQUITY		
CHS/Community Health Systems, Inc. stockholder's equity:		
Common stock, $.01 par value per share, 100,000 shares authorized	1	1
Additional paid-in capital	1,250,136	1,132,524
Accumulated other comprehensive loss	(67,505)	(145,310)
Retained earnings	1,885,195	1,743,992
Total CHS/Community Health Systems, Inc. stockholder's equity	3,067,827	2,731,207
Noncontrolling interests in equity of consolidated subsidiaries	63,643	65,314
Total equity	3,131,470	2,796,521
Total liabilities and equity	$ 17,117,295	$ 16,606,335

See notes to the consolidated financial statements.

CHS/COMMUNITY HEALTH SYSTEMS, INC.
(A WHOLLY-OWNED SUBSIDIARY OF COMMUNITY HEALTH SYSTEMS, INC.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY

		CHS/Community Health Systems, Inc.						
	Redeemable Noncontrolling Interests	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interests	Total Equity
		Shares	Amount					
				(In thousands, except share data)				
Balance, December 31, 2010	$ 387,472	100,000	$ 1	$ 1,121,008	$ (230,927)	$ 1,299,382	$ 60,913	$ 2,250,377
Comprehensive income (loss)	54,251	-	-	-	46,448	201,948	21,424	269,820
Distributions to noncontrolling interests, net of contributions	(39,816)	-	-	-	-	-	(15,049)	(15,049)
Purchase of subsidiary shares from noncontrolling interests	(7,426)	-	-	(4,556)	-	-	(1,040)	(5,596)
Other reclassifications of noncontrolling interests	(2,099)	-	-	-	-	-	1,101	1,101
Adjustment to redemption value of redeemable noncontrolling interests	3,361	-	-	(3,361)	-	-	-	(3,361)
Distributions to Community Health Systems, Inc.	-			(32,847)	-	-	-	(32,847)
Balance, December 31, 2011	395,743	100,000	1	1,080,244	(184,479)	1,501,330	67,349	2,464,445
Comprehensive income	56,235	-	-	-	39,169	265,640	23,928	328,737
Distributions to noncontrolling interests, net of contributions	(43,613)	-	-	-	-	-	(24,196)	(24,196)
Purchase of subsidiary shares from noncontrolling interests	(21,607)	-	-	(21,537)	-	-	(1,143)	(22,680)
Other reclassifications of noncontrolling interests	718	-	-	-	-	-	(624)	(624)
Adjustment to redemption value of redeemable noncontrolling interests	(19,810)	-	-	19,810	-	-	-	19,810
Dividend to shareholder	-				-	(22,978)	-	(22,978)
Contributions from Community Health Systems, Inc.	-			54,007	-	-	-	54,007
Balance, December 31, 2012	367,666	100,000	1	1,132,524	(145,310)	1,743,992	65,314	2,796,521
Comprehensive income	50,624	-	-	-	77,805	141,203	25,441	244,449
Distributions to noncontrolling interests, net of contributions	(48,518)	-	-	-	-	-	(26,776)	(26,776)
Purchase of subsidiary shares from noncontrolling interests	(5,891)	-	-	(768)	-	-	(2,645)	(3,413)
Other reclassifications of noncontrolling interests	2,290	-	-	-	-	-	(2,290)	(2,290)
Noncontrolling interests in acquired entity	-	-	-	-	-	-	4,599	4,599
Adjustment to redemption value of redeemable noncontrolling interests	(7,761)	-	-	7,761	-	-	-	7,761
Contributions from Community Health Systems, Inc.	-			110,619	-	-	-	110,619
Balance, December 31, 2013	$ 358,410	100,000	$ 1	$ 1,250,136	$ (67,505)	$ 1,885,195	$ 63,643	$ 3,131,470

See notes to the consolidated financial statements.

CHS/COMMUNITY HEALTH SYSTEMS, INC.
(A WHOLLY-OWNED SUBSIDIARY OF COMMUNITY HEALTH SYSTEMS, INC.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2013	2012	2011
		(In thousands)	
Cash flows from operating activities:			
Net income	$ 217,268	$ 345,803	$ 277,623
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	782,675	725,558	657,665
Deferred income taxes	69,284	53,407	107,032
Government settlement and related costs	101,500	-	-
Stock-based compensation expense	38,403	40,896	42,542
Loss on sale, net	-	-	2,572
Impairment of hospitals sold	-	-	47,930
Impairment of long-lived assets	20,100	10,000	-
Loss from early extinguishment of debt	1,295	115,453	66,019
Excess tax benefit relating to stock-based compensation	(6,715)	(3,973)	(5,290)
Other non-cash expenses, net	60,839	33,251	28,716
Changes in operating assets and liabilities, net of effects of acquisitions and divestitures:			
Patient accounts receivable	(285,437)	(204,151)	(138,332)
Supplies, prepaid expenses and other current assets	(8,453)	(99,799)	(42,858)
Accounts payable, accrued liabilities and income taxes	72,474	246,301	246,110
Other	25,486	17,374	(27,821)
Net cash provided by operating activities	1,088,719	1,280,120	1,261,908
Cash flows from investing activities:			
Acquisitions of facilities and other related equipment	(43,743)	(322,315)	(415,360)
Purchases of property and equipment	(613,992)	(768,790)	(776,713)
Proceeds from disposition of hospitals and other ancillary operations	-	-	173,387
Proceeds from sale of property and equipment	6,409	5,897	11,160
Increase in other investments	(339,942)	(297,994)	(188,249)
Net cash used in investing activities	(991,268)	(1,383,202)	(1,195,775)
Cash flows from financing activities:			
Capital distributions, net	75,346	15,517	(74,901)
Payment of special dividend to stockholder	-	(22,535)	-
Deferred financing costs	(13,199)	(141,219)	(19,352)
Proceeds from noncontrolling investors in joint ventures	289	535	1,229
Redemption of noncontrolling investments in joint ventures	(9,304)	(44,287)	(13,022)
Distributions to noncontrolling investors in joint ventures	(75,583)	(68,344)	(56,094)
Borrowings under credit agreements	1,194,575	3,975,866	578,236
Issuance of long-term debt	-	3,825,000	1,000,000
Proceeds from receivables facility	338,000	350,000	-
Repayments of long-term indebtedness	(1,621,985)	(7,529,503)	(1,651,533)
Net cash (used in) provided by financing activities	(111,861)	361,030	(235,437)
Net change in cash and cash equivalents	(14,410)	257,948	(169,304)
Cash and cash equivalents at beginning of period	387,813	129,865	299,169
Cash and cash equivalents at end of period	$ 373,403	$ 387,813	$ 129,865
Supplemental disclosure of cash flow information:			
Interest payments	$ 582,828	$ 594,292	$ 680,704
Income tax paid, net of refunds received	$ 72,794	$ 55,551	$ 26,463

See notes to the consolidated financial statements.

CHS/COMMUNITY HEALTH SYSTEMS, INC.
(A WHOLLY-OWNED SUBSIDIARY OF COMMUNITY HEALTH SYSTEMS, INC.) AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Business. CHS/Community Health Systems, Inc., a wholly-owned subsidiary of Community Health Systems, Inc. (the "Parent"), through its subsidiaries (collectively the "Company"), owns, leases and operates acute care hospitals in non-urban and selected urban markets. As of December 31, 2013, the Company owned or leased 135 hospitals, including four stand-alone rehabilitation or psychiatric hospitals, licensed for 20,180 beds in 29 states. Throughout these notes to the consolidated financial statements, CHS/Community Health Systems, Inc. and its consolidated subsidiaries are referred to on a collective basis as the "Company." This drafting style is not meant to indicate that the Company or any subsidiary of the Parent owns or operates any asset, business, or property. The hospitals, operations and businesses described in these consolidated financial statements are owned and operated, and management services provided, by distinct and indirect subsidiaries of CHS/Community Health Systems, Inc.

As of December 31, 2013, Texas, Pennsylvania and Indiana represent the only areas of geographic concentration. Operating revenues, net of contractual allowances and discounts (but before the provision for bad debts), generated by the Company's hospitals in Texas, as a percentage of consolidated operating revenues, were 14.8% in 2013, 14.4% in 2012 and 13.1% in 2011. Operating revenues, net of contractual allowances and discounts (but before the provision for bad debts), generated by the Company's hospitals in Pennsylvania, as a percentage of consolidated operating revenues, were 13.0% in 2013, 12.6% in 2012 and 11.5% in 2011. Operating revenues, net of contractual allowances and discounts (but before the provision for bad debts), generated by the Company's hospitals in Indiana, as a percentage of consolidated operating revenues, were 10.5% in 2013, 10.5% in 2012 and 10.3% in 2011.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates under different assumptions or conditions.

Principles of Consolidation. The consolidated financial statements include the accounts of the Company, its subsidiaries, all of which are controlled by the Company through majority voting control, and variable interest entities for which the Company is the primary beneficiary. All significant intercompany accounts, profits and transactions have been eliminated. Noncontrolling interests in less-than-wholly-owned consolidated subsidiaries of the Company are presented as a component of total equity to distinguish between the interests of the Company and the interests of the noncontrolling owners. Revenues, expenses and income from continuing operations from these subsidiaries are included in the consolidated amounts as presented on the consolidated statements of income, along with a net income measure that separately presents the amounts attributable to the controlling interests and the amounts attributable to the noncontrolling interests for each of the periods presented. Noncontrolling interests that are redeemable or may become redeemable at a fixed or determinable price at the option of the holder or upon the occurrence of an event outside of the control of the Company are presented in mezzanine equity on the consolidated balance sheets. The Parent operates for the sole purpose of supporting the operations of the Company and all expenses of the Parent are reflected as expenses of the Company.

Cost of Revenue. Substantially all of the Company's operating expenses are "cost of revenue" items. Operating costs that could be classified as general and administrative by the Company would include the Company's corporate office costs at its Franklin, Tennessee office, which were $180.8 million, $214.8 million and $183.4 million for the years ended December 31, 2013, 2012 and 2011, respectively. Included in these amounts is stock-based compensation of $38.4 million, $40.9 million and $42.5 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Cash Equivalents. The Company considers highly liquid investments with original maturities of three months or less to be cash equivalents.

Supplies. Supplies, principally medical supplies, are stated at the lower of cost (first-in, first-out basis) or market.

Marketable Securities. The Company's marketable securities are classified as trading or available-for-sale. Available-for-sale securities are carried at fair value as determined by quoted market prices, with unrealized gains and losses reported as a separate component of stockholder's equity. Trading securities are reported at fair value with unrealized gains and losses included in earnings. Interest and dividends on securities classified as available-for-sale or trading are included in net operating revenues and were not material in all periods presented. Other comprehensive income (loss) included an unrealized gain of $2.2 million, an unrealized gain of $3.0 million and an unrealized loss of $1.0 million during the years ended December 31, 2013, 2012 and 2011, respectively, related to these available-for-sale securities.

CHS/COMMUNITY HEALTH SYSTEMS, INC.
(A WHOLLY-OWNED SUBSIDIARY OF COMMUNITY HEALTH SYSTEMS, INC.) AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

Property and Equipment. Property and equipment are recorded at cost. Depreciation is recognized using the straight-line method over the estimated useful lives of the land and improvements (2 to 15 years; weighted-average useful life is 14 years), buildings and improvements (5 to 50 years; weighted-average useful life is 24 years) and equipment and fixtures (4 to 18 years; weighted-average useful life is 8 years). Costs capitalized as construction in progress were $231.8 million and $173.4 million at December 31, 2013 and 2012, respectively. Expenditures for renovations and other significant improvements are capitalized; however, maintenance and repairs which do not improve or extend the useful lives of the respective assets are charged to operations as incurred. Interest capitalized related to construction in progress was $10.5 million, $23.9 million and $21.4 million for the years ended December 31, 2013, 2012 and 2011, respectively. Purchases of property and equipment and internal use-software accrued in accounts payable and not yet paid were $141.6 million and $50.2 million at December 31, 2013 and 2012, respectively.

The Company also leases certain facilities and equipment under capital leases (see Note 9). Such assets are amortized on a straight-line basis over the lesser of the term of the lease or the remaining useful lives of the applicable assets.

Goodwill. Goodwill represents the excess of the fair value of the consideration conveyed in the acquisition over the fair value of net assets acquired. Goodwill arising from business combinations is not amortized. Goodwill is required to be evaluated for impairment at the same time every year and when an event occurs or circumstances change such that it is reasonably possible that an impairment may exist. The Company performs its annual testing of impairment for goodwill in the fourth quarter of each year.

Other Assets. Other assets consist of costs associated with the issuance of debt, which are included in interest expense over the life of the related debt using the effective interest method; the insurance recovery receivable from excess insurance carriers related to the Company's self-insured malpractice general liability and workers' compensation insurance liability; and costs to recruit physicians to the Company's markets, which are deferred and expensed over the term of the respective physician recruitment contract, generally three years, and included in amortization expense. Other assets also include capitalized internal-use software costs, which are expensed over the expected useful life, which is generally three years for routine software and eight to ten years for major software projects, and included in amortization expense.

Third-Party Reimbursement. Net patient service revenue is reported at the estimated net realizable amount from patients, third-party payors and others for services rendered. Operating revenues include amounts estimated by management to be reimbursable by Medicare and Medicaid under prospective payment systems, provisions of cost-reimbursement and other payment methods. Approximately 34.6%, 36.1% and 36.5% of operating revenues, net of contractual allowances and discounts (but before the provision for bad debts), for the years ended December 31, 2013, 2012 and 2011, respectively, are related to services rendered to patients covered by the Medicare and Medicaid programs. Revenues from Medicare outlier payments are included in the amounts received from Medicare and were approximately 0.46%, 0.45% and 0.42% of operating revenues, net of contractual allowances and discounts (but before the provision for bad debts), for the years ended December 31, 2013, 2012 and 2011, respectively. In addition, the Company is reimbursed by non-governmental payors using a variety of payment methodologies. Amounts received by the Company for treatment of patients covered by such programs are generally less than the standard billing rates. The differences between the estimated program reimbursement rates and the standard billing rates are accounted for as contractual adjustments, which are deducted from gross revenues to arrive at operating revenues (net of contractual allowances and discounts). These net operating revenues are an estimate of the net realizable amount due from these payors. The process of estimating contractual allowances requires the Company to estimate the amount expected to be received based on payor contract provisions. The key assumption in this process is the estimated contractual reimbursement percentage, which is based on payor classification and historical paid claims data. Due to the complexities involved in these estimates, actual payments the Company receives could be different from the amounts it estimates and records. Final settlements under some of these programs are subject to adjustment based on administrative review and audit by third parties. Adjustments to previous program reimbursement estimates are accounted for as contractual allowance adjustments and reported in the periods that such adjustments become known.

Included in net operating revenues for the year ended December 31, 2012 is approximately $105.3 million of net operating revenues from an industry-wide settlement with the United States Department of Health and Human Services and Centers for Medicare and Medicaid Services, based on a claim that acute-care hospitals in the U.S. were underpaid from the Medicare inpatient prospective payment system in federal fiscal years 1999 through 2011. The underpayments resulted from calculations related to the rural floor budget neutrality adjustments implemented in connection with the Balanced Budget Act of 1997. During the year ended December 31, 2012, the Company received approximately $104.0 million of cash from this settlement. Also included in net operating revenues for the year ended December 31, 2012 is an unfavorable adjustment of approximately $21.0 million related to the revised Supplemental Security Income ratios issued for federal fiscal years 2006 through 2009 utilized for calculating Medicare Disproportionate Share Hospital reimbursements. Other than these items, contractual allowance adjustments related to final settlements and previous program reimbursement estimates impacted net operating revenues and net income by an insignificant amount in each of the years ended December 31, 2013, 2012 and 2011.

CHS/COMMUNITY HEALTH SYSTEMS, INC.
(A WHOLLY-OWNED SUBSIDIARY OF COMMUNITY HEALTH SYSTEMS, INC.) AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

Amounts due to third-party payors were $60.5 million and $80.5 million as of December 31, 2013 and 2012, respectively, and are included in accrued liabilities-other in the accompanying consolidated balance sheets. Amounts due from third-party payors were $118.0 million and $119.2 million as of December 31, 2013 and 2012, respectively, and are included in other current assets in the accompanying consolidated balance sheets. Substantially all Medicare and Medicaid cost reports are final settled through 2008.

Net Operating Revenues. Net operating revenues are recorded net of provisions for contractual allowance of approximately $53.4 billion, $49.3 billion and $42.4 billion in 2013, 2012 and 2011, respectively. Net operating revenues are recognized when services are provided and are reported at the estimated net realizable amount from patients, third-party payors and others for services rendered. Also included in the provision for contractual allowance shown above is the value of administrative and other discounts provided to self-pay patients eliminated from net operating revenues which was $1.4 billion, $1.2 billion and $852.4 million for the years ended December 31, 2013, 2012 and 2011, respectively.

In the ordinary course of business, the Company renders services to patients who are financially unable to pay for hospital care. The Company's policy is to not pursue collections for such amounts, therefore, the related charges for those patients who are financially unable to pay and that otherwise do not qualify for reimbursement from a governmental program are not reported in net operating revenues or in the provision for bad debts, and are thus classified as charity care. The Company determines amounts that qualify for charity care primarily based on the patient's household income relative to the federal poverty level guidelines, as established by the federal government.

Included in the provision for contractual allowance shown above is $703.3 million, $692.4 million and $651.1 million for the years ended December 31, 2013, 2012 and 2011, respectively, representing the value (at the Company's standard charges) of these charity care services that are excluded from net operating revenues.

The estimated cost incurred by the Company to provide these charity care services to patients who are unable to pay was approximately $120.8 million, $125.4 million and $125.7 million for the years ended December 31, 2013, 2012 and 2011, respectively. The estimated cost of these charity care services was determined using a ratio of cost to gross charges and applying that ratio to the gross charges associated with providing care to charity patients for the period.

Currently, several states utilize supplemental reimbursement programs for the purpose of providing reimbursement to providers to offset a portion of the cost of providing care to Medicaid patients. These programs are designed with input from Centers for Medicare and Medicaid Services and are funded with a combination of state and federal resources, including, in certain instances, fees or taxes levied on the providers. Similar programs are also being considered by other states. After these supplemental programs are signed into law, the Company recognizes revenue and related expenses in the period in which amounts are estimable and collection is reasonably assured. Reimbursement under these programs is reflected in net operating revenues and fees, taxes or other program-related costs are reflected in other operating expenses.

Operating revenues, net of contractual allowances and discounts (but before the provision for bad debts), recognized during the years ended December 31, 2013, 2012 and 2011, were as follows (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Medicare	$ 3,750,696	$ 3,955,235	$ 3,654,247
Medicaid	1,468,717	1,455,650	1,318,756
Managed Care and other third-party payors	7,797,495	7,629,416	7,014,519
Self-pay	2,061,166	1,947,878	1,638,646
Total	$ 15,078,074	$ 14,988,179	$ 13,626,168

Allowance for Doubtful Accounts. Accounts receivable are reduced by an allowance for amounts that could become uncollectible in the future. Substantially all of the Company's receivables are related to providing healthcare services to its hospitals' patients.

CHS/COMMUNITY HEALTH SYSTEMS, INC.
(A WHOLLY-OWNED SUBSIDIARY OF COMMUNITY HEALTH SYSTEMS, INC.) AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

The Company estimates the allowance for doubtful accounts by reserving a percentage of all self-pay accounts receivable without regard to aging category, based on collection history, adjusted for expected recoveries and, if present, anticipated changes in trends. For all other non-self-pay payor categories, the Company reserves 100% of all accounts aging over 365 days from the date of discharge. The percentage used to reserve for all self-pay accounts is based on the Company's collection history. The Company collects substantially all of its third-party insured receivables, which include receivables from governmental agencies.

Collections are impacted by the economic ability of patients to pay and the effectiveness of the Company's collection efforts. Significant changes in payor mix, business office operations, economic conditions or trends in federal and state governmental healthcare coverage could affect the Company's collection of accounts receivable and the estimates of the collectability of future accounts receivable. The process of estimating the allowance for doubtful accounts requires the Company to estimate the collectability of self-pay accounts receivable, which is primarily based on its collection history, adjusted for expected recoveries and, if present, anticipated changes in collection trends. The Company also continually reviews its overall reserve adequacy by monitoring historical cash collections as a percentage of trailing net revenue less provision for bad debts, as well as by analyzing current period net revenue and admissions by payor classification, aged accounts receivable by payor, days revenue outstanding, and the impact of recent acquisitions and dispositions.

Electronic Health Records Incentive Reimbursement. The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act ("HITECH"). These provisions were designed to increase the use of electronic health records ("EHR") technology and establish the requirements for a Medicare and Medicaid incentive payments program beginning in 2011 for eligible hospitals and providers that adopt and meaningfully use certified EHR technology. The Company utilizes a gain contingency model to recognize EHR incentive payments. Recognition occurs when our eligible hospitals adopt or demonstrate meaningful use of certified EHR technology for the applicable payment period and have available the Medicare cost report information for the relevant full cost report year used to determine the final incentive payment.

Medicaid EHR incentive payments are calculated based on prior period Medicare cost report information available at the time when eligible hospitals adopt, implement or demonstrate meaningful use of certified EHR technology. Since the information for the relevant full Medicare cost report year is available, the incentive income from resolving the gain contingency is recognized when eligible hospitals adopt, implement or demonstrate meaningful use of certified EHR technology.

Medicare EHR incentive payments are calculated based on the Medicare cost report information for the full cost report year that began during the federal fiscal year in which meaningful use is demonstrated. Since the necessary information is only available at the end of the relevant full Medicare cost report year, the incentive income from resolving the gain contingency is recognized when eligible hospitals demonstrate meaningful use of certified EHR technology and the information for the applicable full Medicare cost report year to determine the final incentive payment is available.

In some instances, the Company may receive estimated Medicare EHR incentive payments prior to when the Medicare cost report information used to determine the final incentive payment is available. In these instances, recognition of the gain for EHR incentive payments is deferred until all recognition criteria described above are met.

Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology. Initial Medicaid incentive payments were available to providers that adopt, implement or upgrade certified EHR technology; however, providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional incentive payments. Medicaid EHR incentive payments are fully funded by the federal government and administered by the states; however, the states are not required to offer EHR incentive payments to providers.

The Company recognized approximately $165.9 million, $126.7 million and $63.4 million during the years ended December 31, 2013, 2012 and 2011, respectively, of incentive reimbursement for HITECH incentives from Medicare and Medicaid related to certain of the Company's hospitals and for certain of the Company's employed physicians that have demonstrated meaningful use of certified EHR technology or have completed attestations to their adoption or implementation of certified EHR technology. These incentive reimbursements are presented as a reduction of operating costs and expenses on the consolidated statements of income. The Company received cash related to the incentive reimbursement for HITECH incentives of approximately $203.1 million, $141.0 million and $37.4 million during the years ended December 31, 2013, 2012 and 2011, respectively. As of December 31, 2013 and 2012, $90.2 million and $33.3 million, respectively, were recorded as deferred revenue as all criteria for gain recognition had not been met.

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Physician Income Guarantees. The Company enters into physician recruiting agreements under which it supplements physician income to a minimum amount over a period of time, typically one year, while the physicians establish themselves in the community. As part of the agreements, the physicians are committed to practice in the community for a period of time, typically three years, which extends beyond their income guarantee period. The Company records an asset and liability for the estimated fair value of minimum revenue guarantees on new agreements. Adjustments to the ultimate value of the guarantee paid to physicians are recognized in the period that the change in estimate is identified. The Company amortizes an asset over the life of the agreement. As of December 31, 2013 and 2012, the unamortized portion of these physician income guarantees was $33.0 million and $30.1 million, respectively.

Concentrations of Credit Risk. The Company grants unsecured credit to its patients, most of whom reside in the service area of the Company's facilities and are insured under third-party payor agreements. Because of the economic diversity of the Company's facilities and non-governmental third-party payors, Medicare represents the only significant concentration of credit risk from payors. Accounts receivable, net of contractual allowances, from Medicare were $359.6 million and $315.5 million as of December 31, 2013 and 2012, respectively, representing 7.5% and 7.4% of consolidated net accounts receivable, before allowance for doubtful accounts, as of December 31, 2013 and 2012, respectively.

Professional Liability Claims. The Company accrues for estimated losses resulting from professional liability. The accrual, which includes an estimate for incurred but not reported claims, is based on historical loss patterns and actuarially-determined projections and is discounted to its net present value. To the extent that subsequent claims information varies from management's estimates, the liability is adjusted when such information becomes available.

Accounting for the Impairment or Disposal of Long-Lived Assets. Whenever events or changes in circumstances indicate that the carrying values of certain long-lived assets may be impaired, the Company projects the undiscounted cash flows expected to be generated by these assets. If the projections indicate that the reported amounts are not expected to be recovered, such amounts are reduced to their estimated fair value based on a quoted market price, if available, or an estimate based on valuation techniques available in the circumstances.

During the year ended December 31, 2013, the Company recorded a pretax impairment charge of $20.1 million to reduce the carrying value of certain long-lived assets at five of its smaller hospitals to their estimated fair value. During the year ended December 31, 2012, the Company recorded a pretax impairment charge of $10.0 million to reduce the carrying value of certain long-lived assets at three of its smaller hospitals to their estimated fair value. The impairments for 2013 and 2012 were identified because of declining operating results and projections of future cash flows at these hospitals caused by competitive and operational challenges specific to the markets in which these hospitals operate. There were no impairments of long-lived assets in 2011.

Income Taxes. The Company accounts for income taxes under the asset and liability method, in which deferred income tax assets and liabilities are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The effect on deferred taxes of a change in tax rates is recognized in the consolidated statement of income during the period in which the tax rate change becomes law.

Comprehensive Income (Loss). Comprehensive income (loss) is the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources.

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Accumulated Other Comprehensive Income (Loss) consisted of the following (in thousands):

	Change in Fair Value of Interest Rate Swaps	Change in Fair Value of Available for Sale Securities	Change in Unrecognized Pension Cost Components	Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2011	$ (162,791)	$ 1,576	$ (23,264)	$ (184,479)
2012 activity, net of tax	46,409	3,012	(10,252)	39,169
Balance as of December 31, 2012	(116,382)	4,588	(33,516)	(145,310)
2013 activity, net of tax	60,304	2,181	15,320	77,805
Balance as of December 31, 2013	$ (56,078)	$ 6,769	$ (18,196)	$ (67,505)

Derivative Instruments and Hedging Activities. The Company records derivative instruments on the consolidated balance sheet as either an asset or liability measured at its fair value. Changes in a derivative's fair value are recorded each period in earnings or other comprehensive income ("OCI"), depending on whether the derivative is designated and is effective as a hedged transaction, and on the type of hedge transaction. Changes in the fair value of derivative instruments recorded to OCI are reclassified to earnings in the period affected by the underlying hedged item. Any portion of the fair value of a derivative instrument determined to be ineffective under the standard is recognized in current earnings.

The Company has entered into several interest rate swap agreements. See Note 7 for further discussion about the swap transactions.

New Accounting Pronouncements. In February 2013, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2013-02, which requires additional disclosures on the effect of significant reclassifications out of accumulated other comprehensive income. The ASU requires a company that reports other comprehensive income to present (either on the face of the statement where net income is presented or in the notes) the effects on the line items of net income of significant amounts reclassified out of accumulated other comprehensive income. For other amounts that are not required to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference to other required disclosures that provide additional details about those amounts. This ASU is effective for fiscal years beginning after December 15, 2012, and was adopted by the Company on January 1, 2013. As it only requires additional disclosure, the adoption of this ASU had no impact on the Company's consolidated financial position, results of operations or cash flows.

2. ACCOUNTING FOR STOCK-BASED COMPENSATION

Along with the outside directors of the Parent, certain employees of the Company's subsidiaries receive compensation in the form of its Parent's equity through stock option and restricted stock grants of the Parent's stock. This Parent stock-based compensation is accounted for as if it is equity in the Company. Accordingly, stock-based compensation is included in salaries and benefits in the accompanying consolidated statements of income and in capital (distributions) contributions, net from the Parent in the accompanying consolidated statements of stockholder's equity and in the accompanying consolidated statements of cash flows.

Stock-based compensation awards have been granted under the Community Health Systems, Inc. Amended and Restated 2000 Stock Option and Award Plan, amended and restated as of March 20, 2013 (the "2000 Plan"), and the Community Health Systems, Inc. 2009 Stock Option and Award Plan, amended and restated as of March 20, 2013 (the "2009 Plan").

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The 2000 Plan allowed for the grant of incentive stock options intended to qualify under Section 422 of the Internal Revenue Code (the "IRC"), as well as stock options which do not so qualify, stock appreciation rights, restricted stock, restricted stock units, performance-based shares or units and other share awards. Prior to being amended in 2009, the 2000 Plan also allowed for the grant of phantom stock. Persons eligible to receive grants under the 2000 Plan include outside directors of the Parent and the Company's directors, officers, employees and consultants. All options granted under the 2000 Plan have been "nonqualified" stock options for tax purposes. Generally, vesting of these granted options occurs in one-third increments on each of the first three anniversaries of the award date. Options granted prior to 2005 have a 10-year contractual term, options granted in 2005 through 2007 have an eight-year contractual term and options granted in 2008 through 2011 have a 10-year contractual term. The Company has not granted stock option awards under the 2000 Plan since 2011. Since the Company's stockholders approved the March 20, 2013 amendment and restatement of the 2009 Plan, no further grants will be awarded under the 2000 Plan.

The 2009 Plan provides for the grant of incentive stock options intended to qualify under Section 422 of the IRC and for the grant of stock options which do not so qualify, stock appreciation rights, restricted stock, restricted stock units, performance-based shares or units and other share awards. Persons eligible to receive grants under the 2009 Plan include outside directors of the Parent and the Company's directors, officers, employees and consultants. To date, all options granted under the 2009 Plan have been "nonqualified" stock options for tax purposes. Generally, vesting of these granted options occurs in one-third increments on each of the first three anniversaries of the award date. Options granted in 2011 or later have a 10-year contractual term. As of December 31, 2013, 4,160,962 shares of unissued common stock of the Parent were reserved for future grants under the 2009 Plan.

The exercise price of all options granted is equal to the fair value of the Parent's common stock on the option grant date.

The following table reflects the impact of total compensation expense related to stock-based equity plans on the reported operating results for the respective periods (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Effect on income from continuing operations before income taxes	$ (38,403)	$ (40,896)	$ (42,542)
Effect on net income	$ (24,040)	$ (25,683)	$ (27,014)

At December 31, 2013, $30.5 million of unrecognized stock-based compensation expense was expected to be recognized over a weighted-average period of 22 months. Of that amount, $1.7 million related to outstanding unvested stock options was expected to be recognized over a weighted-average period of 9 months and $28.8 million related to outstanding unvested restricted stock and restricted stock units was expected to be recognized over a weighted-average period of 23 months. There were no modifications to awards during the years ended December 31, 2013, 2012 and 2011.

The fair value of stock options granted during the years ended December 31, 2013, 2012 and 2011 was estimated using the Black Scholes option pricing model with the following assumptions:

	Year Ended December 31,		
	2013	2012	2011
Expected volatility	N/A	57.8 %	33.8 %
Expected dividends	N/A	-	-
Expected term	N/A	4.1 years	4 years
Risk-free interest rate	N/A	0.66 %	1.63 %

In determining the expected term, the Company examined concentrations of option holdings and historical patterns of option exercises and forfeitures, as well as forward-looking factors, in an effort to determine if there were any discernible employee populations. From this analysis, the Company identified two primary employee populations, one consisting of certain senior executives and the other one consisting of substantially all other recipients.

The expected volatility rate was estimated based on historical volatility. In determining expected volatility, the Company also reviewed the market-based implied volatility of actively traded options of the Parent's common stock and determined that historical volatility utilized to estimate the expected volatility rate did not differ significantly from the implied volatility.

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The expected term computation is based on historical exercise and cancellation patterns and forward-looking factors, where present, for each population identified. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of the grant. The pre-vesting forfeiture rate is based on historical rates and forward-looking factors for each population identified. The Company adjusts the estimated forfeiture rate to its actual experience.

Options outstanding and exercisable under the 2000 Plan and the 2009 Plan as of December 31, 2013, and changes during each of the years in the three-year period prior to December 31, 2013, were as follows (in thousands, except share and per share data):

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value as of December 31, 2013
Outstanding at December 31, 2010	7,834,332	$ 32.08		
Granted	1,505,000	35.87		
Exercised	(623,341)	30.34		
Forfeited and cancelled	(326,849)	33.69		
Outstanding at December 31, 2011	8,389,142	32.83		
Granted	253,500	21.16		
Exercised	(1,050,772)	19.85		
Forfeited and cancelled	(487,757)	34.12		
Outstanding at December 31, 2012	7,104,113	34.25		
Granted	-	-		
Exercised	(3,299,859)	33.53		
Forfeited and cancelled	(66,709)	34.01		
Outstanding at December 31, 2013	3,737,545	$ 34.88	4.1 years	$ 17,806
Exercisable at December 31, 2013	3,203,520	$ 35.49	3.5 years	$ 13,515

The weighted-average grant date fair value of stock options granted during the years ended December 31, 2012 and 2011, was $9.20 and $10.07, respectively. The aggregate intrinsic value (the number of in-the-money stock options multiplied by the difference between the Parent's closing stock price on the last trading day of the reporting period ($39.27) and the exercise price of the respective stock options) in the table above represents the amount that would have been received by the option holders had all option holders exercised their options on December 31, 2013. This amount changes based on the market value of the Parent's common stock. The aggregate intrinsic value of options exercised during the years ended December 31, 2013, 2012 and 2011 was $31.0 million, $9.4 million and $6.1 million, respectively. The aggregate intrinsic value of options vested and expected to vest approximates that of the outstanding options.

Restricted stock has also been awarded under the 2000 Plan and the 2009 Plan to outside directors of the Parent and employees of certain of its subsidiaries. The restrictions on these shares generally lapse in one-third increments on each of the first three anniversaries of the award date. Certain of the restricted stock awards granted to the Company's senior executives contain a performance objective that must be met in addition to any vesting requirements. If the performance objective is not attained, the awards will be forfeited in their entirety. Once the performance objective has been attained, restrictions will lapse in one-third increments on each of the first three anniversaries of the award date. Notwithstanding the above-mentioned performance objectives and vesting requirements, the restrictions will lapse earlier in the event of death, disability or termination of employment by the Company for any reason other than for cause of the holder of the restricted stock, or change in control of the Parent.

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Restricted stock outstanding under the 2000 Plan and the 2009 Plan as of December 31, 2013, and changes during each of the years in the three-year period prior to December 31, 2013, were as follows:

	Shares	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2010	2,125,291	$ 27.92
Granted	1,109,949	37.57
Vested	(1,009,959)	27.40
Forfeited	(17,669)	35.68
Unvested at December 31, 2011	2,207,612	32.95
Granted	680,500	21.20
Vested	(1,118,213)	29.67
Forfeited	(25,335)	30.94
Unvested at December 31, 2012	1,744,564	30.50
Granted	836,088	41.55
Vested	(945,894)	32.22
Forfeited	(27,269)	37.09
Unvested at December 31, 2013	1,607,489	35.13

Restricted stock units ("RSUs") have been granted to the Parent's outside directors under the 2000 Plan and the 2009 Plan. On February 23, 2011, each of the Parent's outside directors received a grant under the 2009 Plan of 3,688 RSUs. On February 16, 2012, each of the Parent's outside directors received a grant under the 2009 Plan of 6,645 RSUs. On February 27, 2013, each of the Parent's outside directors received a grant under the 2009 Plan of 3,596 RSUs. Vesting of these shares of RSUs occurs in one-third increments on each of the first three anniversaries of the award date.

RSUs outstanding under the 2000 Plan and the 2009 Plan as of December 31, 2013, and changes during each of the years in the three-year period prior to December 31, 2013, were as follows:

	Shares	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2010	53,388	$ 26.11
Granted	22,128	37.96
Vested	(22,560)	24.68
Forfeited	-	-
Unvested at December 31, 2011	52,956	31.67
Granted	39,870	21.07
Vested	(29,940)	27.95
Forfeited	-	-
Unvested at December 31, 2012	62,886	26.72
Granted	21,576	41.71
Vested	(28,926)	29.04
Forfeited	-	-
Unvested at December 31, 2013	55,536	31.33

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Under the Directors' Fees Deferral Plan, the Parent's outside directors may elect to receive share equivalent units in lieu of cash for their directors' fees. These share equivalent units are held in the plan until the director electing to receive the share equivalent units retires or otherwise terminates his/her directorship with the Parent. Share equivalent units are converted to shares of common stock of the Parent at the time of distribution based on the closing market price of the Parent's common stock on that date. The following table represents the amount of directors' fees which were deferred during each of the respective periods, and the number of share equivalent units into which such directors' fees would have converted had each of the directors who had deferred such fees retired or terminated his/her directorship with the Parent as of the end of the respective periods (in thousands, except share equivalent units):

	Year Ended December 31,		
	2013	2012	2011
Directors' fees earned and deferred into plan	$ 130	$ 110	$ 220
Share equivalent units	2,990	4,056	9,974

At December 31, 2013, a total of 31,059 share equivalent units were deferred in the plan with an aggregate fair value of $1.2 million, based on the closing market price of the Parent's common stock at December 31, 2013 of $39.27.

3. ACQUISITIONS AND DIVESTITURES

Acquisitions

The Company accounts for all transactions that represent business combinations using the acquisition method of accounting, where the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquired entity are recognized and measured at their fair values on the date the Company obtains control in the acquiree. Such fair values that are not finalized for reporting periods following the acquisition date are estimated and recorded as provisional amounts. Adjustments to these provisional amounts during the measurement period (defined as the date through which all information required to identify and measure the consideration transferred, the assets acquired, the liabilities assumed and any noncontrolling interests has been obtained, limited to one year from the acquisition date) are recorded as of the date of acquisition. Any material impact to comparative information for periods after acquisition, but before the period in which adjustments are identified, is reflected in those prior periods as if the adjustments were considered as of the acquisition date. Goodwill is determined as the excess of the fair value of the consideration conveyed in the acquisition over the fair value of the net assets acquired.

Effective July 1, 2012, one or more subsidiaries of the Company completed the acquisition of Memorial Health Systems in York, Pennsylvania. This healthcare system includes Memorial Hospital (100 licensed beds), the Surgical Center of York, and other outpatient and ancillary services. As part of this purchase agreement, the Company has agreed to spend at least $75.0 million to build a replacement hospital within five years of the closing date. The total cash consideration paid for fixed assets and working capital was approximately $45.0 million and $2.6 million, respectively, with additional consideration of $12.5 million assumed in liabilities, for a total consideration of $60.1 million. Based upon the Company's final purchase price allocation relating to this acquisition as of December 31, 2013, approximately $10.9 million of goodwill has been recorded.

Effective March 5, 2012, one or more subsidiaries of the Company completed a merger with Diagnostic Clinic of Longview, P.A., which is a multi-specialty clinic serving residents of Longview, Texas and surrounding East Texas communities. This merger was accounted for as a purchase business combination. The total cash consideration paid for the business, including net working capital, was approximately $52.3 million, with additional consideration of $6.9 million assumed in liabilities, for a total consideration of $59.2 million. Based upon the Company's final purchase price allocation relating to this acquisition, approximately $41.8 million of goodwill has been recorded.

Effective March 1, 2012, one or more subsidiaries of the Company completed the acquisition of MetroSouth Medical Center (330 licensed beds) located in Blue Island, Illinois. The total cash consideration paid for fixed assets was approximately $39.3 million with additional consideration of $5.8 million assumed in liabilities as well as a credit applied at closing of $0.9 million for negative acquired working capital, for a total consideration of $44.2 million. Based upon the Company's final purchase price allocation relating to this acquisition as of December 31, 2013, no goodwill has been recorded.

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Effective January 1, 2012, one or more subsidiaries of the Company completed the acquisition of Moses Taylor Healthcare System based in Scranton, Pennsylvania, which is a healthcare system comprised of two acute care hospitals and other healthcare providers. This healthcare system includes Moses Taylor Hospital (217 licensed beds) located in Scranton, Pennsylvania, and Mid-Valley Hospital (25 licensed beds) located in Peckville, Pennsylvania. The total cash consideration paid for fixed assets and working capital was approximately $151.1 million and $13.1 million, respectively, with additional consideration of $9.4 million assumed in liabilities, for a total consideration of $173.6 million. Based upon the Company's final purchase price allocation relating to this acquisition, approximately $54.6 million of goodwill has been recorded.

Effective October 1, 2011, one or more subsidiaries of the Company completed the acquisition of Tomball Regional Hospital (358 licensed beds) located in Tomball, Texas. The total cash consideration paid for fixed assets and working capital was approximately $192.0 million and $17.5 million, respectively, with additional consideration of $15.9 million assumed in liabilities, for a total consideration of $225.4 million. Based upon the Company's final purchase price allocation relating to this acquisition, as of December 31, 2013, approximately $32.4 million of goodwill has been recorded.

Effective May 1, 2011, one or more subsidiaries of the Company completed the acquisition of Mercy Health Partners based in Scranton, Pennsylvania, which is a healthcare system comprised of two acute care hospitals, a long-term acute care facility and other healthcare providers. This healthcare system includes Regional Hospital of Scranton (198 licensed beds) located in Scranton, Pennsylvania, and Tyler Memorial Hospital (48 licensed beds) located in Tunkhannock, Pennsylvania. This healthcare system also includes a long-term acute care facility, Special Care Hospital (67 licensed beds) located in Nanticoke, Pennsylvania, as well as several outpatient clinics and other ancillary facilities. The total cash consideration paid for fixed assets was approximately $150.8 million, with additional consideration of $12.3 million assumed in liabilities as well as a credit applied at closing of $2.1 million for negative acquired working capital, for a total consideration of $161.0 million. Based upon the Company's final purchase price allocation relating to this acquisition, as of December 31, 2013, approximately $43.1 million of goodwill has been recorded.

Approximately $20.6 million, $9.9 million and $16.0 million of acquisition costs related to prospective and closed acquisitions were expensed during the years ended December 31, 2013, 2012 and 2011, respectively, and are included in other operating expenses on the consolidated statements of income. For the year ended December 31, 2013, these acquisition costs included $14.1 million of expenses related to the acquisition of Health Management Associates, Inc. ("HMA").

The table below summarizes the allocations of the purchase price (including assumed liabilities) for the above hospital acquisition transactions in 2012 (in thousands) and reflects the fact that there were no hospital acquisitions in 2013:

	2013	2012
Current assets	N/A	$ 46,207
Property and equipment	N/A	178,836
Goodwill	N/A	106,269
Intangible assets	N/A	2,522
Other long-term assets	N/A	490
Liabilities	N/A	34,463

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The operating results of the foregoing transactions have been included in the accompanying consolidated statements of income from their respective dates of acquisition, including net operating revenues of $337.0 million for the year ended December 31, 2012 from hospital acquisitions that closed during 2012. The following pro forma combined summary of operations of the Company gives effect to using historical information of the operations of the hospital acquisitions in 2012 discussed above as if the transactions had occurred as of January 1, 2012 (in thousands):

	Year Ended December 31,	
	2013	2012
		(Unaudited)
Pro forma net operating revenues	$ 12,997,693	$ 13,120,413
Pro forma net income	$ 217,268	$ 258,019

There were no hospital acquisitions in 2013, so the pro forma summarized operating results for the year ended December 31, 2013 equal the operating results as reported. Pro forma adjustments to net income include adjustments to depreciation and amortization expense, net of the related tax effect, based on the estimated fair value assigned to the long-lived assets acquired, and to interest expense, net of the related tax effect, assuming the increase in long-term debt used to fund the acquisitions had occurred as of January 1, 2012. These pro forma results are not necessarily indicative of the actual results of operations.

Additionally, during the years ended December 31, 2013, 2012 and 2011, the Company paid approximately $39.7 million, $41.5 million and $57.9 million, respectively, to acquire the operating assets and related businesses of certain physician practices, clinics and other ancillary businesses that operate within the communities served by its hospitals. In connection with these acquisitions, during 2013, the Company assumed approximately $4.6 million of noncontrolling interests and allocated approximately $8.9 million of the consideration paid to property and equipment, approximately $0.3 million to net working capital and the remainder, approximately $36.2 million consisting of intangible assets that do not qualify for separate recognition, to goodwill. During 2012, the Company assumed approximately $2.0 million in net working capital liabilities and allocated approximately $10.2 million of the consideration paid to property and equipment and the remainder, approximately $33.3 million consisting of intangible assets that do not qualify for separate recognition, to goodwill. During 2011, the Company allocated approximately $13.1 million of the consideration paid to property and equipment, $2.9 million to net working capital, $1.6 million to other intangible assets and the remainder, approximately $40.3 million consisting of intangible assets that do not qualify for separate recognition, to goodwill. These acquisition transactions during the years ended December 31, 2013, 2012 and 2011 were accounted for as purchase business combinations.

Discontinued Operations

Effective February 1, 2011, the Company sold Willamette Community Medical Group, which is a physician clinic operating as Oregon Medical Group, located in Springfield, Oregon, to Oregon Healthcare Resources, LLC, for $14.6 million in cash; this business had a carrying amount of net assets, including an allocation of reporting unit goodwill, of $19.7 million.

Effective September 1, 2011, the Company sold SouthCrest Hospital, located in Tulsa, Oklahoma, Claremore Regional Hospital, located in Claremore, Oklahoma, and other related healthcare assets affiliated with those hospitals to Hillcrest Healthcare System, part of Ardent Health Services, for approximately $154.2 million in cash. The carrying amount of the net assets sold in this transaction, including an allocation of reporting unit goodwill, was approximately $193.0 million.

Effective October 22, 2011, the Company sold Cleveland Regional Medical Center, located in Cleveland, Texas, and other related healthcare assets affiliated with the hospital to New Directions Health Systems, LLC for approximately $0.9 million in cash. The carrying amount of the net assets sold in this transaction, including an allocation of reporting unit goodwill, was approximately $14.2 million.

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The Company has classified the results of operations for Oregon Medical Group, SouthCrest Hospital, Claremore Regional Hospital and Cleveland Regional Hospital as discontinued operations in the accompanying consolidated statements of income for the years ended December 31, 2013, 2012 and 2011. As of December 31, 2013, no hospitals are held for sale.

Net operating revenues and loss from discontinued operations for the respective periods are as follows (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Net operating revenues	$ -	$ -	$ 144,546
Loss from operations of entities sold before income taxes	-	(729)	(12,390)
Impairment of hospitals sold	-	-	(51,695)
Loss on sale, net	-	-	(4,301)
Loss from discontinued operations, before taxes	-	(729)	(68,386)
Income tax benefit	-	(263)	(10,115)
Loss from discontinued operations, net of taxes	$ -	$ (466)	$ (58,271)

Interest expense was allocated to discontinued operations based on sale proceeds available for debt repayment.

4. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill are as follows (in thousands):

	Year Ended December 31,	
	2013	2012
Balance, beginning of year	$ 4,408,138	$ 4,264,845
Goodwill acquired as part of acquisitions during current year	36,245	141,277
Consideration and purchase price allocation adjustments for prior year's acquisitions and other adjustments	(248)	2,016
Balance, end of year	$ 4,444,135	$ 4,408,138

Goodwill is allocated to each identified reporting unit, which is defined as an operating segment or one level below the operating segment (referred to as a component of the entity). Management has determined that the Company's operating segments and hospital management services operations meet the criteria to be classified as reporting units. At December 31, 2013, the hospital operations reporting unit, the home care agency operations reporting unit, and the hospital management services reporting unit had approximately $4.4 billion, $43.6 million and $33.3 million, respectively, of goodwill. At December 31, 2012, the hospital operations reporting unit, the home care agency operations reporting unit, and the hospital management services reporting unit had approximately $4.3 billion, $40.5 million and $33.3 million, respectively, of goodwill.

Goodwill is evaluated for impairment at the same time every year and when an event occurs or circumstances change that, more likely than not, reduce the fair value of the reporting unit below its carrying value. There is a two-step method for determining goodwill impairment. Step one is to compare the fair value of the reporting unit with the unit's carrying amount, including goodwill. If this test indicates the fair value is less than the carrying value, then step two is required to compare the implied fair value of the reporting unit's goodwill with the carrying value of the reporting unit's goodwill. The Company performed its last annual goodwill evaluation during the fourth quarter of 2013. No impairment was indicated by this evaluation. The next annual goodwill evaluation will be performed during the fourth quarter of 2014.

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The Company estimates the fair value of the related reporting units using both a discounted cash flow model as well as an EBITDA multiple model. The cash flow forecasts are adjusted by an appropriate discount rate based on the Company's estimate of a market participant's weighted-average cost of capital. These models are both based on the Company's best estimate of future revenues and operating costs and are reconciled to the Parent's consolidated market capitalization, with consideration of the amount a potential acquirer would be required to pay, in the form of a control premium, in order to gain sufficient ownership to set policies, direct operations and control management decisions.

Approximately $1.2 million of intangible assets other than goodwill were acquired during the year ended December 31, 2013. The gross carrying amount of the Company's other intangible assets subject to amortization was $50.9 million at December 31, 2013 and $61.9 million at December 31, 2012, and the net carrying amount was $20.5 million at December 31, 2013 and $26.3 million at December 31, 2012. The carrying amount of the Company's other intangible assets not subject to amortization was $49.6 million and $48.1 million at December 31, 2013 and 2012, respectively. Other intangible assets are included in other assets, net on the Company's consolidated balance sheets. Substantially all of the Company's intangible assets are contract-based intangible assets related to operating licenses, management contracts, or non-compete agreements entered into in connection with prior acquisitions.

The weighted-average amortization period for the intangible assets subject to amortization is approximately eight years. There are no expected residual values related to these intangible assets. Amortization expense on these intangible assets was $5.6 million, $7.5 million and $8.1 million during the years ended December 31, 2013, 2012, and 2011, respectively. Amortization expense on intangible assets is estimated to be $3.8 million in 2014, $3.3 million in 2015, $2.5 million in 2016, $2.2 million in 2017, $2.0 million in 2018 and $6.7 million thereafter.

The gross carrying amount of capitalized software for internal use was approximately $987.5 million and $654.4 million at December 31, 2013 and 2012, respectively, and the net carrying amount considering accumulated amortization was approximately $559.5 million and $354.4 million at December 31, 2013 and 2012, respectively. The estimated amortization period for capitalized internal-use software is generally three years, except for capitalized costs related to significant system conversions, which is generally eight to ten years. There is no expected residual value for capitalized internal-use software. At December 31, 2013, there was approximately $141.8 million of capitalized costs for internal-use software that is currently in the development stage and will begin amortization once the software project is complete and ready for its intended use. Amortization expense on capitalized internal-use software was $140.6 million, $100.7 million and $70.5 million during the years ended December 31, 2013, 2012 and 2011, respectively. Amortization expense on capitalized internal-use software is estimated to be $143.5 million in 2014, $122.0 million in 2015, $94.2 million in 2016, $44.9 million in 2017, $38.1 million in 2018 and $116.8 million thereafter.

5. INCOME TAXES

The Parent is the tax paying entity. However, as the Parent has no operations, the provision for income taxes and all tax related accounts have been pushed down to the Company.

The provision for income taxes for income from continuing operations consists of the following (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Current:			
Federal	$ 14,674	$ 94,080	$ 23,020
State	4,636	10,015	7,601
	19,310	104,095	30,621
Deferred:			
Federal	58,331	56,487	105,771
State	10,953	(3,080)	1,261
	69,284	53,407	107,032
Total provision for income taxes for income from continuing operations	$ 88,594	$ 157,502	$ 137,653

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The following table reconciles the differences between the statutory federal income tax rate and the effective tax rate (dollars in thousands):

	Year Ended December 31,					
	2013		2012		2011	
	Amount	%	Amount	%	Amount	%
Provision for income taxes at statutory federal rate	$ 107,052	35.0 %	$ 176,320	35.0 %	$ 165,741	35.0 %
State income taxes, net of federal income tax benefit	9,560	3.1	12,293	2.4	8,212	1.7
Release of unrecognized tax benefit	-	-	-	-	(6,509)	(1.3)
Net income attributable to noncontrolling interests	(26,623)	(8.7)	(28,057)	(5.6)	(26,486)	(5.6)
Change in valuation allowance	-	-	(1,233)	(0.2)	-	-
Federal and state tax credits	(3,972)	(1.3)	(2,185)	(0.4)	(3,788)	(0.8)
Other	2,577	0.9	364	0.1	483	0.1
Provision for income taxes and effective tax rate for income from continuing operations	$ 88,594	29.0 %	$ 157,502	31.3 %	$ 137,653	29.1 %

Deferred income taxes are based on the estimated future tax effects of differences between the financial statement and tax bases of assets and liabilities under the provisions of the enacted tax laws. Deferred income taxes as of December 31, 2013 and 2012 consist of (in thousands):

	December 31,			
	2013		2012	
	Assets	Liabilities	Assets	Liabilities
Net operating loss and credit carryforwards	$ 186,519	$ -	$ 170,521	$ -
Property and equipment	-	820,035	-	762,387
Self-insurance liabilities	125,367	-	124,842	-
Intangibles	-	244,019	-	222,392
Investments in unconsolidated affiliates	-	60,257	-	64,170
Other liabilities	-	23,767	-	22,468
Long-term debt and interest	-	21,256	-	28,920
Accounts receivable	-	86,044	-	38,503
Accrued expenses	53,011	-	55,203	-
Other comprehensive income	47,265	-	102,242	-
Stock-based compensation	22,813	-	31,504	-
Deferred compensation	73,042	-	58,509	-
Other	110,813	-	65,887	-
	618,830	1,255,378	608,708	1,138,840
Valuation allowance	(171,364)	-	(161,312)	-
Total deferred income taxes	$ 447,466	$ 1,255,378	$ 447,396	$ 1,138,840

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The Company believes that the net deferred tax assets will ultimately be realized, except as noted below. Its conclusion is based on its estimate of future taxable income and the expected timing of temporary difference reversals. The Company has state net operating loss carry forwards of approximately $5.5 billion, which expire from 2014 to 2033. The Company also has unrecognized deferred tax assets primarily related to interest expense that are included in other comprehensive income. If recognized, additional state net operating losses will be created which the Company does not expect to be able to utilize prior to the expiration of the carryforward period. A valuation allowance of approximately $9.0 million has been recognized for those items. With respect to the deferred tax liability pertaining to intangibles, as included above, goodwill purchased in connection with certain of the Company's business acquisitions is amortizable for income tax reporting purposes. However, for financial reporting purposes, there is no corresponding amortization allowed with respect to such purchased goodwill.

The valuation allowance increased by $10.1 million during the year ended December 31, 2013 and increased by $11.1 million during the year ended December 31, 2012. In addition to amounts previously discussed, the change in valuation allowance relates to a redetermination of the amount of, and realizability of, net operating losses and credits in certain income tax jurisdictions.

The total amount of unrecognized benefit that would affect the effective tax rate, if recognized, was approximately $0.7 million as of December 31, 2013. A total of approximately $0.4 million of interest and penalties is included in the amount of the liability for uncertain tax positions at December 31, 2013. It is the Company's policy to recognize interest and penalties related to unrecognized benefits in its consolidated statements of income as income tax expense. During the year ended December 31, 2013, the Company decreased liabilities for uncertain tax positions by $0.2 million. It is the Company's policy to recognize interest and penalties related to unrecognized benefits in its consolidated statements of income as income tax expense.

It is possible the amount of unrecognized tax benefit could change in the next twelve months as a result of a lapse of the statute of limitations and settlements with taxing authorities; however, the Company does not anticipate the change will have a material impact on its consolidated financial statements.

The following is a tabular reconciliation of the total amount of unrecognized tax benefit for the years ended December 31, 2013, 2012 and 2011 (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Unrecognized tax benefit, beginning of year	$ 682	$ 629	$ 7,458
Gross increases — tax positions in prior period	195	1,515	349
Reductions — tax positions in prior period	-	-	(3,469)
Lapse of statute of limitations	-	-	(3,575)
Settlements	(402)	(1,462)	(134)
Unrecognized tax benefit, end of year	$ 475	$ 682	$ 629

The Parent, or one of its subsidiaries, files income tax returns in the United States federal jurisdiction and various state jurisdictions. The Parent has extended the federal statute of limitations through December 31, 2014 for Triad Hospitals, Inc. ("Triad") for the tax periods ended December 31, 1999, December 31, 2000, April 30, 2001, June 30, 2001, December 31, 2001, December 31, 2002, December 31, 2003, December 31, 2004, December 31, 2005, December 31, 2006 and July 25, 2007. With few exceptions, the Parent is no longer subject to state income tax examinations for years prior to 2010. The Parent's federal income tax returns for the 2009 and 2010 tax years are currently under examination by the Internal Revenue Service ("IRS"). The Parent believes the results of these examinations will not be material to its consolidated results of operations or consolidated financial position. During the year ended December 31, 2013, the IRS concluded its examination of the federal tax return of Community Health Systems, Inc. for the tax periods ended December 31, 2007 and 2008. The results of these examinations did not have a material effect on the Parent's consolidated results of operations or consolidated financial position. The Parent has extended the federal statute of limitations through December 31, 2014 for Community Health Systems, Inc. for the tax periods ended December 31, 2007 and 2008, and through July 18, 2014 for the tax period ended December 31, 2009.

Cash paid for income taxes, net of refunds received, resulted in net cash paid of $72.8 million, $55.6 million and $26.5 million during the years ended December 31, 2013, 2012 and 2011, respectively.

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6. LONG-TERM DEBT

Long-term debt consists of the following (in thousands):

	December 31, 2013	December 31, 2012
Credit Facility:		
Term loan A	$ 637,500	$ 712,500
Term loan B	3,412,584	3,619,062
Revolving credit loans	-	-
8% Senior Notes due 2019	2,020,346	2,022,829
7⅛% Senior Notes due 2020	1,200,000	1,200,000
5⅛% Senior Secured Notes due 2018	1,600,000	1,600,000
Receivables Facility	500,000	300,000
Capital lease obligations	46,066	47,951
Other	36,901	38,963
Total debt	9,453,397	9,541,305
Less current maturities	(166,902)	(89,911)
Total long-term debt	$ 9,286,495	$ 9,451,394

Credit Facility

The Company obtained senior secured financing under a credit facility (the "Credit Facility") with a syndicate of financial institutions led by Credit Suisse, as administrative agent and collateral agent. The Credit Facility includes a $750 million revolving credit facility for working capital and general corporate purposes. The revolving credit facility also includes a subfacility for letters of credit and a swingline subfacility. The Credit Facility requires quarterly amortization payments of each term loan B facility equal to 0.25% of the outstanding amount of such term loans. On November 5, 2010, the Company entered into an amendment and restatement of the Credit Facility. The amendment extended by two and a half years, until January 25, 2017, the maturity date of $1.5 billion of the existing term loans under the Credit Facility and increased the pricing on these term loans to LIBOR plus 350 basis points. The amendment also increased the Company' ability to issue additional indebtedness under the uncommitted incremental facility to $1.0 billion from $600 million, permitted the Company to issue term loan A loans under the incremental facility, and provided up to $2.0 billion of borrowing capacity from receivable transactions, an increase of $0.5 billion, of which approximately $1.7 billion would be required to be used for repayment of existing term loans. On February 2, 2012, the Company completed a second amendment and restatement of the Credit Facility to extend an additional $1.6 billion of the term loans due 2014 under the Credit Facility to match the maturity date and interest rate margins of the term loans due January 25, 2017.

On August 3, 2012, the Company entered into Amendment No. 1 to the Credit Facility to provide increased flexibility for refinancing and repayment of the term loans due 2014 and amend certain other terms. On August 17, 2012, the Company made a prepayment of $1.6 billion on the term loans due July 25, 2014, utilizing the proceeds from the issuance of $1.6 billion of 5⅛% Senior Secured Notes due 2018. On August 22, 2012, the Company entered into a loan modification agreement with respect to the Credit Facility to extend approximately $340 million of the term loans due 2014 to match the maturity date and interest rate margins of the term loans due January 25, 2017.

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On November 27, 2012, the Company entered into Amendment No. 2 to the Credit Facility to provide increased flexibility for the Company to make investments and restricted payments, incur debt related to acquisitions, amend certain other terms of the Credit Facility, including the maximum leverage ratio and interest coverage ratio financial coverage levels, and add a one year 1% prepayment premium payable in connection with a repricing of the term loans due in 2017. During the year ended December 31, 2013, the Company paid down $206.5 million of the term loans due 2014. The remaining balance of the non-extended term loans due 2014 at December 31, 2013 of approximately $59.6 million was paid as part of the financing for the HMA merger on January 27, 2014.

On August 12, 2013, the Company entered into Amendment No. 3 to the Credit Facility to provide increased flexibility for the Company to incur debt by amending certain terms of the Credit Facility, including the maximum leverage ratio and secured leverage ratio covenant levels. In addition, the amendment includes pricing protection for certain term loans due January 25, 2017, which specifies an increased margin in certain instances. The amendment also provides for a total leverage-based step-up to the applicable margin of the term loans due January 25, 2017 and the term loans due July 25, 2014. The pricing of the loans under the Credit Facility will otherwise remain unchanged.

Effective March 6, 2012, the Company obtained a new $750 million senior secured revolving credit facility (the "Replacement Revolver Facility") and a new $750 million incremental term loan A facility (the "Incremental Term Loan") subject to the terms and conditions set forth in the Credit Facility. The Replacement Revolver Facility replaced in full the existing revolving credit facility under the Credit Facility. The net proceeds of the Incremental Term Loan were used to repay the same amount of the existing term loans under the Credit Facility. Both the Replacement Revolver Facility and the Incremental Term Loan have a maturity date of October 25, 2016, subject to customary acceleration events and to earlier maturity if the repayment, extension or refinancing with longer maturity debt of substantially all of the Company's then outstanding term loans maturing July 25, 2014 and the now fully redeemed 8⅞% Senior Notes does not occur by April 25, 2014. The pricing on each of the Replacement Revolver Facility and the Incremental Term Loan is initially LIBOR plus a margin of 250 basis points, subject to adjustment based on the Company's leverage ratio. The Incremental Term Loan amortizes at 5% in year one, 10% in years two and three, 15% in year four and 60% in year five.

The term loan facility must be prepaid in an amount equal to (1) 100% of the net cash proceeds of certain asset sales and dispositions by the Company and its subsidiaries, subject to certain exceptions and reinvestment rights, (2) 100% of the net cash proceeds of issuances of certain debt obligations or receivables-based financing by the Company and its subsidiaries, subject to certain exceptions, and (3) 50%, subject to reduction to a lower percentage based on the Company's leverage ratio (as defined in the Credit Facility generally as the ratio of total debt on the date of determination to the Company's EBITDA, as defined, for the four quarters most recently ended prior to such date), of excess cash flow (as defined) for any year, commencing in 2008, subject to certain exceptions. Voluntary prepayments and commitment reductions are permitted in whole or in part, without any premium or penalty, subject to minimum prepayment or reduction requirements.

The obligor under the Credit Facility is the Company. All of the obligations under the Credit Facility are unconditionally guaranteed by the Parent and certain of its existing and subsequently acquired or organized domestic subsidiaries. All obligations under the Credit Facility and the related guarantees are secured by a perfected first priority lien or security interest in substantially all of the assets of the Parent , the Company and each subsidiary guarantor, including equity interests held by the Parent, the Company or any subsidiary guarantor, but excluding, among others, the equity interests of non-significant subsidiaries, syndication subsidiaries, securitization subsidiaries and joint venture subsidiaries.

The loans under the Credit Facility bear interest on the outstanding unpaid principal amount at a rate equal to an applicable percentage plus, at the Company's option, either (a) an Alternate Base Rate (as defined) determined by reference to the greater of (1) the Prime Rate (as defined) announced by Credit Suisse or (2) the Federal Funds Effective Rate (as defined) plus 0.50% or (3) the adjusted London Interbank Offered Rate ("LIBOR") on such day for a three-month interest period commencing on the second business day after such day plus 1%, or (b) a reserve adjusted LIBOR for dollars (Eurodollar rate) (as defined). The applicable percentage for Alternate Base Rate loans is 1.25% for term loans due 2014 and is 2.50% for term loans due 2017. The applicable percentage for Eurodollar rate loans is 2.25% for term loans due 2014 and 3.50% for term loans due 2017. The applicable percentage for revolving loans and the Incremental Term Loan is 1.50% for Alternate Base Rate loans and 2.50% for Eurodollar loans. The applicable percentage for the loans under the Credit Facility is subject to adjustment based on the Company's leverage ratio. Loans under the swingline subfacility bear interest at the rate applicable to Alternate Base Rate loans under the Credit Facility.

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The Company has agreed to pay letter of credit fees equal to the applicable percentage then in effect with respect to Eurodollar rate loans under the revolving credit facility times the maximum aggregate amount available to be drawn under all letters of credit outstanding under the subfacility for letters of credit. The issuer of any letter of credit issued under the subfacility for letters of credit will also receive a customary fronting fee and other customary processing charges. The Company is obligated to pay commitment fees of 0.50% per annum (subject to reduction based upon the Company's leverage ratio) on the unused portion of the revolving credit facility. For purposes of this calculation, swingline loans are not treated as usage of the revolving credit facility.

The Credit Facility contains customary representations and warranties, subject to limitations and exceptions, and customary covenants restricting the Company's and its subsidiaries' ability, subject to certain exceptions, to, among other things (1) declare dividends, make distributions or redeem or repurchase capital stock, (2) prepay, redeem or repurchase other debt, (3) incur liens or grant negative pledges, (4) make loans and investments and enter into acquisitions and joint ventures, (5) incur additional indebtedness or provide certain guarantees, (6) make capital expenditures, (7) engage in mergers, acquisitions and asset sales, (8) conduct transactions with affiliates, (9) alter the nature of the Company's businesses, (10) grant certain guarantees with respect to physician practices, (11) engage in sale and leaseback transactions or (12) change the Company's fiscal year. The Company is also required to comply with specified financial covenants (consisting of a leverage ratio and an interest coverage ratio) and various affirmative covenants.

Events of default under the Credit Facility include, but are not limited to, (1) the Company's failure to pay principal, interest, fees or other amounts under the credit agreement when due (taking into account any applicable grace period), (2) any representation or warranty proving to have been materially incorrect when made, (3) covenant defaults subject, with respect to certain covenants, to a grace period, (4) bankruptcy events, (5) a cross default to certain other debt, (6) certain undischarged judgments (not paid within an applicable grace period), (7) a change of control, (8) certain ERISA-related defaults and (9) the invalidity or impairment of specified security interests, guarantees or subordination provisions in favor of the administrative agent or lenders under the Credit Facility.

As of December 31, 2013, the availability for additional borrowings under the Credit Facility was approximately $750.0 million pursuant to the Replacement Revolver Facility, of which $19.4 million was set aside for outstanding letters of credit. The Company has the ability to amend the Credit Facility to provide for one or more tranches of term loans in an aggregate principal amount of $1.0 billion, which the Company has not yet accessed. As of December 31, 2013, the weighted-average interest rate under the Credit Facility, excluding swaps, was 3.9%.

As of December 31, 2013, the term loans are scheduled to be paid with principal payments for future years as follows (in thousands):

Year	Amount
2014	$ 152,050
2015	147,336
2016	484,836
2017	3,265,862
2018	-
Thereafter	-
Total	$ 4,050,084

See Note 15 for a description and revised maturities of the term loans under the amended and restated Credit Facility in conjunction with the HMA merger.

As of December 31, 2013 and 2012, the Company had letters of credit issued, primarily in support of potential insurance-related claims and certain bonds, of approximately $19.4 million and $37.8 million, respectively.

8⅞% Senior Notes due 2015

On July 25, 2007, the Company completed its offering of approximately $3.0 billion aggregate principal amount of 8⅞% Senior Notes due 2015 (the "8⅞% Senior Notes"), which were issued in a private placement. The 8⅞% Senior Notes were to mature on July 15, 2015. The 8⅞% Senior Notes bore interest at the rate of 8.875% per annum, payable semiannually in arrears on January 15 and July 15, commencing January 15, 2008. Interest on the 8⅞% Senior Notes accrued from the date of original issuance. Interest was calculated on the basis of a 360-day year comprised of twelve 30-day months.

Pursuant to a registration rights agreement entered into at the time of the issuance of the 8⅞% Senior Notes, as a result of an exchange offer made by the Company, substantially all of the 8⅞% Senior Notes issued in July 2007 were exchanged in November 2007 for new notes (the "8⅞% Exchange Notes") having terms substantially identical in all material respects to the 8⅞% Senior Notes (except that the 8⅞% Exchange Notes were issued under a registration statement pursuant to the 1933 Act). References to the 8⅞% Senior Notes shall also be deemed to include the 8⅞% Exchange Notes unless the context provides otherwise.

On March 21, 2012, the Company completed the cash tender offer for $850 million of the then $1.8 billion aggregate outstanding principal amount of the 8⅞% Senior Notes.

On July 18, 2012, the Company completed the cash tender offer for $639.7 million of the then $934.3 million aggregate outstanding principal amount of the 8⅞% Senior Notes. On August 17, 2012, pursuant to its redemption option, the Company redeemed the remaining $294.6 million outstanding principal of the 8⅞% Senior Notes.

8% Senior Notes due 2019

On November 22, 2011, the Company completed its offering of $1.0 billion aggregate principal amount of 8% Senior Notes due 2019 (the "8% Senior Notes"), which were issued in a private placement. The net proceeds from this issuance, together with available cash on hand, were used to finance the purchase of up to $1.0 billion aggregate principal amount of the Company's then outstanding 8⅞% Senior Notes and related fees and expenses. On March 21, 2012, the Company completed the secondary offering of $1.0 billion aggregate principal amount of 8% Senior Notes, which were issued in a private placement (at a premium of 102.5%). The net proceeds from this issuance were used to finance the purchase of approximately $850 million aggregate principal amount of the Company's then outstanding 8⅞% Senior Notes, to pay related fees and expenses and for general corporate purposes. The 8% Senior Notes bear interest at 8% per annum, payable semiannually in arrears on May 15 and November 15, commencing May 15, 2012. Interest on the 8% Senior Notes accrues from the date of original issuance. Interest is calculated on the basis of a 360-day year comprised of twelve 30-day months.

Except as set forth below, the Company is not entitled to redeem the 8% Senior Notes prior to November 15, 2015.

Prior to November 15, 2014, the Company is entitled, at its option, to redeem a portion of the 8% Senior Notes (not to exceed 35% of the outstanding principal amount) at a redemption price equal to 108% of the principal amount of the notes redeemed plus accrued and unpaid interest, with the proceeds from certain public equity offerings. Prior to November 15, 2015, the Company may redeem some or all of the 8% Senior Notes at a redemption price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest, if any, plus a "make-whole" premium, as described in the 8% Senior Notes indenture. On and after November 15, 2015, the Company is entitled, at its option, to redeem all or a portion of the 8% Senior Notes upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount on the redemption date), plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the periods set forth below:

Period	Redemption Price
November 15, 2015 to November 14, 2016	104.000 %
November 15, 2016 to November 14, 2017	102.000 %
November 15, 2017 to November 15, 2019	100.000 %

Pursuant to a registration rights agreement entered into at the time of the issuance of the 8% Senior Notes, as a result of an exchange offer made by the Company, substantially all of the 8% Senior Notes issued in November 2011 and March 2012 were exchanged in May 2012 for new notes (the "8% Exchange Notes") having terms substantially identical in all material respects to the 8% Senior Notes (except that the 8% Exchange Notes were issued under a registration statement pursuant to the 1933 Act). References to the 8% Senior Notes shall also be deemed to include the 8% Exchange Notes unless the context provides otherwise.

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7⅛% Senior Notes due 2020

On July 18, 2012, the Company completed an underwritten public offering under its automatic shelf registration filed with the SEC of $1.2 billion aggregate principal amount of 7⅛% Senior Notes due 2020 (the "7⅛% Senior Notes"). The net proceeds from this issuance were used to finance the purchase or redemption of $934.3 million aggregate principal amount plus accrued interest of the Company's outstanding 8⅞% Senior Notes, to pay for consents delivered in connection therewith, to pay related fees and expenses, and for general corporate purposes. The 7⅛% Senior Notes bear interest at 7.125% per annum, payable semiannually in arrears on July 15 and January 15, commencing January 15, 2013. Interest on the 7⅛% Senior Notes accrues from the date of original issuance. Interest is calculated on the basis of a 360-day year comprised of twelve 30-day months.

Except as set forth below, the Company is not entitled to redeem the 7⅛% Senior Notes prior to July 15, 2016.

Prior to July 15, 2015, the Company is entitled, at its option, to redeem a portion of the 7⅛% Senior Notes (not to exceed 35% of the outstanding principal amount) at a redemption price equal to 107.125% of the principal amount of the notes redeemed plus accrued and unpaid interest, with the proceeds from certain public equity offerings. Prior to July 15, 2016, the Company may redeem some or all of the 7⅛% Senior Notes at a redemption price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest, if any, plus a "make-whole" premium, as described in the 7⅛% Senior Notes indenture. On and after July 15, 2016, the Company is entitled, at its option, to redeem all or a portion of the 7⅛% Senior Notes upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount on the redemption date), plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the periods set forth below:

Period	Redemption Price
July 15, 2016 to July 14, 2017	103.563 %
July 15, 2017 to July 14, 2018	101.781 %
July 15, 2018 to July 15, 2020	100.000 %

5⅛% Senior Secured Notes due 2018

On August 17, 2012, the Company completed an underwritten public offering under its automatic shelf registration filed with the SEC of $1.6 billion aggregate principal amount of 5⅛% Senior Secured Notes due 2018 (the "5⅛% Senior Secured Notes"). The net proceeds from this issuance, together with available cash on hand, were used to finance the prepayment of $1.6 billion of the outstanding term loans due 2014 under the Credit Facility and related fees and expenses. The 5⅛% Senior Secured Notes bear interest at 5.125% per annum, payable semiannually in arrears on August 15 and February 15, commencing February 15, 2013. Interest on the 5⅛% Senior Secured Notes accrues from the date of original issuance. Interest is calculated on the basis of a 360-day year comprised of twelve 30-day months. The 5⅛% Senior Secured Notes are secured by a first-priority lien subject to a shared lien of equal priority with certain other obligations, including obligations under the Credit Facility, and subject to prior ranking liens permitted by the indenture governing the 5⅛% Senior Secured Notes on substantially the same assets, subject to certain exceptions, that secure the Company's obligations under the Credit Facility.

Except as set forth below, the Company is not entitled to redeem the 5⅛% Senior Secured Notes prior to August 15, 2015.

Prior to August 15, 2015, the Company is entitled, at its option, to redeem a portion of the 5⅛% Senior Secured Notes (not to exceed 35% of the outstanding principal amount) at a redemption price equal to 105.125% of the principal amount of the notes redeemed plus accrued and unpaid interest, with the proceeds from certain public equity offerings. Prior to August 15, 2015, the Company may redeem some or all of the 5⅛% Senior Secured Notes at a redemption price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest, if any, plus a "make-whole" premium, as described in the 5⅛% Senior Secured Notes indenture. On and after August 15, 2015, the Company is entitled, at its option, to redeem all or a portion of the 5⅛% Senior Secured Notes upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount on the redemption date), plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the periods set forth below:

Period	Redemption Price
August 15, 2015 to August 14, 2016	102.563 %
August 15, 2016 to August 14, 2017	101.281 %
August 15, 2017 to August 15, 2018	100.000 %

Receivables Facility

On March 21, 2012, the Company and certain of its subsidiaries entered into an accounts receivable loan agreement (the "Receivables Facility") with a group of lenders and banks, Credit Agricolé Corporate and Investment Bank, as a managing agent and as the administrative agent, and The Bank of Nova Scotia, as a managing agent. On March 7, 2013, the Company and certain of its subsidiaries amended the Receivables Facility to add an additional managing agent, The Bank of Tokyo-Mitsubishi UFJ, Ltd., to increase the size of the facility from $300 million to $500 million and to extend the scheduled termination date. Additional subsidiaries of the Company also agreed to participate in the Receivables Facility as of that date. The existing and future non-self pay patient-related accounts receivable (the "Receivables") for certain of the Company's hospitals serves as collateral for the outstanding borrowings under the Receivables Facility. The interest rate on the borrowings is based on the commercial paper rate plus an applicable interest rate spread. Unless earlier terminated or subsequently extended pursuant to its terms, the Receivables Facility will expire on March 21, 2015, subject to customary termination events that could cause an early termination date. The Company maintains effective control over the Receivables because, pursuant to the terms of the Receivables Facility, the Receivables are sold from certain of the Company's subsidiaries to the Company, which then sells or contributes the Receivables to a special-purpose entity that is wholly-owned by the Company. The wholly-owned special-purpose entity in turn grants security interests in the Receivables in exchange for borrowings obtained from the group of third-party lenders and banks of up to $500 million outstanding from time to time based on the availability of eligible Receivables and other customary factors. The group of third-party lenders and banks do not have recourse to the Company or its subsidiaries beyond the assets of the wholly-owned special-purpose entity that collateralizes the loan. The Receivables and other assets of the wholly-owned special-purpose entity will be available first and foremost to satisfy the claims of the creditors of such entity. The outstanding borrowings pursuant to the Receivables Facility at December 31, 2013 totaled $500.0 million and are classified as long-term debt on the consolidated balance sheet. At December 31, 2013, the carrying amount of Receivables included in the Receivables Facility totaled approximately $1.0 billion and is included in patient accounts receivable on the consolidated balance sheet.

Loss from Early Extinguishment of Debt

The financing transactions discussed above resulted in a loss from early extinguishment of debt of $1.3 million, $115.5 million and $66.0 million for the years ended December 31, 2013, 2012 and 2011, respectively, and an after-tax loss of $0.8 million, $71.8 million and $42.0 million for years ended December 31, 2013, 2012 and 2011, respectively.

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Other Debt

As of December 31, 2013, other debt consisted primarily of the mortgage obligation on the Company's corporate headquarters and other obligations maturing in various installments through 2020.

To limit the effect of changes in interest rates on a portion of the Company's long-term borrowings, the Company is a party to 14 separate interest swap agreements in effect at December 31, 2013, with an aggregate notional amount of $2.0 billion, and two forward-starting swap agreements with an aggregate notional amount of $400 million. On each of these swaps, the Company receives a variable rate of interest based on the three-month LIBOR in exchange for the payment of a fixed rate of interest. The Company currently pays, on a quarterly basis, a margin above LIBOR of 225 basis points for the outstanding balance of term loans due in 2014, 250 basis points for the Replacement Revolver Facility and the Incremental Term Loan and 350 basis points for term loans due in 2017 under the Credit Facility. See Note 7 for additional information regarding these swaps.

As of December 31, 2013, the scheduled maturities of long-term debt outstanding, including capital lease obligations for each of the next five years and thereafter are as follows (in thousands):

Year		Amount
2014	$	166,902
2015		654,874
2016		488,902
2017		3,287,695
2018		1,603,565
Thereafter		3,231,113
Total maturities		9,433,051
Plus unamortized note premium		20,346
Total long-term debt	$	9,453,397

The Company paid interest of $582.8 million, $594.3 million and $680.7 million on borrowings during the years ended December 31, 2013, 2012 and 2011, respectively.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments has been estimated by the Company using available market information as of December 31, 2013 and 2012, and valuation methodologies considered appropriate. The estimates presented are not necessarily indicative of amounts the Company could realize in a current market exchange (in thousands):

	December 31,			
	2013		2012	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets:				
Cash and cash equivalents	$ 373,403	$ 373,403	$ 387,813	$ 387,813
Available-for-sale securities	64,869	64,869	56,376	56,376
Trading securities	37,999	37,999	34,696	34,696
Liabilities:				
Credit Facility	4,050,084	4,084,983	4,331,562	4,357,910
8% Senior Notes	2,020,346	2,172,440	2,022,829	2,185,220
7⅛% Senior Notes	1,200,000	1,245,720	1,200,000	1,285,848
5⅛% Senior Secured Notes	1,600,000	1,662,160	1,600,000	1,674,480
Receivables Facility and other debt	536,901	536,901	338,963	338,963

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The estimated fair value is determined using the methodologies discussed below in accordance with accounting standards related to the determination of fair value based on the U.S. GAAP fair value hierarchy as discussed in Note 8. The estimated fair value for financial instruments with a fair value that does not equal its carrying value is considered a Level 1 valuation. The Company utilizes the market approach and obtains indicative pricing from the administrative agent to the Credit Facility to determine fair values, which are validated through publicly available subscription services such as Bloomberg where relevant.

Cash and cash equivalents. The carrying amount approximates fair value due to the short-term maturity of these instruments (less than three months).

Available-for-sale securities. Estimated fair value is based on closing price as quoted in public markets.

Trading securities. Estimated fair value is based on closing price as quoted in public markets.

Credit Facility. Estimated fair value is based on information from the Company's bankers regarding relevant pricing for trading activity among the Company's lending institutions.

8% Senior Notes. Estimated fair value is based on the average bid and ask price as quoted by the bank who served as underwriters in the sale of these notes.

7⅛% Senior Notes. Estimated fair value is based on the average bid and ask price as quoted by the bank who served as underwriters in the sale of these notes.

5⅛% Senior Secured Notes. Estimated fair value is based on the average bid and ask price as quoted by the bank who served as underwriters in the sale of these notes.

Receivables Facility and other debt. The carrying amount of the Receivables Facility and all other debt approximates fair value due to the nature of these obligations.

Interest rate swaps. The fair value of interest rate swap agreements is the amount at which they could be settled, based on estimates calculated by the Company using a discounted cash flow analysis based on observable market inputs and validated by comparison to estimates obtained from the counterparty. The Company incorporates credit valuation adjustments ("CVAs") to appropriately reflect both its own nonperformance or credit risk and the respective counterparty's nonperformance or credit risk in the fair value measurements. In adjusting the fair value of its interest rate swap agreements for the effect of nonperformance or credit risk, the Company has considered the impact of any netting features included in the agreements.

The Company assesses the effectiveness of its hedge instruments on a quarterly basis. For the years ended December 31, 2013 and 2012, the Company completed an assessment of the cash flow hedge instruments and determined the hedges to be highly effective. The Company has also determined that the ineffective portion of the hedges do not have a material effect on the Company's consolidated financial position, operations or cash flows. The counterparties to the interest rate swap agreements expose the Company to credit risk in the event of nonperformance. However, at December 31, 2013, since the majority of the swap agreements entered into by the Company were in a net liability position so that the Company would be required to make the net settlement payments to the counterparties; the Company does not anticipate nonperformance by those counterparties. The Company does not hold or issue derivative financial instruments for trading purposes.

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Interest rate swaps consisted of the following at December 31, 2013:

Swap #	Notional Amount (in thousands)	Fixed Interest Rate	Termination Date	Fair Value (in thousands)
1	$ 100,000	5.231 %	July 25, 2014	$ 2,818
2	100,000	5.231 %	July 25, 2014	2,818
3	200,000	5.160 %	July 25, 2014	5,556
4	75,000	5.041 %	July 25, 2014	2,033
5	125,000	5.022 %	July 25, 2014	3,374
6	100,000	2.621 %	July 25, 2014	1,336
7	100,000	3.110 %	July 25, 2014	1,613
8	100,000	3.258 %	July 25, 2014	1,697
9	200,000	2.693 %	October 26, 2014	3,977
10	300,000	3.447 %	August 8, 2016	21,597
11	200,000	3.429 %	August 19, 2016	14,403
12	100,000	3.401 %	August 19, 2016	7,130
13	200,000	3.500 %	August 30, 2016	14,884
14	100,000	3.005 %	November 30, 2016	6,376
15	200,000	2.055 %	July 25, 2019	(954)[1]
16	200,000	2.059 %	July 25, 2019	(895)[2]

(1) This interest rate swap becomes effective July 25, 2014.
(2) This interest rate swap becomes effective July 25, 2014.

The Company is exposed to certain risks relating to its ongoing business operations. The risk managed by using derivative instruments is interest rate risk. Interest rate swaps are entered into to manage interest rate fluctuation risk associated with the term loans in the Credit Facility. Companies are required to recognize all derivative instruments as either assets or liabilities at fair value in the consolidated statement of financial position. The Company designates its interest rate swaps as cash flow hedges. For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of OCI and reclassified into earnings in the same period or periods during which the hedged transactions affect earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings.

Assuming no change in December 31, 2013 interest rates, approximately $57.1 million of interest expense resulting from the spread between the fixed and floating rates defined in each interest rate swap agreement will be recognized during the next 12 months. If interest rate swaps do not remain highly effective as a cash flow hedge, the derivatives' gains or losses resulting from the change in fair value reported through OCI will be reclassified into earnings.

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The following tabular disclosure provides the amount of pre-tax loss recognized as a component of OCI during the years ended December 31, 2013 and 2012 (in thousands):

Derivatives in Cash Flow Hedging Relationships	Amount of Pre-Tax Loss Recognized in OCI (Effective Portion) Year Ended December 31, 2013	2012
Interest rate swaps	$ (5,970)	$ (69,020)

The following tabular disclosure provides the location of the effective portion of the pre-tax loss reclassified from accumulated other comprehensive loss ("AOCL") into interest expense on the consolidated statements of income during the years ended December 31, 2013 and 2012 (in thousands):

Location of Loss Reclassified from AOCL into Income (Effective Portion)	Amount of Pre-Tax Loss Reclassified from AOCL into Income (Effective Portion) Year Ended December 31, 2013	2012
Interest expense, net	$ 99,808	$ 141,648

The fair values of derivative instruments in the consolidated balance sheets as of December 31, 2013 and 2012 were as follows (in thousands):

	Asset Derivatives				Liability Derivatives			
	December 31, 2013		December 31, 2012		December 31, 2013		December 31, 2012	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments	Other assets, net	$ -	Other assets, net	$ -	Other long-term liabilities	$ 87,763	Other long-term liabilities	$ 181,600

8. FAIR VALUE

Fair Value Hierarchy

Fair value is a market-based measurement. not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the Company utilizes the U.S. GAAP fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumption about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The inputs used to measure fair value are classified into the following fair value hierarchy:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Company's own assumptions.

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In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment of factors specific to the asset or liability.

The following table sets forth, by level within the fair value hierarchy, the financial assets and liabilities recorded at fair value on a recurring basis as of December 31, 2013 and 2012 (in thousands):

	December 31, 2013	Level 1	Level 2	Level 3
Available-for-sale securities	$ 64,869	$ 64,869	$ -	$ -
Trading securities	37,999	37,999	-	-
Total assets	$ 102,868	$ 102,868	$ -	$ -
Fair value of interest rate swap agreements	$ 87,763	$ -	$ 87,763	$ -
Total liabilities	$ 87,763	$ -	$ 87,763	$ -

	December 31, 2012	Level 1	Level 2	Level 3
Available-for-sale securities	$ 56,376	$ 56,376	$ -	$ -
Trading securities	34,696	34,696	-	-
Total assets	$ 91,072	$ 91,072	$ -	$ -
Fair value of interest rate swap agreements	$ 181,600	$ -	$ 181,600	$ -
Total liabilities	$ 181,600	$ -	$ 181,600	$ -

Available-for-sale securities and trading securities classified as Level 1 are measured using quoted market prices.

The valuation of the Company's interest rate swap agreements is determined using market valuation techniques, including discounted cash flow analysis on the expected cash flows of each agreement. This analysis reflects the contractual terms of the agreement, including the period to maturity, and uses observable market-based inputs, including forward interest rate curves. The fair value of interest rate swap agreements are determined by netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on the expectation of future interest rates based on observable market forward interest rate curves and the notional amount being hedged.

The Company incorporates CVAs to appropriately reflect both its own nonperformance or credit risk and the respective counterparty's nonperformance or credit risk in the fair value measurements. In adjusting the fair value of its interest rate swap agreements for the effect of nonperformance or credit risk, the Company has considered the impact of any netting features included in the agreements. The CVA on the Company's interest rate swap agreements at December 31, 2013 resulted in a decrease in the fair value of the related liability of $0.9 million and an after-tax adjustment of $0.6 million to OCI. The CVA on the Company's interest rate swap agreements at December 31, 2012 resulted in a decrease in the fair value of the related liability of $3.6 million and an after-tax adjustment of $2.3 million to OCI.

The majority of the inputs used to value its interest rate swap agreements, including the forward interest rate curves and market perceptions of the Company's credit risk used in the CVAs, are observable inputs available to a market participant. As a result, the Company has determined that the interest rate swap valuations are classified in Level 2 of the fair value hierarchy.

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9. LEASES

The Company leases hospitals, medical office buildings, and certain equipment under capital and operating lease agreements. During 2013, 2012 and 2011, the Company entered into capital lease obligations of $4.3 million, $5.0 million and $3.0 million, respectively. All lease agreements generally require the Company to pay maintenance, repairs, property taxes and insurance costs.

Commitments relating to noncancellable operating and capital leases for each of the next five years and thereafter are as follows (in thousands):

Year Ended December 31,	Operating (1)	Capital
2014	$ 192,481	$ 9,289
2015	160,638	7,428
2016	120,138	6,060
2017	89,717	5,663
2018	62,321	5,533
Thereafter	155,247	46,949
Total minimum future payments	$ 780,542	80,922
Less: Imputed interest		(34,856)
Total capital lease obligations		46,066
Less: Current portion		(5,439)
Long-term capital lease obligations		$ 40,627

(1) Minimum lease payments have not been reduced by minimum sublease rentals due in the future of $16.8 million.

Assets capitalized under capital leases as reflected in the accompanying consolidated balance sheets were $27.9 million of land and improvements, $200.1 million of buildings and improvements and $64.5 million of equipment and fixtures as of December 31, 2013 and $27.9 million of land and improvements, $200.1 million of buildings and improvements and $65.1 million of equipment and fixtures as of December 31, 2012. The accumulated depreciation related to assets under capital leases was $147.3 million and $129.1 million as of December 31, 2013 and 2012, respectively. Depreciation of assets under capital leases is included in depreciation and amortization expense and amortization of debt discounts on capital lease obligations is included in interest expense in the accompanying consolidated statements of income.

10. EMPLOYEE BENEFIT PLANS

The Company maintains various benefit plans, including defined contribution plans, defined benefit plans and deferred compensation plans, for which the Company is the plan sponsor. The CHS/Community Health Systems, Inc. Retirement Savings Plan is a defined contribution plan which covers the majority of the employees of the Company. Employees of certain subsidiaries whose employment is covered by collective bargaining agreements are eligible to participate in one of several other defined contribution plans including the CHS/Community Health Systems, Inc. Standard 401(k) Plan, which was established effective October 1, 2010 for the benefit of employees at the three hospitals acquired in Youngstown, Ohio and Warren, Ohio and their beneficiaries. This plan is structured such that employees of other subsidiaries may become eligible to participate as new entities are acquired by the Company or upon changes to collective bargaining agreements covering participants in the other defined contribution plans. Total expense to the Company under the 401(k) plans was $101.5 million, $108.5 million and $101.7 million for the years ended December 31, 2013, 2012 and 2011, respectively.

The Company maintains unfunded deferred compensation plans that allow participants to defer receipt of a portion of their compensation. The liability for the deferred compensation plans was $111.6 million and $87.3 million as of December 31, 2013 and 2012, respectively, and is included in other long-term liabilities on the consolidated balance sheets. The Company had assets of $109.1 million and $87.1 million as of December 31, 2013 and 2012, respectively, in a non-qualified plan trust generally designated to pay benefits of the deferred compensation plans, consisting of trading securities of $38.0 million and $34.7 million as of December 31, 2013 and 2012, respectively, and company-owned life insurance contracts of $71.1 million and $52.4 million as of December 31, 2013 and 2012, respectively.

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The Company provides an unfunded Supplemental Executive Retirement Plan ("SERP") for certain members of its executive management. The Company uses a December 31 measurement date for the benefit obligations and a January 1 measurement date for its net periodic costs for the SERP. Variances from actuarially assumed rates will result in increases or decreases in benefit obligations and net periodic cost in future periods. Benefits expense under the SERP was $14.2 million, $12.9 million and $11.9 million for the years ended December 31, 2013, 2012 and 2011, respectively. The accrued benefit liability for the SERP totaled $105.3 million at December 31, 2013 and $104.8 million at December 31, 2012, and is included in other long-term liabilities on the consolidated balance sheets. The weighted-average assumptions used in determining net periodic cost for the year ended December 31, 2013 was a discount rate of 3.0% and annual salary increase of 4.0%. The estimated future benefit payments reflecting future service as of December 31, 2013 are $1.5 million for 2014, $16.0 million for 2015, $43.9 million for 2016, $17.8 million for 2017, $7.2 million for 2018, and $21.2 million for the five years thereafter. The Company had available-for-sale securities in a rabbi trust generally designated to pay benefits of the SERP in the amounts of $64.9 million and $56.4 million at December 31, 2013 and 2012, respectively. These amounts are included in other assets, net on the consolidated balance sheets.

The Company maintains the CHS/Community Health Systems, Inc. Retirement Income Plan ("Pension Plan"), which is a defined benefit, non-contributory pension plan that covers certain employees at three of its hospitals. The Pension Plan provides benefits to covered individuals satisfying certain age and service requirements. Employer contributions to the Pension Plan are in accordance with the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended. The Company expects to make no contribution to the Pension Plan in 2014. The Company uses a December 31 measurement date for the benefit obligations and a January 1 measurement date for its net periodic costs for the Pension Plan. Variances from actuarially assumed rates will result in increases or decreases in benefit obligations, net periodic cost and funding requirements in future periods. Benefits expense under the Pension Plan was $0.3 million, $0.3 million and $0.6 million for the years ended December 31, 2013, 2012 and 2011, respectively. The accrued benefit liability for the Pension Plan totaled $6.6 million at December 31, 2013 and $16.8 million at December 31, 2012, and is included in other long-term liabilities on the consolidated balance sheets. The weighted-average assumptions used for determining the net periodic cost for the year ended December 31, 2013 was a discount rate of 3.9%, an annual salary increase of 5.0% and the expected long-term rate of return on assets of 8.0%.

11. STOCKHOLDER'S EQUITY

Equity transactions at the Parent level are recorded as a capital contribution (distribution) from the Parent in the accompanying consolidated statements of stockholder's equity. The cash flows from equity transactions at the Parent level, including the repurchase of the Parent's stock and proceeds from the exercise of the Parent's stock options, including related excess tax benefits, are recorded as net capital contributions (distributions) in the cash flows from financing activities section of the accompanying consolidated statements of cash flows.

On December 14, 2011, the Parent adopted an open market repurchase program for up to 4,000,000 shares of the Parent's common stock, not to exceed $100 million in repurchases. The repurchase program will conclude at the earliest of three years from the commencement date, when the maximum number of shares has been repurchased, or when the maximum dollar amount of repurchases has been expended. During the year ended December 31, 2013, the Parent repurchased and retired 706,023 shares at a weighted-average price of $38.39 per share, which is the cumulative number of shares repurchased and retired under this program. No shares were repurchased under this program during the year ended December 31, 2012.

Historically, the Parent has not paid any cash dividends. In December 2012, the Parent declared and paid a special dividend of $0.25 per share to holders of its common stock at the close of business as of December 17, 2012, which totaled approximately $23.0 million. In conjunction with the Parent's payment of a special dividend, the Company paid to the Parent a cash dividend in the same amount. The Parent did not pay a cash dividend in 2013 and does not anticipate the payment of any other cash dividends in the foreseeable future. The Company's Credit Facility limits the Parent's ability to pay dividends and/or repurchase stock to an amount not to exceed $150 million in the aggregate plus the aggregate amount of proceeds from the exercise of stock options. The indentures governing the 8% Senior Notes due 2019 and the 7⅛% Senior Notes due 2020 (collectively, the "Senior Notes") and the 5⅛% Senior Secured Notes due 2018 also limit the Parent's ability to pay dividends and/or repurchase stock. As of December 31, 2013, under the most restrictive test under these agreements, the Parent has approximately $261.9 million remaining available with which to pay permitted dividends and/or make stock and Senior Notes repurchases.

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The following schedule discloses the effects of changes in the Company's ownership interest in its less-than-wholly-owned subsidiaries on CHS/Community Health Systems, Inc. stockholder's equity (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Net income attributable to CHS/Community Health Systems, Inc.	$ 141,203	$ 265,640	$ 201,948
Transfers to the noncontrolling interests:			
Net decrease in CHS/Community Health Systems, Inc. paid-in capital for purchase of subsidiary partnership interests	(768)	(21,537)	(4,556)
Net transfers to the noncontrolling interests	(768)	(21,537)	(4,556)
Change to CHS/Community Health Systems, Inc. stockholder's equity from net income attributable to CHS/Community Health Systems, Inc. and transfers to noncontrolling interests	$ 140,435	$ 244,103	$ 197,392

12. EQUITY INVESTMENTS

As of December 31, 2013, the Company owned equity interests of 27.5% in four hospitals in Las Vegas, Nevada, and 26.1% in one hospital in Las Vegas, Nevada, in which Universal Health Systems, Inc. owns the majority interest, and an equity interest of 38.0% in three hospitals in Macon, Georgia, in which HCA Holdings, Inc. ("HCA") owns the majority interest.

Summarized combined financial information for these unconsolidated entities in which the Company owns an equity interest is as follows (in thousands):

	December 31,	
	2013	2012
Current assets	$ 235,679	$ 240,086
Noncurrent assets	790,297	847,484
Total assets	$ 1,025,976	$ 1,087,570
Current liabilities	$ 99,330	$ 89,933
Noncurrent liabilities	1,616	1,941
Members' equity	924,909	995,569
Noncontrolling interest	121	127
Total liabilities and equity	$ 1,025,976	$ 1,087,570

	Year Ended December 31,		
	2013	2012	2011
Revenues	$ 1,246,183	$ 1,236,915	$ 1,230,146
Operating costs and expenses	1,116,745	1,079,055	1,068,212
Income from continuing operations before taxes	129,576	157,762	162,124

The summarized financial information was derived from the unaudited financial information provided to the Company by those unconsolidated entities.

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The Company's investment in all of its unconsolidated affiliates was $421.7 million and $432.1 million at December 31, 2013 and 2012, respectively, and is included in other assets, net in the accompanying consolidated balance sheets. Included in the Company's results of operations is the Company's equity in pre-tax earnings from all of its investments in unconsolidated affiliates, which was $42.6 million, $42.0 million and $49.5 million for the years ended December 31, 2013, 2012 and 2011, respectively.

13. OTHER COMPREHENSIVE INCOME

The following tables present information about items reclassified out of accumulated other comprehensive income (loss) by component for the year ended December 31, 2013 (in thousands, net of tax):

	Change in Fair Value of Interest Rate Swaps	Change in Fair Value of Available for Sale Securities	Change in Unrecognized Pension Cost Components	Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2012	$ (116,382)	$ 4,588	$ (33,516)	$ (145,310)
Other comprehensive (loss) income before reclassifications	(3,837)	2,181	12,479	10,823
Amounts reclassified from accumulated other comprehensive income (loss)	64,141	-	2,841	66,982
Net current-period other comprehensive income	60,304	2,181	15,320	77,805
Balance as of December 31, 2013	$ (56,078)	$ 6,769	$ (18,196)	$ (67,505)

The following table presents a subtotal for each significant reclassification to net income out of accumulated other comprehensive income (loss) and the line item affected in the accompanying consolidated statement of income during the year ended December 31, 2013 (in thousands):

Details about accumulated other comprehensive income (loss) components	Amount reclassified from AOCL Year Ended December 31, 2013	Affected line item in the statement where net income is presented
Gains and losses on cash flow hedges		
Interest rate swaps	$ (99,808)	Interest expense, net
	35,667	Tax benefit
	$ (64,141)	Net of tax
Amortization of defined benefit pension items		
Prior service costs	$ (1,143)	Salaries and benefits
Actuarial losses	(3,382)	Salaries and benefits
	(4,525)	Total before tax
	1,684	Tax benefit
	$ (2,841)	Net of tax

14. COMMITMENTS AND CONTINGENCIES

Construction and Other Capital Commitments. Pursuant to a hospital purchase agreement in effect as of December 31, 2013, the Company has agreed to build a replacement facility in York, Pennsylvania. The estimated construction cost, including equipment costs, is approximately $100.0 million. This project is required to be completed in 2017 and $0.7 million has been expended through December 31, 2013 related to this replacement hospital. In October 2008, after the purchase of the noncontrolling owner's interest in the Company's Birmingham, Alabama facility, the Company initiated the purchase of a site, which includes a partially constructed hospital structure, for a potential replacement for the existing Birmingham facility. In September 2010, the Company received approval of its request for a certificate of need ("CON") from the Alabama Certificate of Need Review Board. This CON was challenged in the Alabama state circuit and appellate courts, but the CON was upheld by the Supreme Court of Alabama in May 2013, eliminating any further appeals. The Company's estimated construction costs, including the acquisition of the site and equipment costs, are approximately $280.0 million for the Birmingham replacement facility. Of this amount, approximately $64.2 million has been expended through December 31, 2013. In addition, under other purchase agreements outstanding at December 31, 2013, the Company has committed to spend approximately $393.5 million for costs such as capital improvements, equipment, selected leases and physician recruiting. These commitments are required to be fulfilled generally over a five to seven year period after acquisition. Through December 31, 2013, the Company has spent approximately $256.8 million related to these commitments.

Physician Recruiting Commitments. As part of its physician recruitment strategy, the Company provides income guarantee agreements to certain physicians who agree to relocate to its communities and commit to remain in practice there. Under such agreements, the Company is required to make payments to the physicians in excess of the amounts they earned in their practice up to the amount of the income guarantee. These income guarantee periods are typically for 12 months. Such payments are recoverable by the Company from physicians who do not fulfill their commitment period, which is typically three years, to the respective community. At December 31, 2013, the maximum potential amount of future payments under these guarantees in excess of the liability recorded is $20.9 million.

Professional Liability Claims. As part of the Company's business of owning and operating hospitals, it is subject to legal actions alleging liability on its part. The Company accrues for losses resulting from such liability claims, as well as loss adjustment expenses that are out-of-pocket and directly related to such liability claims. These direct out-of-pocket expenses include fees of outside counsel and experts. The Company does not accrue for costs that are part of corporate overhead, such as the costs of in-house legal and risk management departments. The losses resulting from professional liability claims primarily consist of estimates for known claims, as well as estimates for incurred but not reported claims. The estimates are based on specific claim facts, historical claim reporting and payment patterns, the nature and level of hospital operations and actuarially determined projections. The actuarially determined projections are based on the Company's actual claim data, including historic reporting and payment patterns which have been gathered over an approximate 20-year period. As discussed below, since the Company purchases excess insurance on a claims-made basis that transfers risk to third-party insurers, the liability it accrues does include an amount for the losses covered by its excess insurance. The Company also records a receivable for the expected reimbursement of losses covered by excess insurance. Since the Company believes that the amount and timing of its future claims payments are reliably determinable, it discounts the amount accrued for losses resulting from professional liability claims using the risk-free interest rate corresponding to the timing of expected payments.

The net present value of the projected payments was discounted using a weighted-average risk-free rate of 1.6%, 1.2% and 1.2% in 2013, 2012 and 2011, respectively. This liability is adjusted for new claims information in the period such information becomes known. The Company's estimated liability for professional and general liability claims was $643.9 million and $621.7 million as of December 31, 2013 and 2012, respectively. The estimated undiscounted claims liability was $686.9 million and $649.4 million as of December 31, 2013 and 2012, respectively. The current portion of the liability for professional and general liability claims was $104.4 million and $106.9 million as of December 31, 2013 and 2012, respectively, and is included in other accrued liabilities in the accompanying consolidated balance sheets. Professional malpractice expense includes the losses resulting from professional liability claims and loss adjustment expense, as well as paid excess insurance premiums, and is presented within other operating expenses in the accompanying consolidated statements of income.

The Company's processes for obtaining and analyzing claims and incident data are standardized across all of its hospitals and have been consistent for many years. The Company monitors the outcomes of the medical care services that it provides and for each reported claim, the Company obtains various information concerning the facts and circumstances related to that claim. In addition, the Company routinely monitors current key statistics and volume indicators in its assessment of utilizing historical trends. The average lag period between claim occurrence and payment of a final settlement is between four and five years, although the facts and circumstances of individual claims could result in the timing of such payments being different from this average. Since claims are paid promptly after settlement with the claimant is reached, settled claims represent less than 1.0% of the total liability at the end of any period.

CHS/COMMUNITY HEALTH SYSTEMS, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

For purposes of estimating its individual claim accruals, the Company utilizes specific claim information, including the nature of the claim, the expected claim amount, the year in which the claim occurred and the laws of the jurisdiction in which the claim occurred. Once the case accruals for known claims are determined, information is stratified by loss layers and retentions, accident years, reported years, geography and claims relating to the acquired Triad hospitals versus claims relating to the Company's other hospitals. Several actuarial methods are used against this data to produce estimates of ultimate paid losses and reserves for incurred but not reported claims. Each of these methods uses company-specific historical claims data and other information. This company-specific data includes information regarding the Company's business, including historical paid losses and loss adjustment expenses, historical and current case loss reserves, actual and projected hospital statistical data, a variety of hospital census information, employed physician information, professional liability retentions for each policy year, geographic information and other data.

Based on these analyses the Company determines its estimate of the professional liability claims. The determination of management's estimate, including the preparation of the reserve analysis that supports such estimate, involves subjective judgment of the management. Changes in reserving data or the trends and factors that influence reserving data may signal fundamental shifts in the Company's future claim development patterns or may simply reflect single-period anomalies. Even if a change reflects a fundamental shift, the full extent of the change may not become evident until years later. Moreover, since the Company's methods and models use different types of data and the Company selects its liability from the results of all of these methods, it typically cannot quantify the precise impact of such factors on its estimates of the liability. Due to the Company's standardized and consistent processes for handling claims and the long history and depth of company-specific data, the Company's methodologies have produced reliably determinable estimates of ultimate paid losses.

The Company is primarily self-insured for these claims; however, the Company obtains excess insurance that transfers the risk of loss to a third-party insurer for claims in excess of self-insured retentions. The Company's excess insurance is underwritten on a claims-made basis. For claims reported prior to June 1, 2002, substantially all of the Company's professional and general liability risks were subject to a $0.5 million per occurrence self-insured retention and for claims reported from June 1, 2002 through June 1, 2003, these self-insured retentions were $2.0 million per occurrence. Substantially all claims reported after June 1, 2003 and before June 1, 2005 are self-insured up to $4.0 million per claim. Substantially all claims reported on or after June 1, 2005 are self-insured up to $5.0 million per claim. Management on occasion has selectively increased the insured risk at certain hospitals based upon insurance pricing and other factors and may continue that practice in the future. Excess insurance for all hospitals has been purchased through commercial insurance companies and generally covers the Company for liabilities in excess of the self-insured retentions. The excess coverage consists of multiple layers of insurance, the sum of which totals up to $95.0 million per occurrence and in the aggregate for claims reported on or after June 1, 2003, up to $145.0 million per occurrence and in the aggregate for claims reported on or after June 1, 2008 and up to $195.0 million per occurrence and in the aggregate for claims incurred and reported after January 1, 2010. For certain policy years, if the first aggregate layer of excess coverage becomes fully utilized, then the Company's self-insured retention could increase to $10 million per claim for any subsequent claims in that policy year until the Company's total aggregate coverage is met.

Effective January 1, 2008, the former Triad hospitals are insured on a claims-made basis as described above and through commercial insurance companies as described above for substantially all claims occurring on or after January 1, 2002 and reported on or after January 1, 2008. Substantially all losses for the former Triad hospitals in periods prior to May 1999 were insured through a wholly-owned insurance subsidiary of HCA, Triad's owner prior to that time, and excess loss policies maintained by HCA. HCA has agreed to indemnify the former Triad hospitals in respect of claims covered by such insurance policies arising prior to May 1999. After May 1999 through December 31, 2006, the former Triad hospitals obtained insurance coverage on a claims incurred basis from HCA's wholly-owned insurance subsidiary, with excess coverage obtained from other carriers that is subject to certain deductibles. Effective for claims incurred after December 31, 2006, Triad began insuring its claims from $1 million to $5 million through its wholly-owned captive insurance company, replacing the coverage provided by HCA. Substantially all claims occurring during 2007 were self-insured up to $10 million per claim.

Legal Matters. The Company is a party to various legal proceedings incidental to its business. In the opinion of management, any ultimate liability with respect to these actions will not have a material adverse effect on the Company's consolidated financial position, cash flows or results of operations. With respect to all litigation matters, the Company considers the likelihood of a negative outcome. If the Company determines the likelihood of a negative outcome is probable and the amount of the loss can be reasonably estimated, the Company records an estimated loss for the expected outcome of the litigation and discloses that fact together with the amount accrued, if it was estimable. If the likelihood of a negative outcome is reasonably possible and the Company is able to determine an estimate of the possible loss or a range of loss, the Company discloses that fact together with the estimate of the possible loss or range of loss. However, it is difficult to predict the outcome or estimate a possible loss or range of loss in some instances because litigation is subject to significant uncertainties.

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Probable Contingencies

Department of Justice Investigation of Medicare Short-Stay Admissions from Emergency Departments

In April 2011, the Company received a document subpoena from the United States Department of Health and Human Services ("OIG") in connection with an investigation of possible improper claims submitted to Medicare and Medicaid. The subpoena was directed to all of the Company's hospitals and requested documents concerning emergency department processes and procedures, including the hospitals' use of the Pro-MED Clinical Information System, a third-party software system that assists with the management of patient care and provides operational support and data collection for emergency department management. The subpoena also sought information about the Company's relationships with emergency department physicians, including financial arrangements. This investigation is being led by the Department of Justice. The Company is continuing to cooperate with the government with the ongoing document production, as well as conducting a joint medical necessity review of a sampling of medical records at a small number of hospitals. In 2013, the Company has met with the government twice to review and discuss the investigation. On July 9, 2013, shortly after a second meeting with the government, the Company was served with an additional document subpoena, as well as civil investigative demands to interview two of the Company's current executives. In further discussions with the government, these additional requests do not reflect an expansion of the pending investigation. The Company will continue to cooperate with the government in their investigative efforts.

We are currently in negotiations with the Department of Justice about resolving its claims in connection with its investigation into the Company's short stay hospital admissions for the years 2005-2010, as well as their investigation at our hospital in Laredo, Texas. Based on those negotiations, which are not final, we believe that a reserve of $101.5 million is sufficient to cover the federal government's claims for Medicare, Tricare, and Medicaid admissions (including the claims described in the Legal Proceedings section in Part I Item 3 of this Form 10-K related to United States ex rel. and Reuille vs. Community Health Systems Professional Services Corporation and Lutheran Musculoskeletal Center, LLC d/b/a Lutheran Hospital (United States District Court for the Northern District of Indiana, Fort Wayne Division) and the May 2011 subpoena identified as "Shelbyville, Tennessee OIG Subpoena"), certain claims specifically related to our hospital in Laredo, Texas, and on other related legal expenses. This reserve is not meant to include third party legal expenses. The Company is also negotiating a corporate integrity agreement with the Office of the Inspector General of the Department of Health and Human Services.

There are a number of legal matters for which, based on information currently available, the Company believes that a negative outcome is known or is probable. In the aggregate, including the matter above, an estimate of these losses has been accrued in the amount of $118.7 million and $22.6 million at December 31, 2013 and 2012, respectively, and is included in other accrued liabilities in the accompanying consolidated balance sheets. Due to the uncertainties and difficulty in predicting the ultimate resolution of these contingencies, the actual amount could differ from the estimated amount; however, the Company does not believe a change in estimate for any of these matters would be material.

The table below presents a reconciliation of the beginning and ending liability balances in connection with probable contingencies recorded during the years ended December 31, 2013 and 2012 (in thousands):

	December 31,	
	2013	2012
Balance, beginning of year	$ 22,612	$ 10,562
Government settlement and related costs	101,500	-
Other legal settlements	4,654	27,538
Cash payments	(10,049)	(15,488)
Balance, end of year	$ 118,717	$ 22,612

Other costs incurred related to probable contingencies, including attorneys' fees, totaled $8.5 million and $12.5 million for the years ended December 31, 2013 and 2012, respectively, and is included in other operating expenses in the accompanying consolidated statements of income.

Reasonably Possible Contingencies

For the legal matter below, the Company believes that a negative outcome is reasonably possible, but the Company is unable to determine an estimate of the possible loss or a range of loss.

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U.S. ex rel. Baker vs. Community Health Systems, Inc. (United States District Court for the District of New Mexico)

The Company's knowledge of this matter originated in early 2006 with correspondence from the Civil Division of the Department of Justice requesting documents in an investigation it was conducting involving the Company. The inquiry related to the way in which different state Medicaid programs apply to the federal government for matching or supplemental funds that are ultimately used to pay for a small portion of the services provided to Medicaid and indigent patients. These programs are referred to by different names, including "intergovernmental payments," "upper payment limit programs," and "Medicaid disproportionate share hospital payments." For approximately three years, the Company provided the Department of Justice with requested documents, met with its personnel on numerous occasions and otherwise cooperated in its investigation. During the course of the investigation, the Civil Division notified the Company that it believed that the Company and three of its New Mexico hospitals caused the State of New Mexico to submit improper claims for federal funds, in violation of the Federal False Claims Act. This investigation has culminated in the federal government's intervention in the referenced qui tam lawsuit, which alleges that the Company's New Mexico hospitals "caused to be filed" false claims from the period of August 2000 through June 2011. Two of the parent company's subsidiaries are also defendants in this lawsuit. The Company continues to vigorously defend this action. On December 4-5, 2013, the district court judge heard oral arguments on both sides' motions for summary judgment. By telephone conference on December 19, 2013, he advised the parties that, with respect to the core motions for summary judgment, he was denying all parties' motions, concluding that there were issues of fact to be determined at trial. Court ordered mediation has been set for March 12, 2014 and a trial date of October 14, 2014 has been assigned.

Matters for which an Outcome Cannot be Assessed

For all of the legal matters below, the Company cannot at this time assess what the outcome may be and is further unable to determine any estimate of loss or range of loss. Because the investigations are at a preliminary stage, there are not sufficient facts available to make these assessments.

Multi-provider National Department of Justice Investigations

Implantable Cardioverter Defibrillators ("ICDs"). The Company was first made aware of this investigation in September 2010, when the Company received a letter from the Civil Division of the United States Department of Justice. The letter advised the Company that an investigation was being conducted to determine whether certain hospitals have improperly submitted claims for payment for ICDs. The period of time covered by the investigation was 2003 to 2010. The Company continues to fully cooperate with the government in this investigation and has provided requested records and documents. On August 30, 2012, the Department of Justice issued a document entitled, "Medical Review Guidelines/Resolution Model," which sets out, for the purposes of this investigation, the patient conditions and criteria for the medical necessity of the implantation of ICDs in Medicare beneficiaries and how the Department of Justice will enforce the repayment obligations of hospitals. The Company is in the process of reviewing its medical records in light of the guidance contained in this document.

Class Action Shareholder Federal Securities Cases. Three purported class action cases have been filed in the United States District Court for the Middle District of Tennessee; namely, Norfolk County Retirement System v. Community Health Systems, Inc., et al., filed May 9, 2011; De Zheng v. Community Health Systems, Inc., et al., filed May 12, 2011; and Minneapolis Firefighters Relief Association v. Community Health Systems, Inc., et al., filed June 21, 2011. All three seek class certification on behalf of purchasers of the Parent's common stock between July 27, 2006 and April 11, 2011 and allege that misleading statements resulted in artificially inflated prices for the Parent's common stock. In December 2011, the cases were consolidated for pretrial purposes and NYC Funds and its counsel were selected as lead plaintiffs/lead plaintiffs' counsel. The Company's motion to dismiss this case has been fully briefed and is pending before the court. The Company believes this consolidated matter is without merit and will vigorously defend this case.

Shareholder Derivative Actions. Three purported shareholder derivative actions have also been filed in the United States District Court for the Middle District of Tennessee; Plumbers and Pipefitters Local Union No. 630 Pension Annuity Trust Fund v. Wayne T. Smith, et al., filed May 24, 2011; Roofers Local No. 149 Pension Fund v. Wayne T. Smith, et al., filed June 21, 2011; and Lambert Sweat v. Wayne T. Smith, et al., filed October 5, 2011. These three cases allege breach of fiduciary duty arising out of allegedly improper inpatient admission practices, mismanagement, waste and unjust enrichment. These cases have been consolidated into a single, consolidated action. The plaintiffs filed an operative amended derivative complaint in these three consolidated actions on March 15, 2012. The Company's motion to dismiss was argued on June 13, 2013. On September 27, 2013, the court issued an order granting in part and denying in part the Company's motion to dismiss. On October 14, 2013, the Company filed for a Motion for Reconsideration of the Order Granting in Part and Denying in Part the Motion to Dismiss, a Motion to Stay Discovery, and an unopposed Motion for Extension of Time to File an Answer. The Company believes all of the plaintiffs' claims are without merit and will vigorously defend them.

15. SUBSEQUENT EVENTS

The Company evaluated all material events occurring subsequent to the balance sheet date though March 5, 2014, the date the consolidated financial statements were issued, for events requiring disclosure or recognition in the consolidated financial statements.

On January 27, 2014, the Company completed the acquisition of HMA. Pursuant to the merger agreement governing the transaction, the Company acquired all the outstanding shares of HMA's common stock for approximately $7.6 billion, including the assumption of approximately $3.7 billion of existing indebtedness, for consideration for each share of HMA's common stock consisting of $10.50 in cash, 0.06942 of a share of the Company's common stock, and one contingent value right ("CVR"). The CVR entitles the holder to receive a cash payment of up to $1.00 per CVR (subject to downward adjustment), subject to the final resolution of certain legal matters pertaining to HMA, as defined in the CVR agreement.

In connection with the HMA merger, the Company entered into a third amendment and restatement of the Credit Facility, providing for additional financing and recapitalization of certain of the Company's term loans, including (i) the replacement of the revolving credit facility with a new $1.0 billion revolving facility maturing 2019 (the "Revolving Facility"), (ii) the addition of a new $1.0 billion Term A facility due 2019 (the "Term A Facility"), (iii) a Term D facility in an aggregate principal amount equal to approximately $4.602 billion due 2021 (which includes certain term loans due 2017 that were converted into such Term D facility (collectively, the "Term D Facility")), (iv) the conversion of certain term loans due 2017 into Term E Loans and the borrowing of new Term E Loans due 2017 in an aggregate principal amount of approximately $1.677 billion (collectively, the "Term E Facility" and, together with the Revolving Facility, the Term D Facility and the Term A Facility, the "Credit Facilities") and (v) the addition of flexibility commensurate with the Company's post-acquisition structure. In addition to funding a portion of the consideration in connection with the HMA merger, some of the proceeds of the Term A Facility and Term D Facility were used to refinance the outstanding $637.5 million existing Term A facility due 2016 and the $59.6 million of term loans due 2014, respectively.

Adjusted for the effect of this amendment and restatement of the Company's Credit Facility, the term loans are scheduled to be paid with principal payments for future years as follows $112.8 million due in 2014, $162.8 million due in 2015, $162.8 million due in 2016, $1.822 billion due in 2017, $496.0 million due in 2018 and $4.521 billion due thereafter.

In connection with the financing activities of the HMA merger, the Company, through one of its wholly-owned subsidiaries, also issued: (i) $1.0 billion aggregate principal amount of 5.125% Senior Secured Notes due 2021 (the "Secured Notes") and (ii) $3.0 billion aggregate principal amount of 6.875% Senior Notes due 2022 (the "Unsecured Notes" and, together with the Secured Notes, the "Notes"). The Secured Notes are senior secured obligations of the Company and are guaranteed on a senior secured basis by the Parent and by the Company and certain of its subsidiaries. The Secured Notes mature on August 1, 2021, and bear interest at a rate of 5.125% per annum. The Unsecured Notes are senior unsecured obligations of the Company and are guaranteed on a senior basis by the Parent and certain of the Company's subsidiaries. The Unsecured Notes mature on February 1, 2022, and bear interest at a rate of 6.875% per annum.

The initial accounting for the acquisition of HMA is currently incomplete. The Company is in the process of obtaining initial information relative to the fair values of assets acquired, liabilities assumed and any noncontrolling interests in the transaction. The valuation of the acquired assets and assumed liabilities will include, but not be limited to, fixed assets, Medicare licenses, certificates of need, other potential intangible assets and contingencies. The valuations will consist of physical inspections and appraisal reports, discounted cash flow analyses, or other appropriate valuation techniques to determine the fair value of the assets acquired or liabilities assumed.

On February 5, 2014, the Company announced that one or more subsidiaries of the Company have executed a definitive agreement to acquire substantially all of the assets of Sharon Regional Health System in Sharon, Pennsylvania for approximately $70 million, plus net working capital. Sharon Regional Health System includes a 251-bed acute care hospital and other outpatient and ancillary services.

Attachment C.Orderly Development.7.d

Department of Health & Human Services
Centers for Medicare & Medicaid Services
61 Forsyth St., Suite 4T20
Atlanta, Georgia 30303-8909

Ref: Mercy Medical Center compliance w/stds 440120

February 13, 2012

Important Notice, Read Carefully

Mr. Jeffery Ashin, CEO
Mercy Medical Center
900 East Oak Hill Avenue
Knoxville, Tennessee 37917

RE: Acute Care Hospital - CMS Certification Number (CCN) 44-0120

Dear Mr. Ashin:

Based on a report by the Tennessee State Survey Agency of the fill Medicare survey of Mercy Medical Center, ending January 11, 2012, we find your institution to be in compliance with all Medicare Conditions of Participation. However, there were standard level deficiencies cited, for which you have addressed through the submitting on January 26, 2012, a plan of correction to the Tennessee State Agency.

We thank you for your cooperation and look forward to working with you on a continuing basis in the administration of the Medicare program. If you have questions, please contact Joe Ann Hollingsworth at (404) 562-7510.

Sincerely,

Sandra M. Pace
Associate Regional Administrator
Division of Survey and Certification

Cc: State Agency
The Joint Commission

PRINTED: 01/13/2012
FORM APPROVED
OMB NO. 0938-0391

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING B. WING	(X3) DATE SURVEY COMPLETED
	440120		01/11/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
MERCY MEDICAL CENTER	900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
A 000	INITIAL COMMENTS A full Certification survey was completed on January 9-11, 2012, at Mercy Medical Center located at 900 East Oak Hill Avenue, Knoxville, TN, and two satellite hospitals, Mercy Medical Center North, located at 7565 Dannaher Way, Powell, TN, and Mercy Medical Center West, located at 10820 Parkside Dr, Knoxville, TN. For identification purposes, Building A will refer to Mercy Medical Center located at 900 East Oak Hill Avenue, Knoxville, TN; Building B will refer to Mercy Medical Center North, located at 7565 Dannaher Way, Powell, TN; and Building C will refer to Mercy West, located at 10820 Parkside Dr, Knoxville, TN.	A 000		
A 167	482.13(e)(4)(ii) PATIENT RIGHTS: RESTRAINT OR SECLUSION [The use of restraint or seclusion must be--] (ii) implemented in accordance with safe and appropriate restraint and seclusion techniques as determined by hospital policy in accordance with State law. This STANDARD is not met as evidenced by: Based on review of facility policy, medical record review, and interview, the facility failed to ensure physician's orders for the use of a physical restraint were consistent with facility policy for two patients (#16, #35) of four restraint records reviewed. The findings included: Building A Review of facility policy titled "Restraints" dated	A 167	A 167: Patient Rights/Restraints: Facility A, patient # 16: A late entry was made by the physician clarifying the type and duration intended for the restraint. This patient's subsequent days in restraints revealed complete orders. Facility C, patient # 35: A late entry was made to clarify duration of the restraint; however the patient required restraints for total of 3 hours and restraints had already been removed. A log of all patients in restraints is provided to the clinical leadership daily. The clinical leader/ designee is responsible for reviewing physician and nursing documentation by end of each shift for opportunities to clarify documentation. Staff is required to notify clinical leader or designee before application of restraint to help assure the least restrictive device is used	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE — TITLE: CEO - Demand — (X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 01/13/2012
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING B. WING	(X3) DATE SURVEY COMPLETED
	440120		01/11/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
MERCY MEDICAL CENTER	960 EAST OAK HILL AVENUE KNOXVILLE, TN 37917

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
A 167	Continued From page 1 February 7, 2011, revealed,"...To provide guidelines to ensure that the use of restraint...is safe and limited to those situations with adequate, appropriate clinical justification...Before implementing a restraint intervention...a physician's order...must be obtained...The order for restraint must include the type of restraint used, duration of the restraint, and specific behavior that led to the use of restraint..." Patient #16 was admitted to the facility on December 20, 2012, with diagnoses including Respiratory Failure. Medical record review of a Restraint Order dated December 23, 2011, revealed no documentation regarding the duration and type of release used. Medical record review of a Restraint Order dated December 24, 2011, revealed no documentation regarding the type of restraint. Medical record review of a Restraint Order dated December 25, 2011, revealed no documentation regarding the duration and type of restraint used. Interview with Registered Nurse (RN #7) on January 10, 2012, at 10:00 a.m., confirmed the facility failed to implement the facility's Restraint Policy for Patient #16. Building C Patient #35 was admitted to the facility on December 22, 2011 with diagnoses to include Myocardial Infarction, Respiratory Failure, and Acute Renal Failure. Medical record review of a Physician's Order, dated January 3, 2012, at 1:00 a.m., revealed the patient was to be in wrist restraints for pulling out	A 167	and initial order is complete. The Restraint Order Set was revised to provide a clear, concise and easier to read format. The draft was approved at the Medical Executive Committee on January 19, 2012. Staff and physician education for the new order set will begin during the week of January 27, 2012 and will be implemented on February 14, 2012. Each patient in restraint is monitored for completeness of documentation record monthly as well as overall numbers of patients in restraints and restraint hours and reported through the Quality/Safety Committee. Opportunities for improvement are discussed at the Quality/Safety meeting monthly. Physician documentation compliance is discussed at the Quality Management Committee on a scheduled basis. Individual staff and physician opportunities are trended for review. Patient Rights is a topic covered in every new employee orientation. The restraint policy and orders are included in new physician and new employee clinical orientation.	

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	440120		01/11/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
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A 167	Continued From page 2 tubes and catheters. Continued review revealed no documentation regarding the time limit for use of the restraint. Interview with the Chief Nursing Officer at the 300 hall nursing station on January 9, 2012, at 3:00 p.m., confirmed the facility failed to implement the facility's Restraint Policy for Patient #35.	A 167		
A 404	482.23(c) ADMINISTRATION OF DRUGS Drugs and biologicals must be prepared and administered in accordance with Federal and State laws, the orders of the practitioner or practitioners responsible for the patient's care as specified under §482.12(c), and accepted standards of practice. This STANDARD is not met as evidenced by: Based on observation, policy review, standards review, and interview, the facility failed to provide dialysis treatments in compliance with facility policy and industry standards. The findings included: Building A. Observation, on January 10, 2012, at 1:45 p.m., of the Dialysis Unit's water treatment system, on the second floor of Building A, revealed the system consisted of a source of city water, two carbon filter tanks, a water softener, and a reverse osmosis (RO) unit. Review of the facility's policy titled, "Water Treatment: Maintenance and Use of Central RO and Water Treatment System", last revised April 28, 2011, revealed, "The water quality...will be	A 404	A 404: Administration of Drugs—Dialysis The Staff Member observed was re-educated on January 18, 2012, by Terrie Lane, RN Team Leader of Dialysis. Policies and Practices were reviewed with AAMI standards. Validation of education was completed by return demonstration of practices. The entire dialysis department had a review of the water testing and treatment policies and practices according to AAMI standards completed by Clint Foster, RN, Dialysis. Validation of this review was completed by return demonstration. Random peer observations will be completed by Dialysis staff monthly. Quality Assurance logs will be reviewed for compliance and reported through the Quality Patient Safety Committee.	

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A 404	Continued From page 3 according to the AAMI (American Association of Medical Instrumentation) standards". Further review of the policy revealed, "Test the water for chlorine/chloramines at valve #T2 (access port between the first and second carbon filter tanks), after the first set of carbon filters". Review of AAMI standard RD52:2004 revealed, "Two carbon beds shall be installed with a sample port following the first bed" and "performance is monitored by measuring free chlorine and/or chloramines concentrations in the water exiting the first carbon bed of a series connected pair." Interview with Registered Nurse #1 (RN#1) on January 10, 2012, at 1:45 p.m., in the water treatment room, revealed RN#2 had tested the water for chlorine that morning prior to starting dialysis. RN#1 stated that, "had rechecked the chlorine level again four hours later, as the water is tested prior to beginning dialysis and every four hours while dialysis is being provided." RN#2 demonstrated how the water was tested for chlorine by obtaining product water from a port on the RO unit. Further interview with RN#2 confirmed this nurse always obtained the test sample from the RO unit and never tested water from the port between the carbon tanks. Interview with RN#8, in the Dialysis Unit, on January 11, 2012, at 9:00 a.m., confirmed it was facility policy to obtain the water specimen from the port between the first and second carbon tanks, for chlorine testing.	A 404		
A 450	482.24(c)(1) MEDICAL RECORD SERVICES All patient medical record entries must be legible, complete, dated, timed, and authenticated in	A 450		

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A 450	Continued From page 4 written or electronic form by the person responsible for providing or evaluating the service provided, consistent with hospital policies and procedures. This STANDARD is not met as evidenced by: Building A Based on review of facility policy, review of medical records, and interview, the facility failed to ensure a medical record was completed consistent with hospital policy for one patient (#1) of fifty sampled patients. The findings included: Building A Review of facility policy "Physicians Orders" dated July 25, 2011, revealed,"...Physician orders will be managed according to the following protocols"...Required elements: All medication orders...must be complete, accurate, and must include:...Dose and dosage form...Strength...Route of Administration...Dosage regimen (frequency)...Orders that are...incomplete will be clarified with the prescriber...Preprinted Orders: If a physician...adopts 'routine orders', a copy of the orders should be timed, dated and signed by the physician...Standing Orders: these orders are developed for use...for a procedure or process..." Patient #1 was admitted to the facility on January 1, 2012. Medical record review of a Physician's Orders form dated January 2, 2012, at 3:50 p.m., revealed nine of thirty-two orders preceded with a blackened check box, and included, "...Lactated	A 450	A 450: Medical Records Services The order set referenced in finding with patient #1 at Facility A has been revised to assure completion of orders and an infusion rate has been added. All surgery patients have been identified as having this same potential incomplete order, and as a result, all order sets used within the ODS/Pre-Op area have been revised. This revision was completed on January 20, 2012. The Pharmacy Director has re-educated the pharmacy staff regarding the "Physician's Order" policy to include proper methods for handling incomplete orders. Orders not meeting the criteria for a complete order will be verified with the prescriber. Education was completed by January 26, 2012. An order set revision policy is in place to assure orders are reviewed on a tri-annual schedule to assure regulatory requirements are met. Any orders identified by departments or pharmacy requiring clarification will be immediately reviewed. and corrected. Clarifications of unclear or incomplete orders are part of the employee clinical orientation.	

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A 450	Continued From page 5 ringers 1000 ml (milliliters) or (and a blank line)..." Continued review revealed no documentation regarding the route or dose regimen. Continued review revealed twenty-three possible orders preceded by a blank check box, with no indication whether the orders were to be implemeneted or deleted. Interview with Vice President of Quality on January 9, 2012, at 10:33 a.m., in a 3 Central work space, revealed the "Physician's Orders" form was a "standing orders" form. Interview with the Vice President of Quality on January 11, 2012, at 10:30 a.m., in the the Chief Nursing Officer's (CNO) conference room, confirmed the physician's order for Lactated Ringers was incomplete. Interview with the Director of Pharmacy on January 11, 2012, at 10:43 a.m., in the CNO's conference room, revealed pharmacy reviewed orders daily and followed up the prescriber when an issue was identified. Continued interview revealed the Physician's Orders dated January 1, 2012, required clarification, and confirmed the facility failed to ensure the orders dated January 1, 2012, were completed consistent with hospital policy.	A 450		
A 454	482.24(c)(1) ORDERS DATED AND SIGNED (i) All orders, including verbal orders, must be dated, timed, and authenticated promptly by the ordering practitioner, except as noted in paragraph (c)(1)(ii) of this section. (ii) For the 5 year period following January 26, 2007, all orders, including verbal orders, must be dated, timed, and authenticated by the ordering practitioner or another practitioner who is	A 454	A 454: Orders Dated and Signed The order sets in regards to Patient # 7 and Patient # 8 at Facility A, the "Laminectomy "and"Anterior Fusion" order sets were revised for clarity concerning the pre-admission testing. Physicians utilizing those order sets were specifically educated as to the requirement of dating/timing/signing orders on	

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A 454	Continued From page 6 responsible for the care of the patient as specified under §482.12(c) and authorized to write orders by hospital policy in accordance with State law. This STANDARD is not met as evidenced by: Based on medical record review, observation, review of facility policy, and interview, the facility failed to ensure physician's orders were authenticated, dated, and timed for two patients (#7 and #8) of fifty patients reviewed. The findings included: Building A Patient #7 was admitted to the facility on January 9, 2012, for a Discectomy. Medical record review of the pre-printed physician's orders Pre-Op Laminectomy/Fusion revealed "CBC" (Complete Blood Count) and "PT/PTT" (Prothrombin Time and Partial Thromboplastin Time) had been circled to indicate the labwork was to be completed prior to surgery. Continued review of the pre-printed physician's order sheet revealed the orders had not been signed, dated, or timed by the physician. Further medical record review revealed the labwork had been obtained on December 28, 2011. Patient #8 was admitted to the facility on January 9, 2012, for an ACD&F (Anterior Cervical Discectomy and Fusion). Medical record review of the pre-printed physician's orders Pre-Op Laminectomy/Fusion revealed orders for labwork, and preoperative	A 454	January 20, 1012 by the ODS/PACU clinical leader. The ODS/PACU staff were educated as to the requirement to assure orders have been obtained and confirmed with signature or verbal order prior to initiation by January 20, 2012. The ODS/PACU Clinical Leader or designee will monitor compliance with the dating/timing and signature's on physician orders, specifically the two order sets that were revised, as well as other orthopedic patients for signature/dating/timing during the time frame of January 23, 2012 through February 17, 2012. Results will be discussed with the physician's utilizing these order sets within the Department of Surgery meeting and Quality Management Committee in March 2012. Compliance of 95% is the target, if < 95%, the specific physicians and staff will be reeducated and monitor will continue until compliance target is met. The complete medical record documentation, which includes dating and timing and signature requirements are covered in new clinical employee orientation. The Health Information Management (HIM) department will complete random monitoring of physician signatures/dating and timing twice annually and will report to the Quality Management Committee in February/November. The HIM department will include missing signatures as part of the monthly deficiency monitoring and report through the Quality Management Committee (QMC) in the months of February and November.	

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A 454	Continued From page 7 antibiotics of Cefazolin 2 grams. Continued review of the pre-printed physician's order sheet revealed the orders had not been signed, dated, or timed by the physician. Further medical record review revealed the labwork was obtained and resulted in the chart and the antibiotic was administered on January 9, 2012, at 12:28 p.m. Observation on January 9, 2012, at 3:10 p.m., revealed the patient was in bed in the recovery room, with a cervical collar present, and was answering the recovery room nurse's questions regarding post-operative pain. Review of the facility's policy Physicians Orders, no policy number, revised July 25, 2011, revealed, "...Preprinted Orders: If a physician or group of physicians adopts 'routine orders', a copy of the orders should be timed, dated and signed by the physician and included in the patient's record..." Interview with the Manager of ODS/PACU (One Day Surgery/Post Anesthesia Care Unit) on January 9, 2012, at 2:50 p.m., in the ODS pre-operative area, and at 3:30 p.m., in Phase I PACU, confirmed the orders had not been authenticated, timed, or dated by the physicians for patient #7 or patient #8.	A 454		
A 466	482.24(c)(2)(v) CONTENT OF RECORD - INFORMED CONSENT [All records must document the following, as appropriate:] Properly executed informed consent forms for procedures and treatments specified by the medical staff, or by Federal or State law if applicable, to require written patient consent.	A 466	A 466: Consent The medical record for patient #2 in Facility A was updated with late entry by physician as to the circumstance of emergency placement needed and the fact there had been no family	

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A 466	Continued From page 8 This STANDARD is not met as evidenced by: Based on medical record review, observation, review of facility policy, and interview, the facility failed to obtain informed consent for one patient (#2) of fifty patients reviewed. The findings included: Building A Patient #2 was admitted to the facility on January 8, 2012, with diagnoses including Respiratory Failure, Congestive Heart Failure, and Osteomyelitis. Medical record review of the physician's orders and an Operative Summary dated January 8, 2012, revealed a central line (catheter placed in a major vessel for administration of medications) was placed in the left subclavian vein (major vessel) on January 8, 2012. Observation of the patient on January 9, 2012, at 11:00 a.m., revealed the patient in bed in the Intensive Care Unit (ICU), with a dressing present over the left subclavian area (chest area) dated January 8, 2012. Review of the facility's policy Central Venous Catheters - Regional, no policy number, revised April 7, 2011, revealed, "...An informed consent must be obtained prior to insertion..." Interview with Registered Nurse (RN) #1 and the Chief Nursing Officer on January 9, 2012, at 10:55 a.m., at the ICU nursing station, and with RN #1 at 11:00 a.m., in the patient's room,	A 466	available. Physician education reminders were posted in the physician lounges on January 25, 2012 and was added as an agenda item for discussion at physician department meetings for January and February and will be added as a topic of discussion at the Quality Management Committee on February 9, 2012. A reminder letter will be sent to all physicians on staff from the Chief of Staff as to the requirement of documentation. Consent assuring risks, benefits and alternatives, and risk and benefits of alternatives are monitored randomly by the Quality Department and reported through the Quality Management Committee (QMC) in February and November each year. The QMC chairman will address each opportunity with physicians with a letter of education and a copy of the letter will go into the physician's quality file. The use of the consent form for verification of signature signifying discussion is the preferred document, but this information may be found in other parts of the physician documentation. New physicians receive a copy of the bylaws and rules and regulations that addresses the requirements of documentation for consent upon credentialing with the facility	

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A 466	Continued From page 9 confirmed the patient had a central line placed; the patient was unable to consent to treatments; and no family had been present in the facility. Continued interview confirmed there was no documentation of attempts to contact the family and consent for the central line placement had not been obtained.	A 466		
A 503	482.25(b)(2)(ii) CONTROLLED DRUGS KEPT LOCKED Drugs listed in Schedules II, III, IV, and V of the Comprehensive Drug Abuse Prevention and Control Act of 1970 must be kept locked within a secure area. This STANDARD is not met as evidenced by: Based on observation, interview and review of facility policy, the facility failed to secure medications for one of two Operating Rooms (OR) observed. The findings included: Building A Observation on January 9, 2012, at 2:05 p.m., in Operating Room #16, revealed an anesthesia box in the unlocked anesthesia cart containing the following medications: Albuterol inhaler, Phenylephrine, Levophed, Epinephrine, Naloxone, Hydralazine, Ephedrine, Famotidine, Diphenhydramine,Decadron, and Lasix, which may be used during surgery and anesthesia. Review of facility policy Storage, with last revision dated June 24, 2009, revealed "...when not in use, nursing medication carts, anesthesia carts or other medication carts containing drugs or	A 503	A 503: Controlled Drugs Kept Locked There were no controlled substances within the Emergency Boxes found unattended. However, the Anesthesia Emergency boxes referenced in this finding in Facility A have been pulled from use. Contents of Anesthesia Emergency boxes have been added to the General Anesthesia bags and labeled appropriately. The General Anesthesia bags are patient specific kits used on a single patient only. These kits are assigned to a provider for a particular patient and are not left in the room following the procedure. The OR pharmacy staff is responsible for making these additions to the General Anesthesia bags and have pulled from use any remaining Anesthesia Emergency boxes. These changes will be completed by January 26, 2012. Each new clinical licensed employee is oriented to the medication safety process during their time in clinical orientation while spending four hours in the facility pharmacy department.	

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A 503	Continued From page 10 biologicals must be locked or stored in a locked storage room...all drugs and biologicals must be secure..." Interview with the OR manager revealed OR #16 had not been used since the previous weekend. Further interview with Operating Room (OR) Manager and the Director of Surgery, at 2:05 p.m., in OR room #16, confirmed the anesthesia box, with medications, was unsecured in the anesthesia cart and the cart was not locked. Further interview with the OR manager revealed OR #16 had not been used since the previous weekend.	A 503		
A 505	482.25(b)(3) UNUSABLE DRUGS NOT USED Outdated, mislabeled, or otherwise unusable drugs and biologicals must not be available for patient use. This STANDARD is not met as evidenced by: Based on observation, policy review, and interview, the facility failed to remove expired drugs from patient use. The findings included: Building B Observations, on January 9, 2012, at 1:00 p.m., of Building B's Intensive Care Unit (ICU) Medication Room, revealed three 250 milliliters (ml) bags of Intravenous (IV) Dextrose 5% with Water (D5W), with expiration date of October 2011. Review of facility policy titled, "Storage:General", last revised June 24, 2009, revealed,	A 505	A 505: Unusable Drugs The identified expired IV solutions were immediately removed from the shelf in Facility B. The Storeroom already has a practice in place to rotate supplies within the central supply carts in the departments. A protocol was developed and department leaders were educated as to the departments' responsibility for the monthly review and accountability of supplies not kept in the central supply cart. A monthly signature log was created for tracking. The department leaders were educated to the new protocol on January 25, 2012. The assignment and accountability log will begin in February 2012. The accountability log will be monitored by department leaders for signatures for three consecutive months with an expectation of 100% compliance. If 100% is met within an individual department, the monitoring will be reduced to quarterly spot checks and follow up as necessary. Routine Environmental	

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A 505	Continued From page 11 "Medications shall be stored under proper conditions of sanitation..." Interview with the Clinical Leader, on January 9, 2012, at 1:00 p.m., in the medication room, confirmed the three IV bags were expired and available for patient use.	A 505	Rounding will incorporate the monitoring of expired IV supplies and will begin during the week of January 23, 2012. The protocol is covered with new employees during their clinical orientation.	
A 724	482.41(c)(2) FACILITIES, SUPPLIES, EQUIPMENT MAINTENANCE Facilities, supplies, and equipment must be maintained to ensure an acceptable level of safety and quality. This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to ensure supplies were not available beyond the expiration date in the Interventional Radiology department. The findings included: Building A Observation on January 10, 2012, at 2:35 p.m., in the Interventional Radiology Department, revealed twenty tongue depressors with an expiration date of June, 2009 and four #11 Scalpel Blades with an expiration date of May, 2006, in an emesis basin in the cabinet. Interview with Radiology Technician (RT) #1, on January 10, 2012, at 2:35 p.m., in the Interventional Radiology Department, confirmed twenty tongue depressors with an expiration date	A 724	A 724: Facilities, Supplies, Equipment Maintenance. The supplies from Facility A, Radiology Department were immediately disposed of. The Storeroom already has a practice in place to rotate supplies within the central supply carts in the departments. A protocol was developed and department leaders were educated as to the departments' responsibility for the monthly review and accountability of supplies not kept in the central supply cart. A monthly signature log was created for tracking. The department leaders were educated to the new protocol on January 25, 2012. The assignment and accountability log will begin in February 2012. The accountability log will be monitored by department leaders for signatures for three consecutive months with an expectation of 100% compliance. If 100% is met within an individual department, the monitoring will be reduced to quarterly spot checks and follow up as necessary. Routine Environmental Rounding will incorporate the monitoring of all supplies will begin during the week of January 23, 2012. The protocol is covered with new employees during their clinical orientation.	

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	440120		01/11/2012

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A 724	Continued From page 12 of June, 2009 and four #11 Scalpel Blades with an expiration date of May, 2006 in the cabinet and were expired. Interview with the Chief Nursing Officer (CNO), at 2:40 p.m., in the conference room, confirmed the tongue depressors and scalpel blades were expired and available for patient use.	A 724		
A 749	482.42(a)(1) INFECTION CONTROL OFFICER RESPONSIBILITIES The infection control officer or officers must develop a system for identifying, reporting, investigating, and controlling infections and communicable diseases of patients and personnel. This STANDARD is not met as evidenced by: Based on observation, policy review, and interview, the facility failed to ensure single use patient care items were not used for more than one patient in the Interventional Radiology Department of building A; failed to ensure unclean linens were properly handled in two medical surgical units (3 central and 1 central) in building A; failed to ensure the cleanliness of clothing items provided by the facility for newborn infants in the nursery of building A; failed to ensure the facility hand washing policy was followed while preparing medications by one nurse in the emergency room of building A; failed to ensure the facility hand washing policy was followed while administering medications by one nurse on the 200 hall medical surgical unit of building C; failed to ensure the continuation of Neutropenic Precautions (reverse isolation precautions are generally indicated to prevent exposure of a patient to infections for a patient	A 749	A 749: Infection Control Officer Responsibilities 1. The Clinical Leader for Radiology met with specific associate on January 10, 2012 to discuss findings. This was deemed to be an isolated incident related to specific associate's practice and the disciplinary process was initiated. A sterile syringe is to be used for each entry into the multi-dose vial of Heparin, and sterilely packaged syringes were placed by the Heparin vial with a reminder. As an additional precaution, all Interventional Radiology staff will be re-educated by the Clinical Leader for Radiology on the topics of preparing medication and the Safe Injection Practices policy. This will be completed by February 2, 2012 and compliance documented on sign-in sheet. The re-education will occur prior to the next shift worked for any staff unable to attend prior to February 2, 2012. Safe Injection Practices signage available on the CDC website will be added to procedure rooms for additional visual education on proper procedure. This will be completed by January 27, 2012. All new licensed employees receive education on Safe Injection Practices during their facility orientation. Process and practice compliance will be monitored by	

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A 749	Continued From page 13 with a low blood neutrophil count which is the most common type of white blood cell that fights infections) on the 300 hall medical surgical unit of building C; and failed to ensure items recommended for single patient use were not cleaned and used on multiple patients in the outpatient surgery center's pre-operative area of building C. The findings included: Building A Observation on January 10, 2012, at 2:35 p.m, in the Interventional Radiology Department, revealed one multi-dose vial of Heparin (10,000 unit per 1 milliters) with a connector device and one three ml syringe in the locked cabinet. Interview with Radiology Technician (RT) #1, at 2:35 p.m., in the Interventional Radiology Department hallway, confirmed the 3milliliter (ml) syringe was reused multiple times to withdraw the Heparin from the multi-dose vial and then add 1ml into 1000ml's of Normal Saline for a Heparin drip. Review of facility policy Safe Injection Practices, with original date June 1, 2011, revealed "...needles, cannulae, and syringes are sterile, single-use items...needles, cannulae and syringes will not be used for another patient nor to access a medication or solution that might be used for subsequent patient...if multi-dose vials must be used, both the needle or cannula and syringe used to access the multi-dose vial must be sterile..."	A 749	departmental observations on a weekly basis until 100% compliance is assured for three consecutive months. 2. Patient #1 was in Contact Isolation. Gloves and gown are to be worn when in contact with the patient or the patient's immediate environment. Specific education on Contact Isolation, with emphasis on personal protective equipment (PPE) and linen handling will be provided to all certified nursing assistants (CNAs) on 3 Central and 1 Central by February 10, 2012. The education will occur prior to the next shift worked for any staff unable to attend prior to February 10, 2012. As an additional corrective measure, Contact Isolation content, with emphasis on personal protective equipment and linen handling, will be added as an annual competency for all nursing staff, to include CNAs beginning with January 2012 competencies. All new employees receive education on Contact Isolation during their facility orientation. Observations for Contact Isolation compliance will be conducted monthly as part of regularly scheduled Environmental Rounding. These results will be shared with departmental leadership as collected and reported to the Quality Safety Committee on a quarterly basis. 3. Hand-knitted or hand-crocheted items will not be given to patient (mother) until time of discharge. Each item will have a label affixed with the following wording, "It is recommended that you launder this item, as you would	

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A 749	Continued From page 14 Interview with the Chief Nursing Officer (CNO) on January 10, 2012, at 2:40p.m., in the conference room, confirmed the reuse of a 3ml syringe did not follow facility policy. Review of facility policy titled "Linen Utilization - Regional" dated July 30, 2010, revealed, "...Torn, stained, or otherwise unusable linen should be placed in a designated receptacle...Standard Precautions will be used when handling all linen..." Medical record review revealed Patient #1 was admitted to the facility on January 1, 2012, with diagnoses including Methicillin Resistant Staph Aureus (MRSA, an infectious organism resistant to treatment by most antibiotics). Medical record review of a physician's progress note dated January 5, 2012, revealed, "...MRSA facial abcess." Observation with the Vice President of Quality on medical surgical hall 3 central, on January 9, 2012, at 9:56 a.m., revealed the patient in bed, a dressing on the left wrist/hand, and unclean linen on the floor beside a red storage receptacle. Interview with the Vice President of Quality on January 9, 2012, at 9:56 a.m., confirmed the facility failed to store the unclean linen in a manner to prevent the spread of infection. Medical record review revealed Patient #15 was admitted to the facility on January 5, 2012, with diagnoses including Altered Mental Status. Observation on January 9, 2012, at 2:32 p.m., revealed the patient in a bed and unclean linen in	A 749	any new newborn clothing, prior to using on infant." Women's Pavilion/OB nursing staff will verbally review these instructions with patient at time of discharge. Women's Pavilion/OB nursing staff will be instructed in new process and not to place hand-knitted or hand-crocheted items provided by the Auxiliary on infants while in the hospital. This instruction will be completed by February 10, 2012. The instruction will occur prior to next shift worked for any staff unable to attend prior to February 10, 2012. Observation of process compliance will be added to department Environmental Rounding on a monthly basis until 100% process compliance is assured for three consecutive months. These results will be shared with departmental leadership as collected and reported to the Quality Safety Committee. 4. & 5. Individual counseling was provided to nurse preparing (Facility A) and to nurse administering (Facility C) medication without properly conducting hand hygiene. This was done on January 11 and January 9, 2012, respectively. Facility A, B, & C clinical leaders/designee will provide patient care staff education reminders as to the individual responsibility for hand hygiene by February 17, 2012. The education will occur prior to the next shift worked for any staff unable to attend prior to February 17, 2012. All new employees receive education on hand hygiene during their facility orientation. Random monthly observations are completed for hand hygiene on each	

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A 749	Continued From page 15 a chair in the room. Continued observation revealed a Certified Nursing Assistant (CNA #1) picked up the linen with ungloved hands and the linen made contact with the CNA's uniform. Interview with CNA #1 on medical surgical hall 1 central, on January 9, 2012, at approximately 2:34 p.m., outside the patient's room, revealed the CNA is to wear gloves when handling unclean linen. Interview with Registered Nurse (RN #6) on January 9, 2012, at 2:35 p.m., outside the patient's room, confirmed the facility failed to handle the linen in a manner to prevent the spread of infection. Observation of the newborn nursery of building A with the Manager of the Women's Center and the Clinical Leader of the Women's Center of building A, on January 10, 2012, at 2:00 p.m., revealed several drawers contained homemade hand crocheted infant hats and blankets. Interview with the Manager of the Women's Center and the Clinical Leader of the Women's Center of building A, on January 10, 2012, at 2:00 p.m., confirmed the cleanliness of the homemade items provided by the facility to the newborns could not be ascertained. Observation of Registered Nurse (RN) # 4 in the Emergency Department (ED) of building A with the Manager of the ED on January 11, 2012, at 9:30 a.m., revealed RN #4 standing at the ED nursing station with the hands tucked down into the waist band of the scrub pants RN #4 was wearing. Continued observation revealed RN #4,	A 749	clinical area and reported on Quality Nursing Scorecards. This data is reported to the Quality Safety Committee on a quarterly basis. Staff has been encouraged to address any noted non-compliance of hand hygiene directly with their peers. Hand Hygiene is part of annual Infection Control education for all employees. 6. A new policy for Neutropenic Precautions / Protective Care was developed by the Infection Control Practitioners. A copy of this policy will be added to the Infection Control Policy section of the policy database by January 27, 2012. This policy will be presented at the Quality Safety Committee with instructions for education for clinical leaders on January 25, 2012. Education on the new policy will be provided to nursing staff at Hospital A, B, & C by clinical leaders/ designee. This will be completed by February 17, 2012. The education will occur prior to next shift worked for any staff unable to attend prior to February 17, 2012. All new employees receive education on types of isolation that might be encountered when dealing with hospitalized patients during their facility orientation. Observation of process compliance on any patients placed in Neutropenic Precautions will be completed by the clinical leader of the nursing unit and will be conducted until 100% compliance is assured for three consecutive months. 7. Emesis basins were immediately removed from nursing work areas on	

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A 749	Continued From page 16 without washing or sanitizing the hands, entered the medication area and entered information on the keyboard on the medication storage cabinet. RN #4 opened the medication storage cabinet; opened a medication drawer; extracted two containers of medication; obtained a disposable drinking cup; filled the cup with ice and water; and proceeded down the hall with the medication. Interview in the medication area of the ED of building A with RN #4 and the ED Manager on January 11, 2012, at 9:30 a.m., confirmed the RN did not wash or sanitize the hands prior to obtaining and preparing patient fluids and medications. Review of the facility policy, Hand Hygiene, no number, dated revised September 21, 2010, revealed "...to reduce, as low as possible, the number of viable microorganisms on the hands in order to prevent transmission of pathogens from one patient to another...use anti-microbial soap...or alcohol based hand rub...before contact with intact patient skin..." Building C Observation on the 200 hall of the medical surgical unit of building C with the Chief Nursing Officer (CNO) on January 9, 2012, at 2:20 p.m., revealed RN #3 exited the medication room and without washing or sanitizing the hands. The RN entered the room of a patient; handled the wrist area of the patient's left arm then walked to the right side of the bed and handled the tubing for the patient's IV (intravenous) line. The RN reached into the pocket of the scrubs withdrawing a syringe; injected the medication in the syringe	A 749	January 9, 2012. Emesis basins will be used for the purpose in which they were intended to be used and as a single patient use item. Observations for single patient use items used according to manufacturer's labeling will be added to ongoing Environmental Rounding. Results from Rounding are reported to departmental leadership at the time of Rounding and to the Quality Safety Committee on a quarterly basis. The department orientation will include the proper use of single use items.	

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A 749	Continued From page 17 into the port on the IV tubing then reached into the pocket of the scrubs again, and injected another syringe of medication into the port of the patient's IV line. Interview in the medication room of the 200 hall medical surgical unit of building C on January 9, 2012, at 2:25 p.m., with RN #3 and the Chief Nursing Officer confirmed the hands had not been washed or sanitized prior to entering the patient's room and injecting medications into the patient's IV port. Continued interview confirmed the facility policy called for the hands to be washed or sanitized prior to entering a patient's room and administering IV medications. Patient #34 was admitted to the facility on January 5, 2012 with diagnoses to include Neutropenia. Review of the Physician's Admit Orders, dated January 5, 2012, at 5:30 p.m., revealed "...Neutropenic Precautions..." Observation of the doorway to patient #34's room with the CNO on January 9, 2012, at 3:30 p.m., revealed no signage to indicate patient #34 was on Neutropenic Precautions and no isolation equipment outside the patient's door. Interview at the nursing station of the 300 hall of the medical surgical unit of building C on January 9, 2012, at 3:30 p.m., with RN #5 revealed RN #5 had received information in the morning report the Neutropenic Precautions had been discontinued. Medical record review of patient #34 revealed the White Blood Cell (WBC) count on January 5 - 1.8 MM3; January 6 -1.9 MM3; January 7 - 1.9 MM3;	A 749		

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A 749	Continued From page 18 January 8 - 2.3 MM3; and January 9 - 2.0 MM3 (normal ranges: WBC - 3.7 - 10.7 MM3) - (MM3 is, in brief, the measurement by micrometers according to the National Institution of Health). Continued medical record review revealed no order to discontinue the Neutropenic Precautions. Interview at the nursing station of the 300 hall of the medical surgical unit of building C on January 9, 2012, at 3:30 p.m., with RN #5 revealed, the physician wanted to continue the Neutropenic Precautions. Interview at the nursing station of the 300 hall of the medical surgical unit of building C on January 9, 2012, at 3:30 p.m., with the CNO confirmed the Neutropenic Precautions had been discontinued without a written physician's order. Observation in the outpatient surgery center of building C with the Chief Nursing Officer (CNO) on January 9, 2012, at 1:10 p.m., revealed the pre-operative area contained 10 patient beds. Continued observation revealed each bed area had a rolling nurse's work area with a work space of three feet by one and one half feet and an attachment hanging from the side with storage spaces. Continued observation revealed each nurse's work area contained an emesis basin (disposable pink plastic kidney shaped container manufactured for containment of vomitus) with "DO NOT DISCARD" written in permanent marker on each emesis basin. Interview in the pre-operative area with the CNO and Charge Nurse of the pre-operative area on January 9, 2012, at 1:10 p.m., confirmed the	A 749		

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A 749	Continued From page 19 emesis basins were cleaned after each patient and utilized to hold such things as the IV (intravenous) catheters and discarded IV items utilized after starting an IV. Continued interview revealed the manufacturer had not provided instructions indicating the emesis basins could be cleaned; could not be used on more than one patient; and were single patient use items.	A 749		
A 951	482.51(b) OPERATING ROOM POLICIES Surgical services must be consistent with needs and resources. Policies governing surgical care must be designed to assure the achievement and maintenance of high standards of medical practice and patient care. This STANDARD is not met as evidenced by: Based on observation, interview, and review of manufacturer's recommendations, the facility failed to follow manufacturer's recommendations for processing (high level disinfection and/or sterilization) and storage of endoscopes for one of two operating rooms observed in the surgery department. The findings included: Building A Observation of Operating Room (OR) #13 on January 9, 2012, at 1:10 p.m., revealed a cabinet contained five closed rigid containers with endoscopes, cameras, light cords, and instrumentation, with visible moisture on the inside of the containers. Observation of the containers revealed cardboard cards set on top of the containers with dates and times of January 9, 2012, 9:00 a.m., and 9:10 a.m., (four hours	A 951	A 951: Operating Room Policies Facility A Cystoscopes were found in cabinet after Steris 1 processing in the Steris pan, with notes designating the process time and date. Scopes and instrumentation were found to be stored wet. On the same day as the survey, the OR and SPD consulted together and decided to have SPD process all cystoscopes and cysto instrumentation. Even though cystoscopes are usually considered a clean procedure, this equipment is maintained sterile. All cystoscopes, etc., are now packaged separately and sterilized appropriately according to manufacturer guidelines. OR associates have been instructed to do a preliminary cleaning of scopes, then send to SPD for further processing. All cystoscopes and cysto-instruments are maintained in terminally sterilized containers and stored with sterile instrumentation in the OR. The SPD and OR staff department orientation has been revised to reflect the change in practice.	

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A 951	Continued From page 20 earlier) on two trays. Interview with Scrub Tech #1 on January 9, 2012, at 1:10 p.m., in OR #13, revealed the scopes were processed in the rigid trays using an automatic processor in the mornings and then stored in the rigid containers, stacked in the cabinet, for use during "clean" procedures (not sterile surgeries) scheduled during the day. Interviews with the Director and the Manager of the OR on January 9, 2012, at 1:20 p.m., in OR #13, and at 1:50 p.m., in the substerile room, confirmed staff process the endoscopes in the mornings, and store the scopes in the rigid containers, without drying the scopes or instrumentation, for use throughout the day and within 24 hours. Review of the automatic processor manufacturer's recommendations revealed, "...Devices are sterilized, rinsed, and ready for immediate use upon the successful completion of the sterile processing cycle...The processing chamber and the processing containers/trays are also sterilized during the cycle to provide a sterile environment for the devices during the brief time between the completion of sterilization and the removal of the devices for use. The use of devices sterile processed in a SYSTEM 1 Processor should be in a manner consistent with 'Just In Time' processing and delivery. Devices, properly processed in SYSTEM 1 are sterile and ready for immediate use in patient procedures. Neither the Processor nor the processing containers/trays are intended for storage of devices. Storage of medical devices post-processing should be conducted per the	A 951		

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A 951	Continued From page 21 user facility's procedures. (Organizations such as AORN [Association of periOperative Nurses] and SGNA [Society of Gastroenterology Nurses and Associates] offer post-processing guidelines.) Devices stored overnight, for extended periods of time, or otherwise not properly removed and transported to the sterile field for immediate use (JIT) must be re-sterilized prior to use in patient procedures..." Interviews with the Director and the Manager of the OR on January 9, 2012, at 1:50 p.m., in the substerile room and outside OR #13, and with the Director of Sterile Processing on January 9, 2012, at 2:35 p.m., in the Sterile Processing Department, confirmed the facility had not reviewed manufacturer's recommendations for the automatic processor or the endoscopes, before implementing the process of storing the endoscopes in the rigid containers during the day. Further interviews confirmed the endoscopes were only used in "clean" procedures requiring high level disinfection of the scopes and instrumentation, and not procedures where sterile cavities were entered and sterile instrumentation was required. Further interviews confirmed manufacturer's recommendations and society standards were not followed in processing and storing the endoscopes.	A 951		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 440120	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN B. WING	(X3) DATE SURVEY COMPLETED 01/11/2012
NAME OF PROVIDER OR SUPPLIER MERCY MEDICAL CENTER		STREET ADDRESS, CITY, STATE, ZIP CODE 900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917	

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 020	NFPA 101 LIFE SAFETY CODE STANDARD Stairways, elevator shafts, light and ventilation shafts, chutes, and other vertical openings between floors are enclosed with construction having a fire resistance rating of at least one hour. An atrium may be used in accordance with 8.2.5.6. 19.3.1.1. This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to assure corridor vertical shafts were maintained. The findings include: Observation and interview with the Maintenance Director, on January 9, 2012 at 2:20 p.m. confirmed the Electrical room on LL1 had a dumbwaiter shaft that was open on one side through to the ground floor above.	K 020	[redacted] DUMBWAITER SHAFT PERMANENTLY SEALED AND RATED 1-20-12 [illegible]	
K 025	NFPA 101 LIFE SAFETY CODE STANDARD Smoke barriers are constructed to provide at least a one half hour fire resistance rating in accordance with 8.3. Smoke barriers may terminate at an atrium wall. Windows are protected by fire-rated glazing or by wired glass panels and steel frames. A minimum of two separate compartments are provided on each floor. Dampers are not required in duct penetrations of smoke barriers in fully ducted heating, ventilating, and air conditioning systems. 19.3.7.3, 19.3.7.5, 19.1.6.3, 19.1.6.4 This STANDARD is not met as evidenced by:	K 025	[redacted]	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE TITLE (X6) DATE

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DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN B. WING	(X3) DATE SURVEY COMPLETED
	440120		01/11/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
MERCY MEDICAL CENTER	900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 025	Continued From page 1 Based on observation and interview, the facility failed to assure smoke barrier fire ratings are maintained. The findings include: Observation and interview with the Maintenance Director, on January 9, 2012 between 9:30 am and 2:00 p.m. confirmed unsealed penetrations in the LL2 A-wing corridor above the ceiling outside the electrical room, The " Disaster Supply Room " corridor wall, and The connector hallway behind ICU electrical room corridor wall	K 025	Repaired & sealed All penetrations on LL2 A-Wing @ Disaster Supply Room Day of survey 1-9-12	
K 045	NFPA 101 LIFE SAFETY CODE STANDARD Illumination of means of egress, including exit discharge, is arranged so that failure of any single lighting fixture (bulb) will not leave the area in darkness. (This does not refer to emergency lighting in accordance with section 7.8.) 19.2.8 This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to assure the exit discharges from the building were not illuminated such that the failure of any single lighting fixture (bulb) would not leave the area in darkness (NFPA 101, 7.8.1.4). The findings include: Observation and interview with the Maintenance Director, on January 9, 2012 at 3:20 p.m. confirmed the outside lights at the exits from the women ' s pavilion 3rd floor by room 024 was not provided with multiple fixtures.	K 045	New multi-lamp fixture installed 1-12-12	
K 072	NFPA 101 LIFE SAFETY CODE STANDARD Means of egress are continuously maintained free of all obstructions or impediments to full instant	K 072		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 01/12/2012
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	440120	A. BUILDING 01 - MAIN B. WING	01/11/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
MERCY MEDICAL CENTER	800 EAST OAK HILL AVENUE KNOXVILLE, TN 37917

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 072	Continued From page 2 use in the case of fire or other emergency. No furnishings, decorations, or other objects obstruct exits, access to, egress from, or visibility of exits. 7.1.10	K 072		
	This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to assure the corridors in the means of egress were maintained clear of all obstructions (NFPA 101- 7.1.10.2.1.) The findings include: Observation and interview with the Maintenance Director and Radiology Manager, on January 10, 2012 confirmed the Emergency Department back corridor and Radiology department corridor had furniture, carts, linen bins, and portable blood pressure equipment stored (not in use).		Furniture removed day of survey 1-10-12. [illegible]	
K 075	NFPA 101 LIFE SAFETY CODE STANDARD Soiled linen or trash collection receptacles do not exceed 32 gal (121 L) in capacity. The average density of container capacity in a room or space does not exceed .5 gal/sq ft (20.4 L/sq m). A capacity of 32 gal (121 L) is not exceeded within any 64 sq ft (5.9-sq m) area. Mobile soiled linen or trash collection receptacles with capacities greater than 32 gal (121 L) are located in a room protected as a hazardous area when not attended. 19.7.5.5	K 075	[redacted]	

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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	440120		01/11/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
MERCY MEDICAL CENTER	900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917

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K 075	Continued From page 3 This STANDARD is not met as evidenced by: Based on observation and staff interview, the facility failed to assure combustible decorations were fire retardant (NFPA 110, 19.7.5.4). The findings include: Observation and interview with the Maintenance Director, on January 10, 2012 at 2:00 p.m. confirmed the facility failed to treat the quilt hanging in the corridor across room C391.	K 075	Quilt was removed day of survey 1-10-12 BH	
K 147	NFPA 101 LIFE SAFETY CODE STANDARD Electrical wiring and equipment is in accordance with NFPA 70, National Electrical Code. 9.1.2 This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to assure electrical junction boxes had their covers installed. (NFPA 70, 314.28 (C). The findings include: Observation and interview with the Maintenance Director, on January 9, 2012 at 2:00 p.m. confirmed junction boxes without covers in ceiling by Tower 4 Nurses Station vestibule above light, Dialysis equipment room, 2W across from storage room with exposed wires, LL2 between stairwell and elevator, Women's Pavilion 1st floor outside elevator equipment room, and ICU in the corridor by 15-20.	K 147	Junction Box covers were installed ~~[illegible]~~ day of survey 1-9-12 BH	

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PRINTED: 01/17/2012

DEPARTMENT OF HEALTH AND HUMAN SERVICES

CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED

OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	440120	A. BUILDING 03 - EMORY ROAD NORTH HC B. WING _____	01/12/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
MERCY MEDICAL CENTER	850 EAST OAK HILL AVENUE KNOXVILLE, TN 37917

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K 000	INITIAL COMMENTS During the Life Safety portion of the survey conducted on January 11, 2012, no deficiencies were cited under 42CFR Part 482 Requirements for Hospitals.	K 000		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE TITLE (X6) DATE

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DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	440120	A. BUILDING 04 - TURKEY CREEK MEDICAL B. WING _____	01/12/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
MERCY MEDICAL CENTER	999 EAST OAK HILL AVENUE KNOXVILLE, TN 37917

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 000	INITIAL COMMENTS During an annual recertification survey on January 11, 2012, the Mercy West Hospital (Turkey Creek Medical Center) was found to be in compliance with the LSC 2000 Health Existing Regulations.	K 000		

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FORM APPROVED

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP53145	(X2) MULTIPLE CONSTRUCTION A. BUILDING ____ B. WING ____	(X3) DATE SURVEY COMPLETED 01/11/2012
NAME OF PROVIDER OR SUPPLIER: MERCY MEDICAL CENTER	STREET ADDRESS, CITY, STATE, ZIP CODE: 900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917		

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H 001	1200-8-1 Initial This Rule is not met as evidenced by: A full Licensure survey was completed on January 9-11, 2012, at Mercy Medical Center located at 900 East Oak Hill Avenue, Knoxville, TN, and two satellite hospitals, Mercy Medical Center North, located at 7565 Dannaher Way, Powell, TN, and Mercy Medical Center West, located at 10620 Parkside Dr, Knoxville, TN. For identification purposes, Building A will refer to Mercy Medical Center located at 900 East Oak Hill Avenue, Knoxville, TN; Building B will refer to Mercy Medical Center North, located at 7565 Dannaher Way, Powell, TN; and Building C will refer to Mercy West, located at 10620 Parkside Dr, Knoxville, TN.	H 001		
H 605	1200-8-1-.05 (1)(b)4. Basic Hospital Functions (1) Performance Improvement (b) The performance improvement program must be ongoing and have a written plan of implementation which assures that: 4. The competency of all staff is evaluated at least annually; and This Rule is not met as evidenced by: Based on review of employee records the facility failed to ensure employees received annual competency testing for one (#7) of fifteen	H 605		

FORM APPROVED

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP53146	(X2) MULTIPLE CONSTRUCTION A. BUILDING B. WING	(X3) DATE SURVEY COMPLETED 01/11/2012
NAME OF PROVIDER OR SUPPLIER MERCY MEDICAL CENTER	STREET ADDRESS, CITY, STATE, ZIP CODE 900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917		

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
H 605	Continued From page 1 employees reviewed. The findings included: Building A Review of the record of employee #7 revealed no documentation of completion of annual unit-based competency testing for 2011. Review of the policy entitled "Educational Requirements - Regional" revealed "...All associates who utilize patient equipment for patient diagnosis, treatment, monitoring, and care must be oriented to the equipment upon employment and receive annual continuing education as determined by the Leader...". During interview on January 10, 2012, at 10:45 a.m., in the administrative conference room, the Clinical Educator confirmed employee #7 had not completed annual competency testing for 2011 and it was a requirement for all employees.	H 605		

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Division of Health Care Facilities

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NAME OF PROVIDER OR SUPPLIER MERCY MEDICAL CENTER	STREET ADDRESS, CITY, STATE, ZIP CODE 900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917		

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P 002	1200-8-30 No Deficiencies During the licensure survey conducted at Mercy Medical Center (referred to as building A) conducted on January 9 - 11, 2012, no deficient practices were cited under Chapter 1200-8-30, Standards for Pediatric Emergency Care Facilities. During the licensure survey conducted at Mercy Medical Center North (referred to as building B) conducted on January 9 - 11, 2012, no deficient practices were cited under Chapter 1200-8-30, Standards for Pediatric Emergency Care Facilities. During the licensure survey conducted at Mercy Medical Center West (referred to as building C) conducted on January 9 - 11, 2012, no deficient practices were cited under Chapter 1200-8-30, Standards for Pediatric Emergency Care Facilities.	P 002		

TITLE (X6) DATE

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP53145	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN B. WING	(X3) DATE SURVEY COMPLETED 01/11/2012
NAME OF PROVIDER OR SUPPLIER MERCY MEDICAL CENTER	STREET ADDRESS, CITY, STATE, ZIP CODE 900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917		

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H 002	1200-8-1 No Deficiencies During the Life Safety portion of the survey conducted on January 9-10, 2012, no licensure deficiencies were cited under chapter 1200-8-1, Standards for Hospitals.	H 002		

Division of Health Care Facilities

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP53146	(X2) MULTIPLE CONSTRUCTION A. BUILDING 03 - EMORY ROAD NORTH HC B. WING	(X3) DATE SURVEY COMPLETED 01/11/2012
NAME OF PROVIDER OR SUPPLIER MERCY MEDICAL CENTER	STREET ADDRESS, CITY, STATE, ZIP CODE 900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917		

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H 002	1200-8-1 No Deficiencies During the Life Safety portion of the survey conducted on January 11, 2012, no licensure deficiencies were cited under chapter 1200-8-1, Standards for Hospitals.	H 002		

Division of Health Care Facilities

TITLE (X6) DATE

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP53145	(X2) MULTIPLE CONSTRUCTION A. BUILDING 04 - TURKEY CREEK MEDICAL B. WING	(X3) DATE SURVEY COMPLETED 01/12/2012
NAME OF PROVIDER OR SUPPLIER MERCY MEDICAL CENTER	STREET ADDRESS, CITY, STATE, ZIP CODE 900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917		

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H 002	1200-8-1 No Deficiencies During the Life Safety portion of the survey, there were no deficiencies cited from 1200-8-1, Standards for Hospitals.	H 002		

Division of Health Care Facilities

TITLE (X6) DATE

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

SUPPLEMENTAL-#1
-COPY-

TENNOVA PHYSICIANS MEDICAL CENTER

CN1408-033

SUPPLEMENTAL #1
August 27, 2014
8:24 am

State of Tennessee
Health Services and Development Agency
Andrew Jackson State Office Building, 9th Floor
502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

August 26, 2014

Melanie B. Burgess
Vice President of Development
Tennova Healthcare
930 Emerald Avenue, POB Suite 813
Knoxville, TN 37917

RE: Certificate of Need Application CN1408-033
Physician's Regional Medical Center

Dear Ms. Burgess:

This will acknowledge our August 13, 2014 receipt of your application for a Certificate of Need for the relocation and replacement of Physician Regional Medical Center from 900 E. Oak Hill Avenue, Knoxville (Knox County), TN 37917 to an unaddressed site located consisting of 110 acres located at the intersection of Middlebrook and Old Weisgarber Road, across from Dowell Springs Boulevard, Knoxville, TN. The project includes the construction and equipping of a 556,083 square foot replacement hospital consisting of 272 beds and 24 operating / procedures rooms.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 12:00 noon, Wednesday, August 27, 2014. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

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1. **Applicant Profile, Item 1**

   Please provide the proposed address rather than the current address of the applicant and resubmit a replacement page.

   The revised Applicant Profile is attached as attachment 1.

2. **Applicant Profile, Item 4**

   Please provide documentation from the Tennessee Secretary of State's web-site that the applicant is currently an active corporation. The web-site address is :
   https://tnbear.tn.gov/Ecommerce/FilingDetail.aspx?CN=144237204094069140106033033030121027092089000220

Documentation from the Tennessee Secretary of State's web-site is attached as attachment 2.

3. **Applicant Profile, Item 5, Management/Operating Entity**

Please provide the ownership structure of the Management/Operating Entity Community Health Systems Professional Services.

Community Health Systems Professional Services Corporation is wholly owned by CHS/Community Health Systems, Inc., which is wholly owned by Community Health Systems, Inc.

4. **Applicant Profile, Item 6, Legal Interest in Site**

The Real Estate Purchase Agreement for a 107+ parcel of land is noted. However, please provide documentation of the applicant's interest in the site. Please provide documentation that Oak Leaf Capital Partners, LLC is an agent of the applicant.

Documentation assigning the agreement from Oak Leaf Capital Partners, LLC to Metro Knoxville HMA, LLC is attached as attachment 4.

5. **Section A, Applicant Profile, Item 13**

The applicant's contractual relationships with BlueCare, United Community Healthcare Plan and TennCare Select are noted. However, new TennCare contracts will take effect January 1, 2015 with full statewide implementation for AmeriGroup, BlueCare Tennessee and United Healthcare. Please indicate if the applicant intends to contract with AmeriGroup. If so, what stage of contract discussions is the applicant involved with AmeriGroup?

The applicant does intend to contract with AmeriGroup and is currently in active negotiations to finalize those contracts.

6. **Section B. I. Project Description**

Please indicate the location (building, floor, etc.) of the adult Psychiatric and Geriatric Psychiatric Services that will remain at the existing campus.

The Psychiatric units are currently located in the Magdalen Clark Tower on the 4th floor. At this time, there are no plans to relocate the units to another part of the facility. However, as plans become clearer regarding future uses of the existing hospital buildings, those plans could change. If the Psychiatric units must be relocated in order to maximize the future uses for the facility, a Certificate of Need application will be filed as required.

Please clarify if food, laundry, and environmental services will remain at the existing campus to provide services to the psychiatric services that will remain.

All services that are required by the State and other licensing and accrediting agencies to support remaining services will be provided.

Please clarify if there will be a psychiatric emergency room and/or emergency room/urgent care center available at the existing campus. If not, how will psychiatric emergencies be handled?

A psychiatric intake center will remain on campus as a means of providing access to psychiatric care twenty-four hours a day, seven days a week.

How will patients who may have both a psychiatric and medical condition be treated at the existing facility if this project is approved? Will they need to be transferred to another facility that has both psychiatric and medical capabilities under one roof?

As with other psychiatric hospitals, acute medical issues must be cleared prior to a patient being admitted to the psychiatric unit or, if an acute medical issue arises during a patient's psychiatric stay, that patient must be transferred to an acute care facility for medical care. Routine medical issues can be addressed within the existing facility. In addition, Psychiatric Services will be led by a Medical Director who will provide oversight to ensure patients receive both appropriate psychiatric and medical treatment.

The applicant intends to replace two MRI units and one PET/CT unit. Please clarify if these will be new units. If not, please describe.

These will be new units, as described in the quotes from GE that were attached to the application.

What does the applicant plan to do with the existing 2 MRI units that are planned to be replaced?

The two existing MRI units will be traded in to the manufacturer.

This appears to be the 1st Phase of the 107+ acre site. Please provide the proposed phases of development for the site.

While the project architects have outlined how future buildings could be appropriately placed on the site, no plans for future phases have been developed. A site plan showing the proposed placement of future buildings is attached as attachment 6.

It appears the Cardiology offices, outpatient surgery, and physician offices will remain at the existing site. Please clarify how a 9 mile distance to the new replacement hospital will enhance accessibility for both physicians and patients.

Space and occupancy details for the planned medical office building have not been provided, since medical office space does not require a Certificate of Need. However, as indicated in the application, a medical office building will be part of the project, and it is expected that the Cardiology and physician offices will

relocate to the replacement hospital campus, if those practices choose to move. Outpatient surgery will not remain at the existing site, but will be performed within the OR suites in the replacement hospital.

Is there space at the new site for physicians to locate if this project is approved?

Yes, there is ample space for physician offices within the attached medical office building.

The applicant states the hospital is currently conducting a comprehensive bed need analysis across 3 Knoxville campuses as part of a long range strategic plan. Please clarify why this study was not completed prior to the submission of this proposal.

While significant portions of the study have been done, with the recent acquisition of PRMC's former parent company, Health Management Associates, and new leadership, the approach to developing North Knoxville Medical Center and Turkey Creek Medical Center requires further evaluation and approval. However, commitments were made by Health Management Associates to both the hospital's medical staff, as well as to neighborhood groups and Knoxville City officials regarding pursuing approval to build a replacement hospital for PRMC. Under any strategic plan or direction for all three hospitals, a replacement facility for PRMC is necessary in order to meet the needs of our physicians and patients, as well as the requirements of our business.

Please describe the closest hospital to the proposed site of the applicant? Please include the distance, # beds, and occupancy.

The closest hospital to the proposed site is Parkwest Medical Center. Parkwest is located 6.1 miles away, has 307 licensed beds including nursery beds, and was 68% occupied in 2013, according to the Joint Annual Report.

Other than the applicant, please indicate the number of hospitals that are located in North Knoxville.

North Knoxville Medical Center, which operates under the same license and provider number as Physicians Regional Medical Center, serves North Knoxville and is located eight miles north of the existing PRMC campus.

Please clarify if there is a creek on the property. If so, is any of the property on a flood plain?

There is a creek that runs west to east along the base of the south hillside slope on the northern portion of the subject site. The creek has been defined as Tributary No. 3 to Fourth Creek, and FEMA has studied the creek. Both a defined floodplain and floodway have been delineated along both sides of the creek. The proposed conceptual hospital and site improvements avoid conflict with these items.

Please clarify if the parcel of property contains a high pressure underground gas pipeline. If so, please discuss its location and other specific information.

There is both a natural gas pipeline as well as a petroleum pipe line that run through the subject site.

The natural gas pipeline traverses across the middle of the site and is owned by the Knoxville Utility Board (KUB). Coordination has occurred with KUB regarding relocation of the natural gas line to allow for the placement of the proposed buildings and parking.

The petroleum pipe runs along the northwest corner of the subject site and is owned by Plantation Pipeline Company/ Kinder Morgan. Coordination has occurred with the Plantation Pipeline Company/ Kinder Morgan and the proposed conceptual site improvements will not require relocation of the petroleum pipe.

Please verify that internal medicine, urology and surgery groups have moved their main offices from 900 E. Oak Hill Avenue to North Knoxville Medical Center in Powell, TN. If so, please discuss how many left and why.

Yes, internal medicine, urology, and surgery groups have moved their main offices from 900 E. Oak Hill Avenue to North Knoxville Medical Center in Powell, TN. As outlined on the chart provided with the application (attachment C.Need.B.3), one group of 16 internal medicine physicians, one group of 6 urologists, and one group of 10 general and vascular surgeons relocated. While each practice has various reasons for relocating, a primary reason communicated to the administration of PRMC is that their patients wanted easier access to their offices and to hospital services, as well as the advantages of a newer facility. These physician practices still provide hospital coverage for PRMC.

Please discuss area home owner's opposition (Friends of Middlebrook) to the proposed project and any meetings between the applicant and those homeowners. In your response please discuss if site plans have changed to accommodate resident's concerns.

Both prior to and throughout the formal land use process, which included rezoning a portion of the property at the proposed site, as well as obtaining Use on Review approval for the hospital under the new rezoning, PRMC representatives met frequently with various homeowner groups, including the neighborhood associations closest to the proposed replacement hospital site. While an opposition group did form in response to the project (Friends of Middlebrook), many homeowners who participate in those neighborhood associations are supportive of the project. PRMC representatives have participated in 15 meetings of various neighborhood groups, both to present information and plans, as well as to listen to neighborhood concerns and suggestions.

In response to suggested improvements to the plans for the project made by the area homeowners, the following changes were adopted to the original plans for the project:

- The emergency room was moved to the east side of the building, placing it near the center of the site and as far as possible from any homes.
- The Medical Office building was shifted to the far west side of the building, making it the building closest to the property border and therefore closest to neighboring homes. This change was made in order to ensure that the building that is generally only used during standard business hours is nearest the neighborhood. The outside wall of the medical office building is 770 feet, or the length of two and a half football fields, from the nearest home.
- In addition to the traffic-calming measures proposed by PRMC's architect and civil engineers, in cooperation with the City and the neighborhood groups, PRMC will conduct a baseline traffic study upon completion of construction, and then another study one year later. At certain thresholds of increased traffic on Middlebrook Pike, PRMC will be responsible for funding a portion of additional traffic-calming measures.
- Exterior lighting will be the latest technology, which focuses the light where it is needed and minimizes the impact to surrounding areas.
- PRMC will build a walking trail through the property, which will help provide a connection between two sections of Knoxville's greenway which are currently not connected.

Please discuss any dialogue with city and county officials in possibly using vacant space at the current site if this CON is approved.

All discussions with outside parties regarding use of the existing campus are subject to confidentiality agreements. While many discussions regarding uses of the existing campus have occurred, those discussions cannot be finalized until the outcome of the Certificate of Need application is known.

Please clarify if 44 of the 107 acre parcel will remain zoned agriculture. If so, please discuss the plans for the 44 acres.

PRMC has no plans to utilize the 44 acres that remain zoned agricultural, nor to request a change to the agriculture zoning designation. In addition to the zoning restrictions, the acreage is also protected under a slope protection designation.

7. **Section B. II. A. (Project Description)**

A) Please provide the following information:

Inpatient Beds	Existing Rooms #	Existing Beds	Proposed Beds #
Private	328	328	262
Semiprivate	29	58	0
Ward	1 (NICU)	15 (NICU)	10 (NICU)
Total	358	401	272

Surgical Suite	Existing #	Size (Sq. Ft.)	Proposed #	Size (Sq. Ft.)
Operating Rooms	17	7,682	20	12,800
Endo/Procedure Rooms	4	1,303	2	600
Open Heart Surgery	2	1,113	2	2,050
Surgery Prep and Recovery Areas	8	767	9	810
Ambulatory Staging Stations	30	2,497	33	4,620
PACU Stations	15	1,289	33*	3,630

*The increase in PACU stations is driven by the latest FGI requirements, which require 1.5 PACU stations per operating room.

Emergency Department	Existing Stations	Proposed
Exam/Treatment	25	24

8. Section C. NEED. Question 5

The applicant provided 174,951 outpatient visits in 2012. What are the projected outpatient visits for PRMC in Year One and Year Two of the proposed project?

169,964 and 176,763 respectively. An updated historical and projected utilization chart has been attached as attachment 8.a, reflecting these projections.

PRMC experienced a decrease of almost 15% in deliveries in the Obstetrics program from 1,722 in 2010 to 1,466 in 2012. In addition, Tennova Turkey Creek Medical Center's deliveries decreased almost 52% from 693 in 2010 to 333 in 2012 while the whole service area experienced a 2% in increase in deliveries. With this in mind, please clarify the reasons Tennova is experiencing significant declines in deliveries while the service area is experiencing an increase.

PRMC's deliveries decreased between 2010 and 2012 due to the loss of two key obstetricians, who moved their practices to another facility. In 2013 one new female obstetrician joined PRMC's medical staff and is now performing deliveries. A second female obstetrician has just joined PRMC's staff and is building her practice. In addition, a midwifery program has been launched at the hospital. These efforts have stabilized volumes, with 2013 volumes flat versus 2012 and 2014 year to date volumes trending up 1.5%. Long term, because obstetrics is a service line in which patients make a choice of facility for many different reasons, including the aesthetics of the unit, the replacement hospital is needed in order to support the efforts of the physicians who are currently delivering there.

The decline in deliveries referenced at Turkey Creek Medical Center is the result of a large independent OB/GYN practice (consisting of ten physicians) which lost four of those ten physicians at one time. This loss forced the group to consolidate the practice to one facility because of the inability to provide the required on-call

coverage. This group chose to consolidate to UT Medical Center because of the residency program at that hospital. This physician group works with and uses the residents to provide the required call coverage and patient rounding at that hospital.

In response, Turkey Creek Medical Center has recruited four OB/GYNs over the last three years, resulting in a recovery in volume. There were 544 deliveries at Turkey Creek Medical Center in 2013.

The service area major equipment utilization table on page 39 is noted. Please add a column that indicates the number of MRI's and PET/CT per provider. This will provide the number of procedures per equipment.

The updated table is attached as attachment 8.b.

The 2 tables on page 41 of the applicant are noted. However, please add an additional column that reflects the % change from 2010 to 2012 for each table.

The updated tables are attached as attachment 8.c.

The applicant states North Knoxville Medical Center may request a one year extension to add a 2nd linear accelerator. Please indicate the CON expiration date and when this request will occur.

The CON expiration date is December 1, 2014. The request for an extension will be submitted in September, 2014.

9. Section C. NEED. Question 6 (Applicant Utilization)

The historic utilization appears to be declining. In order to shed more light on the applicant's rationale, please provide the following utilization by services as indicated in the following table:

Department	2010	2011	2012	2018 Year 1	2019 Year 2
Medical/Surgical (Beds)	258	258	258	192	192
Admissions	11,749	8,346	7,751	7,166	7,512
Average Daily Census	132.0	93.7	89.2	82.5	86.4
ALOS	4.1	4.1	4.2	4.2	4.2
Occupancy with observation days	55.2%	42.4%	38.8%	48.5%	52.0%
Occupancy without observation days included	51.2%	36.3%	34.6%	42.9%	45.0%
Obstetrical beds (including GYN)	32	32	32	22	22

Admissions	1,903	1,652	1,562	1,597	1,645
Average Daily Census	12.5	9.9	10.3	10.5	10.8
ALOS	2.4	2.2	2.4	2.4	2.4
Occupancy	45.3%	38.0%	37.7%	47.7%	49.2%

Department	2010	2011	2012	2018 Year 1	2019 Year 2
Inpatient Surgeries	5,094	5,095	4,698	5,241	5,450
Outpatient Surgeries	9,665	9,617	5,207	9,261	9,632
Total	14,759	14,712	9,905	14,502	15,082

ICU/CCU (Beds)	28	28	28	32	32
Admissions	3,883	3,499	3,631	3,644	3,790
Average Daily Census	21.4	19.7	20.1	24.9	25.9
ALOS	2.43	2.02	2.79	2.5	2.5
Occupancy	92.6%	69.2%	99.3%	78%	81.1%
Neonatal	15	15	15	10	10
Admissions	196	173	166	186	194
Average Daily Census	5.4	4.3	3.8	5.45	5.69
ALOS	10.0	10.8	10.7	10.7	10.7
Occupancy	59.9%	29.3%	25.4%	54.5%	56.8%
Inpatient Rehabilitation	30	30	30	16	16
Admissions	401	378	282	365	380
Average Daily Census	15.7	13.5	11.3	14.5	15.1
ALOS	14.4	13.4	14.6	14.5	14.5
Occupancy	52.8%	43.3%	37.5%	90.6%	94.3%
Psych Inpatient (Beds)	38	38	38	38	38
Admissions	1,562	1,515	1,484	1,499	1,514
Average Daily Census	25.0	23.7	24.3	24.2	24.5
ALOS	5.8	5.7	6.0	5.9	5.9
Occupancy	65.7%	62.3%	63.9%	63.7%	64.4%
	2010	**2011**	**2012**	**2018 Year 1**	**2019 Year 2**
Total Hospital (PRMC)	401	401	401	297	297
Admissions	19,694	15,563	14,876	14,457	15,035
Average Daily Census	249.1	224	215.3	178.2	185.4
ALOS	4.3	4.3	4.5	4.5	4.5
Occupancy	**63.5%**	**57.1%**	**54.9%**	**70.5%**	**73.1%**
Occupancy without observation days included	**60.6%**	**54.3%**	**52.2%**	**65.5%**	**68.1%**

Emergency Department: What annual visit volume is the proposed Emergency Department programmed to accommodate?

Please complete the following table:

Emergency Department	2010	2011	2012	2018 Year 1	2019 Year 2
Walk-in/ fast track cases	18,337	18,759	19,033	17,180	17,867
Urgent cases	19,824	20,280	20,576	18,573	19,316
Emergent cases	11,398	11,662	11,831	10,680	11,107
Total Visits	49,559	50,701	51,440	46,433	48,290

10. Section C. Economic Feasibility Item 1 (Project Cost Chart)

The architect's letter is noted. However, please provide documentation from a licensed architect or construction professional that includes the following:

1) his/her estimate of the cost to construct the project to provide a physical environment, according to applicable federal, state and local construction codes, standards, specifications, and requirements and

2) attesting that the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the new 2010 AIA Guidelines for Design and Construction of Hospital and Health Care Facilities.

A letter from the architect is attached as attachment 10.a.

There appears to be a slight calculation error in the Project Cost Chart. Please verify and resubmit.

There were two digits transposed in the "Interim Financing" line. It has been corrected, and the updated chart is submitted as attachment 10.b.

Your response is noted. Please breakout the listing of moveable medical equipment in the Project Costs Chart which will cost more than $50,000.

The cost of individual moveable medical equipment items that are greater than $50,000 is attached as attachment 10.c.

11. Section C, Economic Feasibility, Item 2 and Item 10

It is noted the applicant plans to fund the proposed $303,545,204 project with cash reserves. However, Community Health Systems Consolidated

Balance Sheet ending December 31, 2013 reflects $373,403,000 in cash and cash equivalents, a total of $3,747,963,000 in current assets and $2,457,483,000 in current liabilities resulting in a current ratio of 1.52:1. Please discuss the availability of cash to fund operations of Community Health Systems while 81.2% of available cash will be devoted to this proposed project.

CHS/Community Health Systems, Inc. plans to use cash on hand to fund the costs of the project and notes that the costs would be incurred over the life of the project and therefore excess cash flow from operations would be available to replenish cash on hand. In the event that cash on hand does not cover the entire cost of the project, CHS/Community Health Systems would have $700,000,000 available under its Revolving Line of Credit. The revolver is liquid in that funds can be can made available on the same day, if necessary.

Please discuss how the recent Medicare settlement of $98,000,000 to resolve allegations CHS overbilled Medicare and Medicaid will impact the financial viability and cash flow of CHS and the funding of this project.

The settlement payment has been fully funded and will have no impact on the ability to provide capital resources for the project.

It is reported Community Health Services recently was the victim in the cyber theft of personal patient data belonging to 4.5 million patients. Please clarify if this reported action will have a material adverse effect on CHS financial results.

CHS/Community Health Systems, Inc. carries cyber/privacy liability insurance and does not believe this incident will have a material adverse effect on its business or financial results.

12. Section C, Economic Feasibility, Item 3

The costs per square foot of construction compared to similar projects recently approved is noted. What year is the applicant basing the comparison?

The comparison came directly from the Health Services and Development Agency, and is for 2013.

13. Section C. (Economic Feasibility) Question 4 (Historical Data Chart)

Please clarify the reason charity care increased from $23,579,000 in 2011 to $42,471,000 in 2013.

In 2011, charity care was calculated utilizing Mercy Health Partners' standards of accounting. With Health Management Associates' purchase of Mercy Health Partners and PRMC, the hospital's internal accounting guidelines for calculating charity care included anything covered under the hospital's charity care policy (attached as attachment 13), as well as uninsured and self-pay write-offs.

Please clarify the reason taxes increased from $4,404,000 in 2011 to $17,633,000 in 2013.

On September 1, 2011, Mercy Health Partners, including Mercy Medical Center - St. Mary's, which is now known as Physicians Regional Medical Center, was purchased by Health Management Associates. Mercy Health Partners was a not-for-profit health system, and as such paid no property or sales tax. The tax figures in the Historical Data Chart reflect that for eight months of 2011, the hospital essentially paid no taxes. With the change in its not-for-profit status, PRMC began contributing to the tax base of the communities it serves.

Why did management fees decrease from $40,275,000 in 2011 to $12,117,000 in 2013?

In 2011, nine months of management fees came from Catholic Health Partners, the entity that owned Mercy Health Partners and PRMC at that time. The management fees in 2011 reflect the corporate allocation that was charged to PRMC under Catholic Health Partners. In 2012 and 2013, the management fees reflect the corporate allocation that was charged to PRMC by the entity that owned it during that period, Health Management Associates. The corporate allocation from Health Management was booked to the hospital from the corporate office in Naples, Florida, with no detailed breakdown provided.

Under other expenses on page 50, why did outside services expense increase from $2,073,000 in 2011 to $16,544,000 in 2013?

Various services that support the hospital were outsourced between 2011 and 2013, including housekeeping and dietary services.

What included is included in the category "all other miscellaneous expenses" totaling $33,732,000 in 2011? Also, why did this category decrease from $33,732,000 in 2011 to $1,748,000 in 2013?

There is no longer a detailed record available of what comprised the $33,732,000 in 2011, although it is safe to assume that some substantial portion of that cost relates to the consulting and brokerage fees for the sale of the health system in 2011. However, no supporting detail of this charge is available.

14. Section C. (Economic Feasibility) Question 4 (Projected Data Chart)

Please provide utilization data (unit of measure) for inpatient services, outpatient services, and emergency services and resubmit the Projected Data Chart.

An updated Projected Data Chart is attached as attachment 14, reflecting the requested change.

Why are there no management fees in the Projected Data Chart, but they are located in the Historical Data Chart? If needed, please include management fees in the Projected Data Chart and resubmit.

PRMC's former parent company, Health Management Associates, was acquired by CHS/Community Health Systems, Inc. in January, 2014. As a result of that change, certain methods of accounting have changed. While management services are provided by Community Health Systems Professional Services Corporation, management fees are accounted for "below the line," and will not be reflected as an expense to the hospital in future years.

Please clarify where education, dues, and subscription expenses are located in the Projected Data Chart.

Due to the aforementioned change in accounting procedures, education, dues and subscriptions are located in the "Other Operating" line of the Projected Data Chart, which is item number 9 in the "Other Expenses" portion of the chart.

15. Section C. (Economic Feasibility) Question 9

Please verify the amount calculated of $736,763,000 that represents 56% Medicare/Managed Care. It appears the total is $736,033,760.

Agreed. The total projected gross revenue in the first year of the project from Medicare/Managed Care should equal $736,033,760.

The participation is state and federal programs are noted. Please clarify if the Medicare/Managed Care and TennCare/Medicaid payor mix will change as a result of the proposed relocation. If so, by what percentage?

No change in payor mix is anticipated as a result of the proposed relocation.

16. Section C. (Economic Feasibility) Question 11

The choice to not expand Turkey Creek Medical Center and North Knoxville Medical Center is noted. However, the combined average daily census of Tennova's three inpatient facilities was 292.3 out of 611 licensed

beds in 2012. Currently, 209 of the applicant's 610 licensed beds are located at North Knoxville Medical Center and Turkey Creek Medical Center. At current occupancy rates a total of 350 beds would be needed to maintain an occupancy rate of 80% at all three Tennova sites. With this example, the applicant would need 141 beds at the new proposed facility rather than the 272 requested. Please discuss if the applicant has considered building a facility in phases starting with 150 beds. The proposed site could be planned in a way to expand easily in the future to meet increased demand.

A bed need analysis was conducted for all three facilities (PRMC, North Knoxville Medical Center, and Turkey Creek Medical Center) prior to submitting this application. Given the timeline to execute a replacement hospital, the first year of operations would be 2018. The bed need analysis planned and sized a facility for 2023, which is five years from the planned opening date. Because the facility is being planned and sized for 2023, moderate growth assumptions in patient volumes were made, which drive bed need. Along those lines, assuming just 1% annual growth for patient volumes, 2023 bed need for the three facilities combined is 429.2, which is a reasonable assumption, since the population growth rate is expected to be close to 1% annually. Just assuming 1% growth in line with projected population growth, all three hospital campuses would be at a combined 79.6% capacity within five years of opening the hospital. This is a conservative estimate, since the 1% growth rate is below the expected 1.66% annual growth rate of patient days in the market (according to Sg2 and Advisory Board data). At a 1.66% growth in patient days, projected bed need across the three facilities goes to 458.08 in 2023, which is 85.3%. It is important to note that all estimates related to future hospital capacity include capacity for observation patients. While statistics for observation patients do not appear in the state data or admissions data that is presented as part of the application process, capacity to treat observation patients must be built in to the plan, particularly with the change in CMS guidelines, which will only increase hospitals' percentage of observation patients.

Finally, the costs to build a smaller facility in order to immediately reflect an 80% occupancy rate would require a future vertical expansion, given the need to build a facility that is highly efficient as well as maximizes the available space on the site. Vertical expansion is extremely costly and very disruptive to ongoing business. A letter from the project architect is attached as attachment 16, outlining the architect's opinion regarding future expansion.

Please complete the following table indicating the date the applicant expects the following facilities will meet occupancy benchmarks in the future.

Licensed Bed Occupancy	PRMC	Tennova-North Knoxville	Turkey Creek Medical Center
	Date	**Date**	**Date**
40%		2012	2012
50%	2014 - 2017	2014	2013
60%		2015/2016	2014/2015
70%	2018*	2017	2016
80%	2023	2018	2018
90%			

*Based on the assumption of moving to the replacement hospital facility.

17. Section C. (Contribution to Orderly Development) Question 2.

The applicant states the proposed project will have no impact on existing providers. Since the applicant is moving 9 miles toward a higher growth area how can this project not have an impact on existing providers?

The majority of the hospital's admissions and outpatient procedures are referred to the hospital by physicians who are members of PRMC's medical staff. It is anticipated that the same medical staff, along with additional physicians who are being recruited to the market to meet the needs of the service area, will be referring patients to the replacement hospital facility. While some EMS patterns may change, in general, patients will follow their referring physician and remain loyal to their physician who is practicing at another healthcare facility.

What impact will this proposal have on Tennova's Turkey Creek location which has an occupancy rate of 45.7% in 2012?

There is no expected impact to Turkey Creek Medical Center. The hospital has a different group of physicians practicing at Turkey Creek versus PRMC, and historic referral and patient patterns are very different between the two hospitals. In addition, Turkey Creek Medical Center is experiencing strong growth. The occupancy rate for 2013 was 51%, and the occupancy rate year-to-date 2014 is 54%. With continued development of service lines, physician recruitment, and population growth these rates are expected to continue to grow.

18. Section C. (Contribution to Orderly Development) Question 3. (Current and Proposed Staffing)

Please provide both the current and proposed staffing levels as requested by the application. Please provide a revised table that includes projected staffing for employees (Registered Nurses, Licensed Practical and Vocational Nurses, Surgical Techs, Radiological Techs, etc.) providing direct patient care only.

As outlined in the application, there is no appreciable change in staffing anticipated in the first year of the project. The requested table is attached as attachment 18.

19. Section C. (Contribution to Orderly Development) Question 7 (d.)

Please submit a copy of the most recent Joint Commission Survey referenced in the application.

A copy of the very recent Joint Commission Survey final report is not available. The survey will be submitted as soon as it has been received from the Joint Commission.

Please clarify if any of the most recent inspections included deficiencies in the physical plant of the applicant.

The most recent Joint Commission survey did indicate that there are multiple items that would be considered deficiencies in a new facility, because the code requirements have changed substantially in the years since the hospital was constructed. For example, current codes require that there be sufficient space between the ceiling of a patient care unit and the floor of the space above it such that air exchanges, data and communications lines, sprinklers, etc. can be housed between the ceiling and the floor above. The spaces between the ceilings and the floors above in the existing hospital are inadequate to meet this requirement, and there is no reasonable way to renovate that would allow the requirement to be met, short of gutting the buildings. The facility is compliant, through previously approved exceptions, but any significant renovation or addition to the existing facility would require that these exception items be corrected, which adds exponentially to the cost of improvements.

It is important to note that the Joint Commission is surveying for life/safety and code requirements, not for a facility's efficiency or accessibility.

20. Section C. (Contribution to Orderly Development) Question 8

The applicant did not report a recent $98 million dollar Medicare settlement. Please provide details of the allegations and terms of the settlement. In your response, please clarify if Physician's Regional Medical Center was included in the settlement.

The civil settlement with the Federal government (Medicare and Tricare) and state Medicaid agencies arose from an investigation that commenced in the spring of 2011. The government (and underlying qui tam relators) alleged that hospitals affiliated with Community Health Systems, Inc. ("CHS") had improperly billed for treatment provided to patients over the age of 65. The patients were admitted as inpatients by their treating physicians and cared for in an inpatient setting and bills submitted for that level of care. The government subsequently asserted that the patients should have been classified as "observation" patients and billed as such. In reaching the settlement, CHS worked cooperatively with the government, did not admit to any improper conduct, and sought to avoid the uncertainty of litigation. The settlement and releases were for the non-HMA acquired facilities, so Physicians Regional Medical Center (PRMC)was not part of that settlement, however, all affiliates of CHS are covered by the Corporate Integrity Agreement entered into in connection with the settlement between CHS and the HHS OIG.

21. Project Completion Chart

The applicant projects the final project report form to be filed in June 2018. Does the applicant plan to request an extension past a 3 year certificate of need time frame?

PRMC will be requesting a four year time frame to complete the project if approved.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60th) day after written notification is October 17, 2014. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

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

(1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.

(2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

SUPPLEMENTAL #1
August 27, 2014
8:24 am

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Phillip M. Earhart
Health Services Development Examiner

PME

Enclosure

SUPPLEMENTAL #1
August 27, 2014
8:24 am

List of Attachments

Attachment 1	Replacement page – Applicant Profile
Attachment 2	Corporate Information from TN Secretary of State
Attachment 4	Assignment of Real Estate Purchase and Sale Agreement
Attachment 6	Site Plan – Potential Future Development
Attachment 8.a	Updated Historic and Projected Utilization Chart
Attachment 8.b	Updated Major Equipment Utilization Table
Attachment 8.c	Updated PET/CT and Linear Accelerator Tables
Attachment 10.a	Architect's Letter / Attestation
Attachment 10.b	Updated Project Cost Chart
Attachment 10.c	Listing of Moveable Equipment Over $50,000 per Item
Attachment 13	Charity Care Policy
Attachment 14	Updated Projected Data Chart
Attachment 16	Architect's Letter
Attachment 18	Projected Staffing Chart

Attachment 6

AUGUST 26, 2014

CONCEPT PLAN EXHIBIT
PHYSICIANS REGIONAL MEDICAL CENTER
KNOXVILLE, TN

Littlejohn

tmp

SUPPLEMENTAL #1

SUPPLEMENTAL #1
August 27, 2014
8:24 am

Thomas, Miller & Partners, PLLC
Architecture Interiors Planning Sustainable Design

5210 Maryland Way, Suite 200
Brentwood, Tennessee 37027-5065
615.377.9773
www.tmpartners.com

Date August 25, 2014

To Ms. Melanie Burgess
Vice President of Development, Tennova Healthcare
930 East Emerald Avenue, POB 8th Floor
Knoxville, Tennessee 37919

Project Replacement Facility – Physicians Regional Medical Center
Knoxville, Tennessee
TMP No. A04614

Subject Phased Facility Expansion

Dear Ms. Burgess

In response to the following question, we offer the response below: **Please discuss if the applicant has considered building a facility in phases starting with 150 beds. The proposed site could be planned in a way to expand easily in the future to meet increased demand.**

As indicated in our application, the site buildable area is somewhat limited, and in response to that, the decision was made to make the hospital design more vertical (with services stacked on successive floors) rather than horizontal (with services arranged on a limited number of floors resulting in a larger footprint). This results in an efficient design while also addressing neighborhood concerns, allowing us to maximize use of the portion of the site that is zoned appropriately for the hospital. In addition, a buffer to the neighborhood to the west is also required per the Knoxville Metropolitan Planning Commissions approval of the site plan.

Therefore, we reached the decision to proceed with a vertical arrangement of services with the understanding that if bed expansion did occur, it would be a vertical expansion on top of existing hospital space rather than a horizontal expansion rising from ground level and adjacent to the building. In order to reduce the number of beds from 272 to 150, basically two floors would have to be removed from the building. Based on this assumption, an expansion plan in the future would require construction of the two floors on top of the building. Although this is done from time to time, it is a costly and disruptive way to expand, requiring additional beds below the expansion to be vacated to allow for the expansion to safely occur above.

So, although the facility could be expanded in the future, the expansion would be costly and disruptive, and would not be an ideal scenario. We believe that the site constraints, such as the creek, agricultural zoning area, and neighborhood concerns, have dictated this solution, and believe that horizontal expansion would be an even less desirable option.

Please let me know if any further information is required.

Sincerely,

Marc S. Rowland, AIA ACHA
Principal-in-Charge
Tennessee Certificate Number 21,347

Copy: A04614 gf

p:\2014\a04614\owner\con filing\2014-08-22 con expansion letter.docx

SUPPLEMENTAL #1
August 27, 2014
8:24 am

Attachment 8.a

PRMC Key Statistics and Growth Projections

	2011	2012	2013	2014 Annualized	2015	2016	2017	2018 - Project Year 1	2019 - Project Year 2
Admissions	17,639	15,563	14,876	13,492	13,627	13,763	13,901	14,457	15,035
Patient Days	82,081	74,903	70,887	60,444	61,048	61,659	62,276	64,767	67,357
IP Surgeries	4,462	5,095	4,698	4,891	4,940	4,989	5,039	5,241	5,450
OP Surgeries	9,671	5207**	9,305	8,643	8,729	8,817	8,905	9,261	9,632
OP Procedures	195,886	174,951	159,535	158,621	160,207	161,809	163,427	169,964	176,763
ICU/CCU Admissions	3,302	3,499	3,631	3,401	3,435	3,469	3,504	3,644	3,790
ED Visits	51,495	52,097	45,827	43,334	43,767	44,205	44,647	46,433	48,290
Births	1,552	1,466	1,427	1,406	1,420	1,434	1,449	1,507	1,567
Level IIB Nursery Admissions	173	166	186	174	176	177	179	186	194
Cardiac Catheterizations	5,858	3,647	3,998	4,742	4,789	4,837	4,886	5,081	5,284
Open Heart Surgeries	374	312	325	362	366	369	373	388	403
PET/CT scans	1,180	1,033	1,909	842	850	859	868	902	938
MRI scans	6,033	5,818	3,993	5,124	5,175	5,227	5,279	5,490	5,710
Radiation therapy treatments	3,621	2112*	3,801	3,516	3,551	3,587	3,623	3,767	3,918
IP Rehabilitation admissions	378	282	363	341	344	348	351	365	380
Lithotripsy procedures	280	230	235	198	200	202	204	212	221

*Linear accelerator was closed for upgrade for four months during 2012.

** Different method of calculating OP surgeries under former ownership.

SUPPLEMENTAL #1
August 27, 2014
8:24 am

SUPPLEMENTAL #1
August 27, 2014
8:24 am

Attachment 8.b

SERVICE AREA DESIGNATED EQUIPMENT UTILIZATION
INPATIENT AND OUTPATIENT PROCEDURES
CALENDAR YEAR 2012

FACILITY	LITHOTRIPSY		MRI				PET/CT			
	IP	OP	# of units	IP	OP	Procedures per unit	# of units	IP	OP	Procedures per unit
PRMC	57	173	2	2,021	3,797	2,909	1	131	902	1,033
University of TN Med Ctr	18	551	4	2,998	14,602	4,400	2	233	2,562	1,398
East TN Diagnostic Center	0	0	0	0	0	n/a	1	0	2,049	2,049
Blount Memorial Hospital	0	161	2	1,898	5,980	3,939	1	24	1,720	1,744
Morristown - Hamblen	0	0	2	436	4,134	2,285	0.5	1	404	810
Methodist Med Ctr of Oak Ridge	19	225	2	1,358	5,117	3,238	0.6	3	163	277
Tennova - Lafollette Med Ctr	0	0	1	12	1,317	1,329	0	0	0	n/a
Jellico Community Hospital	0	0	1	13	552	565	0	0	0	n/a
Claiborne County Hospital	0	0	1	120	1,380	1,500	0	0	0	n/a
Tennova - Newport Med Ctr	0	0	1	240	1,202	1,442	0	0	0	n/a
Lakeway Regional Hospital	5	37	1	223	2,065	2,288	0	0	0	n/a
Tennova - Jefferson Memorial	0	0	1	306	2,166	2,472	0	0	0	n/a
Turkey Creek Medical Center	0	43	1	269	2,420	2,689	0	0	0	n/a
Ft. Sanders Regional Med Ctr	28	160	2	2,068	6,452	4,260	0	0	0	n/a
Parkwest Medical Center	15	441	2	1,572	6,764	4,168	0	0	0	n/a
Tennova - North Knoxville	28	364	1	505	4,570	5,075	0	0	0	n/a
Fort Loudon Medical Center	0	0	1	155	2,142	2,297	0	0	0	n/a
Sweetwater Hospital Assoc.	0	0	1	152	1,486	1,638	0	0	0	n/a
Roane Medical Center	0	0	1	74	2,067	2,141	0	0	0	n/a
LeConte Medical Center	1	27	1	453	3,812	4,265	0	0	0	n/a
East TN Community Open MRI	0	0	2	0	1,860	930	0	0	0	n/a
Outpatient Diag Ctr of Knoxville	0	0	2	0	8,040	4,020	0	0	0	n/a
Total Service Area	171	2,118	32	14,873	62,468	2,417	6.1	392	7,396	1,277

SUPPLEMENTAL #1
August 27, 2014
8:24 am

Attachment 8.c

SERVICE AREA PET/CT VOLUME
INPATIENT AND OUTPATIENT TREND
CALENDAR YEARS 2010 THROUGH 2012

FACILITY	# of units	Inpatient			Outpatient			Total		
		2010	2011	2012	2010	2011	2012	2010	2011	2012
PRMC	1	433	173	131	1,450	1,007	902	1,883	1,180	1,033
Methodist of Oak Ridge	0.6	12	2	3	451	464	163	463	466	166
Blount Memorial	1	21	34	24	2,057	1,672	1,720	2,078	1,706	1,744
Morristown - Hamblen	0.5	0	5	1	313	309	404	313	314	405
Univ of TN Med Ctr	2	408	301	233	3,663	2,346	2,562	4,071	2,647	2,795
East TN Diagnostic Ctr	1	0	0	0	3,388	2,950	2,049	3,388	2,950	2,049
Total Service Area	6.1	874	515	392	11,322	8,748	7,396	12,196	9,263	8,192

SUPPLEMENTAL #1
August 27, 2014
8:24 am

PRMC SERVICE AREA LINEAR ACCELERATOR UTILIZATION TREND
CALENDAR YEARS 2010 THROUGH 2012

				Total Treatments		
FACILITY	**County**	**Type Of Facility**	**# of units**	**2010**	**2011**	**2012**
Physicians Regional Medical Center	Knox	Hospital	1	3,909	4,260	2,112*
Methodist Medical Center of Oak Ridge	Anderson	Hospital	2	9,572	8,296	8,503
Blount Memorial Hospital	Blount	Hospital	1	7,180	7,366	6,467
Baker Cancer Treatment Center	Claiborne	Hospital	1	3,844	3,911	3,380
Morristown - Hamblen Healthcare System	Hamblen	Hospital	1	7,044	6,131	7,090
East TN Radiation Therapy Services	Knox	Radiation	1	0	0	742
North Knoxville Medical Center	Knox	Hospital	1	7,615	7,700	7,437
Thompson Cancer Survival Center	Knox	ASTC	2	8,726	8,609	10,251
Thompson Cancer Survival Center West	Knox	ASTC	2	10,111	10,300	9,286
Turkey Creek Medical Center	Knox	Hospital	1	1,454	0	1,397
University of Tennessee Memorial	Knox	Hospital	2	11,172	10,554	10,270
Thompson Cancer Survival Center-Sevier	Sevier	ASTC	1	2,824	3,589	3,688
Total Service Area	--	--	16	73,451	70,716	70,623

SUPPLEMENTAL #1
August 27, 2014
8:24 am

Current and Projected Staffing - PRMC

Position	Current FTEs	Projected FTEs / Project Year 1
Registered Nurses	405.4	405.4
Licensed Professional Nurses	17.9	17.9
Ancillary Nursing Personnel	98.8	98.8
Certified Nurse Midwives	3	3
Radiological Technicians	46	46
Radiation Therapy Technologists	4	4
Radiation Therapy Assistants	29.7	29.7
Occupational Therapists	6.4	6.4
Occupational Therapy Assistants	2.6	2.6
Physical Therapists	7.4	7.4
Physical Therapy Assistants	10	10
Respiratory Therapists	29.7	29.7
Psychiatric Social Workers	2	2
Psychiatric Registered Nurses	13.5	13.5
Other Mental Health Professionals	19.9	19.9
Surgical Technicians	20.6	20.6
All Other Certified Professional & Technical	88.8	88.8
	805.7	805.7

SUPPLEMENTAL-#2
-Copy-

TENNOVA Physician's Regional Medical Center

CN1408-033

SUPPLEMENTAL #2
August 29, 2014
7:44 am

State of Tennessee
Health Services and Development Agency
Andrew Jackson State Office Building, 9th Floor
502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

August 28, 2014

Melanie B. Burgess
Vice President of Development
Tennova Healthcare
930 Emerald Avenue, POB Suite 813
Knoxville, TN 37917

RE: Certificate of Need Application CN1408-033
Physician's Regional Medical Center

Dear Ms. Burgess:

This will acknowledge our August 27, 2014 receipt of your supplemental response for an application for a Certificate of Need for the relocation and replacement of Physician Regional Medical Center from 900 E. Oak Hill Avenue, Knoxville (Knox County), TN 37917 to an unaddressed site located consisting of 110 acres located at the intersection of Middlebrook and Old Weisgarber Road, across from Dowell Springs Boulevard, Knoxville, TN. The project includes the construction and equipping of a 556,083 square foot replacement hospital consisting of 272 beds and 24 operating / procedures rooms.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 12:00 noon, Friday, August 29, 2014. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

1. **Section B. I. Project Description**

The applicant states 91 beds currently licensed at PRMC may be retained in an inactive status, be relocated to other facilities, or be de-licensed. However, the licensed occupancy rates of the applicant's hospitals in Knox County in 2012 are as follows: Physician's Regional Medical Center-51.2%, Turkey Creek Medical Center-45.7%, and North Knoxville Medical Center-37.9%. When the surplus of licensed beds in Knox County is added in the equation, does it not appear the only option would be to de-license the 91 beds and reduce acute care bed surplus in Knox County? Please clarify.

Since 2008, the applicant and its predecessors have met routinely with representatives of the Agency and the Board of Licensing for Healthcare Facilities to discuss the status of hospital operations in Knox County. Over those six years, the applicant has taken significant bed capacity (293 beds) out of the market through a similar process that is being proposed in this application. The

beds were held in abeyance while the health system adjusted to its new situation, and then the beds were relinquished and de-licensed. While it is possible that will be the eventual outcome following the construction of a replacement hospital for PRMC, we are not yet prepared to relinquish licenses for hospital beds that could be needed by our overall health system in the future, and which might allow us to meet future community health needs. The applicant recognizes that there is a time limitation on the decision process regarding the beds, but in the interest of orderly development, we respectfully request that we be permitted to work through the process of seeing how the replacement hospital impacts our other hospitals, our service lines, and how best to either utilize those beds or de-license them. In either case, the proper channels will be pursued, including applying for a Certificate of Need as required by statute as well as any approval needed from the Board of Licensure for Healthcare Facilities

2. Section C. NEED. Question 5

The 2 revised tables on page 41 of the application are noted. However, please add an additional column that reflects the % change from 2010 to 2012 for each table as requested in supplemental #1.

The revised tables are attached as attachment 2.

3. Section C. NEED. Question 6 (Applicant Utilization)

The historic utilization of PRMC is noted. However the following table that was completed in supplemental #1 appears to not match the utilization reported by the applicant in the 2010-2012 Joint annual Report. Please revise the following table to reflect the PRMC 2010-2012 Joint Annual Report data.

	2010	2011	2012	2018 Year 1	2019 Year 2
Total Hospital (PRMC) - Beds	401	401	401	272	272
Admissions	19,694	18,500	15,121	14,457	15,035
Average Daily Census	232.5	229.2	199.5	178.2	185.4
ALOS	4.3	4.5	4.8	4.5	4.5
Occupancy	**62.3%**	**61.3%**	**52.3%**	**70.1%**	**74.2%**
Occupancy without observation days included	**58.0%**	**57.2%**	**49.8%**	**65.5%**	**68.1%**

4. Section C, Economic Feasibility, Item 2 and Item 10

The applicant notes a $700,000,000 Revolving Line of Credit is available in the event cash on hand does not cover the entire cost of the project. Please provide documentation from a lending institution that identifies the availability of a revolving line of credit that will cover project costs. Please also include the expected interest rate, term of the loan, and any anticipated restrictions or conditions.

The requested documentation is attached as attachment 4.

5. Section C. (Economic Feasibility) Question 4 (Projected Data Chart)

The applicant states methods of accounting have changed and management fees are accounted "below the line". Please clarify the term "below the line". Does this mean PRMC will be provided management services but will not be charged for those services? If so, where is this expense allocated?

Under PRMC's current accounting methods, management fees are not considered an operating expense. The financial information in the Projected Data Chart reflects operating revenue, expense, and profit or loss from operations. The term "below the line" means that management fees are accounted for outside of hospital operations, or "below the line" on the financial statement reflecting profit or loss from hospital operations.

6. Section C. (Economic Feasibility) Question 11

The response of considering building a facility in phases starting with 150 beds is noted. However, the letter dated August 25, 2014 from the Architectural firm, Thomas, Miller & Partners, PLLC, states "although the facility could be expanded in the future, the expansion would be costly and disruptive, and would not be an ideal scenario. We believe that the site constraints, such as the creek, agriculture zoning, and neighborhood concerns, have dictated this solution, and believe that horizontal expansion would be an even less desirable option". Please clarify how many additional vertical floors could be added to this proposed facility for future expansion. Also, is this site the most desirable location when the architect states "the site buildable area is somewhat limited"?
With limited site buildable area, please explain how the proposed site is an improvement over the current site.

The proposed site is a desirable location and is an improvement over the current site for the following reasons:

1. The current site has little expansion capacity and is surrounded by residential homes and a high school. While there is very little room to expand on the current site, expanding would only exacerbate the issues related to an aging facility and its inherent inefficiencies. Renovation is impractical for all the reasons previously discussed in both the application and first request for supplemental information.

2. The proposed location has been studied by licensed architects and civil engineers, who have designed a facility that meets the needs of the applicant, patients, and medical staff in an efficient footprint. The site has the capacity for future expansion, including adding a medical office building. Like all sites, however, there are limitations to how much horizontal expansion it can support, and future vertical expansion is costly and disruptive.

3. The location is accessible to all parts of the service area.

4. There is a complex of physician offices across Middlebrook Pike from the proposed site, making it ideal in terms of ease of access for physicians and reduced need for extensive medical office building space on campus.

A letter from the project architect is attached as attachment 6, indicating that the site is appropriate for the proposed project, as well as outlining the number of vertical floors that could be added to the facility for future expansion.

7. **Affidavit**

A signed and notarized affidavit must be submitted with each filing of supplemental information. An affidavit was not included with the previous supplemental request. Please submit a completed affidavit for the first supplemental submission and one for this supplemental request.

Our records indicate that an affidavit was submitted with the previous supplemental request, but two affidavits are included. One is for the first supplemental request and another for this supplement request.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60th) day after written notification is October 17, 2014. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

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

(1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the

SUPPLEMENTAL #2
August 29, 2014
7:44 am

applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.

(2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Phillip M. Earhart
Health Services Development Examiner

PME

Enclosure

SUPPLEMENTAL #2
August 29, 2014
7:44 am

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Knox

NAME OF FACILITY: Metro Knoxville HMA, LLC, d/b/a Physicians Regional Medical Center

I, MELANIE B. BURGESS, after first being duly sworn, state under oath that I am 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.

Melanie B. Burgess / VP
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 28 day of August, 2014, witness my hand at office in the County of Knox, State of Tennessee.

Linda R. Cooper
NOTARY PUBLIC

My commission expires Sept. 11, 2017.

LINDA R. COOPER
STATE OF TENNESSEE NOTARY PUBLIC
KNOX COUNTY

HF-0043

Revised 7/02

COPY-
Additional Info.
SUPPLEMENTAL-2

Tennova Healthcare
CN1408-033

261

Tennova™ Healthcare

SUPPLEMENTAL

August 28, 2014

Mark Farber
Tennessee Health Services and Development Agency
Andrew Jackson Building
502 Deaderick Street, 9th floor
Nashville, TN 37243

Re: Additional Information re: 2nd Request for Supplemental Information, CN1408-033

Dear Mr. Farber:

This letter transmits additional information related to our response to your request for supplemental information to our recent Certificate of Need application. The signed and notarized affidavit is also enclosed.

I am the contact person for this project. Please advise me of any additional information you may need. We appreciate your consideration of the responses submitted.

Sincerely,

Melanie B. Burgess
Vice President of Development

SUPPLEMENTAL

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Knox

NAME OF FACILITY: Metro Knoxville HMA, LLC, d/b/a Physicians Regional Medical Center

I, MELANIE B. BURGESS, after first being duly sworn, state under oath that I am 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.

Melanie B. Burgess VP
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 29 day of August, 2014, witness my hand at office in the County of Knox, State of Tennessee.

Linda R. Cooper
NOTARY PUBLIC

My commission expires Sept. 11, 2017.

HF-0043

Revised 7/02

LINDA R. COOPER STATE OF TENNESSEE NOTARY PUBLIC KNOX COUNTY

SUPPLEMENTAL

CREDIT SUISSE

Error! No text of specified style in document.
Eleven Madison Avenue Phone 212 325 2000
New York, NY 10010-3629
www.credit-suisse.com

August 28, 2014

State of Tennessee
Health Services and Development Agency
Andrew Jackson State Office Building
Nashville, TN 37243

RE: Credit Worthiness
Certificate of Need Application CN1408-034
Tennova Healthcare Nursing Home

Dear Sir:
Pursuant to your request and according to the terms of Amended and Restated Credit Agreement dated January 27, 2014 among CHS/Community Health Systems Inc. and Credit Suisse AG, as Administrative Agent and Collateral Agent, this will confirm that, as of the date of this letter, CHS/Community Health Systems, Inc. has funds available under a 1 Billion Revolving Credit Agreement with terms as follows:

Available Amount:	$740,000,000
Revolver Maturity Date:	January 27, 2019
Current Projected Interest Rate:	4.75% Prime + Margin (Same Day Borrowing)
	2.74% LIBOR + Margin (3 Day Notice Borrowing)

No Restrictions currently exist.
Regards,

Ramish Alman
[illegible]

Cc: Anita H Passarella
Director Cash Management, Community Health Systems Inc.

SUPPLEMENTAL #2
August 29, 2014
7:44 am

List of Attachments

Attachment 2	Revised PET/CT and Linear Acceleration Utilization Charts
Attachment 4	Verification of Revolving Line of Credit
Attachment 6	Letter from Architect

SERVICE AREA PET/CT VOLUME
INPATIENT AND OUTPATIENT TREND
CALENDAR YEARS 2010 THROUGH 2012

FACILITY	# of units	Inpatient			Outpatient			Total			% Change
		2010	2011	2012	2010	2011	2012	2010	2011	2012	2010-2012
PRMC	1	433	173	131	1,450	1,007	902	1,883	1,180	1,033	-45.1%
Methodist of Oak Ridge	0.6	12	2	3	451	464	163	463	466	166	-64.1%
Blount Memorial	1	21	34	24	2,057	1,672	1,720	2,078	1,706	1,744	-16.1%
Morristown - Hamblen	0.5	0	5	1	313	309	404	313	314	405	29.4%
Univ of TN Med Ctr	2	408	301	233	3,663	2,346	2,562	4,071	2,647	2,795	-31.3%
East TN Diagnostic Ctr	1	0	0	0	3,388	2,950	2,049	3,388	2,950	2,049	-39.5%
Total Service Area	6.1	874	515	392	11,322	8,748	7,396	12,196	9,263	8,192	-32.8%

SUPPLEMENTAL #2
August 29, 2014
7:44 am
AUG 29 2014

PRMC SERVICE AREA LINEAR ACCELERATOR UTILIZATION TREND
CALENDAR YEARS 2010 THROUGH 2012

FACILITY	County	Type Of Facility	# of units	Total Treatments 2010	2011	2012	% Change 2010 - 2012
Physicians Regional Medical Center	Knox	Hospital	1	3,909	4,260	2112*	-46.0%
Methodist Medical Center of Oak Ridge	Anderson	Hospital	2	9,572	8,296	8,503	-11.2%
Blount Memorial Hospital	Blount	Hospital	1	7,180	7,366	6,467	-9.9%
Baker Cancer Treatment Center	Claiborne	Hospital	1	3,844	3,911	3,380	-12.1%
Morristown - Hamblen Healthcare System	Hamblen	Hospital	1	7,044	6,131	7,090	0.7%
East TN Radiation Therapy Services	Knox	Radiation	1	0	0	742	n/a
North Knoxville Medical Center	Knox	Hospital	1	7,615	7,700	7,437	-2.3%
Thompson Cancer Survival Center	Knox	ASTC	2	8,726	8,609	10,251	17.5%
Thompson Cancer Survival Center West	Knox	ASTC	2	10,111	10,300	9,286	-8.2%
Turkey Creek Medical Center	Knox	Hospital	1	1,454	0	1,397	-3.9%
University of Tennessee Memorial	Knox	Hospital	2	11,172	10,554	10,270	-8.1%
Thompson Cancer Survival Center-Sevier	Sevier	ASTC	1	2,824	3,589	3,688	30.6%
Total Service Area	--	--	16	73,451	70,716	70,623	-3.9%

*PRMC's linear accelerator was out of operation for four months during 2012 for an equipment and software replacement

SUPPLEMENTAL #2
August 29, 2014
7:44 am
AUG 29 2014

ADDITIONAL INFORMATION

Copy

Physicians Regional Medical Center

CN1408-033

October 30, 2014

Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, TN 37243

Re: CN1408-033 – Replacement hospital for Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare – Physicians Regional Medical Center

Dear Ms. Hill:

Enclosed please find a copy a copy of the latest report from The Joint Commission, following Physicians Regional Medical Center's most recent resurvey. As part of application CN1408-033, we stated that this report would be submitted upon receipt.

Please contact me if you need any additional information.

Sincerely,

Melanie B. Burgess
Vice President of Development

The Joint Commission

October 10, 2014

HCO ID:#7852

Karen Metz
CEO-PRMC
Tennova Healthcare-Physicians Regional Medical Center
900 E. Oak Hill Avenue
Knoxville, Tennessee 37917

Dear Ms. Metz:

After careful consideration, the Accreditation Committee of The Joint Commission has decided to change Tennova Healthcare-Physicians Regional Medical Center's accreditation status to Accreditation with Follow-up Survey based upon its review at its October 10, 2014 meeting. This Accreditation decision is effective for all services surveyed under the applicable manual(s) noted listed below:

- Comprehensive Accreditation Manual for Hospitals

Your organization's Evidence of Standards Compliance (ESC) reports have been received. The Joint Commission will conduct an unannounced Accreditation with Follow-up Survey in approximately three months.

Please be advised that this accreditation decision may be shared with the Centers for Medicare and Medicaid Services (CMS) and appropriate state or regional regulatory agencies.

As provided in the Public Information Policy of The Joint Commission, Tennova Healthcare-Physicians Regional Medical 's status of Accreditation with Follow-up Survey is disclosable to the public upon request and is published on The Joint Commission's Web site.

We direct your attention to several important Joint Commission policies. First, except as required by law, your accreditation decision report is confidential. Second, Joint Commission policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

If you have any questions, please contact your Account Executive, Veronica Tabb, at (630) 792-5735.

Sincerely,

Mark Pelletier

Mark G. Pelletier, RN, MS
Chief Operating Officer
Division of Accreditation and Certification Operations

cc: Barbara Prichard, Field Director, Surveyor Management and Development
Michelle DBila, Collections Coordinator, PFA
Jennifer L. Welch, Manager, Accreditation Committee

OPPOSITION LETTER(S)

Metro Knoxville HMA, LLC d/b/a Tennova Healthcare-Physicians Regional Medical Center

Knoxville, Knox County

CN1408-033

change.org

Recipient: Melanie M. Hill - Executive Director

Letter: Greetings,

We are concerned citizens who urge the Tennessee Health Services and Development Agency committee to deny Tennova Healthcare along with parent company Community Health Systems, the privilege of constructing a new hospital in Knoxville, TN.

Signatures

Name	Location	Date
Darrell Hurley	Knoxville, TN, United States	2014-09-23
Darrell Hurley	Knoxville, TN, United States	2014-09-23
Brandy Donehew	Knoxville, TN, United States	2014-09-23
Whitney Hunthrop	Knoxville, TN, United States	2014-09-23
Haifa George	Knoxville, TN, United States	2014-09-23
Ashley Hackney	Powell, TN, United States	2014-09-23
Traci Forcucci	Plant City, FL, United States	2014-09-23
Melissa Greene	Knoxville, TN, United States	2014-09-23
Stacey Helton	Sevierville, TN, United States	2014-09-23
Sharon Oneal	Knoxville, TN, United States	2014-09-23
Heather Schaefferkoetter	Fairfax, VA, United States	2014-09-23
christine dufault	knoxville, TN, United States	2014-09-23
Roxanne Bachert	Lenoir City, TN, United States	2014-09-23
Morgan Russell	Knoxville, TN, United States	2014-09-23
Kris Hamilton	Maynardville, TN, United States	2014-09-23
Patricia McClure	Paris, TN, United States	2014-09-23
kenny gheen	Knoxville, TN, United States	2014-09-23
Brittany Clark	Knoxville, TN, United States	2014-09-23
Tonya McDaniel	Jamestown, TN, United States	2014-09-23
Vivian blankenship	Dandridge, TN, United States	2014-09-23
Amanda Brock	Knoxville, TN, United States	2014-09-23
Nick Farris	Knoxville, TN, United States	2014-09-23
cynthia loveday	Knoxville, TN, United States	2014-09-23
Sarah Pace	Knoxville, TN, United States	2014-09-23
Jeff Tucker	Maryville, TN, United States	2014-09-23
Sarah Broyles	Knoxville, TN, United States	2014-09-23
April Hurley	Knoxville, TN, United States	2014-09-23
Rebecca Gore	Knoxville, TN, United States	2014-09-23
Darrell Hurley Sr.	Knoxville, TN, United States	2014-09-23
Rhonda Walker	Knoxville, TN, United States	2014-09-23

Name	Location	Date
Amanda Poplin	Knoxville, TN, United States	2014-09-23
Adam Bullen	maynardville, TN, United States	2014-09-23
Rebecca Ford	Knoxville, TN, United States	2014-09-23
Christie Lawson	Knoxville, TN, United States	2014-09-23
Rita Miller	Metairie, LA, United States	2014-09-23
Wendy Goforth	Kodak, TN, United States	2014-09-24
Lorrie Duggan	Corryton, TN, United States	2014-09-24
misty Seymour	luttrell, TN, United States	2014-09-24
Tonya Sharp	Knoxville, TN, United States	2014-09-24
Joshua Scott	Knoxville, TN, United States	2014-09-24
Whitney Hardy	Knoxville, TN, United States	2014-09-24
Travis Phelps	Knoxville, TN, United States	2014-09-24
Pam Boland	Grovetown, GA, United States	2014-09-24
Sara Pierce	Knoxville, TN, United States	2014-09-24
Kaitlyn Daniels	Knoxville, TN, United States	2014-09-24
sara lester	Sevierville, TN, United States	2014-09-24
Becky Briant	Knoxville, TN, United States	2014-09-24
Cierra Dunbarr	Knoxville, TN, United States	2014-09-24
april napier	lafollette, TN, United States	2014-09-24
Nicole Briant	Fort Collins, CO, United States	2014-09-24
Kayla DeMori	Oak Ridge, TN, United States	2014-09-24
Tiffanie Briant	Knoxville, TN, United States	2014-09-24
Sonya Lusk	Knoxville, TN, United States	2014-09-24
connie castleberry	Rocky Top, TN, United States	2014-09-25
Brittany Mccarter	Beanstation, TN, United States	2014-09-25
Barbara Kirby	Knoxville, TN, United States	2014-09-25
LaDonna Hurley	Knoxville, TN, United States	2014-09-25
Amanda Hazelwood	Kingston, TN, United States	2014-09-26
pamela mccollum	Knoxville, TN, United States	2014-09-26
Alesa Grant	Knoxville, TN, United States	2014-09-26
Richard Coram	Lenoir City, TN, United States	2014-09-26
Amanda Dyer Childress	Knoxville, TN, United States	2014-09-26

Name	Location	Date
Jessica Weaver	Knoxville, TN, United States	2014-09-27
rebecca clemons	Knoxville, TN, United States	2014-09-27
Jon-Paul Wolfe	San Jose, CA, United States	2014-09-29
Dale Cross	Bristol, TN, United States	2014-09-29
crystal weaver	Knoxville, TN, United States	2014-10-01
Linda Burke	Knoxville, TN, United States	2014-10-01
Rachael Deaderick	Knoxville, TN, United States	2014-10-01
sarah norman	knoxville, TN, United States	2014-10-16
Eleanor Abbott	Knoxville, TN, United States	2014-10-16
Melanie Staley	Andersonville, TN, United States	2014-10-16
LeAnne Jennings	Maryville, TN, United States	2014-10-16
David Ridenour	Knoxville, TN, United States	2014-10-16
melanie wheeler	Knoxville, TN, United States	2014-10-16
Justin Berry	Knoxville, TN, United States	2014-10-16
sara duncan	Knoxville, TN, United States	2014-10-16
Candice hinkle	Knoxville, TN, United States	2014-10-16
Terrie Blake	Sevierville, TN, United States	2014-10-16
Noah Russell	Knoxville, TN, United States	2014-10-16
Fallon Houser	Knoxville, TN, United States	2014-10-16
Ashlee Hooks	Knoxville, TN, United States	2014-10-16
Michael Honeycutt	Knoxville, TN, United States	2014-10-16
Chris Bowles	Knoxville, TN, United States	2014-10-16
Christopher Johnson	Brentwood, TN, United States	2014-10-16
Daniel Adams	Knoxville, TN, United States	2014-10-16
Whitney Pecha	Hidden Springs, ID, United States	2014-10-16
Amber Finney	Knoxville, TN, United States	2014-10-16
Crystal Williams	Knoxville, TN, United States	2014-10-16
Craig Williams	Knoxville, TN, United States	2014-10-16
Garrett Daniels	Knoxville, TN, United States	2014-10-16
Michelle yanchulis	Knoxville, TN, United States	2014-10-16
Sara Jarnagin	Lenoir City, TN, United States	2014-10-16
Mark Hillard	Corryton, TN, United States	2014-10-16

Name	Location	Date
Stacy cheek	Knoxville, TN, United States	2014-10-16
Jackie israel	Dandridge, TN, United States	2014-10-16
Michelle Harmon	Knoxville, TN, United States	2014-10-16
Jessica Cooley	Knoxville, TN, United States	2014-10-17
staci bowling	Knoxville, TN, United States	2014-10-17
Ann Chory	Corryton, TN, United States	2014-10-17
Rachel Hodges	Corryton, TN, United States	2014-10-17
Betty Miller	Corryton, TN, United States	2014-10-17
Danny Maldonado	Bronx, NY, United States	2014-10-17
Sheila Dillon	Willmar, MN, United States	2014-10-17
Vince Welsh	Winter Park, FL, United States	2014-10-17
Linda M. Mulder	Northville, MI, United States	2014-10-17
Maria Lee	San Jose, CA, United States	2014-10-17
Patricia Brown	San Clemente, CA, United States	2014-10-17
Emily Hall	Birmingham, AL, United States	2014-10-17
Avery Brautigan	French Lick, IN, United States	2014-10-17
steve messina	daniels, MD, United States	2014-10-17
Matthew Myers	Phoenix, AZ, United States	2014-10-17
jewel mowry	springville, NY, United States	2014-10-17
Marilyn Shepherd	Trinidad, CA, United States	2014-10-17
Jack McCue	Des Moines, IA, United States	2014-10-17
Gonzalo Gonzalez	Galveston, TX, United States	2014-10-17
Julie Rich	Marlborough, MA, United States	2014-10-17
Tawnee Livingston	Golden, CO, United States	2014-10-17
Karea Wise	Moulton, AL, United States	2014-10-17
Robert Blumenthal	Seattle, WA, United States	2014-10-17
Carolyn Ricketts	Edgewater, MD, United States	2014-10-17
Gabriele Ansay	Port jWashington, WI, United States	2014-10-17
Lori Townsend	Collins, MO, United States	2014-10-17
John Peeters	Kankakee, IL, United States	2014-10-17
joanne armenia	newport, RI, United States	2014-10-17
Susan Vogt	Fairbanks, AK, United States	2014-10-17

Name	Location	Date
Ron Pagano	Santa Rosa, CA, United States	2014-10-17
Kimberly Cameron	Lexington, NC, United States	2014-10-17
Anne Greene	Sandy Spring, MD, United States	2014-10-17
margaret rinaldi	seattle, WA, United States	2014-10-17
Gabriel Godwyne	Putney, VT, United States	2014-10-17
Philip Shook	Tempe, AZ, United States	2014-10-17
David Hatch	Fullerton, CA, United States	2014-10-17
Gary Gilardi	Hood River, OR, United States	2014-10-17
Patricia Pell	Stratford, CT, United States	2014-10-17
Sarah Nelson	San Leandro, CA, United States	2014-10-17
Alicia Ewoldt	ames, IA, United States	2014-10-17
Doreen Nakabayashi	Torrance, CA, United States	2014-10-17
ann jaskowiak	livonia, MI, United States	2014-10-17
George Houser	Wakefield, RI, United States	2014-10-17
David Bates	Mililani, HI, United States	2014-10-17
Beverly berry	Andersonville, TN, United States	2014-10-18
Karen McFarland	Strawberry Plains, TN, United States	2014-10-23
Nancy Wyrick	Corryton, TN, United States	2014-10-23
laurie basso	Sevierville, TN, United States	2014-10-24
Lisa Wood	bristol, TN, United States	2014-10-24
jennifer cooper	Knoxville, TN, United States	2014-10-24
iva hurley	knoxville, TN, United States	2014-10-24
Karen Hensley	Knoxville, TN, United States	2014-10-25

change.org

Recipient: Melanie M. Hill - Executive Director

Letter: Greetings,

We are concerned citizens who urge the Tennessee Health Services and Development Agency committee to deny Tennova Healthcare along with parent company Community Health Systems, the privilege of constructing a new hospital in Knoxville, TN.

Comments

Name	Location	Date	Comment
Brandy Donehew	Knoxville, TN	2014-09-23	I'm signing this because I have had loved ones neglected @ Tennova facilities and I want to help put a stop to this!!
Traci Forcucci	Plant City, FL	2014-09-23	I'm signing for my niece Valerie Hurley who was sadly a victim of tennova because of malpractice They need to correct the problems they have in their current hospitals instead of building more.
Sharon Oneal	Knoxville, TN	2014-09-23	I believe they need a better health are provider than tennova in west Knoxville.
Roxanne Bachert	Knoxville, TN	2014-09-23	We don't need medical care that is less than excellent. If we need another health care facility, it needs to have the same excellent standards as UT Hospital.
Morgan Russell	Knoxville, TN	2014-09-23	My dad was in Tennova waiting to have a feeding tube put in. He was on blood thinners and had to wait about 5 days to be able to have the surgery. They told us that he could not stay in there and that they were sending him home until he could have the surgery. My mom begged them not to send him home but they did anyway. He was sent home about 5:00 pm on Friday night and died 7:00 the next morning. I believe his death could have been prevented if they would have just let him stay in the hospital to receive the proper care that he needed.
Darrell Hurley	Knoxville, United States	2014-09-23	I want to see better healthcare standards in our community than those that were received by my sister Valerie Hurley.
kenny gheen	knoxville, TN	2014-09-23	She was a beautiful person inside and out!
Brittany Clark	Knoxville, TN	2014-09-23	Tennova does NOT need to open another building!
Vivian Blankenship	Dandridge, TN	2014-09-23	One my information was stolen. The second is because everytime I went to have care it was like you were just another number. Very rude service. Also, everytime you ask a medical question to the staff it was always unclear or they didn't have an answer. We need to correct these problems in our hospitals before moving forward. It is actually scary to even think about having to get medical attention.
Nick Farris	Knoxville, TN	2014-09-23	My father was killed by these crack pots! They gave him a blood thinner 04/19/2014 in the morning and then did a needle biopsy that evening and he bled out in the icu. They did get a man that had been oxygen deprived for hours to sign a release though. Lucky them!
cynthia loveday	Knoxville, TN	2014-09-23	i am a cousin of Valery Hurley
April Hurley	Knoxville, TN	2014-09-23	I believe that this community needs better quality healthcare than this hospital can provide at this time with its current principles and practices, especially in regards to not meeting all standard of care practices.
Rebecca Gore	knoxville, TN	2014-09-23	There's a perfectly good hospital on woodland Ave that is going to waste. They need to address budgets, staff and business model before adding to the mess.
Teresa Hurley	Knoxville, TN	2014-09-23	The Hospital will not claim responsibility for anything they do wrong even if a jury finds them guilty!
Rhonda Walker	Knoxville, TN	2014-09-23	I support this family
Adam Bullen	Corryton, TN	2014-09-23	She was a great person
Rebecca Ford	Knoxville, TN	2014-09-23	Valerie was my grandchidrens aunt.My granddaughter will never know the beautiful person Valerie was.I can see her dancing around the room at my daughter's wedding. Her life was cut short because of negligence.

Name	Location	Date	Comment
Tonya Sharp	Knoxville, TN	2014-09-24	I am a former co-worker of Vals from the knoxville zoo, and believe wholeheartedly that her family and friends who loved her deserve to be taken off the emotional rollercoaster they have been on since March of a
Nicole Briant	Fort Collins, CO	2014-09-24	Valerie was a personal close friend of mine since elementary school. She was bright, beautiful and a great sister and daughter and it's unfair her life was cut short due to our incompetent healthcare system. Hopefully this sort of thing will never be able to rip another family apart ever again!
Sonya Lusk	Knoxville, TN	2014-09-24	no-one should lose their life over Tennova's negligence.
LaDonna Hurley	Knoxville, TN	2014-09-25	Justice for Valerie Hurley
Alesa Grant	Knoxville, TN	2014-09-26	The last thing West Knoxville, much less Middlebrook Pike, needs is another hospital. The Tennova brand image is terrible. The hospital has a lot of problems (administrative, patient care, etc.), and we don't need one more of them. They need to stay in the community that needs a hospital, at Oak Hill Avenue off Broadway, and avoid spoiling the home of wildlife with an un-needed facility on Middlebrook. If it is built there I refuse to use it and will encourage others to snub it, as well. NO MORE TENNOVA.
pamela mccollum	Knoxville, TN	2014-09-26	Of my nieces wrongful death at this hospital!
Alesa Grant	Knoxville, TN	2014-09-26	The last thing West Knoxville, much less Middlebrook Pike, needs is another hospital. The Tennova brand image is terrible. The hospital has a lot of problems (administrative, patient care, etc.), and we don't need one more of them. They need to stay in the community that needs a hospital, at Oak Hill Avenue off Broadway, and avoid spoiling the home of wildlife with an un-needed facility on Middlebrook. Thank you. If it is built there I refuse to use it and will encourage others to snub it, as well. NO MORE TENNOVA.
Richard Coram	Los Angeles, CA	2014-09-26	While I am for more medical centers, this company has not shown the respect of the patient or the patients privacy that I believe should be required for a company that wants to do business in my community.
Amanda Dyer Childress	Knoxville, TN	2014-09-26	Valerie an I had worked together for over 7 years an we were great friends an if this tragic event had not happened I would still have one of my best friends today thanks!!
rebecca clemons	Knoxville, TN	2014-09-27	Valerie Hurley mostly, she was an amazing person that should not have died so soon. I've also heard of many things going on with them so they need to work on the company before building a new place.
crystal weaver	Knoxville, TN	2014-10-01	I am signing to support the family and hope that this helps to get justice for her. What happen to this young girl cold happen to any one and they half to held to the highest standards because we are trusting them do help us in the time of need. Not to kill us but to help us.
Linda Burke	Knoxville, TN	2014-10-01	This is personal for me as my mom lost her ability to walk due to the care of St. Mary's (currently Tennova). My mother's ability to walk was worth a $50,000 settlement to these people. I think that their current hospitals need some serious changes made before they should even CONSIDER building another one.
Melanie Staley	Andersonville, TN	2014-10-16	I believe what the Petition says !
Justin Berry	Knoxville, TN	2014-10-16	I do not support For Profit healthcare systems and live in the community that this hospital would disrupt and devalue.
Candice hinkle	Knoxville, TN	2014-10-16	tennova killed my friend
Terrie Blake	Sevierville, TN	2014-10-16	Because they neglectfully killed this young lady and need to be accountable for it.
Michelle yanchulis	Knoxville, TN	2014-10-16	Valerl

Name	Location	Date	Comment
Mark Hillard	Corryton, TN	2014-10-16	I am signing because I am a past employee. I was there for 13 years when Mercy Health ran operations. Since then, through years of politics, buyouts, etc., the hospitals and the healthcare system as a whole havr declined. Compassionate care is now a thing of the past there. It's a business. Patients are customers; mere numbers on a financial statement or a spreadsheet. The employees are treated as such as well, and therefore the sentimement "rolls downhill". There is no reason to expand, build bigger, and/or try to compete in this community when the original core values of what used to be a terrific place to receive care have vanished.
Jessica cooley	Knoxville, TN	2014-10-17	Tennova is a horrible company and hospital and should have to account for all of the lives they have unnecessarily taken.
Staci Bowling	Powell, TN	2014-10-17	I don't want it in my neighborhood. We have numerous hospitals close
Ann Chory	Corryton, TN	2014-10-17	Inexcusable negligence and lack of accountability stole precious lives.
Betty Miller	Corryton, TN	2014-10-17	incompetence, negligence, and irresponsibility... and then, after all that, no accountability or acknowledgement of deadly mistakes.
Beverly berry	Andersonville, TN	2014-10-18	I don't like how tenova treats patients. I have heard too many horrible stories of their incompetence. They don't seem to care for patients just the money. At least St Mary's had a good reputation.
Nancy Wyrick	Corryton, TN	2014-10-23	ive seen too many mistakes made by Tennova. I know personally of two people that died in their care and under very questionable circumstances. Too bad the families were too grief stricken to file for wrongful death.

Petition to deny the approval of the construction of a new Tennova Hospital on Middlebrook Pike in Knoxville, TN

Petition summary and background	Tennova Healthcare has filed a certificate of need with the Tennessee Health Services and Development Agency in order to build a new hospital on Middlebrook Pike to replace the current Physicians Regional Medical Center. However, due to the recent news and events concerning Tennova Healthcare and Community Health Systems, including the approximately $98 million settlement with the Department of Justice, the unanimous $3.25 million malpractice verdict in the death of Valerie Hurley, along with the data breach of the personal information of nearly 4.5 million patients, we feel as though a new Tennova Hospital in Knoxville, TN would not be beneficial to our community at this time. Instead of the construction of a new hospital building, our community would be better served by Tennova Healthcare and parent group Community Health Systems correcting the internal problems that have created the issues and events stated above.
Action petitioned for	We, the undersigned, are concerned citizens who urge the Tennessee Health Services and Development Agency committee to deny Tennova Healthcare along with its parent company, Community Health Systems, the privilege of constructing a new hospital in Knoxville, TN.

Printed Name	Signature	Address	Phone Number	Date
Darrell Hurley, Jr.		5700 Pleasant Ridge Rd Apt 325 Knoxville, TN 37912	(865) 300-3939	9/19/14
April Hurley		5700 Pleasant Ridge Apt 325 Knoxville, TN 37912	(865) 247-3207	9/19/14
Josh Hurley		4310 Garden Drive Knoxville, TN 37918	865-257-3075	9/19/14
Matthew Jackson		2930 Diana Gayle Knoxville, TN 37924	(423)483-8873	9/19/14
Nikki Turner		313 Bona Rd Knoxville, TN 37914	865-335-1377	9-19-14
Ashley Colley		210 N. Molly Bright Rd Knoxville, TN 37924	865-244-7877	9-19-14
Emma McGuire		10914 Richland Rd. Blaine, TN, 37914	423-721-2055	9-19-14
Caleb Gaston		4302 Large Dr Knoxville, TN 37914	(865)691-8018	9/19/14
Kevin Lawler		2112 Jake Wallace Knoxville TN 37932	865-919-5958	9-19-14

Printed Name	Signature	Address	Phone Number	Date
Ann Bragg	Ann Bragg	10312 St. Regence Ln. Knoxville TN 37922	865-675-2655	9/19/14
Maria Camacho	Maria Camacho	2544 Byington Solway Rd Knoxville TN 37931	865-454 5011	9/19/14
Teresa Hurley	Teresa Hurley	5965 Babelay Rd. Knoxville, TN. 37924	865-208-5991	9/19/14
Jessica Hurley	Jessica Hurley	4310 Garden Drive Knoxville, TN 37918	865-680-1091	9/19/14
Janice Braun	Janice Braun	1557 Mint Meadows Dr Maryville TN 37803	865-567-0809	9/20/14
Michael O'Baugh	Michael O'Baugh	254 Mountain RD Luttrell Tn 37779	865-805-7551	9/20/14
Ann Brewer	Ann Brewer	6430 Sun Light Lane Knoxville, TN 37918	865-689-7865	9/20/14
Charles E Browning	[illegible]	200 Hayner PL Knoxville, TN 37917	865-567-1786	9/20/14
Andrew Burkhart	[illegible]	220 Brookman Avenue Maryville, TN 37803	865-202-1728	9/25/14
Miranda Ray	Miranda Ray	8534 Cori Valentine Circle Knox, TN 37916	407-473-0426	9/25/14
Lorrie Duggan	Lorrie Duggan	7600 Preston View Dr Corryton TN 37721	865-323-1212	9/26/14
Marissa Highfill	Marissa Highfill	608 Sapphire Rd Knoxville, TN 37919	865-454-3215	9/26/14
Pamela McCollum	Pamela McCollum	808 Coventry Rd Knoxville TN 37923	865-705-0612	10/1/14
Doylas McCollum	Payton R. McCollum	808 Coventry Rd. 37923 Knoxville TN	865-640-3099	10/1/14
Justin Driver	[illegible]	909 Green Hills Rd.	865-242-6030	10-1-14
Sheri Driver	Sheri Driver	909 Green Hills Rd	865-740-1780	10-1-14

Printed Name	Signature	Address	Phone Number	Date
Stacy Cannon	[illegible]	PO Box 14427 Knoxville	865 637-5331	9-20 14
Jennifer Knight	Jennifer Knight	1911 Brandville rd Knoxville	865-804-0179	9-20-14
Rachael Tidwell	Rachael Tidwell	6308 McDeely Rd	865-438-4704	9/20/14
Renee Obaugh	Renee Obaugh	254 Mountain Rd.	865-804-4508	9-20-14
Ashley Tucker	Ashley Tucker	4407 Oak Glen Way	217-259-2085	9/20/14
Lindsay Hollifield	Lindsay H.	101 S 6th ST 37917	865-256-9045	9/21/14
Megan Smith	Megan Smith	4313 Mannington Dr.	865-306-6490	9/21/14
Kimberly Blatter	Kimberly A Blatter	1600 Colony Dr 37760	865-360-4627	"
Kathleen Redman	Kathleen Redman	310 Clay Crt 37760	865-242-9736	9/21/14
Lillian Currie	Lillian S Currie	4313 Mannington Dr. Knoxville TN 37917	865-329-3404	9.21.14
Casey Hurley	Casey Hurley	7500 Wheatmeadow Rd. Corryton, TN 37721	865-705-2074	9/22/14
Chris Hurley	[illegible]	7500 Wheatmeadow Rd. Corryton, TN 37721	865-705-2691	9/22/14
Ashley Rader	Ashley Rader	8035 Bell Road Knoxville, TN 37938	865-227-4591	9/23/14
Kerri Pressley	Kerri [illegible]	3110 Vera Drive Knoxville, TN 37917	865-936-8127	9/23/14
Wanda Lawhorn	Wanda Lawhorn	5400 Rawan, Rd Knoxville, TN 37912	865-456-0703	9/23/14
Jesse Lawhorn	Jesse Lawhorn	5400 Rawan, Rd Knoxville, TN 37912	865-973-0786	9/23/14

Printed Name	Signature	Address	Phone Number	Date
David Lee	[illegible]	1728 Rugby Ave	865-621-2274	9/26/14
Chance Hewitt	[illegible]	4501 Tillery Rd	205-504-4717	9/26/14
Randes Tidesco	[illegible]	4501 Tillery Rd	865-689-4112	9/26/14
Isaac Baker	[illegible]	4601 Pleasant Ridge	865-737-[illegible]	[illegible]
Shelly Floyd	[illegible]	250 Lonesome Dove rd	865-309-2268	9-26-14
Darrell Hoge	Darrell Hoge	250 lonesome Dove Rd	(865)214-9985	9-26-14
JESSE HURLEY	[illegible]	1006 HENRIETTA DR.	865-973-3639	9-26-14
Brian Grahl	[illegible]	116 E. Inskip Dr.	865-398-0706	9-26-14
Matthew Lee	[illegible]	4601 Pleasant Rd.	865-621-2208	9-26-14
Darrell Hurley Sr.	Darrell Hurley Sr.	5965 BABELAY Rd.	865-386-8486	9-26-14
Gary Gibson	[illegible]	4501 Tillery Rd	865-368-7892	10-11-14
Howard Likes	Howard Likes	283 Foster Rd	865-661-1722	10-11-14
Calene Likes	Calene Likes	283 Foster Rd	865-816-7621	10-11-14

Printed Name	Signature	Address	Phone Number	Date
Sabrina Wolfenberger	Sabrina Wolfenberger	352 S. Fountaincrest Dr. 37918	865-922-7981	9/25
Susan Fiet	Susan Fiet	3405 Brookmoor Lane 37920	865-951-3047	9/25
Carrie Hodges	Carrie Hodges	3109 Gladstone Lane 37917	865-963-5980	9/25
Wayne Armstrong	Wayne Armstrong	1804 Sim Armstrong Rd 37914	865-919-0836	9/25
Ashley Hackney	[illegible]	6930 Falling Star Ln Powell, TN 37849	865-216-8664	9/25
[illegible]	[illegible]	433 East Columbia Ave Knoxville 37917	931-808-3255	9/25
Samantha Southard	Samantha Southard	433 E. Columbia Ave Knoxville 37917	931-808-9853	9/25
Jamie McGinley	Jamie McGinley	1826 Botsford Dr. Knoxville 37922	865-335-0189	10/8

Printed Name	Signature	Address	Phone Number	Date
Christie Whaley	Christie N Whaley	2926 Carson Ave Knoxville, TN 37917	865-320-5481	9/27/14
Rebecca Ford	Rebecca Ford	5100 Chapman Hwy Knoxville TN 37920	865-850-6212	9/27/14
Jason Whaley	Jason Whaley	2926 Carson Ave Knoxville TN 37917	865-250-3614	9/27/14
Christopher Whaley	Christopher Whaley	5100 Chapman Hwy Knoxville TN 37920	865-850-6212	9/27/14

Nov. 4, 2014
PO Box 18011
Knoxville, Tn 37928

To Health Services & Development Agency:

KEEP Tennova Regional Medical Center (Oak Hill Ave., Knoxville Tennessee.

STOP plans to build new hospital on Middlebrook Pike.

The citizens in both neighborhoods are happy with the current Tennova Center and the people in the Middlebrook Pk. area do not want the hospital in their area.

The old hospital location is a local landmark and has many priceless treasures. The beautiful marble in the hospital and the breathtaking chapel have, for instance, hold cherished memories for our neighbors over the many years.

Why can't the people be happy with what we have and not see

money wasted to build a new facility. With refurbishes, the old hospital would still be cherished by us.

Please consider our wishes & the money that could be saved.

Sincerely,

Katherine Tindall

Kevin Lawlor
2112 Jakes Walk Ln
Knoxville TN 37932

DEMAND BETTER HEALTHCARE

1983 2009

Justice for Valerie Hurley

November 7, 2014

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street Nashville, TN 37243

To Whom it May Concern:

I am writing this letter concerning Tennova Healthcare's Certificate of Need to build a new hospital in West Knoxville to replace the current Physicians Regional Medical Center. As a local citizen and a supporter of the Justice for Valerie Hurley group, I am highly concerned that this hospital is not the right fit for our community at this time based on a lack of quality healthcare and integrity as a business. I believe that this new hospital is exactly what the Tennessee State Health Care Plan is supposed to protect our community from.

In just the past few months, Tennova and its parent company Community Health Systems have suffered multiple legal woes, as well as information security issues. In June 2014, Tennova was found guilty by a unanimous verdict of medical malpractice resulting in the wrongful death of Valerie Hurley with a judgment amount of $3.25 million. That judgment and award was recently held up in October by Circuit Court Judge Harold Wimberly. In August 2014, Tennova's parent Community Health Systems settled a lawsuit with the Department of Justice for approximately $98 million. That lawsuit stemmed from accusations by CHS's own employees. The Department of Justice investigated and found that CHS was guilty of wrongful billing practices that included Medicare and Medicaid patients. In addition to the $98 million settlement, CHS agreed to sign a five year corporate integrity agreement. Also in August 2014, it was announced that Community Health Systems had incurred a data breach involving the private, personal information of approximately 4.5 million patients. These issues are all very concerning, yet Tennova Healthcare and Community Health Systems have had very little to say publicly about any of these issues and have failed to show how they would improve.

As a local citizen, I feel as though Tennova Healthcare and its parent company are not currently providing the quality of healthcare services and information security that my community not only needs, but deserves. Today, I ask that you deny Tennova Healthcare's request to build a new hospital. Thank you for your time and consideration.

Sincerely,

Holden L. Smith
4800 Lindsey Blair Lane
Knoxville, TN 37918

DEMAND BETTER HEALTHCARE

1983 2009

Justice for Valerie Hurley

November 7, 2014

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street Nashville, TN 37243

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Sincerely,

Holden L. Smith

Caleb Gaston
4302 Larisso Dr.
Knoxville, TN 37914

DEMAND BETTER HEALTHCARE

1983 2009

Justice for Valerie Hurley

November 7, 2014

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street Nashville, TN 37243

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As a local citizen, I feel as though Tennova Healthcare and its parent company are not currently providing the quality of healthcare services and information security that my community not only needs, but deserves. Today, I ask that you deny Tennova Healthcare's request to build a new hospital. Thank you for your time and consideration.

Sincerely,

Wayne D. Johnson
208 Chaho Rd.
Knoxville TN. 37934

DEMAND BETTER HEALTHCARE

1983 2009

Justice for Valerie Hurley

November 7, 2014

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street Nashville, TN 37243

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Sincerely,

Wayne D. Johnson

Roge C. McGill
208 Chamo Road
Knoxville, TN 37934

DEMAND BETTER HEALTHCARE

1983 2009

Justice for Valerie Hurley

November 7, 2014

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street Nashville, TN 37243

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As a local citizen, I feel as though Tennova Healthcare and its parent company are not currently providing the quality of healthcare services and information security that my community not only needs, but deserves. Today, I ask that you deny Tennova Healthcare's request to build a new hospital. Thank you for your time and consideration.

Sincerely,

Roge C. McGill

Katharine Solada
581 English Village Way, Apt 1325
Knoxville TN 37919

DEMAND BETTER HEALTHCARE

1983 2009

Justice for Valerie Hurley

November 7, 2014

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street Nashville, TN 37243

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As a local citizen, I feel as though Tennova Healthcare and its parent company are not currently providing the quality of healthcare services and information security that my community not only needs, but deserves. Today, I ask that you deny Tennova Healthcare's request to build a new hospital. Thank you for your time and consideration.

Sincerely,

Ann Bragg
10312 St. Regence Lane
Knoxville TN 37922

DEMAND BETTER HEALTHCARE

1983 2009

Justice for Valerie Hurley

November 7, 2014

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street Nashville, TN 37243

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As a local citizen, I feel as though Tennova Healthcare and its parent company are not currently providing the quality of healthcare services and information security that my community not only needs, but deserves. Today, I ask that you deny Tennova Healthcare's request to build a new hospital. Thank you for your time and consideration.

Sincerely,

Ann W. Bragg

Darrell D. Hurley, Jr.
5700 Pleasant Ridge Rd.
Apt 325
Knoxville, TN 37912

October 2, 2014

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street Nashville, TN 37243

To Whom it May Concern:

I am writing this letter concerning Tennova Healthcare's recent filing of a Certificate of Need to build a new hospital in West Knoxville. As a local citizen, I am highly concerned that this hospital is not the right fit for our community.

In just the past few months, Tennova and its parent company Community Health Systems have suffered multiple legal woes, as well as information security issues. In June 2014, Tennova was found guilty by a unanimous verdict of medical malpractice resulting in the wrongful death of Valerie Hurley with a judgment amount of $3.25 million. In August 2014, Tennova's parent Community Health Systems settled a lawsuit with the Department of Justice for approximately $98 million. Also in August 2014, it was announced that Community Health Systems had incurred a data breach involving the private, personal information of approximately 4.5 million patients. These issues are all very concerning, yet Tennova Healthcare and Community Health Systems have had very little to say publicly about any of these issues.

As a local citizen, I feel as though Tennova Healthcare and its parent company are not currently providing the quality of healthcare services and information security that our community not only needs, but deserves. At this time, I request that you conduct a fact finding hearing about this issue and I advocate the eventual denial of Tennova's application for a new hospital.

Sincerely,

Darrell D. Hurley, Jr.

April Hurley
5700 Pleasant Ridge Rd.
Apt 325
Knoxville, TN 37912

October 2, 2014

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street Nashville, TN 37243

To Whom it May Concern:

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As a local citizen, I feel as though Tennova Healthcare and its parent company are not currently providing the quality of healthcare services and information security that our community not only needs, but deserves. At this time, I request that you conduct a fact finding hearing about this issue and I advocate the eventual denial of Tennova's application for a new hospital.

Sincerely,

April Hurley

April Hurley
5700 Pleasant Ridge Rd. Apt 325
Knoxville, TN 37912

November 5, 2014

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street Nashville, TN 37243

To Whom it May Concern:

I am writing this letter concerning Tennova Healthcare's Certificate of Need to build a new hospital in West Knoxville to replace the current Physicians Regional Medical Center. As a local citizen and a supporter of the Justice for Valerie Hurley group, I am highly concerned that this hospital is not the right fit for our community at this time based on a lack of quality healthcare and integrity as a business. I believe that this new hospital is exactly what the Tennessee State Health Care Plan is supposed to protect our community from.

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As a local citizen, I feel as though Tennova Healthcare and its parent company are not currently providing the quality of healthcare services and information security that my community not only needs, but deserves. Today, I ask that you deny Tennova Healthcare's request to build a new hospital. Thank you for your time and consideration.

Sincerely,

April Hurley

Jessica Hurley
4310 Garden Dr.
Knoxville, TN 37918

November 5, 2014

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street Nashville, TN 37243

To Whom it May Concern:

I am writing this letter concerning Tennova Healthcare's Certificate of Need to build a new hospital in West Knoxville to replace the current Physicians Regional Medical Center. As a local citizen and a supporter of the Justice for Valerie Hurley group, I am highly concerned that this hospital is not the right fit for our community at this time based on a lack of quality healthcare and integrity as a business. I believe that this new hospital is exactly what the Tennessee State Health Care Plan is supposed to protect our community from.

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As a local citizen, I feel as though Tennova Healthcare and its parent company are not currently providing the quality of healthcare services and information security that my community not only needs, but deserves. Today, I ask that you deny Tennova Healthcare's request to build a new hospital. Thank you for your time and consideration.

Sincerely,

Jessica Hurley

Joshua Hurley
4310 Garden Dr.
Knoxville, TN 37918

November 5, 2014

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street Nashville, TN 37243

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As a local citizen, I feel as though Tennova Healthcare and its parent company are not currently providing the quality of healthcare services and information security that my community not only needs, but deserves. Today, I ask that you deny Tennova Healthcare's request to build a new hospital. Thank you for your time and consideration.

Sincerely,

Joshua Hurley

Mark Ausbrooks

From: Melanie Hill
Sent: Wednesday, November 05, 2014 1:43 AM
To: Mark Ausbrooks; Mark Farber; Annie Sykes; Melissa Bobbitt
Subject: Fwd: Tennova certificate of need opposition

Melanie

Begin forwarded message:

From: Donna Spencer <donnspen@gmail.com>
Date: November 4, 2014 at 8:21:21 PM CST
To: <melanie.hill@tn.gov>
Subject: Tennova certificate of need opposition

Melanie Hill, Executive Director

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street Nashville, TN 37243

Dear Ms. Hill,

Melanie Hill, Executive Director

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street Nashville, TN 37243

Dear Ms. Hill,

I am writing to let you know of my opposition to two related certificates of need, CN1408-033 and CN1408-034, filed by Metro Knoxville HMA, LLC d/b/a Tennova Healthcare, which would allow Tennova to replace the existing Physicians Regional Medical Center, formerly St. Mary's Hospital, in North Knoxville with a new facility to be located in West Knoxville.

I'm a North Knoxville resident whose home is about a half-mile from the current location of PRMC. If it is allowed to proceed, this relocation will do real harm to my neighborhood and to the people who live and work here.

North Knoxville and the adjacent areas—including the steadily redeveloping areas near downtown—need a full-service hospital. It does not serve the interests of the community to shut down a hospital serving an area of such high need only to open a new one where a glut of similar providers already exists.

Many of my neighbors in North Knoxville live on fixed incomes. A significant number are aging or disabled—in fact, from my front porch I can see Guy B. Love Towers, a public housing facility that serves around 200 people who are elderly, near-elderly, and disabled. Many of these neighbors don't have cars, and arranging transportation to other parts of the city on public transportation is difficult and time-consuming.

The fact that PRMC was recently measured as having the second-busiest emergency room in Knoxville, exceeded only by the massive UT Medical Center, is one measure of the degree of need. In contrast, West Knoxville is well served with resources (including an existing Tennova facility at Turkey Creek).

The economic impact on a developing area of the city is also potentially devastating. Tennova has offered up no real plan but a number of vague possibilities for use of the current facility: inpatient rehab, nursing care, a walk-in clinic, behavioral health services. It's hard to imagine any of these taking up more than a small fraction of the current space, and Tennova's abandonment of the former Baptist Hospital, after making similar promises there, isn't much of an assurance.

Tennova's representatives like to describe PRMC as a sort of Dickensian nightmare facility, but it is a space that already offers a great deal. Of course there are challenges, and work to be done, but there are many successful urban hospital renovations that demonstrate relocation is *not* the only rational way forward.

I hope that you will do the right thing for the people of Knoxville and reject these certificates of need.

Sincerely,

Donna Spencer

1211 Folsom Avenue

Knoxville TN 37917

Received
10/27/14

October 27, 2014

Tennessee Health Services Development Agency

Mr. Mark Farber

502 Deaderick Street

9th floor

Nashville, TN 37243

Dear Mr. Farber,

I am a resident of West Hills neighborhood which borders the property under consideration for the Tennova hospital in Knoxville, Tn. I have been an elementary school teacher for 25 years before retiring in May, 2014. The last 17 years were spent in first grade. Because of my simplicity of teaching young children, I look at things on a simpler and basic level.

When I hear the word "need", I think of what is necessary in our community to have. I don't see a "need" for another hospital in West Knoxville since we already have four in the immediate vicinity. I feel like the land could serve us well as a beautiful scenic area which we have so few of in our area.

I also thought many times when I was teaching that my goal was to do what is "best" for the children. I think in this case, we need to think of what is "best" for Knoxville and Knox County which also includes our surrounding counties in the area of health care. There are no hospitals serving East Knoxville, South Knoxville and only one small hospital serving North Knoxville, if the full services at Physician's Regional (formerly St. Mary's) are discontinued or drastically cut. Therefore, what is "best" for the whole region is not the new Tennova hospital on Middlebrook Pike.

Please consider the word "need" when you are looking at this case and please consider all of Knox County and the surrounding areas when you take a stand on this issue.

Thank you for allowing us to speak when we cannot attend the Nashville meeting.

Anne C. Crais

6818 Haverhill Drive

Knoxville, Tn 37909

Received 10/27/14

West Hills Community Association

Report of the October 20, 2014
opinion vote on the proposed
Tennova Hospital on Middlebrook Pike

To whom it may concern:

For those who may not be familiar with West Hills Community Association mission and boundaries, the association is a volunteer organization devoted to maintaining and enhancing the quality, value, and integrity of our community. Its boundaries are Weisgarber Road on the east, Middlebrook Pike on the north, Gallaher View Road on the west and I-40/75 on the south. There are 1,246 single family homes and 1,901 apartments composing the 3,147 households within the WHCA boundaries. At this writing the number of residences within the Shannondale nursing home complex was unavailable. There are scheduled general meetings during the year to address topics of interest and conduct normal association business.

The West Hills community was invited to the general meeting held October 20, 2014. The agenda contained a variety of topics including addressing the proposed Tennova flagship hospital on Middlebrook Pike to be followed by a vote by those in attendance.

The results are shown below:

259 ballots were cast
213 votes oppose the proposed Tennova project
44 votes support the proposed Tennova project
2 votes were undecided

Respectfully,

Ashley C. Williams
President, West Hills Community Association
Knoxville, TN 37909

Received 10/27/14

Beverley R. and Katherine T. Gooch
3452 Lexann Lane
Knoxville, TN 37917
865 673-6622
bandk@nxs.net

October 27, 2014

Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms Hill:

I am asking that Tennova's request for **a certificate of need be denied**. The need is where the Catholic Church built the hospital eighty-five years ago. The need is not in West Knoxville. The Physicians Regional Medical Center has expanded many times with the population growth. The hospital experienced change with the addition of Park West and Turkey Creek on the Westside. The UT Medical Units replacing Knoxville General years ago and the popularity of street drugs brought changes that were significant. The hospital under-went additional changes with its transition from St. Mary's to Mercy to Tennova-HCA to Tennova-CHS. The new Tennova North has gradually been accepted by the community and doctors but it is not a comprehensive hospital. The hospital services the populations of many counties of East Tennessee and Southern Kentucky. To my knowledge, there is no comprehensive hospital in that entire area. The hospital has proven its ability to meet the needs of the community.

The need is not in West Knoxville where four other hospitals exist.

The feasibility of renovating or adding to the current facility has been bantered around; clever engineers have managed to do this in the past with success. The downsides of age and being on a hill also get mentioned; Fort Sanders seems to have mastered these issues successfully.

I want to repeat; **the need is where the hospital is located** and has served the community well for 85 years.

Thank you for this opportunity.

Sincerely,

Beverley R. Gooch Katherine T. Gooch

Beverley and Katherine Gooch

BUTLER | SNOW

November 3, 2014

VIA HAND DELIVERY

Melanie M. Hill
Executive Director
Tennessee Health Services and
Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Tennova Healthcare-Hospital, CN1408-033

Dear Ms. Hill:

This letter is submitted on behalf of Covenant Health with respect to the referenced project. Covenant Health is a nonprofit health system that includes 10 hospitals in East Tennessee, including Fort Sanders Regional Medical Center, located in downtown Knoxville. Covenant Health is the largest provider of TennCare services and uncompensated care in the greater-Knoxville region.

In addition to the many concerns about this project expressed by community residents, Covenant Health notes that the Agency's staff questioned the applicant's intent to retain 91 licensed beds for potential, undisclosed purposes. Covenant Health shares the staff's apparent concerns regarding the stockpiling of unneeded beds as explained below.

Prior to the closing of East Tennessee Baptist Hospital, the Knoxville area was served by three downtown hospitals. If the Agency approves this project, the number of downtown Knoxville hospitals will be further reduced to only one, Fort Sanders Regional. As was the case after East Tennessee Baptist closed, the relocation of Physicians Regional Medical Center from downtown will likely lead residents in the area to seek services at Fort Sanders Regional, which could create need for more capacity at Fort Sanders Regional. Covenant Health is concerned that the applicant's inventory of 91 "phantom" beds will be an impediment to its expansion of capacity to meet the needs of the local community. If the Agency is inclined to approve this project, Covenant Health respectfully requests that approval not include the ability of the applicant to retain the unused beds described above.

The Pinnacle at Symphony Place
150 3rd Avenue South, Suite 1600
Nashville, TN 37201

DAN H. ELROD
615.651.6702
dan.elrod@butlersnow.com

T 615.651.6700
F 615.651.6701
www.butlersnow.com

I plan to be present at the Agency's meeting on November 19, 2014, to address the concerns described above. Thank you for your attention to this letter.

Very truly yours,

BUTLER SNOW LLP

Dan H. Elrod

clw
cc: Melanie B. Burgess (via email)
Warren Gooch (via email)

Darrell Hurley - Justice for Valerie Hurley

Received 10/27/14

I'll begin with Need - specifically with Section 1, Item G that deals with the extent to which Medicare and Medicaid patients would be served by the project. Both Health Management Associates and Community Health Systems, the previous and current owners of Tennova Healthcare, have been accused by not only the Federal Government but also their own employees of committing Medicare and Medicaid fraud. In a 60 Minutes report in 2012, it was noted that over 100 current and former employees of Health Management Associates (now owned by CHS) accused the company of pressuring doctors to admit patients "regardless of medical need". After their investigation into the claims, Department of Justice Assistant Attorney General Stuart Delery stated that "Charging the government for higher cost inpatient services that patients do not need wastes the country's health care resources…In addition, providing physicians with financial incentives to refer patients compromises medical judgment and risks depriving patients of the most appropriate health care available. This department will continue its work to stop this type of abuse of the nation's health care resources and to ensure patients receive the most appropriate care." It was announced in August of this year that Tennova's parent CHS would pay over $98 million to settle these claims. These are the people that own and manage Tennova Healthcare as stated in their

CON application. The only response to the claims came from CHS CEO Wayne Smith. His statement was that "Unfortunely, shifting and often ambiguous standards make it extremely difficult for physicians and hospitals to consistently comply with the regulations." Well I will be neither shifting nor ambiguous when I tell you that his statement is unfortunate. We not only ask, but we DEMAND, that our hospitals consistently comply with regulations.

Section 3 of the CON application requires that the new facilities be able to provide adequate and effective healthcare and services. Given the previous statement by their own CEO, I don't see how adequate and effective can be surmised. To further support this, recently, US News and World Report gave their annual rankings on hospitals. All of the Tennova Hospitals in our community failed to make their rankings. Most of the other hospitals in our community made their rankings in multiple categories. UT hospital was ranked nationally in 1 specialty, and was found to be high performing in 10 specialties. Fort Sanders was found to be high performing in 8 specialties, Methodist Medical in also in 8, and Parkwest in 2. Why wasn't a Tennova Hospital on that list? This year, why are we instead being bombarded with news stories about their company paying a nearly hundred million dollar fine, a story about malpractice

and wrongful death, and even stories about how they were hacked and their patients' private information stolen? There's nothing in this application or in the statement from the company's leader that makes me believe their troubles are over or that the new hospital is going to be an improvement. The new hospital is smaller than the one it's replacing. The application shows that they aren't planning on increasing staff. There have been no promises that staff won't be decreased down the road. Earlier this week, Judge Harold Wimberly, speaking about my sister's case said that "The nurses certainly in this case could be said to have not complied with the standard of care…by failing to monitor the patient, failing to obtain accurate information…and failure to communicate that information to doctors." Items 4 and 5 in the State of Tennessee Health Plan state that (4)"Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by healthcare professionals," and (5)"the state should support the development, recruitment, and retention of a quality healthcare workforce". When my sister died at what is now Tennova's North Knoxville Medical Center, I filed a formal complaint with the State. An investigation was completed in person at the hospital. During the investigation, the investigator reported that she saw "rules and laws being violated at the time of the investigation and that the facility was not doing what they were required to

do." They still weren't doing what was required even after her death. That was in front of an investigator, what do they do when no one is watching? This company has lost touch with what matters - the people who walk through their doors - sick or hurting, and put their lives and trust in their hospitals. In their rankings, US News and World Report polled patients from each hospital. Physicians Regional did not rate well. Of those patients giving a high or the highest rank for satisfaction, Physicians Regional was below both the state and national average. Of those patients giving a low or the lowest rank for satisfaction, Physicians Regional was above both the state and national average.

Replacing a building isn't going to fix what's wrong. My sister died in the newest hospital they had. Right now is not the time for Tennova to be building new hospitals. Their problems have nothing to do with the age of the building they are in. Physicians Regional failed to make national rankings, but so did the rest of their newer hospitals. Their problems are internal. For Tennova and CHS, it's time to stop looking at how their stock is performing and start looking at how their hospitals are performing. It's time for more education and training for their staff. It's time for more staff to be available for patients. It's time for better healthcare. When

Tennova and CHS can fix what's broken and show that they are about better healthcare, then maybe it's time to talk about new buildings.

Josh Hurley
4310 Garden Dr.
Knoxville, TN 37918

October 2, 2014

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street Nashville, TN 37243

To Whom it May Concern:

I am writing this letter concerning Tennova Healthcare's recent filing of a Certificate of Need to build a new hospital in West Knoxville. As a local citizen, I am highly concerned that this hospital is not the right fit for our community.

In just the past few months, Tennova and its parent company Community Health Systems have suffered multiple legal woes, as well as information security issues. In June 2014, Tennova was found guilty by a unanimous verdict of medical malpractice resulting in the wrongful death of Valerie Hurley with a judgment amount of $3.25 million. In August 2014, Tennova's parent Community Health Systems settled a lawsuit with the Department of Justice for approximately $98 million. Also in August 2014, it was announced that Community Health Systems had incurred a data breach involving the private, personal information of approximately 4.5 million patients. These issues are all very concerning, yet Tennova Healthcare and Community Health Systems have had very little to say publicly about any of these issues.

As a local citizen, I feel as though Tennova Healthcare and its parent company are not currently providing the quality of healthcare services and information security that our community not only needs, but deserves. At this time, I request that you conduct a fact finding hearing about this issue and I advocate the eventual denial of Tennova's application for a new hospital.

Sincerely,

Josh Hurley

Received
10/27/14

Good Evening.

? Name Charlotte M. Davis
? Address 104 Crawford Rd. Knoxville, Tn. 37918

I am here to ask that you take the message back to Nashville that there are a number of reasons why Tennova's request for a certificate of need should be denied - at least until thousands of people who live in Tennova's North and East service areas can be assured that we will not be without the services of a full service hospital - and North Knoxville Medical Center, better known as Tennova North, is not a full service hospital. Not only residents of North and East Knox County but also counties to the North and East of Knox County, counties currently included in Tennova's "service area" will be without a full service hospital within a reasonable distance. The distance from Tennova North to the proposed

And it is not always easy to travel from North or East to West

Relocation of Tennova is 11 Miles

In Tennova's application for a CON and regarding a question related to the hospital's service area, a statement is made that the project is not intended to alter PRMC's existing service area, that the applicant "intends to serve all residents of the service area and beyond" yet they are requesting that they be allowed to move 9 miles from the existing hospital. Does this mean that they intend to meet the needs of residents in the North and East service areas by moving west to an area already ~~served~~ served by four hospitals?? They go on to say in their application that while North Knoxville Medical Center is very accessible to the northern most portion of PRMC's current service area it is not accessible to the southern and

western portions of the service area which are the areas of greatest growth. I would think that the four existing hospitals already in that area would be able to take care of any growth in population. In the calendar year of 2012 the occupancy rate for U.T. Medical Center was 64.4%, for Fort Sanders 45.1%, for Park West 67% and for Turkey Creek 46.2%

Tennova, in its application give valid reasons why it would be difficult to renovate PRMC - but why would it not be possible to expand North Knoxville Medical Center and to make it a full service hospital and then be able to meet the needs of the thousands who live in the North and East service areas?

One of the reasons given by Tennova for not expanding Tennova North is that the medical staff does not support that move. Would having to

drive an extra two miles from the present site of PRMC to go to Tennova North be asking too much? Listening to concerns of physicians is important?? but More important than providing a full service facility for the care of patients?

Some time ago I had a conversation with a "first responder" who said that he and his peers have a great concern regarding the transporting of critically ill or injured people via the interstate to Middlebrook because of realistic concerns of traffic tie-ups on the interstate, especially coming from the East service area

Another concern is that there are a large number of nursing homes and other care facilities in the North and East service areas that go to PRMC for emergency problems of their patients and they would

have to travel a greater distance, some via the interstate, to reach Tennova on Middlebrook.

As you can tell from my remarks - there is a great concern for those of us who live in PRMC's North and East service area - that a move of that facility to Middlebrook would be a real hardship for us - and in some instances in case of an emergency could mean the difference in living or dying.

Thank you -

Renee O'Baugh
254 Mountain Rd.
Luttrell, TN 37779

October 2, 2014

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street Nashville, TN 37243

To Whom it May Concern:

I am writing this letter concerning Tennova Healthcare's recent filing of a Certificate of Need to build a new hospital in West Knoxville. As a local citizen, I am highly concerned that this hospital is not the right fit for our community.

In just the past few months, Tennova and its parent company Community Health Systems have suffered multiple legal woes, as well as information security issues. In June 2014, Tennova was found guilty by a unanimous verdict of medical malpractice resulting in the wrongful death of Valerie Hurley with a judgment amount of $3.25 million. In August 2014, Tennova's parent Community Health Systems settled a lawsuit with the Department of Justice for approximately $98 million. Also in August 2014, it was announced that Community Health Systems had incurred a data breach involving the private, personal information of approximately 4.5 million patients. These issues are all very concerning, yet Tennova Healthcare and Community Health Systems have had very little to say publicly about any of these issues.

As a local citizen, I feel as though Tennova Healthcare and its parent company are not currently providing the quality of healthcare services and information security that our community not only needs, but deserves. At this time, I request that you conduct a fact finding hearing about this issue and I advocate the eventual denial of Tennova's application for a new hospital.

Sincerely,

Renee O'Baugh

Renee O'Baugh

Mark Ausbrooks

From: Melanie Hill
Sent: Thursday, October 30, 2014 12:11 PM
To: Mark Ausbrooks; Mark Farber; Annie Sykes; Melissa Bobbitt
Subject: FW: Tennova and Physicians Regional Medical Center

From: fstephens@comcast.net [mailto:fstephens@comcast.net]
Sent: Thursday, October 30, 2014 12:08 PM
To: Melanie Hill
Subject: Tennova and Physicians Regional Medical Center

Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms Hill,

I am writing to oppose two Certificates of Need, CN1408-033 and CN1408-034 filed as follows:

Metro Knoxville HMA, LLC d/b/a Tennova Healthcare
Physicians Regional Medical Center
Unaddressed site at the intersection of
Middlebrook Pike and Old Weisgarber Road
Knoxville (Knox County), TN 37909

I live 2-3 miles from the Physicians Regional Medical Center (formerly St. Mary's Hospital). I am most upset with Tennova's plan to build a new medical center on Middlebrook Pike for many reasons.

- The planned site on Middlebrook Pike is already in close proximity to several other hospitals. Replacing Physicians Regional Medical Center will leave our area (North and East Knoxville and Knox County) without a hospital and no emergency room care. Many people who go to this hospital and live in the area are indigent, poor, elderly or homeless and lack transportation to travel to West Knoxville. There are at least three subsidized high rises to house the elderly and indigent less than a mile from PRMC.

- Tennova claims PRMC is outdated and cannot be retrofitted to serve new technology in the health field. But there have been many additions in the past 20 years that are not as outdated as claimed. Several hospital in the area (the University of Tennessee Medical Center and Fort Sanders Medical Center) are aging centers and have been revamped, added to and there is no talk of closing down these facilities. In fact the University of Tennessee Medical Center has several separate buildings addressing areas of healthcare. PRMC has parcels of land around it that are parking lots that could be built on and services moved there. Modernization could be

done on the older sections. If areas are still not suited these could be used for administrative and other services.

- There is financial instability with Health Management Associates, Tennova's parent company. I have read that Glenview Capital, the largest shareholder gained approval to remove and replace the Health Management Asssociates Board. So a previously agreed to merger with Community Health Systems is up in the air. Who knows what that will do to Tennova's Middlebrook Pike plan!

I do not see Tennova's plan meeting the criteria for a Certificate of Need. I respectfully ask that you do not approve this. Tennova should
keep Physicians regional open. If this still does not suit them, then they should look for other sites in North or East Knoxville or Knox County to serve the health needs of our citizens.

Sincerely,

Suzanne Stephens
3930 Valley View Dr
Knoxville, TN 37917
865-637-9472

Mark Ausbrooks

From: Melanie Hill
Sent: Tuesday, October 28, 2014 1:47 PM
To: Mark Farber; Mark Ausbrooks; Rhonda Finchum; Melissa Bobbitt
Subject: FW: Opposed to Tennova CoN in Knoxville

From: Alesa Grant [mailto:alesanwc@bellsouth.net]
Sent: Tuesday, October 28, 2014 1:41 PM
To: Melanie Hill
Subject: Opposed to Tennova CoN in Knoxville

Hi, Ms. Hill. I attended last night's hearing in Knoxville re: the proposed relocation of Tennova from its current location to Middlebrook Pike. I arrived a bit late and didn't realize I could sign a register indicating my position on the matter.

Please note that I am OPPOSED to this move by Tennova and believe the hospital should stay in its current location or find another location in the general area of its current location in order not to abandon its primary patient base.

West Knoxville is saturated with hospitals, and we do not need nor want another one, especially in the location where Tennova wants to move on Middlebrook Pike. Many speakers at last night's hearing referenced their strong desire for the hospital to remain in its current community. I have worked there and am intimately familiar the community's strong ties to St. Mary's. Removing this hospital will not only leave a huge unoccupied building, but will deny North and East Knoxvillians and those in surrounding areas the most viable healthcare option they have.

Leaving Oak Hill Avenue and abandoning all these patients does not contribute to the orderly development of healthcare in the areas. It would leave a huge void for many thousands of people in need. I believe such a move by Tennova would be the height of irresponsibility to the community, and I hope your agency will deny them the opportunity to put greed and profit above a community's viability. Tennova has other facilities in areas of town that are growing explosively, namely Emory Road (North Knoxville) and Turkey Creek (West Knoxville).

Thank you,
Alesa Grant
10004 Cedarcroft Circle
Knoxville, TN 37932

Mark Ausbrooks

From: Melanie Hill
Sent: Wednesday, October 22, 2014 2:36 PM
To: Annie Sykes; Mark Ausbrooks; Melissa Bobbitt; Mark Farber
Subject: FW: Tennova hospital's replacement plan

From: Susan Williams [mailto:swilliams@pandj.com]
Sent: Wednesday, October 22, 2014 9:52 AM
To: Melanie Hill
Subject: Tennova hospital's replacement plan

I am a West Hill's resident, and I oppose the construction of another hospital on Middlebrook Pike. There are currently the following hospitals within a 15 mile radius of the proposed location:

Fort Sanders Regional
Parkwest Medical Center
East TN Children's Hospital
Turkey Creek Medical Center - Tennova
Physicians Regional Medical Center – Tennova
North Knoxville Medical Center – Tennova

I see no need for an additional hospital on Middlebrook Pike. In addition, of these listed; three are Tennova, so not sure that there is an orderly development of health care being applied here. It would appear to be all about the money for Tennova. I have lived in Knoxville since 1972, and myself as well as my family member have been satisfied with the care given us through the years at Parkwest.

I do not want the increase traffic, and the noise from ambulances going to the hospital every day. It is bad enough having the fire station within a mile of my home, but for that I am grateful. Another hospital, just doesn't make sense to me. Thanks for your time in reading my email.

Susan Williams

Mark Ausbrooks

From: Melanie Hill
Sent: Tuesday, October 28, 2014 9:59 PM
To: Annie Sykes; Mark Ausbrooks; Mark Farber; Melissa Bobbitt
Subject: Fwd: Tennova Certificate of Need

Melanie

Begin forwarded message:

From: Heidi Efurd <heidi.efurd@gmail.com>
Date: October 28, 2014 at 9:44:13 PM CDT
To: <melanie.hill@tn.gov>
Subject: Tennova Certificate of Need

Dear Ms. Hill,

I wanted to write to you in the hopes of adding my voice to the many in protest against the building of yet another Tennova facility in West Knoxville.

West Knoxville is a growing center of development for our city, and it is wonderful to know that people are concerned that there are enough medical facilities to serve the area. However, the building of yet another hospital in the West, I feel, is not necessary.

There are numerous clinics and two established hospitals in that area of Knoxville, as well as clinics in various grocery and drug stores. There are also many private practice doctors' offices.

The area chosen to build the new Tennova facility is a beautiful and tranquil area nestled behind apartments and neighborhoods. A quaint barn is tucked into the forest on the site, and a concrete silo with a tree growing from it sits on the edge of the area. It is a joy to drive past it and turn down Old Weisgarber Road to admire the houses and dappled forest light over the road. To rip that apart and build an unnecessary and unwanted hospital seems like a crime.

For the families around St. Mary's/Tennova on Oak Hill Avenue, the growing threat of losing their hospital is becoming a terrifying reality. Many mothers and children rely on the staff in the Women's Pavilion, and as an emergency and extended-care facility, they are one of the best. They have treated friends of mine, as well as their children, on several occasions. Two of my closest friends work there. My mother, a retired RNC, worked there as well in the 1990's. The history and excellence of St. Mary's/Tennova is a part of Knoxville's heart, and I feel that it should stay close to it.

Please realise that moving it to an unnecessary site is going to do more harm than good. There will be environmental upheaval for the wildlife and flora off of Old Weisgarber, not to mention the danger of heightened traffic for the residents of the neighborhoods there. To take away a beloved and necessary hospital from the thousands of people near Oak Hill that rely on its care is a mistake.

I know that you want to help others and make a difference with the decision to open a new Tennova,, but think of the help you can give to simply leave the hospital where it is, knowing that the people who desperately need its help will be able to reach it when the time arises.

Thank you sincerely for your time, and I trust you'll make the right decision regarding the people of Knoxville.

Best wishes and kindest regards,
Heidi Efurd

Mark Ausbrooks

From: Mark Farber
Sent: Tuesday, October 28, 2014 7:40 AM
To: Melanie Hill; Melissa Bobbitt; Mark Ausbrooks; Annie Sykes; Jim Christoffersen
Subject: Fwd: New Tennova Hospital

Sent from my iPhone

Begin forwarded message:

From: tennbass <tennbass@bellsouth.net>
Date: October 28, 2014 at 6:08:02 AM EDT
To: <Mark.Farber@tn.gov>
Subject: New Tennova Hospital

Mr. Farber,
The following is my opinion of the Tennova situation. It does not take a brain surgeon to know that West Knoxville does not need another hospital. Especially when the citizens of North and East Knoxville have very few options already for hospital services in our region. We all know West Knoxville is where the money is, and Tennova is just chasing the money trail where they can have more patients who do not have problems paying their bills right away. I have experienced this first hand during an emergency situation with a family member on 3 different occasions. Once in particular, where my mother was rushed in for a possible heart attack. And before even being treated, they came into the room asking for money while she was laying there in distress. Tennova claims they will still be treating the same patients as they are now, which we all know is b.s.. Please do not let their greed take health care away from the citizens of North and East Knoxville where decent health care is already hard to get without driving all the way to West Knoxville. Which, I also believe will cost lives during some emergencies because of the increased time it would take to get someone to the new hospital Tennova wants to build in West Knoxville for proper care. I really hope the department does not put the lives of many people like myself at risk because of the greed of a few.
Thank you, David Berry

Sent from my U.S. Cellular® Smartphone

Mark Ausbrooks

From: Melanie Hill
Sent: Monday, October 27, 2014 12:50 PM
To: Annie Sykes; Mark Ausbrooks; Mark Farber; Melissa Bobbitt
Subject: FW: OPPOSITION TO PROPOSED WEST KNOXVILLETENNOVA HOSPITAL CERTIFICATE OF NEED

From: Gael Lott [mailto:gael@gaellott.com]
Sent: Monday, October 27, 2014 10:59 AM
To: Melanie Hill
Subject: OPPOSITION TO PROPOSED WEST KNOXVILLETENNOVA HOSPITAL CERTIFICATE OF NEED

Dear Ms Hill,

We are writing re our opposition to the granting of two certificates of need applied for by Tennova for a new hospital (CN-1408-033) and skilled nursing center (CN-1408-034) on Middlebrook Pike in west Knoxville!

We agree with letter to you from Kevin P Murphy dated October 26, 2014 !

Thank you for your attention to this most important matter!

Sincerely,

Gael G Lott, 7628 Westdale Drive. Knoxville, TN 37909
Gwen Parisi 7617 Westdal Drive Knoxville, TN 37909
Ginny Pitts 7439 Westridge Knoxville, TN 37909

Mark Ausbrooks

From: Melanie Hill
Sent: Monday, October 27, 2014 12:49 PM
To: Annie Sykes; Mark Ausbrooks; Mark Farber; Melissa Bobbitt
Subject: FW: Opposition to proposed west Knoxville Tennova hospital certificate of need

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From: Kevin P. Murphy [mailto:murphysprings@gmail.com]
Sent: Sunday, October 26, 2014 12:22 PM
To: Melanie Hill
Subject: Opposition to proposed west Knoxville Tennova hospital certificate of need

Dear Ms. Hill,

I am writing to oppose the granting of two certificates of need applied for by Tennova for a new hospital (CN1408-033) and skilled nursing center (CN-1408-034) on Middlebrook Pike in west Knoxville.

There is not a need for another hospital in west Knoxville. Residents in this area are a short drive (less than 10 minutes) well served by four area hospitals: Park West, Turkey Creek Medical Center, Ft Sanders, and UT Medical Center. That alone should be enough to deny a certificate of need – there isn't a "need" in that area for another medical center. A 2004 certificate of need for Physicians Regional Medical Center called the West Knoxville hospital market "overcrowded!" Nothing has changed in the 10 years, except ownership and management.

However, the great harm is caused by Tennova constructing the proposed new hospital and then closing Physicians Regional Medical Center (PRMC) off Broadway in north-central Knoxville. PRMC is the closest hospital to me in northeast Knox county, and to thousands of other residents in the area. The extra minutes in a car, or ambulance, in transit to another hospital farther west, or north, can easily mean the difference between life, death, impairment for life for some 10s, 100s, or 1,000s of people a year.... Not only does this impact residents in east Knoxville and east/northeast/southeast Knox County, but it also impacts residents from the neighboring counties of Union and Grangier, which don't even have hospitals. PRMC is the closest hospital for them.

PRMC also provides services to a largely underserved population of lower income individuals in eastern Knoxville, and the loss of PRMC would be a significant blow to the health and wellness of our community. Let's be honest – this is about $$, and the residents living around PRMC have less $$$ than those in west Knoxville. The Knox County Health Department found the correlation between life expectancy and income to be very high – the higher the income, the higher the life expectancy. There is a **need** for a hospital, and the related health services located near it, to be in east Knoxville where PRMC is currently located in order to serve the lowest income residents (income stats by ZIP code back this statement up).

I'm not an expert on finances, but what I've read makes it seem like Tennova's plans and numbers don't add up. It'd be less expensive to renovate and keep PRMC in its current location, than to build a new hospital and close an existing one. Therefore, the only way this makes sense is if they think they can grow their revenue in West Knoxville to offset that difference. They probably can, but it's at the expense of the residents of east and north Knoxville and Knox County, as well as residents in neighboring counties to the east and north.

Please carefully consider this as you consider the application for the certificate of need. My expectation is that your office's job is to ensure that the greater public interest is kept in mind when private interests distort the health care system to maximize profit at the expense of the public.

Sincerely,

--Kevin

Kevin P Murphy
4508 Murphy Rd
Knoxville, TN 37918-9179

Mark Ausbrooks

OCT 20 2014 PM 12:22

From: Melanie Hill
Sent: Monday, October 20, 2014 12:18 PM
To: Mark Farber; Mark Ausbrooks; Melissa Bobbitt; Annie Sykes
Subject: FW: Certificates of Need (CN 1408-033 and CN 1408-034)

-----Original Message-----
From: Liz Diamond [mailto:LDiamond@ortn.edu]
Sent: Monday, October 20, 2014 12:03 PM
To: Melanie Hill
Subject: RE: Certificates of Need (CN 1408-033 and CN 1408-034)

Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street Nashville, TN 37243

Dear Ms. Hill,

I am writing to state my opposition to two related certificates of need, CN1408-033 and CN1408-034 filed as follows.

Metro Knoxville HMA, LLC d/b/a Tennova Healthcare Physicians Regional Medical Center Unaddressed site at the intersection of Middlebrook Pike and Old Weisgarber Road Knoxville (KnoxCounty), TN 37909

One (CN1408-033) is for construction of a "replacement" hospital and the other (CN1408-034) is for a skilled nursing unit to be constructed as part of the hospital. The Health Services and Development Agency is scheduled to vote on them at the November 19, 2014 meeting.

Tennova's plan is to replace their Physicians Regional Medical Center (formerly St. Mary's) in North Knoxville with a new hospital in West Knoxville.

I oppose these Certificates of need because a new hospital is not needed in West Knoxville and a hospital is definitely needed in North Knoxville. West Knoxville is already well served by four existing hospitals that are quickly and easily accessible by residents in West Knoxville and the surrounding areas. Together they offer approximately 1,500 beds and all levels and types of care.

Two of the existing hospitals, Park West Medical Center and Turkey Creek Medical Center are just west of the proposed site. The other two, Ft. Sanders Regional Medical Center and University of Tennessee Medical Center are just east of the new site. A new hospital built in middle of those four would offer redundant services and take business away from them. Also, it would create serious problems for the residential neighborhoods that surround the new site, notably increased traffic, intrusion into the neighborhoods, potential flooding and loss of natural habitat.

Tennova's plan does not contribute to the orderly development of health care. In fact it is detrimental to effective health care planning. If Physicians Regional is relocated, North and East Knoxville and Knox County will be without a hospital

while West Knoxville and Knox County will have too many. The only other hospital in North Knoxville will be Tennova North, which is eight miles north of the current Physicians Regional site.

North and East Knoxville is home to more racial and ethnic minorities and low-income groups than the wealthier West Knoxville. Tennova's plan is to abandon those residents in order to increase their profit by gaining better insured clients who are less dependent on TennCare/Medicare or who have no insurance.

Tennova should keep Physicians Regional open or look for another site in North or East Knoxville to build a new hospital.

Sincerely,

Elizabeth Diamond
3635 Taliluna Ave. B-3
Knoxville, TN 37919

Mark Ausbrooks

From: Mark Farber
Sent: Friday, October 10, 2014 10:32 AM
To: Melanie Hill; Annie Sykes; Mark Ausbrooks; Melissa Bobbitt
Subject: FW: Fact Finding Hearing Request

FYI

From: Rocky Swingle [rockys512@gmail.com]
Sent: Friday, October 10, 2014 8:53 AM
To: Mark Farber
Subject: Fact Finding Hearing Request

Dear Mr. Farber,

I spoke to you last month about having a fact finding hearing in Knoxville on Tennova's plan to build a new hospital here. Their certificate of need application will be heard by the Health Services and Development Agency on Nov. 19, 2014. I am requesting now that HSDA hold a hearing here in Knoxville on this application:

Metro Knoxville HMA, LLC d/b/a Tennova Healthcare

Physicians Regional Medical Center

Unaddressed site at the intersection of

Middlebrook Pike and Old Weisgarber Road

Knoxville (KnoxCounty), TN 37909

CN1408-033 and CN1408-034

I request a hearing date of Nov. 5 or 6. Hopefully that will allow you sufficient time to make arrangements and will be far enough away from the Nov. 19 hearing date for you to complete your report to the Agency. Those dates are good for us because we are having an important public meeting on this issue on Oct. 20 and we don't want to have back-to-back meetings. Plus, it is after election day. If those dates are not available, I request the week of Nov. 10.

Also, I suggest using the First Church of the Nazarene, 538 Vanosdale Rd, Knoxville, TN, 37909, as the meeting place. It is where the West Hills Community Association regularly meets and has plenty of room. (865) 693-6873

Please let me know if you have questions or if there is anything else I need to do. Also, please let me when the meeting is confirmed so we can publicize it to residents.

Thank you,

Rocky Swingle
rockys512@gmail.com
865-438-0397
7213 Sheffield Dr.
Knoxville, TN 37909

Elizabeth Lane
Larry W. Hill
3550 Buffat Mill Rd.
Knoxville, TN 37914-3301
(865)522-1447
October 15, 2014

melanie.hill@tn.gov

Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street Nashville, TN 37243

Dear Ms. Hill,

I am writing to state my opposition to two related certificates of need, CN1408-033 and CN1408-034 filed as follows.

> Metro Knoxville HMA, LLC d/b/a Tennova Healthcare
> Physicians Regional Medical Center
> Unaddressed site at the intersection of
> Middlebrook Pike and Old Weisgarber Road
> Knoxville (KnoxCounty), TN 37909

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away from them. Also, it would create serious problems for the residential neighborhoods that surround the new site, notably increased traffic, intrusion into the neighborhoods, potential flooding and loss of natural habitat.

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North and East Knoxville is home to more racial and ethnic minorities and low-income groups than the wealthier West Knoxville. Tennova's plan is to abandon those residents in order to increase their profit by gaining better insured clients who are less dependent on TennCare/Medicare or who have no insurance.

Tennova should keep Physicians Regional open or look for another site in North or East Knoxville to build a new hospital.

My cousin and I live fairly close to Tennova's Oak Hill Campus and have depended on St. Mary's, now Tennova for all our lives. If Tennova leaves the area we will be a long distance from a hospital. My cousin is 80 and in poor health. If Tennova isn't willing to stay perhaps they may just put the hospital up for sale and another company may buy it. People depend on Tennova. We are not rich but there are many of us and we matter or at least we should matter in all this. Tennova has a presence in West Knoxville. The inner city needs a hospital as well as West Knoxville.

Sincerely,

Larry W. Hill

Larry Hill
3550 Buffat Mill Road
Knoxville, Tennessee 37914-3301
(865-522-1447
lar.hill@gmail.com

Elizabeth A. Lane

Elizabeth A. Lane

Tom McDaniel 6800 Stockton Drive Knoxville, TN 37909

October 7, 2014

Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street Nashville, TN 37243

RE: Metro Knoxville HMA, LLC dba Tennova Healthcare CN1408-033

Ms. Hill

I am in opposition to this project. I am not alone in being so.

An online petition by the Friends of Middlebrook in opposition has more than 700 signatories. The Wesley Neighbors Association representing the 368 homes most directly impacted by this project voted in opposition with a more than 90% majority. The West Hills Owners association (whose leadership supports the project) has thus far not allowed a vote but there can be no question the sentiment is the same as evidenced by a recent executive committee meeting attended by more than 100 homeowners where the only people that would speak in favor of the project were in the pay of the developer, Tennova. Most telling of all would have been a drive through the neighbor during the period the project was before the Metropolitan Planning Commission and Knoxville city council when the majority of the yards in closest proximity to the project site were festooned with "No New Tennova in West Knoxville" signs.

Coincidently or not, the state senator (Campfill) and state congressman (Hall) who pushed through the removal of the Scenic Highway designation along Middlebrook Pike which enabled this site to be rezoned both lost their bids for reelection. And the former head of the Metropolitan Planning Commission (Donaldson) that approved the rezoning

was forced to resign. The two local newspapers, the Knoxville News Sentinel and Metro Pulse were inundated with letters to the editors and blog contributions nearly all of which were strongly opposed to this project and the closing of the hospital formally known as St Mary's.

The choice of this site was a mistake by any measure excepting being closer to a more moneyed population base whose healthcare needs are already amply served. There is no access to this site from the north. Travel to this site from the south requires navigating through the region's busiest mall traffic and past elementary schools which bring traffic to a complete stand still while students are being dropped off and/or picked up. To arrive at this site from the east subjects the commuters to passing through a industrial area heavily populated with fuel tankers and other large trucks transporting hazardous chemicals on a narrow strip of highway with little room for expansion. Large churches that block all lanes of traffic in both directions while their congregations enter and exit impact the commute from the west. Also, to consider is the traffic gridlock produced by the nearby middle school. Public transportation is minimal. People will die if this plan is approved and they will not just be those being abandoned in north Knoxville.

-This project is ill conceived. There is no need for this proposed hospital in the area for which it is proposed whereas for the hospital proposed to be closed the need is demonstrated, established and urgent..

- To close the second busiest emergency room in the area and replace it with one that will "not be used much" (per Ms. Robinson and Mr. Askew of Tennova) and cannot be safely accessed does not contribute to the orderly development of healthcare in the area.

- To built a hospital in close proximity to four other hospitals while abandoning an underserved population will create excess capacity in the west while failing to serve a population in the north both of which are actions which will increase the cost of delivering healthcare to our area. Additionally, this duplication of services, equipment and facilities can be expected to have a significant and negative economic impact on the hospitals currently effectively providing same.

- While the proposed heliport and emergency rooms were moved from the portion of the site closest to the stabled horses (and now in close proximity to the homes along Stockton Drive) the horses will still be subjected to the noise of the helicopters and the panic that will produce subjecting them to potential injury.

It is my hope your agency will help provide for the highest and best long term healthcare of the citizens of this area and the hospitals that provide it rejecting this Certificate of Need.

Sincerely,

Tom McDaniel

3817 Dolly Lane
Kn. Tn. 37931-2032

Melanie Hill,
Executive Director, Tn. Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, Tn. 37243

Date- October 21, 2014

Dear Melanie,

I was a dietitian in the Nashville office of Health Care Facilities just before you advanced to your present position. Congragulations on maintaing this position.

The Kn. News Sentinel article on a "Hearing Set on new Tennova Site" today inspired this letter. I am against the proposed hospital site on Middlebrook Pike. because there are enough hospitals in west Kn. I travel Middlebrook frequently, and there is a steady flow of traffic now without any extra.

I grew up in South Kn. County, worked at Baptist Hospital for twenty six years, and along with South Kn. folks feel that Tennova dealt them a bad deal. South Knoxville is left without a hospital except U.T.

North Knoxville (Oak Hill Ave-) is about to be left for the same reason. The present Oak Hill Ave serves that area and surrounding counties well, so why not update or rebuild there.

Melanie, thank you for any consideration you can give to my thoughts on this subject.

Sincerely
Anna Lea Cupp
phone 865-927-4682

October 24,2014

Tennessee Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243
Attn: Mark Farber

I am writing in reference to Tennova's proposed plan to build a new hospital in the West Hills Subdivision on Middlebrook Pike in Knoxville. I would like to state my strong opposition to this plan. My family has lived in West Hills since 1959 and we feel strongly that building this hospital in West Hills would inevitably have a negative impact on this older, well-established and loved subdivision. The desire to live in West Hills has remained very strong over the years. Houses on the market in this subdivision are sold quickly, sometimes within days. Now we are hearing from homeowners who are planning to sell and sell quickly in anticipation of declining home values. This will eventually effect all of the more than 1200 homeowners currently living in West Hills. Not to mention the changing skyline. Some residents will forever be forced to view the night sky brightly lit by a multi-story structure. Lit from top to bottom and with an active helipad with emergency take offs and landings 24 hours a day.

The addition of this hospital would also greatly increase the traffic flow in and around West Hills. West Hills would inevitably be used as a cut-through for traffic coming off of I-40 and Kingston Pike. Plus it would greatly increase the traffic flow on Middlebrook Pike itself. Please note there is a middle school on Middlebrook Pike within site of the proposed hospital. This would add to the congestion as the school zone slows traffic twice daily. Recent traffic studies have anticipated a 38% increase. Middlebrook runs East and West and parallel to I-40 and Kingston Pike. When traffic on these main arteries is slowed traffic is pushed onto Middlebrook Pike. When this happens I have seen traffic backed up on Middlebrook Pike as far as five miles. Trying to get people, not to mention emergency vehicles in and out of the hospital under these conditions could become a nightmare.

This West Knoxville area does not need a new hospital. We are already well served by five surrounding centrally located hospitals: Tennova North-St. Mary's, Tennova Turkey, Parkwest, Fort Sanders and UT Hospital. From my driveway all of these hospitals are within a 20 minute drive. Another hospital for this area is unnecessary. Also, if this hospital is built Tennova plans to close it's Tennova North-St. Mary's location. This would negatively affect the North Knoxville area. North Knoxville residents have voiced strong opposition to possibly losing the hospital that has served this area for over a half century. They are also very concerned about the affect that losing this hospital would have on local small businesses that depend on the hospital for survival.

In conclusion, please look objectively at the proposal to build this new hospital and consider not only what's best for Tennova but also how it will impact the West and North Knoxville areas and especially the West Hills Subdivision. Please look at this issue on a personal level. Each one of you probably lives in a neighborhood that you and your family love and appreciate. Please ask yourself would you want a hospital built in your subdivision especially considering the negative impact it would have on the area and the fact that it's just not needed? If the answer is no then vote NO on Tennova's Certificate of Need application. Please give the residents of West Hills the same thought and consideration that you would give your own neighborhoods.

Thank you for your consideration.

Les Schneider Jr

Les Schneider, Jr.
8124 Chesterfield Drive
Knoxville, TN 37909

Received 10/27/14

October 26, 2014

Tennessee Health Services Development Agency
Mr. Mark Farber
502 Deaderick Street
9th Floor
Nashville, Tennessee 37243

Dear Mr. Farber,
Wesley Neighbors Community Association represents 326 households that border the proposed new Tennova hospital on Middlebrook Pike. As President of the community association I feel it is imperative that your agency hear the voice of our neighbors who will be directly affected by the proposed development. On August 5th, 2013 at our regularly scheduled neighborhood meeting we let our members cast a vote "yes" in favor of the proposed Tennova hospital or "no" opposed to the hospital. The vote recorded that night was 91 "no" votes, 7 "yes" votes and 4 undecided votes.

Our neighborhood association is not taking a side on this issue. However, we do feel that those who voted should have their votes heard regarding this important issue.

Sincerely,

John Heins
President
Wesley Neighbors Community Association
865.297.7045
johneheins@knology.net

Mark Ausbrooks

From: Melanie Hill
Sent: Wednesday, November 05, 2014 1:45 AM
To: Melissa Bobbitt; Mark Ausbrooks; Mark Farber; Annie Sykes
Subject: Fwd: Tennova Certificate of Need in Knoxville

Melanie

Begin forwarded message:

From: Terry Shaw <tshaw05@comcast.net>
Date: November 4, 2014 at 5:23:18 PM CST
To: <melanie.hill@tn.gov>
Subject: Tennova Certificate of Need in Knoxville

Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street Nashville, TN 37243

Ms. Hill:

I'm opposed to the relocation of St. Mary's hospital from what is now an undeserved part of Knoxville to what would be an over-served area. Why would we put all of our area hospitals in the same part of the city?

Terry Shaw
865.963.7633

Region Discrimination Affidavit

This Region Discrimination Affidavit addresses and answers three (3) questions central to the CERTIFICATE OF NEED APPLICATION filed by METRO KNOXVILLE, LLC d/b/a TENNOVA HEALTHCARE-PHYSICIANS REGIONAL MEDICAL CENTER (hereinafter known as 'Tennova') with file numbers CN1408-033 & CN1408-034 representing efforts to replace the regional hospital and nursing home respectively.

Service areas, including East Knoxville, East Knox County and all adjacent areas including outlying parts of Union, Grainger, Jefferson, Sevier and Blount counties (hereinafter referred to as 'Region'), have been literally and figuratively excluded from consideration for the construction and staffing of the proposed project to replace the Tennova Regional Medical Center. This exclusion affectively discriminates against the entire region for reasons that cannot possibly satisfy the agency's Certificate of Need assessment criteria of 'relevant' need, economic feasibility and quantifiable contribution to the orderly development of healthcare in Metropolitan Knoxville. Tennova's proposed replacement hospital serves none of these purposes in any way.

Read into testimony at the Public Hearing on 10/24/14 was an account of a Knoxville Zoning Hearing where 6th District City Councilman Daniel Brown asked a Tennova representative "if any other locations were considered for the proposed replacement hospital" and, after twice avoiding answering the question, it was admitted that no other area was considered for the proposed replacement hospital. Given that Tennova has new hospitals in North, South and West Knoxville in addition to the hospital they're trying to replace, it stands to reason that Tennova has a discriminatory bias against the Eastern Region of Metropolitan Knoxville that desperately needs a medical facility.

Given Tennova's discriminatory bias against the Eastern Region of Metropolitan Knoxville, their application should be denied based on the following responses to the Agency's Certificate of Need criteria:

Need – Aside from the financial benefit Tennova's Board of Directors and Physicians anticipate by their efforts to move in close proximity to Knoxville Orthopedic Clinic, there is no need or benefit for patients currently served.

Economic Feasibility- Again, aside from the potential for Tennova to be closer to and provide care for people perceived to have the 'better' insurance, their replacement proposal is certainly not economically feasible.

Contribute to the Orderly Development of Healthcare- The replacement hospital proposes to move 9 miles farther away from the area that needs a hospital the most. Tennova is a big part of the healthcare problem - not the solution.

Michael Covington – for East Knox County,
East Knoxville & City Council District 6

Bethany Rush
Notary Public

11/4/14
Date

My commission expires 07/08/17
My commission expires:

Seal:

BETHANY RUSH
STATE OF TENNESSEE NOTARY PUBLIC
KNOX COUNTY

melanie.hill@tn.gov

November 5, 2014

Melanie Hill, Executive Director
State of TennesseeHealth Services and Development AgencyAndrew Jackson Building, Ninth Floor502 Deaderick Street Nashville, TN 37243

Dear Ms. Hill,

I am writing to state my opposition to two related certificates of need, CN1408-033 and CN1408-034 filed as follows.

Metro Knoxville HMA, LLC d/b/a Tennova Healthcare
Physicians Regional Medical Center
Unaddressed site at the intersection of
Middlebrook Pike and Old Weisgarber Road
Knoxville (KnoxCounty), TN 37909

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Tennova's plan is to replace their Physicians Regional Medical Center (formerly St. Mary's) in North Knoxville with a new hospital in West Knoxville.

I oppose these Certificates of need because a new hospital is not needed in West Knoxville and a hospital is definitely needed in North Knoxville. West Knoxville is already well served by four existing hospitals that are quickly and easily accessible by residents in West Knoxville and the surrounding areas. Together they offer approximately 1,500 beds and all levels and types of care.

As someone who focuses on east Tennessee history and as a county historian depends on many contacts in Union, Campbell, Grainger and Claiborne Counties as well as Knox County, I feel compllled to voice my concerns about a new hospital in West Knoxville.
Two of the existing hospitals, Park West Medical Center and Turkey Creek Medical Center are just west of the proposed site. The other two, Ft. Sanders Regional Medical Center and University of Tennessee Medical Center are just east of the new site. The people in north and east Knoxville as well as those in the outlying counties need a more accessible full-service hospital. They should not have to travel to west Knoxville to a hospital. Frankly, if they do have to travel to this location, it is doubtful they will choose Tennova.

There is plenty of land available in north Knox County or in these surrounding coun ties. I hope Tennova will take its hospital to the people who have been its predecessors' customers for generations. It is my belief that Tennova will be the fourth choice of a hospital if Tennova is allowed to build in west Knoxville. This is not a good decision for the local people and especially those in outlying counties.

Tennova's plan does not contribute to the orderly development of health care. In fact it is detrimental to effective health care planning. If Physicians Regional is relocated, North and East Knoxville and Knox County will be without a hospital while West Knoxville and Knox County will have too many. The only other hospital in North Knoxville will be Tennova North, which is eight miles north of the current Physicians Regional site.

Tennova's plan appears to abandon those less wealthy residents in order to increase their profit by gaining better insured clients who are less dependent on Tenncare and Medicare or who have no insurance.

It is my belief that Tennova should keep Physicians Regional open or look for another site in North or East Knoxville to build a new hospital.

Sincerely,

Bonnie Peters
3212 Curtis Lane
Knoxville,TN 37918

Response to Metro Knoxville HMA, LLC d/b/a Tennova Healthcare-Physicians Regional Medical Center
CN-1408-033

My name is Larry Silverstein, 7808 Sheffield Dr., Knoxville, TN 37909.

I am a resident of the West Hills neighborhood and have lived there since 1961. I am part of the group known as Friends of Middlebrook. This group is made up mostly of homeowners who live in West Hills. Many West Hills properties are adjacent to the Middlebrook property with at least three hundred houses within a half mile of the property. There are over 1200 houses in West Hills, which means many houses are more than a half mile from the property, but all will still be seriously impacted by the development, particularly by traffic and noise, and by the threat of reduced property values. There are many hundreds of apartments, condos, and single family houses off Middlebrook and just across the street from the proposed site.

The Friends of Middlebrook was formed last year to closely examine the plans for the proposed hospital and to study the impact of the proposal, not only on the West Hills neighborhood, but also on the entire city of Knoxville, particularly on the areas located nearest the existing Physicians Regional Medical Center, hereafter referred to as St. Mary's Hospital. Members of our group have attended numerous neighborhood meetings, MPC meetings, and Knoxville City Council meetings. We have reviewed the proposal and amended proposals and have met with representatives from Tennova at these meetings.

After talking to many residents of North Knoxville and Knox County, and from East Knoxville and Knox County, it became clear that there were many other residents, besides West Hills residents, who were going to be seriously impacted by this proposal. In North and East Knoxville, there is grave concern about losing their closest hospital which they and their families have utilized for many years, and often for many decades. They have often been either born at St. Mary's, their children were born there, their parents were treated there or they were treated there. Generations of families have only used St. Mary's as their hospital.

Many of those people have joined the Friends of Middlebrook in opposition to this proposal. It is interesting that so many people from all over the community have so many different reasons to become united in a common cause.

The Tennessee Health Service and Development Agency (THSDA) will hear many of these reasons at the October 27, 2014, hearing, and before or at the November 19, 2014, hearing in Nashville. This issue has clearly divided the community, but the significant number of people who will be directly impacted by this proposal are overwhelmingly opposed to it. While we appreciate that some of our concerns have been addressed by Tennova which resulted in minor modifications to the proposal, our opposition to closing down St. Mary's as a full service hospital and building a new replacement hospital on Middlebrook remains steadfast.

My remarks today on behalf of the Friends of Middlebrook will focus on several important issues directly related to the Certificate of Need Application as submitted by Tennova. Additional comments will be submitted by myself and others at a later date.

It is important to note at the outset that health care is a highly regulated business for many good reasons. The Federal government is involved because it funds much of the care thru Medicare and

Medicaid (TennCare in Tennessee). The State is also involved to be sure that its citizens are properly served and protected because it too funds health care. Therefore, it is not at all a totally free enterprise system where providers can go wherever they choose, whenever they choose, and run their business without direct supervision and regulation.

The THSDA has had a responsibility for many years to provide the oversight for the State of Tennessee on many health care issues. A process has been established long ago which resulted in state statutes and agency rules to carry out its mission. The TSHDA has great power to affect the health care for all citizens of Tennessee by being the watchdog and the experts to be sure that applications for Certificates of Need are complete, accurate, and responsive to the questions that must be answered. The Tennova CON application, supplemental application, and voluminous exhibits consists of over two hundred pages. There are many complicated charts, financial statements, and statements which must be studied carefully by the THSDA, whose staff and members have the expertise and experience to interpret the submitted information and evaluate it to determine if the application complies with the requirements. Its members come from various backgrounds and from across the state to help ensure that the process is fair.

Part of this evaluation requires examining whether the questions which must be answered have in fact been answered completely and responsibly, as opposed to being evasive or non-responsive. The THSDA reviewed the original application and requested clarification and additional discussion on many items which resulted in a lengthy response by Tennova in a document titled: Supplemental #1, dated August 26,2014.

The Rules of the TSHDA include Chapter 0720-11, which sets out the four General Criteria for Certificate of Need. Each of the four criteria then sets out factors used to evaluate whether the Criteria have been met and the Certificate of Need should be granted. Each Criteria is crucial to the determination and mandatory as the language states: "The agency will consider the following general criteria in determining whether an application for a certificate of need should be granted:"

It is our determination that the Application contains some very important and fundamental assumptions about the definition of the relevant Service Area for the proposed hospital which are incorrect and not reasonable. The 2014 CON conflicts with the service area definition used in a 2004 Certificate of Need Application by the predecessors to Tennova when applying to build the Tennova North Hospital.

As is detailed in this response, this is a crucial and intentional misrepresentation by the Applicant because it affects everything contained in the Application including financial projections for the future hospital. It also affects the Criteria for Change of Site because Tennova now maintains that the service area for the proposed hospital, which is 8 miles west of the existing hospital should now be broadly defined as 15 counties with an enormous estimated population of 1,197,466 whereas the reality of the true Service area for the proposed hospital and present hospital is much smaller. The same is true for the Tennova North service area which is only 8 miles to the north of the present St. Mary's Hospital and a few more miles away from the proposed hospital. In fact, with the 2004 CON for Tennova North, it focused on the **true service area** as having a population to be served of approximately 159,000 by only counting a few counties north of Knox County and northern Knox County.

It should be noted that according to data from the U.S. Census Bureau, the 15 counties identified by Tennova as the service area for the proposed hospital, cover a total of 6037 miles, which is 1/7 of the State of Tennessee's total square miles. It is incredible to believe and assert that a hospital can claim

to "serve" all 6037 miles, especially when it is not even designated as a Level One Trauma Center. Just because some residents of a county utilize a particular hospital, does not mean that entire county should be considered part of the service area and that hospital is considered able to the serve the health care needs of everyone in that county.

Whether the THSDA has previously understood or appreciated what Tennova has attempted to claim in this Application is unclear, but this response will detail what effect it has on the Application and why it should not be granted.

The Tennova Application is for a Replacement Hospital, but is therefore an Application for a Change of Site. This means that the factors to be considered for each of the Criteria: Need, Economic Factors, and Contribution to the Orderly Development of Adequate and Effective Healthcare Facilities and/or Services, should be looked at comparing these factors to the existing site as well as the proposed site.

For example, in 0720-11-.01, General Criteria for Certificate of Need, Section 4 deals with Applications for Change of Site. It states:

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

In Section 1, it states:

"(1) Need. The health care needed in the area to be served may be evaluated upon the following factors:
(b) The population served by the proposal;
(d) The reasonableness of the service area;"

Tennova has declared that the service area for the proposed hospital in West Knoxville, approximately 8 miles from downtown Knoxville, and the present St. Mary's Hospital, includes 15 counties just because it admits some patients from those counties. According to the latest available statistics from the 2013 Joint Annual Report, St. Mary's, 8,199 or 56% of its admissions, came from Knox County. If you add the percentage from its five next largest counties of admission, that brings the cumulative total to 80%. If you add the next four largest counties of admission, that brings the cumulative total to 90%. Whereas Knox County was the source of 29 admissions per day, each of the other 14 counties supplied at the most 2.8 admissions per day (Jefferson County with 1008 admissions), and six counties averaged less than 1 per day.

Tennova has defined their service area much too broadly for the purposes of analysis of this Certificate of Need application. It is not **reasonable** because it greatly exaggerates the population to be served by the proposal. Many of these counties are a considerable distance away from Knoxville. Certainly, people needing emergency care would not come there by ambulance and travel past much closer hospitals, particularly in their own county. For example, Blount County has their own full service

hospital, so a Blount County resident could go there or to fairly close by UT Hospital. Anderson County also has a full service hospital. Tennova also is not a Level 1 Trauma Center, so it would definitely not be the provider of choice for patients needing a Trauma Center, especially from outside Knox County.

It is true that Knox County has many more specialists than in smaller and rural counties, and therefore patients from these smaller and rural counties have no choice but to utilize physicians in Knoxville and have surgery in Knoxville. But, for most of the 14 non-Knox counties listed by Tennova as their service area, the statistics show that far more patients are going to UT Hospital or Ft. Sanders than St. Mary's, often four or five times more. For example, Sevier County provided over 3500 admissions combined to UT and Ft. Sanders compared to 429 for St. Mary's. Monroe County had over 1100 admissions combined to Ft. Sanders and UT and 716 to Parkwest and just 46 for St. Mary's. Likewise, for Loudon County, 2,037 chose Parkwest and 759 chose UT, compared to just 136 for St. Mary's.

Jefferson County, which was St. Mary's second largest county for source of patients behind Knox County, had 1008 admissions. However Ft. Sanders and UT combined had a total of over 1500.

It can be concluded from these and other available statistics that with 56% of St. Mary's patients coming from Knox County, and most of the rest from a few small counties to the north and east -- Jefferson, Cocke, Union, and Campbell, Claiborne, Scott, and Grainger, it is very misleading to say that their "service area" is 15 counties covering over 6000 square miles. In fact, it is not a reasonably defined service area for the purpose of evaluating the "health care needed in the area to be served."

The April 10, 2004, Application for Certificate of Need for what was then called St. Mary's North, CN0404-032 is a very informative document. There is also an Application Summary document dated July 28, 2004, which contains the Application and attachments. In addition, there is a separate document titled: Original Supplemental # 1, dated April 27, 2014. These documents contain many references to the service area for the proposed 72 bed satellite hospital which served to relocate and delicense 72 beds from St. Mary's. There are other items, on other issues, which are addressed in the 2014 CON that are inconsistent with what was contained in the 2004 CON.

The application summary document dated July 28, 2004, contains 113 Bates stamped pages, some of which are referred to in this response. It is impossible to list here all of the important items contained in these documents, but this is a sample of the most important items.

While it is true that since 2004 there have been two changes in ownership of St. Mary's Health System, the basic facts used in the 2004 CON should remain the same in 2014. As will be shown below, it was clear in 2004 that management intended to make renovations at St. Mary's, and in fact substantial investment in renovations were done in recent years including a remodel of the main lobby in 2012 and a refurbishment of the Women's Pavilion in 2013, according to the 2014 CON at page 57.

From the CON Application Summary Document, July 28, 2004, for St. Mary's North (Tennova North)

Page 2 –"This location of beds within the service area is necessary in response to the need to accommodate the growth in acute care admissions and emergency room visits coming from the northern sector of St. Mary's service area."

Page 2- "The practical implication is that the applicant cannot construct a replacement patient care wing (at St. Mary's) without first demolishing existing older buildings, leading to a complex, time consuming,

and expensive series of phased demolition and construction projects." (See Bates page 49, page 35 of Application which states: "The transfer of licensed beds to the Emory Road campus will "decompress" the main campus, allowing future replacement projects to be done in a more orderly and cost-efficient manner on the main campus.")

Page 4-5 - "The applicant proposes the service area for this north Knox County facility to include north Knox County and portions of adjacent Union, Campbell, and Anderson Counties. The primary service area as identified by the applicant consists of a five zip code region within 10 miles of the proposed site, while the secondary area includes an additional seven zip codes in northern portion of a 20-30 mile radius of the site.... The applicant states the total population of the primary and secondary service area for the proposed facility is 159,087. ... In addition, the "northern tier" of adjacent counties that have been historically served by St. Mary's are primarily rural, with significant numbers of economically disadvantaged residents."

Note: For this St. Mary's North project, the service area population was much smaller and narrowly and appropriately described than what Tennova is trying to use now for the 2014 CON. This document states that St. Mary's claimed a 12 county service area in 2004, not 15, but we would maintain that this was also overly broad considering how few admissions were from most of the other counties.

Page 6- In a chart titled: "Key Utilization Indicators for Hospitals in the St. Mary's North's Declared Service Area" ONLY 9 hospitals were listed, including only 3 outside of Knox County: Methodist in Anderson County, Jellico Community in Campbell County, St. Mary's in Campbell County.
Note: This shows a very limited service area was considered for the 2004 CON.

<u>From the CON Application document dated April 10, 2004:</u>

Page 9 - (Bates stamp 22) "It (St. Mary's North) will also "free up" space on our main campus so that future facilities replacement or expansion projects can be conducted in a more orderly and efficient manner."
Note: This refers to future work at St. Mary's after St. Mary's North is completed.

Page 9 – (Bates stamp22) "St. Mary's volumes are reflective of the area's growth rate and increasing age with inpatient volumes up 23.4% and Emergency Dept. visits up 27% since l998."

Page 11 (Bates stamp 24) "Other hospital expansion/renovation projects recently approved by the Health Services and Development Agency are located in West Knox County and are difficult to access for most residents of the proposed service area."
Note: Now in 2014, Tennova is saying the proposed site is accessible for people traveling great distances away from the hospital in other counties.

Page 12 (Bates stamp 25) "The service area of the proposed facility includes North Knox County and portions of adjacent Union, Campbell, and Anderson Counties. The primary service area consists of a five zip code region within 10 miles of the proposed site. The secondary service area includes an additional seven zip codes in the northern portion of a 20-30 mile radius from the site. Total population of the primary and secondary service area for the proposed acute care facility is 159,087. ... Residents of the service area are significantly older that state area averages...This aging population will require increased health care services. Median household income in North Knox County is approximately

$40,500, substantially lower than the west Knox median of $64,423. TennCare and uninsured percentages in Union, Campbell and Anderson Counties are 35%, 44% and 26% respectively."

Note: This data from 2004 provides information for the service area for St. Mary's North, but these same people are part of St. Mary's service area in 2014. Also, Union County does not have any hospital.

Page 13 (Bates stamp 26) "The reasonableness of the service area: The service area was defined using St. Mary's historical utilization patterns, travel times/distances, road networks connecting the service area to the proposed site, and an analysis of physician practices throughout the area. North Knox County has become one of the highest areas of regional growth, and it is a reasonable and necessary location for the relocation of beds and the development of a satellite hospital."
Note: Now Tennova seeks a much broader service area, even though the proposed hospital is even further away from its existing patients to the north, and still quite far away from the other counties it includes in its service area.

Page 16 (Bates stamp 29) "Also, the North sector-- a service area to which St. Mary's has a long-standing commitment- needs and deserves to have an inpatient and emergency care facility within a close proximity, which is currently not available."
Note: Now in 2014, Tennova says an even larger area of service in North and East Knoxville which it currently serves very heavily, does not need or deserve a facility within a close proximity. It should be noted that the Tennova North facility is not a full-service hospital in many areas, and therefore is not adequate to serve this community.

Page 18 (Bates stamp 31) "The proposed bed relocation represents the most cost effective approach to accommodating St. Mary's existing replacement and expansion needs; rather than duplicating services in an overcrowded downtown or West Knoxville market, this project relocates services and creates needed capacity (i.e. the emergency department) that meets the local needs of a rapidly growing population in a community that is presently underserved."
Note: In 2004, it is argued that a new hospital is needed in the north part of Knox County instead of the west part of the county. Since then, Parkwest has seen a large expansion and the Tennova West hospital is still only half full. Yet, now in 2014, Tennova does not believe that they will be leaving a much greater area underserved than existed in 2004. The THSDA approved the CON in 2004 agreeing with the need for that hospital, and now is faced with an Application that says, "We have changed our mind and need to move out of North Knoxville and move to West Knoxville."

Page 18 (Bates stamp 31) "During preliminary discussions of this project (St. Mary's North) with our medical staff, numerous primary care and specialty physicians have expressed interest in locating offices on this site."
Note: Now, in 2014, we are told the physicians won't go to St. Mary's because it is too far away from West Knoxville, even though it is closer to them than Tennova North.

Page 23 (Bates stamp 36) "The proposed Emory Road location improves access for patients who live in the northern and eastern portions of our service area, alleviating the need of patients to commute. Travel to a downtown facility can be very challenging for the large and growing elderly population within the service area. ... The proposed service area includes several counties that have a high proportion of low income residents."
Note: We are told now in 2014, that there is no problem for the elderly people of North Knoxville to travel to the proposed hospital site. They cite the access to the proposed site by a Knoxville Area Transit

bus. "... the proposed site is easily accessible by bus." Page 16 of 2014 CON application. The applicant neglects to point out that this cross-town bus does not use the downtown bus transfer station, so many riders would need to ride on three buses and have to change buses twice, and have a very lengthy trip to get access to the hospital. It is also not made clear that very few residents of Knoxville actually live either on a bus line or within reasonable walking distance to a bus line. Many bus routes operate only once an hour except on main highways. Of course, someday there could be a new route to service the hospital.

Page 18 of 2014 CON. We are told that the proposed site "is located one mile from the population center of Knox County." The population center of Knox County is not the same as the geographical center, and the proposed site is quite a distance, both in miles and driving time, for people in north, east, and south Knoxville. Other Knoxville hospitals are closer to most of those residents than the proposed site, which is much farther away from those served previously by St. Mary's.

From the Original Supplemental # 1, to Con Application St Mary's Health System,(for St. Mary's North, dated April 27, 2004.

Page 6. Regarding St. Mary's hospital: "Total cost of relocating the high voltage electrical system as well as replacing boilers, steam/condensate lines, pumps and tanks is estimated to be $5,911,600."
Note: In the 2014 CON on Page 20, in a discussion of the cost of infrastructure issues, it states: "The estimate to upgrade and replace the hospital infrastructure is $80 million." On Page 21, that figure is included as Infrastructure upgrades as part of a total estimated "cost to renovate existing Hospital" of $262 million. It is unclear what evidentiary support there is for this $80 million figure or any other cost estimate in this chart or whether this comparison with the 2004 CON is for the same items or not.

Page 6. (f) Question: If the proposed project is approved, what will be the intended development plan for the main campus?" Answer "If the proposed project is approved, capital expenditures and facility development projects at our main campus will be reduced to those required for routine maintenance and renovation through at least the 2012-2014 timeframe. The vacated space will decompress some of our inpatient areas allowing for future renovation, replacement, and growth needs to be met in a manner that is less costly and disruptive, and more orderly."
Note: The CON approving the St. Mary's North Hospital included the future plan for St. Mary's which certainly anticipated the continuation and renovation of St. Mary's in the future. Included as Attachment 1 of the 2004 CON Supplemental #1 is a diagram of the St. Mary's layout of the buildings which shows what year the buildings were built. This diagram shows that much of the St. Mary's campus is really not all that old as hospitals go, with major space constructed in 1972, 1978, 1979, 1989, and 1995. We know that the main lobby and the women's pavilion were renovated recently in 2012 and 2013. It is unknown what other renovations were done after 2004. Attachment 7 of the 2004 CON Supplemental # 1 is titled: Long Term Campus Development Plan – Phase 3. It shows which St. Mary's older buildings built in 1930/1941/1948 would be demolished as part of future renovation.

Page 7. 8 (e) addressed future growth at St. Mary's North. "The facility planning diagrams will show possible expansion zones in graphic detail."

The focus of this discussion was to show the importance of the proper definition of the service area because of its relevance to the change of site issues. Under the Need criteria, for Applications for Change of Site, one has to 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." (emphasis added)

If one defines the area to be served as 15 counties, serving 1.2 million people, covering 6037 square miles of land, it is easier to say that moving a hospital 8 miles away doesn't really matter. After all, what does a 15 or 20 minute LONGER car ride to the hospital matter if one is already traveling over an hour from another county? The fact of the matter is that most people who currently use St. Mary's Hospital live in the city of Knoxville, and particularly the northern part of the city of Knoxville, and are only a 10 or 15 minute car ride or bus ride away from St. Mary's Hospital. Others from adjacent northern counties mainly use Tennova North, unless it does not provide the needed services. But even those that do use St. Mary's from the northern counties often, but not always, currently have a trip of less than 30 minutes by car in normal driving conditions. The 2004 CON for Tennova North estimated that in the first year of operation, in 2008, 72.4% of its admissions would be relocated from St. Mary's. Even that distance further north has created a hardship for many of those people who formerly used St. Mary's for all of their hospital/ medical needs. Many hospital users are even closer than a 10 or 15 minute car ride to St. Mary's, particularly a large population of elderly people who live in very nearby high rise towers and other apartments geared for seniors and people with lower income who are frequent users of the hospital. Are those people, many of whom do not drive a car and may not have family members nearby, better served by having to travel a greater distance? I think not, especially if it is an emergency.

It is clear that the population currently served by St. Mary's, needs a hospital in its immediate area. Currently about 56% of the total served at St. Mary's live in Knox County. When the Knoxville City Council considered zoning issues for the proposed site, Councilman Dan Brown, the Councilman for East Knoxville, asked the Tennova representatives if they even considered any property elsewhere in North Knoxville or in East Knoxville for a replacement hospital. The answer given eventually and reluctantly given was NO, and the proposed site in West Knoxville was the only one considered. Is it any surprise that the three Councilman representing North and East Knoxville voted against the zoning proposal? Clearly, their constituents had made their views known regarding the need for St. Mary's to remain where it was.

The statistics showing the usage of St. Mary's from residents of other counties shows that few are traveling a long distances to go to St. Mary's. It is only common sense that they would prefer to use the hospital closest to them unless that hospital does not provide the specialist services needed.

Other factors that must be considered in evaluating the need criteria have to do with the special needs of the population, including their income, or lack thereof, and sources of income, whether they are on Medicare, TennCare, or totally uninsured. It is commonly known that residents with these needs tend to be higher utilizers of hospital facilities, because emergency rooms are their last resort and often their only option for receiving health care services.

It is known that St. Mary's has always had a very busy Emergency Room, second only to UT Hospital which is the Level 1 trauma center. In 2012, there were 51,440 total visits to the St. Mary's Emergency room or an average of 141 per day. 2014 CON Supplemental # 1, page 10. Where will those people go if St. Mary's is closed? How much greater distance will they have to travel and how will they get there? If they have to travel 8 miles further to get to the proposed site, will that be detrimental to their health in an emergency situation? Or will they end up going to a closer facility for treatment? It is interesting

that in the chart on Page 10 of the CON Supplemental # 1, there is a projection of 10% fewer visits to the emergency room of the proposed new hospital between 2012 and 2018. What explains that estimated decrease?

As to the poor and homeless, what about their situation and choice of hospital? It is common knowledge that Knoxville's homeless population largely resides in an area on Broadway and the closest hospital for most, but not all, is St. Mary's. If St. Mary's is closed, are they likely to end up at the proposed site 8 miles further away? No. So, they are **NOT** going to have their health needs served as well with St. Mary's closing.

For-Profit entities are different from not for profit entities. In the health care field, nobody would suggest that providing quality health care isn't the number one objective. However, if there is greater pressure to maximize profits by a combination of either raising revenues or lowering expenses, it is only natural that these considerations of how to achieve maximum profits will be a consideration in every capital expenditure decision. The proposed hospital is a $300 million investment by a for profit corporation. They must believe it will be profitable even when their other hospitals have not been profitable.

It is only fair to ask, but impossible to get an answer, whether moving from the least affluent part of the area to the most affluent part of town, has anything to do with the decision to replace one hospital with another one, by moving to a different part of town, even if it means changing the long- standing customer base? Tennova will reply that people will follow their doctors wherever they may be located. I'm sure that is true to some extent if the distance to travel is not significant and if the new hospital is deemed to be comparable. But, what about people who do not have doctors already, who have never needed a doctor, or in the case of poor or homeless people, only use the emergency room when in distress? It is only natural to conclude that they will go to the nearest provider. If Tennova can prove otherwise, they should put forward the proof to back up their assertion.

One way Tennova has tried to deflect attention from anyone focusing on the issue of escaping a poorer area for a more affluent area which might have a different mix of sources of payment for care, is to simply assert that they expect the payor mix to be the same at the proposed site as the existing site. It is probably very difficult to estimate what the payor mix would be, so the easiest thing to do is just assert there will be no change and try to avoid justifying that claim. Tennova has used that strategy to avoid other difficult questions such as what will the impact be on competitors if they relocate to the proposed site.

A fact easily discernible from reading the CON is that Tennova's three hospitals have not been doing well financially, and have had very low rates of occupancy in recent years. For calendar year 2012, St. Mary's occupancy rate was 51.2%, Tennova North was 37.9%, and Tennova Turkey Creek was 45.7%. This compares to UT which was 64.4% and Parkwest which was 67%. CON Application page 34. At page 15 of the CON Supplemental # 1, it states that Tennova Turkey Creek's performance has increased to 51% in 2013, and year to date in 2014, was 54%. It is clear that Tennova must turn around its financial performance, and they must believe that this proposal is the way to do it. However, can the need to increase profits and reduce losses be achieved if it means not meeting the legal requirements of the CON? The answer should be a definite No, but that means that the Application for CON requires close scrutiny to be sure that the requirements are indeed being met, and that the burden of proof is where it must be, which is on the applicant.

At CON Page 56, Tennova suggests that expanding Tennova North could be done, although at an estimated "cost of only slightly less than the cost to build a replacement hospital (estimated at $282 million). However, while North Knoxville Medical Center is very accessible to the northernmost portions of PRMC's current service area, it is not accessible to the southern and western portions of the service area which are the areas of greatest growth."

The above passage is very revealing and may be the strongest indication of Tennova's motivation for moving west: to serve the perceived area of greatest growth--- not where the health needs are the greatest already. Tennova must believe they can never succeed financially where they are now at St. Mary's. Tennova offers many excuses, most of which have to do with the condition and the age of the buildings. In order to avoid having to deal with those uncomfortable issues which could be remedied, they instead must make up other reasons why they must move west, and can't renovate St. Marys or expand at Tennova North.

There are many hints in the CON about maximizing return and efficiency of operations which usually equates to the need to reducing costs by having fewer employees and outsourcing tasks to others. "The health system must prepare for the future by investing in a facility and services that will maximize returns in an increasingly challenging environment in terms of reimbursement models and payment reform. In order to meet the healthcare needs of the service area in the future, PRMC must be financially strong." CON Page 14."

There are frequent statements given to explain why occupancy rates have been poor or declining, particularly at St. Mary's.

The most common reason offered in the CON is to blame it on the doctors. This comes in many forms and includes the rationale for why they can't stay at St. Mary's or to renovate it is because "significant facility upgrades or additions are not financially feasible **nor are they an acceptable option for the hospital's medical staff**." CON Page 6. (emphasis offered)

At CON Page 14, there is a passage about the medical staff. "The medical staff has been clear that their practices require a more competitive, patient-friendly, and efficient hospital. Physicians have "spoken with their feet" by relocating their offices away from PRMC, to places more accessible to their patient base... Active members of the medical staff have been polled and are almost unanimous in their agreement that a replacement hospital is required in order to meet the needs of their patients and their practices. As a responsible healthcare provider, largely dependent on our physicians, we must listen and be responsive to our physician partners who utilize our services to care for their patients. The market forces that were just discussed have become apparent through the data, which show steadily declining volumes for the hospital since the time a replacement hospital was promised in 2008 and not delivered."

It is impossible to know what the physicians really think based on the evidence provided, since none are quoted or named. I'm sure there could be many other reasons why they have either left Tennova altogether or moved their offices. Shouldn't there be proof required to support these claims made by Tennova?

There is a long passage at CON page 14 regarding the reasons why St. Mary's shouldn't be renovated. I don't have the expertise to know the validity of those claims, but they shouldn't be accepted as true just because they say so.

How can one evaluate the economic factors when they are based on Tennova's projected numbers that show major increases in income from facilities that are currently losing money? Other than saying both Doctors and patients will be attracted to a fancy new hospital, what other evidence is offered by Tennova? Nobody has asserted that Tennova North and Tennova Turkey Creek are not beautiful buildings, yet they have clearly struggled for many years and are now under their third different ownership since they were built and at least Tennova Turkey Creek has had numerous administrators. If the proposed hospital does not open until 2018, what will the performance be in the interim? What happens if things don't improve?

There have been many citations in this response to the Certificate of Need application and the Supplemental # 1. However, there are many other issues that should be raised based on the application which raises additional questions and concerns regarding the completeness of the application itself and whether it should be granted. There are other items not mentioned in the application that need exploring by the THSDA. One example would be how many patients currently must be transferred from Tennova North to St. Mary's because they cannot be served adequately at Tennova North due to lack of physicians or necessary equipment? Why was the cardiac catheterization laboratory services/ equipment mentioned in the 2004 CON for Tennova North delayed so long? Has that hurt the occupancy rate? Is Tennova North really even a full service hospital? These items will either be addressed by other speakers or in a supplemental response either submitted in writing or orally at the Nashville hearing on November 19.

In conclusion, this response has focused on many of the general criteria which the TSHDA must follow in determining whether an application for a certificate of need should be granted. If the area and population to be served is analyzed properly and reasonably, it is clear that the certificate of need must be denied.

West Knoxville simply does not need another hospital. North and East Knoxville cannot afford to lose its only full-service hospital. The change of site criteria says, "The applicant should show the new site will serve the health care needs in the area to be served at least as well as the original site." This CON has not done that at all. Tennova may be able to establish that it may benefit financially by abandoning St. Mary's, but that cannot override the health care needs criteria. Please deny the application for the CON.

Thank you for your consideration.

Larry Silverstein

11

HSDA Commission Members, c/o
Melanie Hill, Executive Director
State of Tennessee, Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street, Nashville, TN 37243

November 10, 2014

RE: CN1408-033, Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare-Physicians Regional Medical Center, 10-19-2014 Hearing

Dear Members of HSDA Commission:

I ask that you deny Tennova's CON application which proposes the replacement and relocation of the 272-bed Physicians Regional Medical Center from 900 E. Oak Hill Avenue, Knoxville, to a site on Middlebrook Pike.

The proposed replacement and relocation do not contribute to the orderly development of health care. Without question, these actions result in quite the opposite. The move will cluster full-service hospitals and medical offices in one area of Knoxville while moving away from our city's most vulnerable citizens.

As the 4th District Knoxville City Council Representative from 1991 until term-limited in 2001, I had the opportunity to look at our city from many perspectives. All nine members of Knoxville's City Council run citywide in the General Election, ensuring that each member become familiar with the needs and character of all sections of Knoxville.

The 4th District was then, and remains today, a diverse district. It includes parts of North and East Knoxville, as well as neighborhoods closer to downtown Knoxville. The communities are known as Fountain City, Holston Hills, Alice Bell-Spring Hill, Bell Morris, Fourth and Gill, and Old North Knoxville. They are the older neighborhoods that have relied on Tennova at its present location and have relied on the doctors whose offices are located buildings adjacent to the hospital. These are the people who will be negatively impacted by the relocation.

Located in this area are several rent-subsidized, high-rise housing developments serving elderly and disabled individuals. Section 8 housing vouchers are more common in this area than in other parts of Knoxville. There are many densely-populated residential urban neighborhoods characterized by older housing stock on small lots. Additionally, there are many typical suburban neighborhoods.

The demographic data taken directly from government documents and reported at the Oct. 27, 2014 fact-finding hearing in Knoxville, support what we knew: The proposed relocation will require the most vulnerable of our citizens to travel farther than ever to access necessary medical services. The relocation will cluster full-service hospital services in one area of town, away from the highest concentration of poor and/or elderly citizens in the East and North areas of the City of Knoxville.

Additionally, as data reported by Tennova show, the citizens from underserved adjacent counties to the north and east (Union, Cocke, Grainger, Jefferson), who overwhelmingly use Tennova at its present location rather than other Knoxville hospitals, will also have to travel greater distances to access health care.

But distance does not tell the entire story whether attempting to access the proposed site from East and North Knoxville or from other counties to the north and east. The road network to access the proposed site is woefully inadequate.

Those of us who live in Knoxville know the nightmare of trying to travel from North or East Knoxville to West Knoxville, the proposed hospital location. Public transportation is limited. A one-way trip takes over an hour. Frankly, even when using private transportation, I cannot imagine a more difficult site to access during morning or evening rush hour, or during the start or end of the school day.

In sharp contrast to the present Tennova location, there just is no easy direct access to the proposed site from East or North Knoxville. If time were an important factor, due to the poor road network and suburban vehicular congestion, a trip to the proposed location on Middlebook Pike would be out of the question under the best driving conditions.

The reasons given by Tennova to support the proposed relocation are embarrassing. During public hearings they have blamed the need to relocate on the doctors being unwilling to drive to the present Oak Hill location from their homes in West Knox County. They have blamed it on the hilly terrain at the Oak Hill location. They have blamed it on the difficulties associated with re-building at the present site while continuing to serve patients at that site.

Please see the reasons they have offered as the pure nonsense they truly are.

Are we to believe that doctors are so selfish that they would rather the sick, elderly and poor travel a greater distance to save themselves a few minutes on their commute? Are our architects and engineers really so feeble that, unlike hospitals across this county and across this country, they cannot deal with terrain in the middle of a city or the logistics of rebuilding while in use? Please note, the intention to rebuild/renovate the present Oak Hill location was a main reason given to justify the successful 2004 CON application for the Tennova North facility. The North facility is not a full-service hospital. It is located in North Knox County and is neither an acceptable service alternative to the present Oak Hill Tennova hospital nor is it convenient to access from East or North Knoxville. The 2004 CON application also noted the "overcrowded" West Knoxville hospital market.

If the Health Services and Development Agency is required to follow three general criteria when considering a CON application, this application must be denied.

The relocation will move health care services into the overcrowded West Knoxville hospital market and away for the population most in need of health services. The move will create a health-care desert. The relocation will miss the opportunity to further the orderly development of an adequate health care system serving North and East Knoxville and the underserved counties to the north and east.

Please deny the request.

Yours truly,
Carlene V. Malone
6051 Fountain Drive
Knoxville, TN 37918
865-687-8148; carlene.malone@gmail.com

Mark Ausbrooks

From: Melanie Hill
Sent: Tuesday, November 11, 2014 9:34 AM
To: Mark Farber; Mark Ausbrooks; Melissa Bobbitt; Annie Sykes
Subject: Fwd: Tennova - CON

Melanie

Begin forwarded message:

From: Fran Scheidt <floralbfran@gmail.com>
Date: November 11, 2014 at 9:13:23 AM CST
To: <melanie.hill@tn.gov>
Subject: Tennova - CON

Ms. Melanie Hill, Executive Director
Health Services and Development Agency
State of Tennessee

I live in West Hills, in Knoxville. I've lived here for years... my children walked to school, played in the woods just across the street, and picked black berries in the meadow of the Aker farm on Middlebrook Pike. A stable, wonderful neighborhood built back in the '50's and 60's... and it continues today to be home for a mix of young and older professional families. Several home owners grew up here, completed their education, moved away for some years and have now returned to West Hills. Homes are well maintained; neighbors meet for picnics and visit when on walks with their pets. A lovely place to have kids grow up... with sidewalks for bikes, soccer fields and playgrounds. A neighborhood Y with its pool and swim meets. A church. A perfect quiet community.

All this may soon become history.

Tennova plans to build a seven-story (and now we hear it is to be five-story) medical facility on the adjoining Aker property which forms the northern boundary of our neighborhood Meadows which were once pastures with cows and horses. Trees, beautiful trees for climbing. Home of owls and hawks and wild animals. A bold spring with a little creek, perfect for kids to explore, to wade in and catch tadpoles. To build dams and sail little acorn boats. And safe. All this will be history. And memories.

I foresee all this changing if Tennova is granted permission to develop this property and relocate from the old St. Mary's Hospital facility where they are now. Traffic will be horrendous on all our surrounding streets, especially on busy Middlebrook Pike on which is located our Bearden Middle School; two blocks farther west is our elementary school. Additionally, we will be subjected to the noise of helicopters overhead and light in parking lots at all hours of the night. I will be able to see the building with its power plant vents as I walk to my mailbox. And be awakened at night with the wail of sirens on Wesley Road one block away, and Middlebrook Pike, which is four blocks.

And all this seems quite unnecessary. Why another hospital just here? Park West is just a matter of a few miles (and minutes) off Interstate 40. Two other hospitals, Fort Sanders and the University of Tennessee Medical Center are each within close proximity to the north and east. And the residents of the Saint Mary's neighborhood and north of that area will be left with no medical care.

I wish to be on record as opposed to a Certificate of Need being granted to Tennova for development of a medical facility on Middlebrook Pike in Knoxville. Thank you for your consideration.

Frances Scheidt
7028 Kinzalow Drive
Knoxville, TN 37909

Mark Ausbrooks

From: Melanie Hill
Sent: Tuesday, November 11, 2014 4:51 PM
To: Mark Ausbrooks; Mark Farber; Annie Sykes; Melissa Bobbitt
Subject: Fwd: Tennova Certificates of Need in Knoxville, TN

Melanie

Begin forwarded message:

From: <ombroligo@aol.com>
Date: November 11, 2014 at 4:18:30 PM CST
To: <melanie.hill@tn.gov>
Subject: Tennova Certificates of Need in Knoxville, TN

4215 Tazewell Pike
Knoxville, TN 37918

November 11, 2014

Melanie Hill, Executive Director
State of TN
Health Services and Development Agency
Andrew Johnson Building, Ninth Floor
502 Deaderick Avenue
Nashville, TN 37243

Dear Ms. Hill,

We are writing regarding two certificates of need in the Knoxville, TN area (CN1408-033 and CN1408-034). The certificates of need are for the following: construction of a "replacement" hospital- CN1408-033 and a skilled nursing unit to be constructed as part of the hospital- CN1408-034.These will be voted on at the November 19, 2014 meeting.

We are opposed to these certificates of need for the following reasons:

1) Knoxville does not need another hospital in the West Knoxville area.
2) West Knoxville and West Knox County are well-served by 4 different hospitals- Park West Medical Center and Turkey Creek Medical Center- both west of this proposed site and Ft. Sanders Regional Medical Center and University of TN Medical Center- just east of the proposed site.
3) It is not in the best interest of our county to have all the hospitals located in one area of town, because it creates an unbalanced hospital distribution plan.
4) Tennova admitted during a public meeting at our City Council that they did not consider relocating at any other site in any other part of town.
5) Over 80% of the residents in the vicinity of the new hospital oppose Tennova's site location.
6) Most residents near the current site of Physician's Regional Medical Center want to **retain** a full-service hospital in the North section of town.
7) The current site of Physician's Regional Medical Center was the second busiest emergency room in the area in 2012 with over 50,000 visits and is very centrally located.
8) Residents of North and East Knoxville and Knox County as well as adjacent outlying counties North and East of Knoxville depend on Physician's Regional Medical Center- the travel time to

all others- including the new proposed site is too far in the event of many situations.

9) The hospital located in Powell- that Tennova refers to as the "North Hospital" – is not a full-service hospital and is just as far away as the new proposed site.
10) Relocating Physicians Regional will make it more difficult for residents of outlying counties especially to obtain adequate health care because several adjoining counties have no local hospital.
11) HSDA approved a certificate of need in 2004 that called for keeping Physician's Regional Medical Center open. The 2004 certificate of need called West Knoxville an "overcrowded" hospital market and advocated NOT building a new hospital there. Nothing has changed in Knoxville to nullify the 2004 plan, yet that is what Tennova is trying to do.
12) North and East Knoxville near Physicians Regional have a higher proportion of racial and ethnic minorities and low-income residents than the relocation site in West Knoxville. The relocation makes a hardship for the neediest in our community. Travel by bus would include two transfers and a lengthy travel time.
13) Tennova's plan is not concerned with the well-being and health care of patients in the poorer sections of town; they are primarily interested in increasing their profit by gaining better insured clients who are less dependent on TennCare/Medicare or who have no insurance.

We are asking that the certificates of need be denied due to the glaring facts of the situation noted above.
Sincerely,
Dr. and Mrs. Holland Rowe

1023 Keowee Avenue
Knoxville, TN 37919
November 11, 2014

Melanie Hill, Executive Director
State of Tennessee Health Services and Development Agency
Andrew Jackson Building Ninth Floor
502 Deadrick Street
Nashville, TN 37243

Dear Ms. Hill:

I am writing to you to about Tennova's request for a Certificate of Need that would allow them to close a current location in Knoxville on Oak Hill Avenue and build a new hospital on Middlebrook Pike.

I do not believe this move is in the community's best interests. If the CON is granted Tennova would move their hospital from its present site to a new site and leave a large segment of the Knoxville population essentially without a nearby hospital and emergency room. Residents in North Knoxville, East Knoxville and in the adjacent parts of Knox County and surrounding counties will not have easy access to the remaining hospitals or to the new Tennova location.

Closing the current Tennova location on Oak Hill Avenue will create a 'health care services' desert in North Knoxville and provide a 'glut' of these services for West Knoxville and adjacent portions of Knox County. If anything, Tennova should be encouraged to continue to provide a wide range of services at their present location including primary care as well as emergency room care so that the population of north and east Knoxville will continue to have access to quality health care. A move to their desired location would hurt the residents of North and East Knoxville with little improvement for those living in West Knoxville.

I hope your agency will take the time to learn of the health care situation in Knoxville before even considering the CON for Tennova and that in the end you will protect the citizens of North and East Knoxville and direct Tennova to 'stay put' and continue to provide quality health care to a potentially underserved community.

Sincerely yours,

Douglas E. Veum

LETTER OF INTENT
TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the **Knoxville News Sentinel** which is a newspaper
(Name of Newspaper)
of general circulation in **Knox County**, Tennessee, on or before **August 8, 2014**, for one day.
(County) (Month / day)(Year)

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that: **Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare – Physicians Regional Medical Center, Hospital**
(Name of Applicant) (Facility Type-Existing)

owned by: **Knoxville HMA Holdings, LLC,** with an ownership type of **Limited Liability Company** and to be managed by: **Community Health Systems Professional Services Corporation** intends to file an application for a Certificate of Need

for: **a replacement hospital for Physicians Regional Medical Center, currently located at 900 E. Oak Hill Avenue, Knoxville, TN 37917. The site of the proposed replacement hospital is a currently unaddressed site consisting of 110 acres located at the intersection of Middlebrook Pike and Old Weisgarber Road, across from Dowell Springs Boulevard in Knoxville. The project includes constructing and equipping a 556,083 square foot replacement hospital consisting of 272 beds and 24 operating/procedure rooms. Designated health services that will be relocated are acute care services, obstetrical services, critical care services, Level IIB neonatal nursery services, cardiac catheterization services, extra-corporeal shock wave lithotripsy services, open heart surgery, inpatient rehabilitation services, and radiation therapy services. Major medical equipment that will be relocated includes one (1) Positron Emission Tomography unit, one (1) linear accelerator, and two (2) magnetic resonance imaging (MRI) units. No new beds or new healthcare services are proposed in this project. The anticipated total cost of the project is $303,545,204.**

The anticipated date of filing the application is: **August 13, 2014**

The contact person for this project is **Melanie Burgess** (Contact Name) **Asst. Vice President** (Title)

who may be reached at: **Tennova Healthcare – Physicians Regional Medical Center** (Company Name)
930 Emerald Ave., POB Suite 813 (Address)

Knoxville (City) **Tennessee** (State) **37919** (Zip Code) **865 / 647-5604** (Area Code / Phone Number)

(Signature) **August 7, 2014** (Date) **melanie.burgess@hma.com** (E-mail Address)

==========

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

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The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the

application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

==========

Ms. Hill,

I am writing to support Tennova's application on being granted a CON to replace Physicians Regional Medical Center on November 19th.

I recognize that there are multiple factors involved with the decision to replace Physicians Regional Medical Center. The original hospital built in 1930 and has undergone 12 additions over the last eight decades- now consisting of 1 million square feet. This facility is challenging for patients and families to navigate, the size has increased distance between key departments impairing patient flow and staff productivity. There has also been a clear mandate from the active medical staff to replace the facility. With these three issues facing an inherently aged facility, the demand for efficient and accessible care should adapt to the changing nature of healthcare delivery and payment models.

The site for the proposed replacement hospital was strategically selected due to: accessibility from all portions of Tennova's 15-county service area, its location one mile from the population center of Knox County, and the benefits accrued by building across the street from a pre-existing medical campus that includes physician office space. Tennova has worked in a collaborative and transparent way with neighborhood groups as well as City and County officials. All required land use approvals have been met, and since January 2013 has engaged the community to understand concerns and use them constructively to develop a plan to enhance the area.

Most notably, Tennova meets the three key criteria set out by THSDA for healthcare projects:

1.) **Need:** Tennova has demonstrated that it is infeasible to renovate or refurbish the hospital in a way that solves its critical facility issues. With approximately 14,000 admissions and 44,000 ER visits per year, there is a significant need for the services Physicians Regional provides.
2.) **Economic Feasibility:** This project is financially feasible in the first year. With decreasing reimbursements for hospital services, the efficiency improvements with this project will help sustain providing quality care.
3.) **Orderly Development:** Since 2008, this health system has been taking intentional and orderly steps to right-size its hospital assets and become more efficient- making this project the next key step in that process.

I encourage you to give Tennova's application consideration.

Warmest Regards,

Senator Steve Dickerson

Steven Dickerson

Internal Medicine Associates of Knoxville
a division of
Summit Medical Group, PLLC

OCT 24 A 9:54

J. Davis Allan, M.D.
Robert C. Alley, M.D.
Amy E. Bentley, M.D., F.A.C.P.
Larry C. Brakebill, M.D., F.A.C.P.
Miriam Brandon, M.D.
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Douglas H. Luttrell, FNP
Elizabeth A. Gager, FNP
Monica R. Gentry, FNP

Joanne Kennedy, CMPE
Administrator

October 14, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tn. 37243

Dear Ms. Hill:

I have been a practicing physician in the North Knoxville area with Summit Medical Group for many years. I am writing in support for the development of a replacement hospital for Physicians Regional Medical Center. Although the existing hospital has served Knoxville well for the past 83 years, healthcare is changing, and hospitals and physician must work together to provide services to our patients in the most efficient possible model of care, as well as in a place that is accessible to patients from all over the region.

The expectation of my patients is they want to be referred to a newer and more accessible facility. I believe this is also in the best interest of the community.

Please let me know if I can be of any further assistance.

Sincerely,

Amy E. Bentley, M.D. FACP

7557B Dannaher Drive
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Powell, Tennessee 37849
Phone (865) 546-9751
Fax (865) 362-6680
www.imasummit.com

PREMIER
at Physicians Regional and North Knoxville
A Division of Premier Surgical Associates

October 13, 2014

Brian H. Garber, MD, FACS
George A. Pliagas, MD, FACS
David J. Harrell, MD, FACS
Donald L. Akers Jr., MD, FACS
Roland B. Weast, MD, FACS
Marcella J. Greene, MD
Marcus A. Barber, MD
Jessica L. Vinsant, MD

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

I am writing this letter in support of the Certificate of Need application for the Physicians Regional Medical Center Hospital replacement facility. The upcoming hearing is on November 19, 2014. This Knoxville, Tennessee, replacement facility is essential and should be allowed to proceed. I have practiced surgery at the hospital since 2001 and now am Chief of Surgery for the facility. I can say without reservation that the medical staff is fully behind this project. The consensus is that the current facility is dated and is not able to be salvaged in its current location. The facility is inefficient and chaotic in terms of its multiple additions. We continually have to give patients and families directions because they get lost in the maze of the different levels of the building. The physical plan is sprawling and difficult to maintain. The boiler is at end of life and can't be replaced. The patient rooms are so small that they are uncomfortable and difficult to wheel patients into. There's physically not enough space in the rooms for bed, patient, chairs, family, and doctor. Despite excellent care given to patients the prevailing sense is that the location and edifice are past their prime and are not sustainable.

Our patients come from all over the Knox County area and surrounding counties. I think access would be improved at the new location and would locate us near the center of the Knoxville Metro population center. We at Tennova Physicians Regional Medical Center have pride in our "St Mary's" medical staff and in our facilities' heritage. We all want to see it continue and don't think that just closing the facility down would be a service to anyone. The new location makes sense to me in terms of the proximity to the surrounding neighborhoods and the already existing medical offices nearby. I am 100% behind the project and I think it should be pushed through.

I will be happy to answer any questions regarding this issue.

Sincerely yours,

David J. Harrell, MD

DJH/sm (wc081520)
cc: Jane Ann Grubb, office manager, Premier Surgical Associates Tennova

Phone: 865-938-8121
Fax: 865-212-5561

Premier Surgical Associates PLLC
7557A Dannaher Drive, Suite 110
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www.premiersurgical.com

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Administrator

October 14, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tn. 37243

Dear. Ms. Hill:

I have been a practicing physician in Knoxville for over thirty (30) years and I am writing in support for the development of a replacement hospital for the aging Physicians Regional Medical Center. Healthcare is changing as is the expectation of my patients. The hospitals and physicians must work together to provide quality services to our patients in the most efficient possible model of care, as well as in a place that is accessible to patients from all over the region.

I believe the proposed new facility is in the best interest of my patients and they expect to be referred to a newer and more accessible facility. I also believe it is the best interest of my practice and it is in the best interest of the community.

I support Tennova as it takes steps now to secure the hospital's future by developing this replacement hospital which can best be met in a different environment of care.

Sincerely,

Gerald L. Mancebo, M.D. FACP

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October 14, 2014

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Tennessee Health Services and Development Agency
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502 Deaderick Street
Nashville, Tn. 37243

Dear. Ms. Hill:

I have been a practicing physician in Knoxville for many years and I am writing in support for the development of a replacement hospital for the aging Physicians Regional Medical Center. Healthcare is changing as is the expectation of my patients. The hospitals and physicians must work together to provide quality services to our patients in the most efficient possible model of care, as well as in a place that is accessible to patients from all over the region.

I believe the proposed new facility is in the best interest of my patients and they expect to be referred to a newer and more accessible facility. I also believe it is the best interest of my practice and it is in the best interest of the community.

I support Tennova as it takes steps now to secure the hospital's future by developing this replacement hospital which can best be met in a different environment of care.

Sincerely,

GHall MD

Glen E. Hall, M.D.

7557B Dannaher Drive
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Howard H Haysom, MD

Diplomate American Board of Family Medicine
Emergency Medicine

1633 Kenesaw Avenue
Knoxville, TN 37919

Monday, October 20, 2014

Re: Certificate of Need hearing November 19, 2014
Replacement Facility for Tennova Physicians Regional Medical Center

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I relocated to the current facility in January of 2009 from Houston, Texas to practice Emergency Medicine. At that time Physicians Regional Medical Facility (PRMC) had a full service Emergency Department with all the usual subspecialties. Since 2009 PRMC has lost Neurosurgery, Neurology and Ophthalmology. Gastroenterology has become dependent upon rotating locum tenens specialists. A primary reason for the loss of these specialties has been the aging plant, the confusing and inefficient layout (Emergency CT availability on the 3rd floor), and location as Knoxville development has moved west.

I can address specifically the physical lay out of the Emergency Department, which encourages "silo" thinking with an "A" and "B" side. There is a need for updated Hazmat decontamination and Isolation rooms in the Emergency Department to cope with emerging infectious diseases. We do see a surprising number of patients from central Africa (Burundi, Uganda) as well as others. As the leading Emergency Psychiatric facility in East Tennessee, we need updated Emergency Psychiatric beds to accommodate patients that are difficult to place due to a lack of beds at regional VA and State facilities.

There is no doubt that an updated hospital will allow me to practice more efficiently, encourage the retention and recruitment of key specialties and improve patient outcomes.

Sincerely,

Howard H. Haysom, M.D.

Cc Karen Metz, CEO
Michelle Maddox, VP Team Health
Chris Landress, MD, Medical Director
Roger Brooksbank, MD, Regional Medical Director, Team Health

1633 Kenesaw Avenue ▪ Knoxville, TN 37919 ▪ Cell 713 202 3168 ▪ Hhhaysom@yahoo.com

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October 14, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tn. 37243

Dear. Ms. Hill:

I have been a practicing physician in Knoxville for many years and I am writing in support for the development of a replacement hospital for the aging Physicians Regional Medical Center. Healthcare is changing as is the expectation of my patients. The hospitals and physicians must work together to provide quality services to our patients in the most efficient possible model of care, as well as in a place that is accessible to patients from all over the region.

I believe the proposed new facility is in the best interest of my patients and they expect to be referred to a newer and more accessible facility. I also believe it is the best interest of my practice and it is in the best interest of the community.

I support Tennova as it takes steps now to secure the hospital's future by developing this replacement hospital which can best be met in a different environment of care.

Sincerely,

Larry C. Brakebill, M.D. FACP

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October 14, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tn. 37243

Dear Ms. Hill:

I am a practicing physician for thirty-five (35) years in the North Knoxville area with Summit Medical Group. It is imperative that the hospital system move forward to develop a new facility for several reasons. The current Woodland hospital location is not able to meet the demand of my patients in the future. It would be prohibitively expensive to remodel the old facility to bring it up to the standards that are necessary to care for my patients in the future. Patient's now expect facilities that are up to date and deliver care that needs heavy use of new technology and delivered in a more quality efficient setting. My patients tend to come from a large geographic area and the new facility will make that more possible and accessible for them to see me. The current hospital setting has been an important legacy for the community and the city as a whole but no longer meets expectations.

Please let me know if I can be of any further assistance.

Sincerely,

M. Douglas Leahy, M.D. MACP

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October 14, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tn. 37243

Dear Ms. Hill:

As a physician practicing in the North Knoxville area with Summit Medical Group I want to express my support for the development of a replacement hospital for Physicians Regional Medical Center. Healthcare is changing as is the expectation of my patients for a more patient-friendly environment, especially as services become more focused on ambulatory care. Hospital and physicians must work together to provide quality care and services to our patients in the most efficient manner, as well as accessible to patients from all over the region.

I believe that this project is in the best interest of my patients, many of whom ask to be re referred to newer or more accessible facilities. Finally, I believe the project is in the best interest of the community.

Please let me know if I can be of any further assistance.

Sincerely,

Peter J. Ochoa, M.D.

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Andrew Jackson Building, 9th Floor
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Dear. Ms. Hill:

I have been a practicing physician in Knoxville for many years and I am writing in support for the development of a replacement hospital for the aging Physicians Regional Medical Center. Healthcare is changing as is the expectation of my patients. The hospitals and physicians must work together to provide quality services to our patients in the most efficient possible model of care, as well as in a place that is accessible to patients from all over the region.

I believe the proposed new facility is in the best interest of my patients and they expect to be referred to a newer and more accessible facility. I also believe it is the best interest of my practice and it is in the best interest of the community.

I support Tennova as it takes steps now to secure the hospital's future by developing this replacement hospital which can best be met in a different environment of care.

Sincerely,

Robert C. Alley, M.D.

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THE UNIVERSITY of TENNESSEE
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Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I am writing in support of the Physicians Regional Medical Center replacement hospital project. I am a homeowner in West Hills (7209 Sheffield Drive) and have been a professor at the University of Tennessee for forty-three years. I am not a newcomer to this area and feel my opinion is one shared by many in this region.

I gave birth to my two sons at St. Mary's Hospital in the 70s and know what a wonderful hospital it has been. I have also visited the hospital in the last several months and know how outdated and rundown the facility has become. I understand that relocation is the most cost effective route to follow and along with the North Knoxville Medical Center will meet the needs of Knoxville residents and surrounding areas. Middlebrook Pike is a central location and one that will be easy to find and navigate. It will serve the entire area in the decades to come.

I do not feel that this will harm or devalue the property in West Hills. I believe in quite the opposite – that it will make West Hills an even more desirable place to live with health care facilities near by. I support this project wholeheartedly and will help in any way I am able. I believe this to be the wisest direction for the future and I hope to see this project come to fruition.

Sincerely,

Fay Adams

Fay Adams
Associate Professor of Music
University of Tennessee
Knoxville, Tennessee

Internal Medicine Associates of Knoxville
a division of
Summit Medical Group, PLLC

J. Davis Allan, M.D.
Robert C. Alley, M.D.
Amy E. Bentley, M.D., F.A.C.P.
Larry C. Brakebill, M.D., F.A.C.P.
Miriam Brandon, M.D.
David C. Durbin, M.D.
Cassandra F. Gibbs, M.D.
James C. Griffin, II, D.O.
Glen E. Hall, M.D.
M. Douglas Leahy, M.D., M.A.C.P.
Stephen P. Lorino, M.D.
Gerald L. Mancebo, M.D., F.A.C.P.
Peter J. Ochoa, M.D.
John F. Vannoy, M.D., F.A.C.P.

Douglas H. Luttrell, FNP
Elizabeth A. Gager, FNP
Monica R. Gentry, FNP

Joanne Kennedy, CMPE
Administrator

October 14, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tn. 37243

Dear Ms. Hill:

As a physician practcing in Knoxville, for many years I want to express my support for the development of a replacement hospital for Physicians Regional Medical Center. Healthcare is changing as is the expectation of my patients for a more patient-friendly environment, especially as services become more focused on ambulatory care. Hospital and physicians must work together to provide quality care and services to our patients in the most efficient manner, as well as accessible to patients from all over the region.

I believe that this project is in the best interest of my patients, many of whom ask to be re referred to newer or more accessible facilities. Finally, I believe the project is in the best interest of the community.

Please let me know if I can be of any further assistance.

Sincerely,

John F. Vannoy, M.D. FACP

7557B Dannaher Drive
Suite 225
Powell, Tennessee 37849
Phone (865) 546-9751
Fax (865) 362-6680
www.imasummit.com

OCT 29 '14 AM 9:56

October 27, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Re: Support for the Certificate of Need applications
Physicians Regional Medical Center Replacement Hospital
Knoxville, Tennessee

Dear Ms. Hill,

Physicians Regional Medical Center has faithfully and effectively served many generations of Knoxvillians as well as the East Tennessee region. The replacement hospital on Middlebrook Pike will enable Tennova to continue providing quality healthcare in a more efficient and accessible facility.

Tennova Healthcare has proven their commitment to quality healthcare in the Knoxville area as evidenced by investing well over one hundred million in the North Knoxville Medical Center. It was my honor to serve that community as a member of the Knox County Commission and I can say with complete confidence that this facility provides and will continue to provide quality healthcare to our area. Tennova's investment in North Knoxville is reflective of their commitment to East Tennesseans.

Given the growth trends of Knoxville, this project offers a sensible and orderly plan for current healthcare needs and for the development of future healthcare services for Knoxville, Knox County, and East Tennessee.

I fully support the approval of the Certificate of Need and thank you for your kind consideration.

Sincerely,

Larry F. Stephens
Knox County Commission, Retired

Larry F. Stephens, P.O. Box 1707, Powell, TN 37849

Tennova Healthcare

November 4, 2014

Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, TN 37243

Re: CN1408-033 – Replacement hospital for Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare – Physicians Regional Medical Center

Dear Ms. Hill:

Enclosed please find letters of support that we have received regarding the application for a replacement hospital for Physicians Regional Medical Center. Included are letters of support from physicians, members of the community, and Tennova associates, as well as a resolution from our Board of Directors.

Please contact me if you have any questions or need any additional information.

Sincerely,

Melanie B. Burgess
Vice President of Development

TENNOVA HEALTHCARE, METRO LLC
BOARD OF TRUSTEES

RESOLUTION

In support of the Replacement Hospital for Physicians Regional Medical Center
And the Relocation of its Skilled Nursing Unit
CN1408-033 and CN1408-034

WHEREAS, Physicians Regional Medical Center ("PRMC") is an acute care, 401 bed, tertiary medical center located at 900 E. Oak Hill Avenue, Knoxville, Tennessee and is a member of the Tennova Healthcare System; and

WHEREAS, the existing facility was first built and put into service in 1930 and thereafter renovated and expanded three (3) times; and

WHEREAS, as a result of the facility's age, operational inefficiencies, accessibility issues for patients, and infrastructure challenges, significant facility upgrades or renovations are not financially feasible, nor are they an acceptable option for the hospital's patients and medical staff; and

WHEREAS, Tennova has proposed to construct a new facility on approximately 110 acres, located on Middlebrook Pike in Knoxville, nine (9) miles from the current campus; and

WHEREAS, the new facility will be convenient and accessible to PRMC's patients throughout its fifteen (15) county service area; and

WHEREAS, the intent of the proposed project is to reconstruct PRMC in such a way as to significantly improve its operational efficiency, enhance patient experience through easier access to the campus and to the hospital itself, and to create a facility that is financially sustainable and which meets the future healthcare needs of the region, the medical staff, and the health system; and

WHEREAS, Tennova has also proposed to relocate the twenty-five bed (25) skilled nursing unit in PRMC to the new facility.

NOW, THEREFORE, BE IT RESOLVED, that the Board unanimously endorses the proposed replacement of Physicians Regional Medical Center, and the relocation of its twenty-five (25) skilled nursing unit, and it respectfully requests the approval of both certificate of need applications by the Tennessee Health Services and Development Agency.

Adopted this 22 **day of October, 2014.**

Neil Heatherly, Secretary

Witness:

Douglas Leahy, M.D., Chairman

KOC
Knoxville Orthopaedic Clinic

October 15, 2014

Dear Ms. Hill,

As a physician practicing in Knoxville, I want to express my support for the development of a replacement hospital for Physicians Regional Medical Center. Although the existing hospital has served Knoxville well for the past 83 years, healthcare is changing, and hospitals and physicians must work together to provide services to our patients in the most efficient possible model of care, as well as in a place that is accessible to patients from all over the region.

I believe that this project is in the best interest of my patients, many of whom ask to be referred to newer or more accessible facilities. I also believe it is in the best interest of my practice, enabling me to stay competitive. Finally, I believe the project is in the best interest of the community. While the existing hospital is sufficient to meet the needs of my patients today, it will not remain viable as a major tertiary medical center in the decades to come, and I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

Sports Medicine
William T. Youmans, M.D.
T. Craig Beeler, M.D.
Gregory M. Mathien, M.D.
Russell A. Betcher, M.D.
Paul L. Becker, M.D.
Matthew A. Rappé, M.D.
Robert G. Smith, M.D.

Spine
Sidney L. Wallace, M.D.
James K. Maguire, Jr., M.D.
Paul H. Johnson, M.D.
Luke Madigan, M.D.

Foot & Ankle
William T. McPeake, M.D.
M. Chris Testerman, M.D.

Joint Replacement
Brian M. Covino, M.D.
Matthew C. Nadaud, M.D.
J. Christopher Sherrell, M.D.

Pediatric & Adolescent
Robert R. Madigan, M.D.
Cameron J. Sears, M.D.
J. Jay Crawford, M.D.

Shoulder & Elbow
G. Brian Holloway, M.D.
Edwin E. Spencer, Jr., M.D.

Hand & Wrist
Joseph C. DeFiore, Jr., M.D.
John M. Ambrosia, M.D.
Robert E. Ivy, M.D.
Douglas N. Calhoun, M.D.

Physical Medicine
Bruce B. Fry, D.O.
Michael C. Craig, M.D.

General Orthopaedics
John J. McGraw, Sr., M.D.

Primary Care Sports Medicine
Chris A. Klenck, M.D.
Amber G. Luhn, M.D.
Benson A. Scott, M.D.

Weisgarber Office
1422 Old Weisgarber Road
Knoxville, TN 37909

West Office
260 Fort Sanders West Blvd.
Knoxville, TN 37922

North Office
7557A Dannaher Drive, Suite G-10
Powell, TN 37849

Jefferson City Memorial Hospital Office
120 Hospital Drive, Suite 120
Jefferson City, TN 37760

P 865.558.4400
F 865.558.4421

www.kocortho.com

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Ms. Hill,

As a Tennova associate at Physicians Regional Medical Center in Knoxville, I would like to express my support for the proposed and much needed facility that would replace Physician's Regional.

Our current facility first opened as St. Mary's Memorial Hospital in 1930; as you can imagine, some parts of it are very old and are of little use for the care of patients. Additionally, as the hospital expanded over the decades, it did so on a steep downhill slope, resulting in a maze of corridors, stairs, and elevators that visitors, including physicians, have often found frustrating to navigate, often finding themselves lost. This, along with the advanced age of much of the property, has, at times, impacted our ability to recruit physicians and has hindered our efforts to appeal to patients and visitors as a friendly and accessible medical center to which they'd like to return when they need health care.

For these reasons, I believe that we truly need the proposed replacement hospital. A new facility would be much more appealing to the physicians that we wish to recruit for our organization, and it would be much more patient and vistor friendly. I hope that you'll agree that this is something that our organization really needs to be allowed to move forward with as soon as possible.

Thank you for your time and consideration,

Sincerely,

Alan Spangler
alan.spangler@hma.com
MRI Department, PRMC
865-545-3859

GREATER KNOXVILLE
EAR NOSE & THROAT

Leslie L. Baker, MD
Robert A. Crowley, MD, FACS
Elise C. Demeny MD, FACS
Richard J. DePersio, MD, FACS
David K Gallegos, MD
William D. Horton, MD, FACS
Christopher J. Rathfoot, MD
Allan M. Rosenbaum, MD, FACS
Ronald K. Sandberg, MD

Physician Assistant
Olivia M Guthrie, PA

1932 Alcoa Highway
Suite 160
Knoxville, TN 37920

7557A Dannaher Drive
Suite 220
Powell, TN 37849

220 Ft Sanders Blvd
Bldg 2, Suite 101
Knoxville, TN 37922

Telephone
865.521.8050

Fax
865.637.6617

www.greaterknoxent.com

Accredited Computed Tomography Laboratory

October 24, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

I am a physician at Tennova Physicians Regional Medical Center and have been so for the past 11 years. It is a great pleasure and privilege to be able to serve this community. Unfortunately, this great institution is becoming very dated and my patients have a strong preference to going to a newer facility that is more accessible and less cumbersome. To replace the hospital would greatly help me practice more efficiently and make the environment more pleasant for my patients. I am certain that this would improve my patients' satisfaction with the healthcare that they are provided. As you may be aware in the Knoxville area, we serve a broad geographic area which draws from many of the surrounding counties. These patients would certainly benefit from a facility with better organization and accessibility.

Sincerely,

Allan M. Rosenbaum, M.D.

AMR/acu/J#14

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

PRMC is too old and outdated; the new facility would be more efficient. Better equipment and patient rooms. Although location is not my first choice community will benefit more from new hospital.

Thank you

Alex Lawson

Alex Lawson

NOV 5 '14 AM 10:22

Physicians Regional Medical Center

900 East Oak Hill Avenue

Knoxville, TN 37917

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I am the Director of Pharmacy at Physicians Regional Medical Center and I wanted to take this opportunity to express my enthusiastic support for the building of a replacement facility. There are numerous reasons as to why this replacement facility is needed.

First and foremost, because the building that we are currently in is so old, we are forced to deal with all the inefficiencies that accompany such an old building. Many of the nursing units are located at a great distance from the pharmacy. Some locations require multiple elevators or stairs to be taken to make routine medication deliveries to these units.

Secondly, a new facility would offer an environment to our patients that would be much more patient & family friendly. Easier access and larger rooms are just a few of the positive benefits for all of our patients and their families.

Finally, I have worked here for over 8 years and have been a part of this community my entire life. The service and ministry that our staff provides to our patients and their families has always been at the forefront of everything we do. I truly believe that the service that we provide to the community is unique and is in line with our Mission Statement of "*Grounded by our faith in God, we provide a quality environment of healing, bringing innovative healthcare to our community*". In order to continue to provide this type of care it is imperative that a replacement facility be built.

Thanks you for your time and careful consideration of this very important issue.

Sincerely,

Allen Welch, Pharm.D.
Director of Pharmacy
Physicians Regional Medical Center

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, TN 37243

October 15, 2014

RE: PRMC Replacement Hospital Project

Dear Ms. Hill,

My name is Amanda Holloway and I work in Case Management at Physicians Regional Medical Center. I have been employed at the hospital for eleven years. I support the replacement hospital because I appreciate the legacy and heritage of Physicians Regional Medical Center, but that legacy can best be continued into the future by staying current with our facility and technology.

Thank you in advance for taking my concerns into consideration.

Sincerely,

Amanda Holloway

Amanda Holloway, RN
Case Management
Physicians Regional Medical Center
900 E. Oak Hill Avenue
Knoxville, TN 37917

ABERCROMBIE RADIOLOGY

William R. McKissick, MD
John D. Simmons, MD
Margaret Uri, MD
J. Breese Johnson, Jr., MD
Gwen Uri, MD
Lynn Barrett, MD
Diane L. Edge, MD
Dale E. Nichols, MD
Andrew M. Evancho, MD
Lane P . Williams, MD
Wayne M. Eberenz, MD
Kenneth H. Pryor, MD
F. Gregory Curtin, MD
Samuel L. Maynard, MD
Daniel W. Walsh, MD
Donna K. Culhane, MD
Jason R. Cameron, M.D.
Daniel A. Baker, M.D.
Christopher H. Aikens, MD
Zachary Jumper, M.D.
Benjamin J. Egner, M.D.

October 23, 2014

Dear Ms. Hill,

I am writing to encourage you to support the replacement hospital for Physicians Regional Medical Center. I have been practicing medicine for over 22 years at Physicians Regional Medical Center. While it has been home to me for all these years I know that the time has come to move to a new facility. Unfortunately our hospital is very old. Renovation would be an all but impossible undertaking.

Knoxville is blessed with many medical facilities and our old hospital simply does not have the appeal of the newer more attractive hospitals and outpatient centers available. I do not believe that we can compete in Knoxville unless we build a comparable hospital to those around us. It is the intent of our hospital system to build a new major tertiary care hospital to replace Physicians Regional Medical Center. This will surely be beneficial to the community and to the medical staff. Therefore I am writing you in support of a new replacement hospital.

Sincerely,

Andrew M Evancho, MD

Weisgarber Medical Center
1112 Weisgarber Road
Knoxville, Tennessee 37909
865/588-1397 • Fax: 865/558-0395
www.abercrombieradiology.org
Scheduling: 865/584-3444
Scheduling Fax: 865/824-0038

October 17th, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I have been an employee at Physicians Regional Medical Center, Knoxville TN for 19 years. I am currently a Clinical Leader of a medical / surgical / oncology unit. I support the replacement hospital. Below are a few of the reasons for my support.

1. We treat patients with a wide variety of problems. Healthcare is developing new and improved technologies daily that our current building is not able to accommodate.
2. Then design of the new hospital will be less confusing to patients and their families. Over the past 80 years there have been several additions to the main building making navigation from one department to another very difficult and confusing for visitors and staff alike.
3. As a nurse on the floor, we hear the physician and patient requests for a replacement facility.
4. Finally, as a nurse I strive for excellence in care and would like to provide that to my patient. I believe that the new hospital would help to achieve that goal by providing the new technologies and ability to grow toward the ever-changing future in healthcare.

I ask for your support for this project. Approving the replacement hospital is the right thing to do for our patients, staff, and physicians here at Physicians Regional Medical Center.

Thank you,

Angela Mullinax

Angela Mullinax
Clinical Leader PRMC

TEAMHealth.
EMERGENCY MEDICINE
Mid-Atlantic Region

1431 Centerpoint Blvd., Suite 100 • Knoxville, TN 37932
p 865.539.8000
f 865.539.8008
www.teamhealth.com

October 27, 2014

Melanie Burgess
Tennova Market Support Office
Tennova Healthcare
930 Emerald Avenue, POB 8th Floor, Suite 813
Knoxville, TN 37917

Dear Melanie:

I have been a healthcare provider in the Emergency Room at what is now Physicians Regional for almost twenty years, beginning as a RN, then a charge nurse and now a FNP employed by TeamHealth. I am aware of the heritage of our predecessors, serving the community in North Knoxville and the surrounding counties.

I am also aware of the need for improved efficiency of operation and accessibility. As services become more focused on ambulatory care, it will be necessary to provide services in a more patient friendly environment. I believe our aging facility can no longer keep pace with this changing environment.

There is no question in my mind that there is an overwhelming need for the services provided by Physicians Regional and those needs can best be provided in a newly constructed, replacement hospital. With a new facility we can be more efficient and accessible to those we currently serve. Patient satisfaction will undoubtedly improve.

My colleagues and I are dedicated to being the best at what we do. A new facility will ensure that our legacy of hard work and dedication is reflected in the improved health of those we serve.

For these reasons I strongly support the issuance of a Certificate of Need for the new Physicians Regional Medical Center.

Sincerely,

Annette Bongers, FNP
TeamHealth
Physicians Regional Medical Center

Barbara J. Wright
9916 Locklear Way
Knoxville, TN 37931

NOV 5 '14 AM 10:24

October 21, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, TN 37243

Dear Ms. Hill,
I am the Director of Volunteer Services for Tennova Healthcare in Knoxville, Tennessee. I have been with Tennova for eleven years, but have been in the healthcare field in this capacity and market for thirty years. As you can imagine, I have seen many changes in healthcare over these years.

Physicians Regional Medical Center has been my personal hospital of choice. I have celebrated the birth of my children there and mourned the loss of loved ones at that hospital. The emotional connection that one makes with this facility is palpable. Communities are built around schools, churches and hospitals, but it's the people that make the community.

Even with this connection to this facility, I strongly support a replacement hospital for the following reasons:

1. As with most hospitals in our town, they have been added on over the years as needs have grown. The internal components of electric, water and heating would be extremely costly to renovate and even if that were done, they would still be housed in a building that is eighty-eight years old and has seen deterioration over the years.

2. Expectations of the patients have changed and to come to an older hospital that lacks the amenities that are offered in all the other hospitals in town is less than satisfactory to our patient population.

3. It is extremely hard for our patients to navigate within our hospital. It's extremely confusing and frustrating not only to the patients but also to the physicians and staff. This is a complaint heard daily by our volunteers as they escort patients through the building to get to their correct location.

4. A new hospital with the latest technology, consistency in design, better way finding, will allow us to be more efficient in caring for our patients. Patient and physician satisfaction is key to the success of any hospital and is an important component of retaining and attracting physicians and staff.

While this is a heartfelt subject, I do believe that the citizens will realize the advantages a new state of the art hospital will bring to our community. I appreciate the opportunity to voice my opinion and thank you for considering these reasons when making a decision.

Sincerely yours,

Barbara Wright

Barbara Wright
Director Volunteer Services
Tennova Healthcare

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I am writing this letter in support of the new replacement hospital for Physicians Regional Medical Center. I think we need a new hospital because the services in the old PRMC facility are too scattered out. Café is too far for visitors. There need to be more efficient planning to have a better flow for all services. The infrastructure is old and does not meet current codes. Major renovations would need to take place to bring PRMC up to code.

Thanks

East Tennessee
Heart Consultants
Knoxville HMA Cardiology PPM, LLC

Physicians Regional Office - 900 East Oak Hill Avenue, Suites 500 &600, Knoxville, TN 37917
Phone: 865-525-6688, Fax: 865-525-0245
Turkey Creek Office - 10810 Parkside Drive, Suite 301, Physicians Plaza, Knoxville, TN 37934
Phone: 865-470-2273, Fax: 865-693-1163

Yasir N Akhtar MD
Harry L Bishop MD, FACC
Russell R Blakeley MD FAC
David A Cox MD FACC
Joseph S DeLeese MD FACC
Clint T Doiron MD FACC
Malcolm T Foster MD FACC
Stephen D Hoadley MD FACC
Larry D Hookman MD FACC
William C Lindsay MDFACC/FHRS
Robert O Martin MD FACC
Kyle W McCoy MD FACC
Ravi S Mehta MD FACC
Barry I Michelson MD FACC
Joseph D Minardo MD FACC
William J Minteer MD FACC
Nilam N Patel MD
Steve W Reed MD FACC
Russell E Rotondo MD FACC
John A Ternay MD FACC
Randall D Towne MD FACC
Charles B Treasure MD FACC
Timothy Ballard APN MSN CNP
R Eric Dickenson PA-C
Jennifer Guffey PA-C
Stephen Miller APN MSN ACNP

October 10, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

I am writing in support of approval of the Certificate of Need for a replacement hospital for Physicians Regional Medical Center. As you are aware, the current facility is quite old. A replacement facility is needed to provide state of the art care to our patient population. We serve a broad population base and are a referral/tertiary care facility for much of the east Tennessee area. Our current facilities are quite outdated and need to be replaced. The facility is such that it is no longer possible to just upgrade the facilities to maintain appropriate levels of care. The approval of a new hospital will also allow restructuring of the facility in such a way to allow for enhanced ambulatory care services, as more medical care is being provided in the outpatient setting. The new site, I believe as well, is more accessible in terms of patient access to it. From my perspective as a practicing physician and cardiologist, I feel that a new facility is mandatory for me to continue offering my patients the state of the art care available at this time.

I appreciate your consideration in this matter and hope that you look upon the request in a favorable fashion.

With warmest regards,

Barry I. Michelson, MD, FACC
BIM:als:plm

October 22, 2014

Ms. Melanie Hill, Executive Director

Tennessee Health Services and Developmental Agency

Andrew Jackson Building, 9th Floor

502 Deaderick Street

Nashville, TN 37243

To Whom It May Concern:

My name is Becky Purkey. I am a clinical manager for therapy services at Physicians Regional Medical Center. I have been employed at this facility for 17 years. I am writing to show my support of the Certificate of Need for the replacement hospital for Physicians Regional Medical Center. Having daily contact with patients and their families, I often hear requests for better parking, private rooms and more accessible facilities. I know that we provide great care for our patients, but this is often overshadowed by the need for a more patient-friendly environment. I know that a building does not define the healthcare services that we provide, but it would definitely improve the patients' satisfaction with the services. I do appreciate the legacy and heritage of Physicians Regional Medical Center, but feel that legacy can best be continued into the future by staying current with our facility and technology. Our Mission statement is "Grounded by our faith in God, we provide a quality environment of healing, bringing innovative healthcare to our community". I believe in this mission statement, but it does become more challenging each day in our current facility. I ask that you please consider these needs as you make your decision on the certificate of need for our replacement hospital.

Sincerely,

Becky Purkey

Becky Purkey, COTA/L

Clinical Manager

SUMMIT
MEDICAL GROUP

STATCARE MEDICAL GROUP
a division of Summit Medical Group, PLLC

OFFICERS

Ronald Estes, M.D.
Chairman of the Executive Medical Directors Committee

Jesse Doers, M.D.
Chief Operations Medical Director

North Knoxville Medical Director
Michael Brunson, M.D.
Andrew Sexton, M.D.

Parkwest Medical Directors
Internal Medicine
Aaron Rittgers, M.D.
Sommer Williams, M.D.

Fort Sanders Medical Directors
Internal Medicine
Oliver Archibald, M.D.
Walter Zibas, M.D.

Physicians Regional Medical Directors
Internal Medicine
Mohamad Doleh, M.D.
Zak Hussain Halai, M.D.

Nursing Home Medical Directors
Lou Anne Zibas, M.D.
Walter Zibas, M.D.

Regional Medical Directors
Ronald Estes, M.D.
Thomas Worley, M.D.

HOSPITALIST GROUP
2240 Sutherland Ave, Suite 104
Knoxville, Tennessee 37919
Phone (865) 909-0090
Fax (865) 909-9883

Alice Crothers
Executive Director of Operations

Emily Graham
Operations Manager

Brett Caldwell
Project Manager

Mattie Mills
Administrative Coordinator

PULMONARY CONSULTANTS
2240 Sutherland Ave, Suite 103
Knoxville, Tennessee 37919
Phone (865) 588-8831
Fax (865) 588-8841

Amber Singleton
Pulmonary Site Manager

October 23, 2014

To Whom It May Concern:

The future of healthcare is based on healthcare systems envisioning the future needs of their community and how best to service these needs. Tennova Healthcare is at the forefront of assessing what is best for the health and well-being of the Knoxville community. Based on their assessment for the need of a replacement facility to replace Physicians Regional Medical Center, I fully support their vision to meet the needs of our community.

Realizing the current facility is well over 75 years old, it is time to move forward to replace the facility with a structure that can accommodate the needs of 21st century medicine and patient care.

Please accept this letter as my personal support for a replacement facility for Tennova Healthcare in Knoxville, Tennessee.

Thank you,

Ben Blanton
Nurse Practitioner
Statcare Medical Group

NOV 5 '14 AM 10:22

Beth Russell, RN BSN

922 Long John Trace

Seymour, TN 37865

October 28, 2014

Ms. Melanie Hill, Executive Director

Tennessee Health Services and Development Agency

Andrew Jackson Building, 9th floor

502 Deaderick Street

Nashville, TN 37243

My name is Beth Russell. I am an RN in the surgical services department. I am an orthopedic first assistant and have worked here for almost 8 years now. I am writing this letter in support of the Physician's Regional Medical Center replacement hospital. There is not a day that goes by that someone, whether it be a patient, a patient's family, or someone in the community asks me when we are going to get our new hospital. People are excited about this and how this can change our future for the better. Everyone loves PRMC, and the history that it carries with it. The love for St. Mary's will always be here, but we have just outgrown this hospital. There is no room to expand and as we are growing the hospital cannot grow with us. A new hospital will help us work much more efficiently. As I have already stated, patients ask me all the time about our new hospital. I feel a new hospital will increase our satisfaction surveys. We do serve patients from a broad range of geographical areas, and relocating our hospital to a more neutral site, as proposed will improve accessibility for all patients. I am excited about our future and the changes ahead and hope you consider approving our request for a new hospital.

Sincerely,

Beth Russell, RN BSN

Beth Russell

beth.russell@hma.com

NOV 5 '14 4:10:18

October 10, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Dear. Ms Hill:

I am writing this letter in support of the replacement hospital for Physicians Regional Medical Center in Knoxville, Tennessee.

I am the Regional Director of Medical Staff Services for Tennova Healthcare and have been employed here for 32 years. In my position I work closely with the medical staff and they have expressed to me their overwhelming support of the replacement hospital and their feeling that a replacement hospital would improve their patients' satisfaction with their healthcare services.

I appreciate the legacy and heritage of Physicians Regional Medical Center, but I feel that legacy can best be continued into the future by staying current with our facility and technology. I have heard from physicians and patients and/or families, that they would prefer to go to a newer and more accessible facility. It is important to provide services in a more patient-friendly environment.

Sincerely,

Brenda Neely

Brenda Neely
Regional Director, Medical Staff Services
Tennova Healthcare

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MEDICAL GROUP

STATCARE MEDICAL GROUP
a division of Summit Medical Group, PLLC

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Project Manager

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Amber Singleton
Pulmonary Site Manager

October 24, 2014

To Whom It May Concern:

I have had the opportunity to work closely with Tennova Healthcare as a representative of Statcare's administrative management team. During this time, I have been able to witness the visionary oversight of healthcare by Tennova in the Knoxville, Tennessee market. Currently, what I consider most important is their plan for a replacement facility for Physicians Regional Medical Center.

For years, this location has been at the forefront of care in the Knoxville area. It is regionally viewed as a leader in patient care and services. Sadly, the facility does not meet the demands of the future direction of healthcare and the patient experience. That is why I fully support their vision for a replacement facility to be built.

Within the vastly changing healthcare environment, I find great comfort that Tennova healthcare remains steadfast in providing service excellence to their patients and the healthcare community. Please accept this letter of support. If I can be of additional assistance in this process, please feel free to contact me.

Thank you,

Brett Caldwell
Project Manager
Statcare Medical Group

Physicians Regional Medical Center

900 East Oak Hill Avenue

Knoxville, TN 37917

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

My name is Brian Douglas Esters and I am currently a Pharmacist at Physicians Regional Medical Center. I would like to a have a few minutes of your time to express my enthusiastic support for building of a replacement facility for Physicians Regional Medical Centers. There are truly numerous reasons as to why a replacement facility is needed in our community.

I am not only employed by Physicians Regional Medical Center but I currently live in the community that Physicians Regional Medical Center serves. The current state of the facility is so old, that patients and family members are forced to deal with a very difficult facility to try to navigate. There are several locations that require multiple elevators or stairs to try and find one's way around the facility. As a patient or family member this can be very stressful and not truly needed.

I have worked for Physicians Regional for the last five years and been part of the community since I have live in Knoxville. My community truly deserves the best healthcare possible and a new facility would provide the community with the type of healthcare we deserve. A new facility would provide patients and family members with easier access to healthcare, positive healing environment, and a unique environment to carry out the Mission Statement for Physician Regional Medical Center of "Grounded by our faith in God, we provide a quality environment of healing, brining innovative healthcare to our community".

Ms. Hill I greatly appreciate your time and careful consideration of this very important issues.

Sincerely,

Brian D. Esters, PharmD, CPPS
Medication Safety Pharmacist
Physicians Regional Medical Center

PREMIER
at Physicians Regional
and North Knoxville
A Division of Premier Surgical Associates

Brian H. Garber, MD, FACS
George A. Pliagas, MD, FACS
F. Neal Peebles, MD, FACS
David J. Harrell, MD, FACS
Donald L. Akers Jr., MD, FACS
C. Scott Callicutt, MD, FACS
Roland B. Weast, MD, FACS
Marcella J. Greene, MD

October 23, 2014

Ms. Melani Hill
Executive Director of Tennessee Health Services and Development Agency
Andrew Jackson Building
502 Deaderick St.
Nashville, TN 37243

Dear Ms. Hill:

I am vigorously in favor of a replacement hospital for Physicians Regional Medical Center in Knoxville, Tennessee. At the upcoming hearing on November 19, I will not be present and wish to express opinions through this letter. I have been practicing surgery at Physicians Regional Medical Center for more than 25 years. I have also operated in three other facilities in Knoxville, all of which are considerably younger. The comparison in terms of physical plant is evident, and it is now essential that this facility be replaced. As you may well be aware, parts of the Physicians Regional Medical Center are nearing 100 years old. The facility is in need of tens of millions of dollars of infrastructural improvements and/or maintenance.

As you know, the nature of hospitals has drastically changed over the past 30 years. The size of both patient and operating rooms, ergonomics, and addition of technologies all indicate the need of a new physical plant. I have treated patients from the entire metropolitan area of Knoxville and believe this facility will drastically improve that care in terms of technology, comfort and outcomes. The personnel working at Physicians Regional Medical Center are excellent in my opinion and deserve to be working in a state of the art facility. The proposed new location is central to all of our clinical activities and would be a drastic improvement.

I am enthusiastically supporting the replacement facility, and hopefully you will take this into consideration.

Sincerely,

Brian H. Garber

Brian H. Garber, MD

Phone: 865-938-8121
Fax: 865-212-5561

Premier Surgical Associates PLLC
7557A Dannaher Drive, Suite 110
Powell, TN 37849

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Tennessee Urology Associates, PLLC

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Charles W. Reynolds, M.D.

Brian D. Parker, M.D.

Katherine M. Cameron, M.D.

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October 23, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services & Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, Tennessee 37243

Re: Support of CON for new Physicians Regional Medical Center

Dear Ms. Hill:

This letter is in support of the new location for Physicians Regional Medical Center. The current condition of the Physicians Regional Medical Center in its current location is inadequate. The facilities are old and access is hampered by poor parking and inability to actually get to the facility. The services provided inside the current facility are very much needed and very well supported, and they also have good nursing administration within it; however, patients are not willing to come to this facility because of issues with accessibility and the antiquated state of the facility making it less than ideal.

It has been my experience that patients when offered a newer facility would prefer to be treated there, so therefore Physicians Regional Medical Center, although providing excellent patient care, is hampered greatly by its lack of updated facilities.

A new facility in the proposed location would be an excellent boon to Knoxville for multiple reasons. One is that the location is basically in the geographical center of Knoxville, therefore providing a larger area for patient care. The facility would also provide easier access to offices and services. With the newer facility would come newer equipment, which the current facility is desperately lacking and again indirectly affects patient care.

It's also been my experience that in an older facility staff and administrative staff, etc. are less enthusiastic about coming to the facility than they would be a newer facility and therefore having a new facility in my opinion would help draw higher-quality care nursing and support staff, etc.

The surrounding location of the current Physicians Regional Medical Center is somewhat difficult to get to as it is not easily accessible by highway and is not very secure, putting patients at potential risk while going to and from their vehicles. I've had nurses tell me that when walking out to their car that they don't feel safe. A new facility I think would help rectify this situation as well and again, promote more enthusiasm from patients as well as staff and administration.

Having practiced in Knoxville for close to ten years I have seen my patient population shift, when other options have been made available, as far as where they prefer to have their treatment. Patients prefer a new facility with a more state-of-the-art and up-to-date facility and equipment. For example, in the current Physicians Regional Medical Center facility the operating rooms are old, the floors are not state-of-the-art and there's only so much that can be done internally so that the patients have a feeling of well-being while in the hospital. I strongly believe that even with major changes on the inside of the current hospital the building as is cannot be changed enough to promote continued growth and prosperity.

As a physician who also practices at other facilities and having the ability to compare one facility to another, it's apparent that Physicians Regional Medical Center in its current location and status is severely lacking. That's unfortunate as the care there does not reflect the facility.

It is my opinion that there is nothing that can be done at the current location that would allow the continued care of patients of Knoxville satisfactorily and that eventually that hospital where it sits now will not be able to survive as patients will choose to go in different directions. Interestingly, there are multiple other facilities within just a few miles of Physicians Regional Medical Center which can certainly take care of the patients in that area. In addition, the proposed location of a new Physicians Regional Medical Center would be in a location that really has no other hospital and a large proportion of the patients using the current Physicians Regional Medical Center could easily travel to the new facility and we would also be able to serve a great portion of Knoxville which currently has no healthcare location close by.

I strongly support the Certificate of Need for a new Physicians Regional Medical Center at the new location for all the reasons outlined above, but most importantly to improve patient care and better access to more patients in Knoxville, Tennessee.

Respectfully,

Brian D. Parker, M.D.

BDP:pbf

KOC
Knoxville Orthopaedic Clinic

October 15, 2014

Dear Ms. Hill,

With the changing tides of healthcare, it is more important than ever to be competitive in the marketplace. I am writing to give my support for a replacement hospital for Physicians Regional Medical Center. As a local physician that has practiced in Knoxville for several years, I believe that Physicians Regional Medical Center has treated my patients well. That being said, my patients and I believe the facility is very old and not up to date with current facilities. Many of them do not wish to go there for this reason. I know that it is not cost efficient or possible to do a major rebuilding on its current location and maintain business, therefore, I am in support of the relocation of PRMC.

The replacement hospital will be in the best interest of my practice and of the community as the existing hospital will not remain viable as a major tertiary medical center in the decades to come. I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

Sports Medicine
William T. Youmans, M.D.
T. Craig Beeler, M.D.
Gregory M. Mathien, M.D.
Russell A. Betcher, M.D.
Paul L. Becker, M.D.
Matthew A. Rappé, M.D.
Robert G. Smith, M.D.

Spine
Sidney L. Wallace, M.D.
James K. Maguire, Jr., M.D.
Paul H. Johnson, M.D.
Luke Madigan, M.D.

Foot & Ankle
William T. McPeake, M.D.
M. Chris Testerman, M.D.

Joint Replacement
Brian M. Covino, M.D.
Matthew C. Nadaud, M.D.
J. Christopher Sherrell, M.D.

Pediatric & Adolescent
Robert R. Madigan, M.D.
Cameron J. Sears, M.D.
J. Jay Crawford, M.D.

Shoulder & Elbow
G. Brian Holloway, M.D.
Edwin E. Spencer, Jr., M.D.

Hand & Wrist
Joseph C. DeFiore, Jr., M.D.
John M. Ambrosia, M.D.
Robert E. Ivy, M.D.
Douglas N. Calhoun, M.D.

Physical Medicine
Bruce B. Fry, D.O.
Michael C. Craig, M.D.

General Orthopaedics
John J. McGraw, Sr., M.D.

Primary Care Sports Medicine
Chris A. Klenck, M.D.
Amber G. Luhn, M.D.
Benson A. Scott, M.D.

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Bruce Irwin MD
Physician's Regional Medical Center
Knoxville,Tennessee, 37917
Emergency Department
October 19, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deadrick Street
Nashville, Tennessee

Dear Ms. Hill,

I am writing to convey my support for building a replacement facility for Physicians Regional Medical Center. As a physician who has practiced here for nearly 30 years, I have witnessed the changing demographics of our patient population such that our Emergency Department is being used in ways in which it was not designed to be used. The facility itself has begun to decay and will require costly repairs to remedy. I am quite certain that my patients would appreciate a new and more well designed facility as would our staff who are currently crowded into a small and physically inadequate space. Our ability to respond to infectious biologic emergencies would also be greatly enhanced by a redisign and incorporation of a strategically placed and up to date biologic containment and decontamination area in a new Emergency Department. Your support for this project would be greatly appreciated.

Yours Truly,

Bruce Irwin MD

October 27, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Ms. Hill,

I work in the Accounts Payable department and I have been employed here for 20 years. I was hired when we were Baptist Health System.

I support the plans for the replacement hospital. I have heard concerns from patients (family members and friends) that Physician's Regional Medical Center, (PRMC), is in a bad location, hard to find where they need to go, and that they don't feel the facility or equipment is up to date. A replacement hospital will improve the patients' satisfaction with a safer, newer facility/equipment. Tennova serves patients in Knoxville and the surrounding counties and the planned site is easily accessible to most all. PRMC has been an excellent facility that provides excellent patient care, however, I feel that a new facility is needed in order to stay up to date with other hospitals in the area and to stay current with technology. Also, we need a replacement hospital in order to keep our patients interested in coming to Tennova for quality care.

Thank you.

Sincerely,

Carla J. Watts
Accounts Payable Specialist
Physicians Regional Medical Center

NOV 5 '14 AM 10:02

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, TN 37243

October 14, 2014

RE: PRMC Replacement Hospital Project

Dear Ms. Hill,

My name is Carrie Rosati and I work in Case Management at Physicians Regional Medical Center. I have been employed at the hospital for 4 months. I support the replacement hospital because I appreciate the legacy and heritage of Physicians Regional Medical Center, but that legacy can best be continued into the future by staying current with our facility and technology.

Thank you in advance for taking my concerns into consideration.

Sincerely,

Carrie Rosati

Carrie Rosati
Case Management
Physicians Regional Medical Center
900 E. Oak Hill Avenue
Knoxville, TN 37917

Tennova™ Healthcare

October 31, 2014

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

Thank you in advance for reading this and the many letters like this from physicians and associates that work with Tennova. I am the Director of Physician Outreach and Market Development for Physicians Regional Medical Center and my daily responsibilities include making sure area physicians and their patients have what they need from PRMC. Physicians have for years been telling me that although they love the staff and nurses at PRMC, their patients are reluctant if not defiant on not wanting to have their procedures done at PRMC. Why? Although the answers are different in specifics, it always boils down to the facility and its condition, location and ease of use. "My patients just do not want to go there" is a common theme I hear on a weekly basis. It has become increasingly difficult for our physicians to educate their patients that it is the staff and care they receive that is more important than the building. The fact is that with newer facilities in Knoxville, patients prefer to go to a new, or at least up to date, hospital even if the care is not as good. The growth seen in other hospitals in Knoxville is partially from our physicians and their patients choosing to go to a newer up to date hospital.

With the potential of a new facility on Middlebrook Pike, the physicians I call on are truly excited. They know that we excel in many areas but the condition of the facility has been keeping them from sending patients to us for care. Middlebrook Pike is a perfect location for my physicians and their patients. It allows them to practice near their clinics and be able to arrive at the hospital at a moment's notice increasing their efficiency and allowing for better care of their patients.

Patients and community citizens have been informed of the potential replacement hospital and have voiced their support to their physicians. The only opposition for the hospital being relocated is from a highly motivated small group of people that are bent on scaring Middlebrook homeowners to believe that the new hospital will be a loud, sirens blaring constantly, helicopters flying overhead all day "New York Trauma Hospital". It couldn't be further from the truth. I am a native Knoxvillian and grew up in the West Hills Community. I love that community and nothing would be better for its economic growth than a new hospital. Our new hospital will be an excellent addition to the community and, as homeowners will hopefully find out, a great neighbor.

I am asking for your support of the new replacement hospital's CON to be approved and help us be able to serve our patients in a new up-to-date facility that they deserve.

Sincerely,

Chris DeFranco
Director of Physician Outreach
Physicians Regional Medical Center
C: 865-368-0411, chris.defranco@hma.com

East Tennessee
Heart Consultants

NOV 5 '14 AM 10:12

October 20, 2014

Dear Ms. Hill,

As a physician practicing in Knoxville, I want to express my support for the development of a replacement hospital for Physicians Regional Medical Center. Although the existing hospital has served Knoxville well for the past 83 years, healthcare is changing, and hospitals and physicians must work together to provide services to our patients in the most efficient possible model of care, as well as in a place that is accessible to patients from all over the region.

I believe that this project is in the best interest of my patients, many of whom ask to be referred to newer or more accessible facilities. I also believe it is in the best interest of my practice, enabling me to stay competitive. Finally, I believe the project is in the best interest of the community. While the existing hospital is sufficient to meet the needs of my patients today, it will not remain viable as a major tertiary medical center in the decades to come, and I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

Clint Doiron M.D. FACC

NOV 17 2014 10:25

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, TN 37243

October 14, 2014

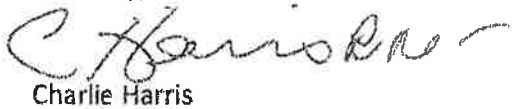
RE: PRMC Replacement Hospital Project

Dear Ms. Hill,

My name is Charlie Harris and I work in Case Management at Physicians Regional Medical Center. I have been employed at the hospital for twenty years. I support the replacement hospital because a replacement hospital will improve my patients' satifaction with their healthcare services. It is important to me that we provide efficient care to our patients.

Thank you in advance for taking my concerns into consideration.

Sincerely,



Charlie Harris
Case Management
Physicians Regional Medical Center
900 E. Oak Hill Avenue
Knoxville, TN 37917

Tennessee Urology Associates, PLLC

Lee Congleton III, M.D.

Eric R. Nicely, M.D.

Christopher E. Ramsey, M.D.

Charles W. Reynolds, M.D.

Brian D. Parker, M.D.

Katherine M. Cameron, M.D.

John-Paul Newport, M.D.

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Facsimile 938-5264

October 22, 2014

Ms. Melanie Hill
Executive Director
Tennessee Health Services & Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

I am writing this letter in support for a Certificate of Need for the new Physicians Regional Medical Center replacement. In my opinion, an upgrade in these facilities is desperately needed to meet the challenges and requirements of a new health care environment. The placement of this new hospital on Middlebrook Pike would be very convenient for my patients as well as myself. It would allow for a significant upgrade in the current facilities. The old Physicians Regional Medical Center is outdated. Most of my patients are pleased with the care they receive there, but significant upgrades are needed. These upgrades are simply not practical in such an old and dated facility.

In summary, I very much support a Certificate of Need for the new hospital, which is being considered for construction on Middlebrook Pike by Tennova. The replacement for the old Physicians Regional Medical Center is overdue. I do believe that a new facility will benefit the residents of Knox County as well as the surrounding counties.

Sincerely yours,

Charles W. Reynolds, M.D./ bf

CWR:bf

Tennessee Urology Associates, PLLC

Lee Congleton III, M.D.

Eric R. Nicely, M.D.

Christopher E. Ramsey, M.D.

Charles W. Reynolds, M.D.

Brian D. Parker, M.D.

Katherine M. Cameron, M.D.

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Ms. Melanie Hill
Executive Director
Tennessee Health Services & Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

I am writing this letter in support of the CON for the new Physicians Regional Medical Center that has been proposed to replace the current hospital. In my opinion, an upgrade in facilities is desperately needed to meet the challenges of a new health care environment. The placement of this hospital would be the demographical center of Knoxville. It would be extremely convenient to my patients as well as to myself. It would allow a significant upgrade in facilities, not only cosmetically but will allow the use of new technological advancements to promote improved health care for my patients. I am also certain that my patients would prefer utilizing a newer facility.

At this time most of my patients are very happy with the care they receive at Physicians Regional Medical Center, however the biggest complaint that I hear is that the physical structure is outdated. The staff and services are excellent and would continue to improve in a modern hospital.

I hope this information is helpful. If you have any questions, please do not hesitate to contact me.

Sincerely yours,

Christopher E. Ramsey, M.D.

CER:bf

East Tennessee
Heart Consultants
Knoxville HMA Cardiology PPM, LLC

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Yasir N Akhtar MD
Harry L Bishop MD, FACC
Russell R Blakeley MD FAC
David A Cox MD FACC
Joseph S DeLeese MD FACC
Clint T Doiron MD FACC
Malcolm T Foster MD FACC
Stephen D Hoadley MD FACC
Larry D Hookman MD FACC
William C LindsayMDFACC/FHRS
Robert O Martin MD FACC
Kyle W McCoy MD FACC
Ravi S Mehta MD FACC
Barry I Michelson MD FACC
Joseph D Minardo MD FACC
William J Minteer MD FACC
Nilam N Patel MD
Steve W Reed MD FACC
Russell E Rotondo MD FACC
John A Ternay MD FACC
Randall D Towne MD FACC
Charles B Treasure MD FACC
Timothy Ballard APN MSN CNP
R Eric Dickenson PA-C
Jennifer Guffey PA-C
Stephen Miller APN MSN ACNP

October 21, 2014

Ms. Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need for Physicians Regional Medical Center

Dear Ms. Hill:

I am writing this letter in support of the Certificate of Need from Tennova Healthcare for the replacement facility for Physicians Regional Medical Center. I am a board certified interventional cardiologist practicing at this location for 18 years. During the initial years of my practice, St. Mary's Medical Center was a fairly modern facility providing excellent medical care to our patients in an efficient manner. Over the years, much has changed in the area of healthcare delivery. With these changes in conjunction with our aging facility which is now over 75 years old, we have become much less efficient and less consumer friendly. PRMC rooms are exceedingly small making it difficult for nurses, doctors, and visitors to participate in patients' care. Several different owners of our hospital have made valiant attempts to upgrade the physical and technological components of our facility. However, it seems to me that this facility has achieved the end of its useful lifespan. We are in drastic need of a more modern facility with improved technology and efficiency ultimately leading to improved patient care.

The proposed location on Middlebrook Pike will be very accessible to our patients who come from a large area around East Tennessee. It is a very central location for Knox County. The current location of PRMC is landlocked and built on the side of a hill making it very difficult to expand the facilities and extremely difficult for our patients to navigate their way around the hospital. Our group has a very large practice in East Tennessee and I anticipate that it will continue to grow. This would be much assisted by improved facilities and more efficient cardiology care.

In my discussions with various members of the medical staff, this new facility enjoys wide and unanimous support among the medical staff. I strongly support Tennova's request for a replacement facility for PRMC. I would urge your agency to give very careful and serious consideration to this CON and would hope that Tennova will get the approval to proceed with this much needed replacement facility.

Sincerely,

Charles B. Treasure, MD, FACC
East Tennessee Heart Consultants
CBT:arw:tkc

DD 10/21/2014 20:02:00 DT: 10/21/2014 21:08:02 DR: 10/21/2014 LTR

CC: Ms. Melanie M. Hill, Executive Director

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, TN 37243

October 15, 2014

RE: PRMC Replacement Hospital Project

Dear Ms. Hill,

My name is Christal Sanders and I work in Case Management at Physicians Regional Medical Center. I have been employed at the hospital for four years. I support the replacement hospital because I hear from patients and families that they would prefer to go to a newer or more accessible facility. It is important to me that we offer our patients efficient and effective care in an environment they can easily access.

Thank you in advance for taking my concerns into consideration.

Sincerely,

Christal Sanders

Christal Sanders, RN
Case Management
Physicians Regional Medical Center
900 E. Oak Hill Avenue
Knoxville, TN 37917

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I am Condon Radford, Director of Plant Facilities presently at Physicians Regional Medical Center, and have been here for over 48 years.

During my time here visitors and patients continually complain about parking and finding were they need to go. It has been a continuous problem over the years. Patients complain about the size of the rooms, visiting family and friends have to wait outside their room to visit.

A new facility will be efficient for patients with larger rooms and new state of art equipment.

A new replacement hospital will greatly improve patient satisfaction with better access, bigger rooms, and being more efficient.

In serving the broad area, the new location is great and still very reasonable in access from the Broadway area.

This new chosen area, visitor and patients will be less likely to have to deal with vagrancy from old facilities to the new facility.

I have spent my life here at PRMC and I have lots of dedication and sweat put into this facility. I strongly believe it's time to move and change. Improve operational cost patient satisfaction and care.

PRMC is a very old facility (86 years old), maintaining this facility is very difficult, we are constantly replacing old plumbing pipes, the AHU's coils are bursting causing floods. Surgery is located under a major mechanical room and is very acceptable to floods.

Thank You

Condon E. Radford

Condon Radford
Director of Plant Facilities

ABERCROMBIE RADIOLOGY

William R. McKissick, MD
John D. Simmons, MD
Margaret Uri, MD
J. Breese Johnson, Jr., MD
Gwen Uri, MD
Lynn Barrett, MD
Diane L. Edge, MD
Dale E. Nichols, MD
Andrew M. Evancho, MD
Lane P . Williams, MD
Wayne M. Eberenz, MD
Kenneth H. Pryor, MD
F. Gregory Curtin, MD
Samuel L. Maynard, MD
Daniel W. Walsh, MD
Donna K. Culhane, MD
Jason R. Cameron, M.D.
Daniel A. Baker, M.D.
Christopher H. Aikens, MD
Zachary Jumper, M.D.
Benjamin J. Egner, M.D.

October 15, 2014

Dear Ms. Hill,

As a physician practicing in Knoxville, I want to express my support for the development of a replacement hospital for Physicians Regional Medical Center. Although the existing hospital has served Knoxville well for the past 83 years, healthcare is changing, and hospitals and physicians must work together to provide services to our patients in the most efficient possible model of care, as well as in a place that is accessible to patients from all over the region.

I believe that this project is in the best interest of my patients, many of whom ask to be referred to newer or more accessible facilities. I also believe it is in the best interest of my practice, enabling me to stay competitive. Finally, I believe the project is in the best interest of the community. While the existing hospital is sufficient to meet the needs of my patients today, it will not remain viable as a major tertiary medical center in the decades to come, and I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

Dan Baker, M.D.

Weisgarber Medical Center
1112 Weisgarber Road
Knoxville, Tennessee 37909
865/588-1397 • Fax: 865/558-0395
www.abercrombieradiology.org
Scheduling: 865/584-3444
Scheduling Fax: 865/824-0038

ABERCROMBIE RADIOLOGY

William R. McKissick, MD
John D. Simmons, MD
Margaret Uri, MD
J. Breese Johnson, Jr., MD
Gwen Uri, MD
Lynn Barrett, MD
Diane L. Edge, MD
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F. Gregory Curtin, MD
Samuel L. Maynard, MD
Daniel W. Walsh, MD
Donna K. Culhane, MD
Jason R. Cameron, M.D.
Daniel A. Baker, M.D.
Christopher H. Alkens, MD
Zachary Jumper, M.D.
Benjamin J. Egner, M.D.

October 15, 2014

Dear Ms. Hill,

I am writing to show my support for the need of a replacement hospital for Physicians Regional Medical Center. I have practiced in Knoxville for several years and Physicians Regional Medical Center has treated my patients well, but the facility is old and quite frankly, my patients do not wish to go there. Although this building does not represent the level of care that is given from the staff at PRMC, it unfortunately is seen that way with my patients.

The replacement hospital will be in the best interest of my practice and I believe it will enable me to stay competitive. I also believe the project is in the best interest of the community as the existing hospital will not remain viable as a major tertiary medical center in the decades to come.

I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

Dale Nichols, M.D.

Weisgarber Medical Center
1112 Weisgarber Road
Knoxville, Tennessee 37909
865/588-1397 • Fax: 865/558-0395
www.abercrombieradiology.org
Scheduling: 865/584-3444
Scheduling Fax: 865/824-0038

October 20, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

MS. Hill,

My name is Dan McGraw; I am the Support Services Director for Tennova Physician's Regional Medical Center. My responsibilities include: Engineering, Plant Operations, Biomed, Safety and Security at our facility.

I have been an employee of Tennova Physicians Regional Medical Center since April of this year (2014) and during my short tenure; with our aging facility and equipment it is evident that a new replacement facility would help us better serve our patients.

Efficiencies of working in a new facility would be gained with a more accessible facility that provides shorter patient transport times and a more effective layout of Patient Care areas and ancillary support departments such as lab and Pharmacy.

Many of our patients and family members come from a broad geographical area and have commented as to the benefits of having a new replacement hospital to receive their patient Care and that the newly proposed site would provide increased accessibility for them and their family members.

Ultimately, I support the need for a new replacement facility for Tennova Physicians Regional Medical Center; this will help us continue the legacy of our facility with a new replacement hospital that is accessible and provides the best in technology to enhance our capabilities as we serve our patients in the future!

Sincerely,

Dan McGraw
Director Support Services

ABERCROMBIE RADIOLOGY

NOV 5 2014 10:09

William R. McKissick, MD
John D. Simmons, MD
Margaret Uri, MD
J. Breese Johnson, Jr., MD
Gwen Uri, MD
Lynn Barrett, MD
Diane L. Edge, MD
Dale E. Nichols, MD
Andrew M. Evancho, MD
Lane P . Williams, MD
Wayne M. Eberenz, MD
Kenneth H. Pryor, MD
F. Gregory Curtin, MD
Samuel L. Maynard, MD
Daniel W. Walsh, MD
Donna K. Culhane, MD
Jason R. Cameron, M.D.
Daniel A. Baker, M.D.
Christopher H. Aikens, MD
Zachary Jumper, M.D.
Benjamin J. Egner, M.D.

October 15, 2014

Dear Ms. Hill,

As a physician practicing in Knoxville, I want to express my support for the development of a replacement hospital for Physicians Regional Medical Center. Although the existing hospital has served Knoxville well for the past 83 years, healthcare is changing, and hospitals and physicians must work together to provide services to our patients in the most efficient possible model of care, as well as in a place that is accessible to patients from all over the region.

I believe that this project is in the best interest of my patients, many of whom ask to be referred to newer or more accessible facilities. I also believe it is in the best interest of my practice, enabling me to stay competitive. Finally, I believe the project is in the best interest of the community. While the existing hospital is sufficient to meet the needs of my patients today, it will not remain viable as a major tertiary medical center in the decades to come, and I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

Dan Walsh, M.D.

Weisgarber Medical Center
1112 Weisgarber Road
Knoxville, Tennessee 37909
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Scheduling Fax: 865/824-0038

NOV 5 '14 AM10:28

10/22/2014

To whom it may concern,

My name is David Blair and I am the site admin for Tennova South in Knoxville. I have been with the organization for 20 years and believe Physicians Regional Medical Center should be replaced with a modern, easily accessible and right sized facility to better serve our patients.

In recent years, I have received numerous comments and input from patients and the community stating the need for a facility that is more accessible and located in the area of growth for Knoxville. A new facility would also allow access to services for a broader geographical area and better satisfy the healthcare needs of the region.

Physicians Regional Medical Center has a long legacy of serving the community. I believe a new facility would allow this service legacy to continue and broaden the community it serves. The facility would also allow more patients to experience the excellent care this organization provides.

Sincerely,

David Blair

SUMMIT
MEDICAL GROUP

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HOSPITALIST GROUP
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Executive Director of Operations

Emily Graham
Operations Manager

Brett Caldwell
Project Manager

Mattie Mills
Administrative Coordinator

PULMONARY CONSULTANTS
2240 Sutherland Ave, Suite 103
Knoxville, Tennessee 37919
Phone (865) 588-8831
Fax (865) 588-8841

Amber Singleton
Pulmonary Site Manager

October 24, 2014

To Whom It May Concern:

I am honored to extend this letter of support for the replacement hospital currently being considered by Tennova Healthcare. As an active part of the daily staff of physicians caring for patients within the hospital, I truly understand the value and need of what a replacement facility would mean to the community.

It is my personal hope that Tennova Healthcare is granted this opportunity. Please accept this letter as my support of their vision for healthcare in the community. If I can be of additional assistance, please feel free to contact my office.

With regards,

Dr. David Buckner, M.D.

East Tennessee
Heart Consultants
Knoxville HMA Cardiology PPM, LLC

Physicians Regional Office - 900 East Oak Hill Avenue, Suites 500 &600, Knoxville, TN 37917
Phone: 865-525-6688, Fax: 865-525-0245
Turkey Creek Office - 10810 Parkside Drive, Suite 301, Physicians Plaza, Knoxville, TN 37934
Phone: 865-470-2273, Fax: 865-693-1163

Yasir N Akhtar MD
Harry L Bishop MD, FACC
Russell R Blakeley MD FACC
David A Cox MD FACC
Joseph S DeLeese MD FACC
Clint T Doiron MD FACC
Malcolm T Foster MD FACC
Stephen D Hoadley MD FACC
Larry D Hookman MD FACC
William C Lindsay MD FACC/FHRS
Robert O Martin MD FACC
Kyle W McCoy MD FACC
Ravi S Mehta MD FACC
Barry I Michelson MD FACC
Joseph D Minardo MD FACC
William J Minteer MD FACC
Nilam N Patel MD
Steve W Reed MD FACC
Russell E Rotondo MD FACC
John A Ternay MD FACC
Randall D Towne MD FACC
Charles B Treasure MD FACC
Timothy Ballard APN MSN CNP
R Eric Dickenson PA-C
Jennifer Guffey PA-C
Stephen Miller APN MSN ACNP

October 25, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need

Dear Ms. Hill:

I am sending this letter in support of the Certificate of Need from Tennova Health Care for the replacement facility for Physicians Regional Medical Center.

I am a Board Certified Cardiologist and have been practicing at this same facility since 1989. At the time I came, the facility was reasonably up-to-date but is clearly out-of-date now and showing many signs of age. The patient rooms are very small and this significantly interferes with patient care and also interferes with family visitation. Efforts have been made over the years to upgrade some of these facilities, but it has now gotten to the point where this is really not a feasible option. We desperately need a more modern facility in order to continue and advance our ability to effectively and efficiently take care of our patients, and also in a manner that is satisfactory to them and their families. I think that the site proposed for the new facility will be easily accessible to our patients and would seem to be the best option going forward.

I appreciate your consideration of this matter that is of crucial importance to the physicians, nurses, and other medical staff as well as our patient's and their families.

Sincerely,

David A Cox, MD, FACC
DAC/kg :

PREMIER
at Physicians Regional
and North Knoxville
A Division of Premier Surgical Associates

Brian H. Garber, MD, FACS
George A. Pliagas, MD, FACS
David J. Harrell, MD, FACS
Donald L. Akers Jr., MD, FACS
Roland B. Weast, MD, FACS
Marcella J. Greene, MD
Marcus A. Barber, MD
Jessica L. Vinsant, MD

October 13, 2014

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

I am writing this letter in support of the Certificate of Need application for the Physicians Regional Medical Center Hospital replacement facility. The upcoming hearing is on November 19, 2014. This Knoxville, Tennessee, replacement facility is essential and should be allowed to proceed. I have practiced surgery at the hospital since 2001 and now am Chief of Surgery for the facility. I can say without reservation that the medical staff is fully behind this project. The consensus is that the current facility is dated and is not able to be salvaged in its current location. The facility is inefficient and chaotic in terms of its multiple additions. We continually have to give patients and families directions because they get lost in the maze of the different levels of the building. The physical plan is sprawling and difficult to maintain. The boiler is at end of life and can't be replaced. The patient rooms are so small that they are uncomfortable and difficult to wheel patients into. There's physically not enough space in the rooms for bed, patient, chairs, family, and doctor. Despite excellent care given to patients the prevailing sense is that the location and edifice are past their prime and are not sustainable.

Our patients come from all over the Knox County area and surrounding counties. I think access would be improved at the new location and would locate us near the center of the Knoxville Metro population center. We at Tennova Physicians Regional Medical Center have pride in our "St Mary's" medical staff and in our facilities' heritage. We all want to see it continue and don't think that just closing the facility down would be a service to anyone. The new location makes sense to me in terms of the proximity to the surrounding neighborhoods and the already existing medical offices nearby. I am 100% behind the project and I think it should be pushed through.

I will be happy to answer any questions regarding this issue.

Sincerely yours,

David J. Harrell, MD

DJH/sm (wc081520)

Phone: 865-938-8121
Fax: 865-212-5561

Premier Surgical Associates PLLC
7557A Dannaher Drive, Suite 110
Powell, TN 37849
www.premiersurgical.com

David P. Johnson, MS, SPHR
Human Resources Director
Physicians Regional Medical Center
900 East Oak Hill Avenue
Knoxville, TN 37917-4505

October 14, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Director Hill,

Physicians Regional Medical Center (PRMC) has and continues to serve the medical needs of Knoxville, TN; however, the age of our physical plant is becoming problematic. Some of our facilities are almost 85 years old and can only be cleaned up and dressed up so much. We provide state of the art medical procedures using state of the art equipment. But at the end of the day, many patients don't want to visit an old facility.

From another viewpoint, as the HR Director for about 2000 employees at PRMC, my hope is to see our medical center become an "employer of choice" for Knoxville area job seekers. This goal is also becoming more and more difficult in part because of the age of our facilities. Please help support PRMC and Knoxville by doing whatever you can to gain approval for our Certificate of Need. Let me know if you have any questions for me.

Sincerely,

David Johnson

David Johnson

All Correspondence To:
939 Emerald Ave.,
Suite 706
Knoxville, TN 37917

SANDBERG FOOT HEALTH CENTER, PC
Podiatrist • Foot Surgeon
Phone (865) 523-5655 • Fax (865) 523-4882

Satellite Office:
UT Medical Center
Medical Office Building B
Suite 200

Dr. David G. Sandberg, D.P.M.
Dr. Robert C. Hancock, D.P.M.
Dr. Heather W. Sandberg, D.P.M.
Dr. James C. Gilley, D.P.M.

October 21, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick St.
Nashville, TN 37243

Dear Ms. Hill,

We address this letter to you in support of a replacement hospital facility for Physicians Regional Medical Center. This support is based on the following:

- The continued need for the services that PRMC provides; that need can best be met in a different environment of care
- A replacement hospital will help us care for our patients more efficiently
- Our patients come from a broad geographic area; a replacement facility will increase accessibility
- We understand and appreciate the rich history of PRMC but feel the legacy can best be continued into the future by keeping current with our facility and technology
- A replacement hospital will improve our patient satisfaction by providing services in a more patient friendly environment

Respectfully,

David G. Sandberg, DPM

Heather W. Sandberg, DPM

Robert 'Chris' Hancock, DPM

James 'Cliff' Gilley, DPM

DERMATOLOGY ASSOCIATES
OF KNOXVILLE, P.C.
Since 1977

SKIN CARE CENTER

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AMANDA C. WILKS, PA-C
SANDRA GASS, NP-C
MELISSA HEADRICK, ANP-C
WESLEY F. WINEBRENNER, PA-C

KNOXVILLE LOCATION
939 E. Emerald Ave., Suite 705
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St. Mary's Farragut Building
11416 Grigsby Chapel Road
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Suite 101, 865.675.8000

ST. MARY'S NORTH
7557 Dannaher Way
Suite G20
Powell, Tennessee 37849

SkinCare Center
865.938.7845

WWW. DERMAKNOX.COM

October 27, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
202 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need

Dear Ms. Hill,

My name is Dawn Nichols and I'm a Pathologist with privileges at Physicians Regional Medical Center. I am in support of the replacement hospital project. Having worked at the old St. Mary's facility for greater than 10 years, I am aware of the need for an updated hospital.

A new hospital would provide a newer and more accessible facility which would improve patient care and patient satisfaction. The hospital currently sees patients from all over the Knoxville area and relocation would not be an accessibility problem. I have a deep regard for the legacy and heritage of the current Physicians Regional Medical Center building and hope that the current facility could be repurposed as a less acute care facility. The diverse current services as well as new technology could better be provided at a different environment with a newer facility. There is no room for expansion for advancement of technology on the current property. For these reasons I hope that you will consider the certificate of need application and approve the replacement hospital project.

Sincerely,

Dawn W. Nichols M.D.
Dermatopathologist

DWN/sc

NOV 5 '14 AM 10:20

October 29, 2014
Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jack Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Dear Madam,

This letter is in reference to the Certificate of Need regarding Tennova's largest facility, Physician's Regional Medical Center in Knoxville, Tennessee. This is a difficult letter to write due to my 25 plus years a nurse, leader, and patient advocate at this facility. There are many memories regarding the care and relationships of our patients and families. However, as I reflect, I hope you will consider the following points as healthcare in Tennessee continues to move forward providing excellence in care for patients and their families.

Please consider the following points for our CON request.

1. As the organization has grown to serve its community, the system has added on one building after another to meet those needs over the past 80 years. These additions provided increase services, but also created a complex network of hallways and elevator systems to get from one building to the next. Patients, families and visitors are constantly confused when navigating the facility.
2. Accommodations of patient rooms, patient / family expectations are for an environment that supports families at the bedside while under our care. Unfortunately, the rooms are small, uncomfortable and more importantly a safety concern due to the equipment needs for today standards, and facilitating the staff to get in and out quickly as needs arise.
3. Parking is difficult for many visitors. Walking around the facility includes steep sidewalks and stairs when the garages are not utilized.
4. Public transportation is very confusing and frequently visitors / patients get off at the wrong stop, which again results in a number of logistic challenges when navigating the facility, due to four main access points (Emergency Room, Visitor entrance, Out Patient entrance, and the Women's Pavilion entry).
5. The technical expertize of health care has grown rapidly. The past 25 years have seen our operating rooms and interventional / diagnostic areas implement state of the art technology. This technology includes endoscopic, robotic technology, as well as imaging services to provide the latest technology in diagnostics associated with better patient outcomes and decrease patient stay. This technology requires a robust IT infrastructure and space for these advanced service lines.

In conclusion, I could continue to outline many more ways we at Tennova can provide better service for our patient's experience and outcomes. Patient expectations include ease of access, and larger accommodations for themselves and their families. Staff expectations include the able to serve their patients efficiently and effectively to meet patient needs to return home safely and quickly. An improved infrastructure enhances these needs and allows our staff to meet those expectations for themselves and their patients.

Thank you for your consideration and support as Tennova moves forward to serve our community, patients, and those in healthcare.

Deborah Lobetti
Clinical Leader
Ambulatory Surgical Services and Pain Management
Physicians Regional Medical Center, Tennova Healthcare
900 East Oak Hill Avenue
Knoxville, Tennessee 37917

NOV 5 2014

October 16th, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I am the Facility Manager for Tennova Homecare Equipment. I have been working for the equipment company for 14 years. I worked for Home Health the prior 18 years. Patients are continually sharing their hospital experience with the DME associates. I support the replacement hospital for several reasons. Below I will list a few reasons for my support:

1) We treat patients from a very broad geographic region. This location and proximity to the interstate make it much more accessible for our patients.
2) Patients and families get lost very easily in our current hospital. Over the last 80 years there have been several additional buildings added to our campus. We have numerous entrances on different floors. The layout confuses our patients and their loved ones. The replacement hospital will be designed to improve way finding and ultimately our patients' experiences.
3) I understand that the physicians that practice in our hospital are requesting a replacement facility. They tell us that their patients are requesting a replacement hospital that is more accessible and easier to maneuver through.

I ask for your support for this project. Approving the replacement hospital is the right decision for our patients, staff and physicians in the greater Knoxville area.

Thank You,
Debbie Pepper

Debbie Pepper

Facility Manager
Tennova Homecare Equipment

October 24, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

My name is Debra Holt and I am the Director of Risk Management at Physicians Regional Medical Center (PRMC). I have been employed at PRMC for 2 years. However, I have a long history with the system. I was employed at Baptist Hospital of Cocke County for 30 years in various positions and was there when the Baptist Health System and the St. Mary's System merged to become Mercy Health Systems. I am proud of the religious back ground of PRMC and the continued freedom to have prayer before our meetings. The ministry of the sisters and the chaplains through-out our facility is comforting to so many patients, families and employees that have illness and other concerns.

I am writing to show my support of a new facility for our physicians, employees, and our patients in the communities we serve. Our facility is maintained well but over the years when additions have occurred, the lay-out to different areas of the hospital is confusing to patients and visitors. There are long hallways and not an easy way to get to most of the patient care areas without a long walk. This takes a toll on our patients and their families. With a newer facility the access would be better and not so convoluted.

Also, the patient rooms in the older part of the building are small and not conducive to patients moving about in the rooms and avoid falling. The families and visitors are cramped and staff does not have space to care for patients without constantly moving equipment and furniture. New rooms with state of the art equipment and furniture would improve the efficiency of patient care and the satisfaction of patients, families and staff.

Technology is changing rapidly and with a new facility would come more state of the art technology. This newer technology would allow us to recruit specialty physicians and broaden our services to better care for our patients.

The location is close to several of the physician offices that serve our population. Also, the access to the facility would improve. We have patients from the surrounding counties in Tennessee but we also have patients from Virginia and Kentucky. This more centralized location would be advantageous to the communities we serve.

I appreciate your time in reading this letter and your consideration for the approval of a replacement facility for Physicians Regional Medical Center. I am proud to be a part of this facility staff and look forward to better serving our patients and community at a new facility in the future.

Respectfully,

Debra L. Holt

Debra L. Holt, RN

NOV 5 '14 AM 10:18

Debra Grubb
5552 Beverly Square Way
Knoxville, TN 37918
October 22, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

The culture in our community includes loyalty as a primary attribute. I have worked in the Physicians Regional Medical Center facility for 38 years as a medical technologist. During my tenure the hospital has encouraged staff to embrace the opportunity to foster loyalty with the families that we serve. I believe that this has been the catalyst for the successes we have experienced.

The physical appearance of Physicians Regional continues to deteriorate. Many families have made comments to me about the condition of the facility. I am concerned that loyalty will soon not be enough to overcome the deficits. Many families perceive that the quality of their care is congruent with the facility's aesthetics.

Our patients deserve an environment that is patient and family friendly. Investing significant capital to update Physicians Regional is not prudent. I am writing to make known my support for the replacement hospital. Additionally, the proposed location is far more accessible to the community that we serve.

Sincerely,

Debra Grubb

Debra Grubb

TRANQUILITY SLEEP
SPECIALISTS, PLC

October 24, 2014

RE: Certificate of Need for a New Tennova Hospital in Knoxville, TN

To whom it may concern:

I have been providing medical services in the greater Knoxville area for a total of 7 years now. All of which have been affiliated with the Baptist, St. Mary's, Mercy/CHP, Tennova/HMA, and now CHS system. Please take a moment to review this letter and understand my support as well as our communities' need for a state of the art medical facility to be built and to replace Physicians Regional Medical Center (PRMC).

The greater Knoxville health care market is very unique in the sense that there is no one dominating health care system in our region. Although our area is rich with a vast population of people with various health care conditions, concerns, and needs, it is these people that are the dominating and deciding factor on where their services are rendered.

With this in mind, it has been my experience that patients rarely choose a service facility that is outdated, geographically inconvenient, and just impossible to navigate through. Unfortunately, Physicians Regional Medical Center is all of these things. Time and time again, I have heard my patients, family, friends, and even fellow physicians express over and over again their frustrations with PRMC. I continually hear how dissatisfied they have been with PRMC's internal structure issues and geographic inconvenience. I have also heard from other physicians that competing hospitals mention how old the PRMC facilities are when they are marketing for admissions or surgeries to be performed in their facility.

There should be no reason why the people of our area should not be allowed to have a state of the art health care facility that is more efficient, accessible, and patient friendly.

Thank you for your attention to this matter and please feel free to contact me with any questions or concerns.

Respectfully,

Dewey McWhirter

Dr. Dewey Y. McWhirter

Tennova Sleep Center South
Tennova Ambulatory Care Center South
7323 Chapman Hwy, Ste 160
Knoxville, TN 37920
865-647-3860
fax 865-647-3879

Tennova Sleep Center West
Tennova Turkey Creek Medical Center
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Tennova Sleep Center North
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Tranquility Sleep Specialists, PLC
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Jefferson City, TN 37760
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Tennova Sleep Center Newport
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ABERCROMBIE RADIOLOGY

William R. McKissick, MD
John D. Simmons, MD
Margaret Uri, MD
J. Breese Johnson, Jr., MD
Gwen Uri, MD
Lynn Barrett, MD
Diane L. Edge, MD
Dale E. Nichols, MD
Andrew M. Evancho, MD
Lane P . Williams, MD
Wayne M. Eberenz, MD
Kenneth H. Pryor, MD
F. Gregory Curtin, MD
Samuel L. Maynard, MD
Daniel W. Walsh, MD
Donna K. Culhane, MD
Jason R. Cameron, M.D.
Daniel A. Baker, M.D.
Christopher H. Aikens, MD
Zachary Jumper, M.D.
Benjamin J. Egner, M.D.

October 15, 2014

Dear Ms. Hill,

I am writing to show my support for the need of a replacement hospital for Physicians Regional Medical Center. I have practiced in Knoxville for several years and Physicians Regional Medical Center has treated my patients well, but the facility is old and quite frankly, my patients do not wish to go there. Although this building does not represent the level of care that is given from the staff at PRMC, it unfortunately is seen that way with my patients.

The replacement hospital will be in the best interest of my practice and I believe it will enable me to stay competitive. I also believe the project is in the best interest of the community as the existing hospital will not remain viable as a major tertiary medical center in the decades to come.

I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

Donna Culhane

Donna Culhane, M.D.

Weisgarber Medical Center
1112 Weisgarber Road
Knoxville, Tennessee 37909
865/588-1397 • Fax: 865/558-0395
www.abercrombieradiology.org
Scheduling: 865/584-3444
Scheduling Fax: 865/824-0038

October 22, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

My name is Donna Holden and I work as a Team Leader in the Radiology Department at Physician Regional Medical Center. I would like to take this opportunity to convey my support for the new replacement hospital in Knoxville, TN.

I can't tell you the number of times I've heard patients complain about the appearance of the current hospital and how old it look s and how hard it is to get around in. It is hard to get where they need to be without walking a long way. This is especially hard for our elderly patients. I'm constantly giving directions or taking patients to their destinations. Patients have also mentioned how nice it would be to have the new hospital where they would have better access.

A replacement hospital would greatly improve the quality of care for our patients and improve patient satisfaction. I myself would prefer to go to a hospital where I knew they had the best diagnostic equipment for my care. There is something to be said about walking into a newer, more comfortable looking hospital and knowing that you are getting the best care possible. I sincerely believe that it adds to the healing process when you feel confident in your care. I know my team would be able to work more efficiently and provide better care for our patients with newer technology and feel more confident in the care they would be providing.

I would very much appreciate your consideration of this new hospital and the value it would be to our community and approve our Certificate of Need.

Sincerely,

Donna Holden

Donna Holden
Radiology Team Leader
Physician Regional Medical Center

PREMIER
at Physicians Regional
and North Knoxville
A Division of Premier Surgical Associates

Brian H. Garber, MD, FACS
George A. Pliagas, MD, FACS
F. Neal Peebles, MD, FACS
David J. Harrell, MD, FACS
Donald L. Akers Jr., MD, FACS
C. Scott Callicutt, MD, FACS
Roland B. Weast, MD, FACS
Marcella J. Greene, MD

October 20, 2014

Dear Ms. Hill,

As a physician practicing in Knoxville, I want to express my support for the development of a replacement hospital for Physicians Regional Medical Center. I believe that this project is in the best interest of my patients, many of whom ask to be referred to newer or more accessible facilities. I also believe it is in the best interest of my practice, enabling me to stay competitive. Finally, I believe the project is in the best interest of the community. While the existing hospital is sufficient to meet the needs of my patients today, it will not remain viable as a major tertiary medical center in the decades to come, and I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

Donald Akers, MD, FACS

Phone: 865-938-8121
Fax: 865-212-5561

Premier Surgical Associates PLLC
7557A Dannaher Drive, Suite 110
Powell, TN 37849

www.premiersurgical.com

PREMIER
at Physicians Regional
and North Knoxville
A Division of Premier Surgical Associates

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F. Neal Peebles, MD, FACS
David J. Harrell, MD, FACS
Donald L. Akers Jr., MD, FACS
C. Scott Callicutt, MD, FACS
Roland B. Weast, MD, FACS
Marcella J. Greene, MD

October 30, 2014

Ms. Melanie Hill
Executive Director of Tennessee Health Services and Development Agency
Andrew Jackson Building
502 Deaderick Street
Nashville, TN 37243

Dear Sirs:

I am writing in support of the construction of the new hospital to replace Physicians Regional Medical Center. From a physician's perspective, it is imperative that a new facility be provided and updated in order to assist with the continued excellent medical care that is provided by this facility. The old St. Mary's Hospital has been an excellent facility over the years, but unfortunately this building has probably exceeded its effective lifespan. There have been numerous renovations and modifications as well as new construction in conjunction with the building; however, at this point, there are very limited options as to how to continue to provide optimal medical care.

As former Chief of Staff for the Tennova Health Care System in Knoxville, I have had the opportunity to discuss this with numerous physicians. The construction of a new hospital is considered paramount to all of them. There were none of the physicians with whom I had the opportunity to talk who did not fully recognize the importance of this process.

I hope that the commission will consider the construction and grant us permission to proceed in this direction. I believe it is paramount for us as physicians to have this new facility to continue to provide the best care that we possibly can in East Tennessee.

With warmest personal regards,

Donald L. Akers, Jr., MD

Phone: 865-938-8121
Fax: 865-212-5561

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Powell, TN 37849

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KOC
Knoxville Orthopaedic Clinic

Sports Medicine
William T. Youmans, M.D.
T. Craig Beeler, M.D.
Gregory M. Mathien, M.D.
Russell A. Betcher, M.D.
Paul L. Becker, M.D.
Matthew A. Rappé, M.D.
Robert G. Smith, M.D.

Spine
Sidney L. Wallace, M.D.
James K. Maguire, Jr., M.D.
Paul H. Johnson, M.D.
Luke Madigan, M.D.

Foot & Ankle
William T. McPeake, M.D.
M. Chris Testerman, M.D.

Joint Replacement
Brian M. Covino, M.D.
Matthew C. Nadaud, M.D.
J. Christopher Sherrell, M.D.

Pediatric & Adolescent
Robert R. Madigan, M.D.
Cameron J. Sears, M.D.
J. Jay Crawford, M.D.

Shoulder & Elbow
G. Brian Holloway, M.D.
Edwin E. Spencer, Jr., M.D.

Hand & Wrist
Joseph C. DeFiore, Jr., M.D.
John M. Ambrosia, M.D.
Robert E. Ivy, M.D.
Douglas N. Calhoun, M.D.

Physical Medicine
Bruce B. Fry, D.O.
Michael C. Craig, M.D.

General Orthopaedics
John J. McGraw, Sr., M.D.

Primary Care Sports Medicine
Chris A. Klenck, M.D.
Amber G. Luhn, M.D.
Benson A. Scott, M.D.

October 15, 2014

Dear Ms. Hill,

With the changing tides of healthcare, it is more important than ever to be competitive in the marketplace. I am writing to give my support for a replacement hospital for Physicians Regional Medical Center. As a local physician that has practiced in Knoxville for several years, I believe that Physicians Regional Medical Center has treated my patients well. That being said, my patients and I believe the facility is very old and not up to date with current facilities. Many of them do not wish to go there for this reason. I know that it is not cost efficient or possible to do a major rebuilding on its current location and maintain business, therefore, I am in support of the relocation of PRMC.

The replacement hospital will be in the best interest of my practice and of the community as the existing hospital will not remain viable as a major tertiary medical center in the decades to come. I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

Douglas N. Calhoun. M.D.

Weisgarber Office
1422 Old Weisgarber Road
Knoxville, TN 37909

West Office
260 Fort Sanders West Blvd.
Knoxville, TN 37922

North Office
7557A Dannaher Drive, Suite G-10
Powell, TN 37849

Jefferson City Memorial Hospital Office
120 Hospital Drive, Suite 120
Jefferson City, TN 37760

P 865.558.4400
F 865.558.4421

www.kocortho.com

Douglas Webster
1209 Anthem View Lane
Knoxville, TN 37922

October 17, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Ms. Hill,

My name is Doug Webster and I am a Financial Advisor in Knoxville, TN. This letter is to support the need for the Physicians Regional Medical Center replacement hospital project.

Tennova Healthcare has invested approximately $150 million in North Knoxville with the construction and continuous expansion of North Knoxville Medical Center. A replacement hospital on Middlebrook Pike is more accessible for patients from across the region, will be easier for them to navigate, and will allow Tennova to provide healthcare to them in the most efficient manner.

This hospital project makes sense in terms of the orderly development of healthcare services in Knox County and the surrounding region. I believe that this is the most effective way to serve the region in decades to come.

Thank you for taking the time to read this.

Regards,

Doug

Douglas Webster

ABERCROMBIE RADIOLOGY

NOV 5 4 PM 10:15

William R. McKissick, MD
John D. Simmons, MD
Margaret Uri, MD
J. Breese Johnson, Jr., MD
Gwen Uri, MD
Lynn Barrett, MD
Diane L. Edge, MD
Dale E. Nichols, MD
Andrew M. Evancho, MD
Lane P . Williams, MD
Wayne M. Eberenz, MD
Kenneth H. Pryor, MD
F. Gregory Curtin, MD
Samuel L. Maynard, MD
Daniel W. Walsh, MD
Donna K. Culhane, MD
Jason R. Cameron, M.D.
Daniel A. Baker, M.D.

October 15, 2014

Dear Ms. Hill,

As a physician practicing in Knoxville, I want to express my support for the development of a replacement hospital for Physicians Regional Medical Center. Although the existing hospital has served Knoxville well for the past 83 years, healthcare is changing, and hospitals and physicians must work together to provide services to our patients in the most efficient possible model of care, as well as in a place that is accessible to patients from all over the region.

I believe that this project is in the best interest of my patients, many of whom ask to be referred to newer or more accessible facilities. I also believe it is in the best interest of my practice, enabling me to stay competitive. Finally, I believe the project is in the best interest of the community. While the existing hospital is sufficient to meet the needs of my patients today, it will not remain viable as a major tertiary medical center in the decades to come, and I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

Diane Edge, M.D.

Weisgarber Medical Center
1112 Weisgarber Road
Knoxville, Tennessee 37909
865/588-1397 • Fax: 865/558-0395

Centralized Scheduling 865/584-3444

St. Mary's Professional Building
930 Emerald Avenue, Suite 514
Knoxville, Tennessee 37917
865/637-0095 • Fax: 865/673-0339

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, TN 37243

October 14, 2014

RE: PRMC Replacement Hospital Project

Dear Ms. Hill,

My name is Diane Loher and I work in Case Management at Physicians Regional Medical Center. I have been employed at the hospital for 3 years. I support the replacement hospital because it is important to provice services in a more patient-friendly environment. I have direct interaction with the patients and their families and I have heard them voice favoritism for a newer and more accessible facility. I serve patients from a broad geographic area, and I believe this new site will improve accessibility.

I appreciate the legacy and heritage of Physicians Regional Medical Center, but that legacy can best be continued into the future by staying current with our facility and technology.

Thank you in advance for taking my concerns into consideration.

Sincerely,

Diane Loher

Diane Loher
Case Management Director
Physicians Regional Medical Center
900 E. Oak Hill Avenue
Knoxville, TN 37917

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MEDICAL GROUP

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a division of Summit Medical Group, PLLC

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Parkwest Medical Directors
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Physicians Regional Medical Directors
Internal Medicine
Mohamad Doleh, M.D.
Zak Hussain Halai, M.D.

Nursing Home Medical Directors
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Thomas Worley, M.D.

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Project Manager

Mattie Mills
Administrative Coordinator

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Knoxville, Tennessee 37919
Phone (865) 588-8831
Fax (865) 588-8841

Amber Singleton
Pulmonary Site Manager

October 20, 2014

To Whom It May Concern:

As a physician caring for the patients of Tennova Healthcare located at Physicians Regional Medical Center, Knoxville, Tennessee, I would like to extend this letter of support for the CON process they are currently undertaking for a replacement facility. Though the current location has been a staple of the Knoxville community for decades, it has become apparent to the healthcare community and residents of Knoxville that the only viable option, given its condition, is a replacement facility.

This is the most logical decision for the continuum of care of their patients. I have been impressed that this has been at the center of their thought process as they have tirelessly vetted their thoughts and direction. The leadership of Tennova Healthcare has worked hard to identify the long-term needs of not only their patients, but also the physical location/condition of their flagship facility in Knoxville. As a medical professional working daily in the current facility, I agree that it is time to take steps to move toward the future.

It is my hope that the CON process that Tennova Healthcare has initiated will be successful achieving its goal of gaining the approval to build a replacement facility. If I can be of additional assistance in this process, please feel free to contact my office.

With regards,

MD

Dr. Dragos Munteanu, M.D.

Dr Martin's Ob/Gyn, Inc
Duy – Thu P.D. Martin, MD
939 E Emerald Ave Ste 801
Knoxville, TN 37919
865 546 6721

Dear Ms. Hill,

As a physician practicing in Knoxville, I want to express my support for the development of a replacement hospital for Physicians Regional Medical Center. Although the existing hospital has served Knoxville well for the past 83 years, healthcare is changing, and hospitals and physicians must work together to provide services to our patients in the most efficient possible model of care, as well as in a place that is accessible to patients from all over the region.

I believe that this project is in the best interest of my patients, many of whom ask to be referred to newer or more accessible facilities. I also believe it is in the best interest of my practice, enabling me to stay competitive. Finally, I believe the project is in the best interest of the community. While the existing hospital is sufficient to meet the needs of my patients today, it will not remain viable as a major tertiary medical center in the decades to come, and I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

Duy-Thu Martin, MD

Duy-Thu P.D. Martin, MD

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I think a new hospital is a must for the future. The old St. Mary's is in need of so much renovation it would be costly.

Thanks
Eddie Radford
Eddie Radford
46 year of service
Electrician

October 17, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Regarding: Certificate of Need for Physicians Regional Medical Center

Hello, my name is Elizabeth Ankrom, the Health Information Management Director, at Physicians Regional Medical Center in Knoxville, TN. I have worked at this hospital for approximately one year. However, I have a long history here since both of my babies were born at this facility over 16 years ago!

I am in great support of a replacement hospital as we serve patients from a diverse geographic area. Many patients, including myself, travel from at least 50 miles away. The downtown location of our current facility is very difficult for many people to navigate. A new location would alleviate the stress incurred on patients and their families while visiting this facility. It would improve accessibility for all of our patients!

A new facility would be designed with patient needs as the first priority. Patient accessibility, comfort and the new technology would greatly improve patient satisfaction.

I personally respect the legacy of this facility; however, patient care remains our first and greatest concern. Our duty is to provide the best care and experience for our patients. Please assist us by approving the replacement facility.

Sincerely,

Elizabeth Ankrom

Elizabeth Ankrom, RHIT
Director of Health Information Management
Facility Privacy Officer

Erika J. Fuhr
623 Broome Road
Knoxville, TN 37909

Ms. Melanie hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, TN 37243

Dear Ms. Hill,

I am writing this letter in support for the certificate of Need for Tennova Healthcare. I am a retired Registered Nurse, mother of 3, and grand mother of 7. I continue to be active in the community as a Board Member and Volunteer at a major 501© 3 agency in Knoxville. Good healthcare is important to me and my family.

Several years ago I spent several months at the old St. Mary's Hospital tending a friend who had a massive stroke. While the care she received quality care it was clear to me at that time that the building was antiquated and depressing.

Replacing that facility with a more accessible, state of the art facility would be a step in the direction of orderly development and provision of health care in Knoxville.

While I am aware that there is concern about flooding, noise, traffic etc. I believe that Tennova has worked diligently and with great patience with the surrounding community association and has made changes to the original plans to help maintain the serenity of those residents closest to the proposed health care center. I also know that the Knoxville Traffic Engineering Department and the codes that are enforced by the Engineering Department will assure that the area will be better maintained than before Tennova was on site.

For the above reasons I urge you to approve a Certificate of Need for Tennova Healthcare.

Sincerely,

Erika J. Fuhr

Erika J. Fuhr

East Tennessee Regional OB/GYN Associates

Robert K. Tatum, M.D.

Erin Black, M.D.

Meredith A. Murphy, D.O.

April Lane, W.H.N.P.

Suite 805
St. Mary's Clark Tower
939 Emerald Avenue
Knoxville, TN 37917
Phone: (865) 647-3380
Fax: (865) 647-3389

October 24, 2014

To Whom It May Concern:

This letter is in support of our Certificate of Need for a replacement hospital. I have been part of the Physician's Regional Medical Center team for a little over a year. I love the heritage and history associated with our current hospital. You could not ask for a better group of providers than those at PRMC. Our staff is proud to call this home.

With that in mind, a new facility is crucial to providing continued excellent care to our community. Currently, the layout of PRMC is impacting patient care. I am an OB/GYN. My office is quite far away from Labor and Delivery. If I have a patient in labor, I have to leave my office, utilize 3 sets of elevators, and travel across the hospital to attend to a laboring patient. On a good day, the walk from my office to Labor and Delivery is 7-10 minutes. Time spent walking to and from my delivering facilities, would be better spent on patient care.

Secondly, while we provide excellent patient care, the appearance of our hospital is dated. Whether just or not, people often make decisions based on appearances alone. A newer facility would provide our patients, both current and prospective, with a modern establishment. The replacement hospital would also allow for a broader patient base. A more central location is necessary to increasing our patient population.

In conclusion, a new hospital would allow for more efficient patient care and broader accessibility.

Thank you for your consideration.

Sincerely,

Erin Black MD

Erin G. Black, M.D.

ABERCROMBIE RADIOLOGY

NOV 5 AM 10:11

William R. McKissick, MD
John D. Simmons, MD
Margaret Uri, MD
J. Breese Johnson, Jr., MD
Gwen Uri, MD
Lynn Barrett, MD
Diane L. Edge, MD
Dale E. Nichols, MD
Andrew M. Evancho, MD
Lane P . Williams, MD
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Jason R. Cameron, M.D.
Daniel A. Baker, M.D.
Christopher H. Aikens, MD
Zachary Jumper, M.D.
Benjamin J. Egner, M.D.

October 22, 2014

TENNESSEE HEALTH SERVICES & DEVELOPMENT AGENCY:

As a practicing physician in Knoxville, I wish to express my support for the development of a replacement hospital for Physicians Regional Medical Center. The hospital has served the community well for the past 83 years. However, it is clear that the facility is becoming increasingly obsolete.

As a diagnostic radiologist, we serve both in-patients and out-patients at Physicians Regional. Due to the layout of the hospital, it is very difficult for some of our older and physically limited patients to get to our department. As you probably know, there have been multiple additions to the original building which has lead to a relatively sprawling campus. Many of our patients have difficulty negotiating the long walk to our department from the parking facility. Additionally, due to the age of the building in which radiology is located and the structural limitations, it is increasingly difficult to upgrade the equipment in the department.

I believe it would be of great service to our patients to be able to afford them a new and more easably negotiable department. I believe that in order for the hospital to remain viable, an entirely new replacement hospital will be needed. I can not imagine that the existing facility will remain a viable tertiary care medical center in the decades to come. I fully support Tennova as it now takes a major step in securing the hospital's future with this replacement strategy.

Sincerely,

F. Gregory Curtin, MD

FGC/pw

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Knoxville, Tennessee 37909
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Administrative Coordinator

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Knoxville, Tennessee 37919
Phone (865) 588-8831
Fax (865) 588-8841

Amber Singleton
Pulmonary Site Manager

October 24, 2014

To Whom It May Concern:

It is important for healthcare systems to look into the future and assess the needs of the community and how best to provide service excellence to their patient population. Knowing that Tennova Healthcare is in the process of making plans to build a replacement facility for Physicians Regional exemplifies their ability to envision the future of healthcare in Knoxville, Tennessee.

Since I am a physician working daily in the current facility, I continually see the need for a replacement facility to be built. I personally feel this is the right decision at the right time. For this reason, I am submitting this letter of support for Tennova Healthcare to build a replacement facility to structurally meet the demand of healthcare today.

Thank you for your consideration of this letter.

With regards,

Dr. Felix Chaltry, M.D.

FRANCIS P. LEBUFFE, M.D.

3101 Essary Drive
Knoxville, TN 37918
(865) 522-5779
Fax: (865) 522-5780

November 3, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

I have worked at Physician's Regional Medical Center for 16 years as Medical Director of Behavioral Services (Psychiatry). Despite the fact that Psychiatric Services, according to the current plan, will not be moved, I support the construction of a new facility for Physician's Regional.

The current facility, compared to newer hospitals, is quite inefficient for the provisions of modern medical care, and much less user-friendly for patients and their families.

The location proposed for the new hospital would be convenient for the great majority of the patients seen at Physician's Regional.

Sincerely,

Francis P. LeBuffe, M.D.

FPL:las

IPS
Innovative Pathology Services

501 19th Street, Suite 301
Knoxville, TN 37916
Phone: 865-522-7591
Fax: 865-546-2618

Michael L. Dyer, M.D.
James P. Craig, M.D.
Rick Sances, M.D.
Vandana Kumar, M.D.
Gary L. Cooper, M.D.
Darren P. Wirthwein, M.D.
Zachary T. Lewis, M.D.
Citabria Holley, M.D.
Stephen J. Swanger, M.D.
Michael L. Whitson, M.D.
Lauren F. Chiles, M.D.
Kelley O. Montoya, M.D.
Frank J. Beuerlein, M.D.
William Konomos, M.D.
Paul Eberts, M.D.
Jeremy G. Vincent, M.D.

10/24/2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

This letter is being written in support of a replacement Hospital for the Physicians Regional Medical Center (PRMC), formally known as St. Mary's Medical Center. As you are aware, the building currently used by PRMC is antiquated by today's standards. The evolution of medicine has changed exponentially over the past century and this hospital was originally placed in-service nearly a century ago. Yes, there have been additions to the current facility, but even those updates are now also decades old. Physicians and hospitals are frequently held to the "standard of care" criteria. It is a day to day challenge to meet this standard in a facility that has outlived its usefulness.

As the Clinical Laboratory Director for PRMC, I have numerous examples of the inadequacies of the current facility. The limitations imposed upon us by the physical plant require a division of the laboratory onto multiple floors, causing unnecessary duplications and inefficiencies within the Hospital. Since the latest major addition/revision to the hospital, the sheer number of tests available in our laboratory has more than quadrupled. This requires new instrumentation, space, and access to improved electrical, ventilation, purified water, and drainage systems. These demands can be echoed in numerous departments throughout the hospital. CAT scanners, MRIs, hyperbaric oxygen chambers, vascular labs, cardiac catheterization labs, radiotherapy, etc. are all examples of new equipment/services retro-fitted into existing spaces, in which no forethought could have predicted these modern marvels and the physical support they would need.

My understanding is that when St. Mary's Hospital was originally designed it was located in a central location for the city's growth. Development and modernization of the city has produced a shift in these demographics. Indeed, when West Town Mall was being constructed, many citizens of Knoxville were questioning the wisdom of placing such a facility on the outskirts of town. Now that location is near the epicenter of the population. As the Chairman of the Physician Leadership Committee (PLC), tasked with improving our

presentation and service to patients, I presided over the physician's discussions of how to best meet the needs of our fellow physicians and our patients. This committee has representatives from the 12 major service lines (general surgery, orthopedic surgery, obstetrics, radiology, internal medicine, etc.) and these physicians received input from their respective constituents. Having explored all possible scenarios for several years, the unanimous decision of the group was that a replacement facility is our only hope of continuing our service in Knoxville. The current facility can no longer be effectively maintained and/or retro-fitted for the future. It is also the consensus that the location of the replacement facility, on Middlebrook Pike, will best meet the needs of our current patients and will provide a state of the art medical facility for the citizens Knoxville.
In closing, I can assure you that in my extensive discussions with *active* members of the medical staff, every single physician I have discussed this with offers strong support for this plan. We would very much appreciate your support of the replacement facility as we seek to improve medical care in our great city.

Sincerely,

Frank J. Beuerlein, M.D.
Physician Regional Medical Center, Clinical Laboratory Director
Physician Leadership Committee, Chairman

KOC
Knoxville Orthopaedic Clinic

October 15, 2014

Dear Ms. Hill,

With the changing tides of healthcare, it is more important than ever to be competitive in the marketplace. I am writing to give my support for a replacement hospital for Physicians Regional Medical Center. As a local physician that has practiced in Knoxville for several years, I believe that Physicians Regional Medical Center has treated my patients well. That being said, my patients and I believe the facility is very old and not up to date with current facilities. Many of them do not wish to go there for this reason. I know that it is not cost efficient or possible to do a major rebuilding on its current location and maintain business, therefore, I am in support of the relocation of PRMC.

The replacement hospital will be in the best interest of my practice and of the community as the existing hospital will not remain viable as a major tertiary medical center in the decades to come. I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

G. Brian Holloway, MD

GBH/bb

Sports Medicine
William T. Youmans, M.D.
T. Craig Beeler, M.D.
Gregory M. Mathien, M.D.
Russell A. Betcher, M.D.
Paul L. Becker, M.D.
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Jefferson City, TN 37760

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October 23, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

Please accept this letter in response to the CON for a replacement hospital for Physicians Regional Medical Center in Knoxville.

I am a phlebotomist in the lab at Physicians Regional Medical Center and have worked here for many years. I interact with a large number of patients and their families in my job and most all of them express their extreme satisfaction with our patient care but complain about the old building, small rooms and bathrooms. Since I understand we are getting Medicare reimbursement in part based on our inpatient satisfaction scores, a building that's over 80 years old puts us in a financial disadvantage.

A new facility would enable us to add newer technology for associates as well as patients and visitors.

It would also be a great benefit to have a snack bar space where visitors and family could sit to wait for patients who are having surgery or are in the hospital for long periods of time. We currently don't have sufficient space to incorporate these services.

Thank you for considering my letter as positive support for a replacement hospital for Physicians Regional.

Sincerely, Gale Losek

Gail Losek

Phlebotomist | Physicians Regional Medical Center | Knoxville, TN 37917

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I think a new facility is necessary because of the following:

1. C-wing rooms are too small. We hear complaints in room when doing P.M.'s.
2. HVAC, electrical, plumbing out of date.
3. Multiple roof leaks.
4. Hard to find way around hospital.
5. Water leaks thru windows and brick.
6. Building is not efficient.
7. Loading dock is hard to get in and out.
8. Locations where dumpster has to be pulled out of garages to get emptied.
9. We have a total of 9 dumpsters and compactors. New location would have 2.

Gary Blazier

Gary Blazier
Operations Supervisor
19 years of service

PREMIER
at Physicians Regional
and North Knoxville
A Division of Premier Surgical Associates

Brian H. Garber, MD, FACS
George A. Pliagas, MD, FACS
F. Neal Peebles, MD, FACS
David J. Harrell, MD, FACS
Donald L. Akers Jr., MD, FACS
C. Scott Callicutt, MD, FACS
Roland B. Weast, MD, FACS
Marcella J. Greene, MD

Dear Ms. Hill,

As a physician practicing in Knoxville, I want to express my support for the development of a replacement hospital for Physicians Regional Medical Center. Although the existing hospital has served Knoxville well for the past 83 years, healthcare is changing, and hospitals and physicians must work together to provide services to our patients in the most efficient possible model of care, as well as in a place that is accessible to patients from all over the region.

I believe that this project is in the best interest of my patients, many of whom ask to be referred to newer or more accessible facilities. I also believe it is in the best interest of my practice, enabling me to stay competitive. Finally, I believe the project is in the best interest of the community. While the existing hospital is sufficient to meet the needs of my patients today, it will not remain viable as a major tertiary medical center in the decades to come, and I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

George Pliagas MD

Phone: 865-938-8121
Fax: 865-212-5561

Premier Surgical Associates PLLC
7557A Dannaher Drive, Suite 110
Powell, TN 37849

www.premiersurgical.com

Internal Medicine Associates of Knoxville

a division of
Summit Medical Group, PLLC

J. Davis Allan, M.D.
Robert C. Alley, M.D.
Amy E. Bentley, M.D., F.A.C.P.
Larry C. Brakebill, M.D., F.A.C.P.
Miriam Brandon, M.D.
David C. Durbin, M.D.
Cassandra F. Gibbs, M.D.
James C. Griffin, II, D.O.
Glen E. Hall, M.D.
M. Douglas Leahy, M.D., M.A.C.P.
Stephen P. Lorino, M.D.
Gerald L. Mancebo, M.D., F.A.C.P.
Peter J. Ochoa, M.D.
John F. Vannoy, M.D., F.A.C.P.

Douglas H. Luttrell, FNP
Elizabeth A. Gager, FNP
Monica R. Gentry, FNP

Joanne Kennedy, CMPE
Administrator

October 14, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tn. 37243

Dear. Ms. Hill:

I have been a practicing physician in Knoxville for many years and I am writing in support for the development of a replacement hospital for the aging Physicians Regional Medical Center. Healthcare is changing as is the expectation of my patients. The hospitals and physicians must work together to provide quality services to our patients in the most efficient possible model of care, as well as in a place that is accessible to patients from all over the region.

I believe the proposed new facility is in the best interest of my patients and they expect to be referred to a newer and more accessible facility. I also believe it is the best interest of my practice and it is in the best interest of the community.

I support Tennova as it takes steps now to secure the hospital's future by developing this replacement hospital which can best be met in a different environment of care.

Sincerely,

Glen E. Hall, M.D.

7557B Dannaher Drive
Suite 225
Powell, Tennessee 37849
Phone (865) 546-9751
Fax (865) 362-6680
www.imasummit.com

ORTHO TENNESSEE

Knoxville Orthopaedic Clinic
University Orthopaedic Surgeons
Maryville Orthopaedic Clinic
Orthopaedic Surgeons of Oak Ridge

October 28, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

On behalf of all 54 physicians of OrthoTennessee and in particular the 29 physicians of Knoxville Orthopaedic Clinic (KOC), our largest division, I am writing in support of Tennova's CON application for a replacement facility for Physician's Regional Medical Center (PRMC).

KOC has enjoyed a long and fruitful relationship with PRMC, first as St. Mary's Medical Center, then Mercy Medical Center and now PRMC. Despite our satisfaction with the services and staff at this institution over many years, the facility has continued to deteriorate and increasingly is more difficult to navigate and provide an acceptable patient experience. It is simply not close to modern standards for hospital care, and creates unnecessary inefficiencies for our physicians. Moreover, a new facility in the more accessible proposed location will allow us to better serve patients across a wide geography in the greater Knoxville area. The longstanding tradition of excellent services at PRMC is unparalleled in the region. Unfortunately, the continuance of that service level is severely threatened without a modern facility that is more efficient and technologically driven. A new facility will allow Tennova to properly respond to the substantive changes driven by healthcare reform over the last twenty years, especially the major movement to increased ambulatory care.

For all these reasons OrthoTennessee urges the Agency to approve this CON application. We believe that it does meet the three criteria of need, economic feasibility and contribution to the orderly development of services and look forward to a favorable decision.

Sincerely,

Glenn D. Sumner
CEO

256 Fort Sanders West Boulevard
Suite 200
Knoxville, Tennessee
37922
865.769.4545
865.769.4501
www.orthotennessee.com

NOV 5 '14 AM10:28

October 8/2014

To whom it may concern:

I am an employee of Physicians Regional Medical Center in Knoxville, Tennessee. I am a medical technologist and have been working at the current facility for 24 years. I love the history and heritage of this hospital. If I truly felt we could serve this community and our patient with the care they deserve, I would say. "Stay Here". But the facts are this is very old facility and it is in dire need of many updates and expansion in critical areas. Some are important to patient safety and comfort and others are important for advanced diagnostic testing. Recently, we added new analyzers to our chemistry lab. This was a major undertaking due to the air conditioning system and the infrastructure of the hospital. Many improvements are needed. Every associate I have talked with only wants to serve our patients and community to the best of our ability and we simply can no longer achieve those goals in our current location. Each department has its own list of improvements, renovations and updates which are needed and which the current facility cannot support. For these reasons, I hope you will vote to approve the CON for the replacement hospital for Physicians Regional Medical Center.

Sincerely,

Gwen Agee

Gwen Agee
10/8/2014

East Tennessee
Heart Consultants
Knoxville HMA Cardiology PPM, LLC

Physicians Regional Office - 900 East Oak Hill Avenue, Suites 500 &600, Knoxville, TN 37917
Phone: 865-525-6688, Fax: 865-525-0245
Turkey Creek Office - 10810 Parkside Drive, Suite 301, Physicians Plaza, Knoxville, TN 37934
Phone: 865-470-2273, Fax: 865-693-1163

H.L. Bishop, M.D., FACC
R.R. Blakeley, M.D., FACC
D.A. Cox, M.D., FACC
J.S. DeLeese, M.D., FACC
C.T. Doiron, M.D., FACC
M.T. Foster, M.D., FACC
S.D. Hoadley, M.D., FACC
L.D. Hookman, M.D., FACC
W.C. Lindsay, M.D., FACC
R.O. Martin, M.D., FACC
K.W. McCoy, M.D., FACC
R.S. Mehta, M.D., FACC
B I. Michelson, M.D, FACC
J.D. Minardo, M.D., FACC
W.J. Minteer, M.D., FACC
N.N. Patel, M.D.
S.W. Reed, M.D., FACC
R. E. Rotondo, M.D., FACC
J.A. Ternay, M.D., FACC
R.D. Towne, M.D., FACC
C.B. Treasure, M.D., FACC
Timothy Ballard, APN, MSN, ACNP
R. Eric Dickenson, PA-C
Jennifer Guffey, PA-C
Stephen Miller, APN, MSN, ACNP

October 9, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Tennova Health Care Certificate of Need for Physician's Regional Medical Center Replacement Facility

Dear Ms. Hill:

I am writing in support for a replacement hospital for the Physician's Regional Medical Center (Physician's Regional Medical Center) in Knoxville, Tennessee. PRMC is a very old facility and my patient's strongly prefer to have a new and more accessible facility. A replacement hospital will make the practice more efficiently. A replacement hospital will dramatically improve my patient's satisfaction with their healthcare services. I serve patients from a broad geographic area (southern Kentucky, Scott County, Newport, Sevierville and half-way to Chattanooga) and the new site will improve patient accessibility. It is important that I provide services in a more patient friendly environment, especially as services become more focused on ambulatory care. There is a continued need for the services that PRMC provides (cardiac catheterizations, percutaneous coronary revascularization procedures, percutaneous peripheral vascular procedures, pacemakers, etc.) and that need can best me met in a different environment of care. I appreciate the legacy and heritage of PRMC and that legacy can best be continued in the future by staying current with a new facility and technology.

Sincerely,

Harry L. Bishop, M.D., FACC
HLB :tkc

DD 10/09/2014 DT: 10/10/2014 DR: 10/10/2014 LTR

CC: Melanie Hill

October 21, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, TN 37243

My name is Helen Crawford and I have been employed at the location currently known as Tennova-Physicians Regional for 40 years. I have been in the Human Resources Department for the past 14 years. Although I do not provide direct care at the bedside I have worked with our patients, employees, and physicians for many years in various roles.

I absolutely believe a replacement hospital is necessary to deliver quality healthcare in what I see as an ever changing environment. Healthcare is constantly evolving and how effectively we provide care is vital not only to our patients but also to our physicians who are responsible for making critical medical decisions daily. I think we provide good care now; but in order to be the best of the best in all that we do we must first have an environment in which to do so.

Sadly, this facility has seen better days and we are daily dealing with fixes rather than a cure for the many problems related to physical structures that range from 30 to 84 years old. Even navigating from one area to another without getting lost is a constant issue with our patients and visitors and in some cases even employees.

Healthcare must and should be provided using the most up to date technology and physical setting if we are to continue our legacy of optimal care to our patients. The quality of the care and service we provide to our patients should be at the forefront of every decision we make.
The decision to build a replacement hospital has been without a doubt a decision made that will improve and enhance the way we provide care to our patients.

Sincerely,
Helen Crawford

Helen Crawford, Benefits Specialist
Human Resources
Physicians Regional Medical Center
900 E. Oak Hill Avenue
Knoxville, TN 37917

KOC
Knoxville Orthopaedic Clinic

NOV 17 2014

Sports Medicine
William T. Youmans, M.D.
T. Craig Beeler, M.D.
Gregory M. Mathien, M.D.
Russell A. Betcher, M.D.
Paul L. Becker, M.D.
Matthew A. Rappé, M.D.
Robert G. Smith, M.D.

Spine
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James K. Maguire, Jr., M.D.
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Luke Madigan, M.D.

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M. Chris Testerman, M.D.

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J. Christopher Sherrell, M.D.

Pediatric & Adolescent
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Cameron J. Sears, M.D.
J. Jay Crawford, M.D.

Shoulder & Elbow
G. Brian Holloway, M.D.
Edwin E. Spencer, Jr., M.D.

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Douglas N. Calhoun, M.D.

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John J. McGraw, Sr., M.D.

Primary Care Sports Medicine
Chris A. Klenck, M.D.
Amber G. Luhn, M.D.
Benson A. Scott, M.D.

October 15, 2014

Dear Ms. Hill,

With the changing tides of healthcare, it is more important than ever to be competitive in the marketplace. I am writing to give my support for a replacement hospital for Physicians Regional Medical Center. As a local physician that has practiced in Knoxville for several years, I believe that Physicians Regional Medical Center has treated my patients well. That being said, my patients and I believe the facility is very old and not up to date with current facilities. Many of them do not wish to go there for this reason. I know that it is not cost efficient or possible to do a major rebuilding on its current location and maintain business, therefore, I am in support of the relocation of PRMC.

The replacement hospital will be in the best interest of my practice and of the community as the existing hospital will not remain viable as a major tertiary medical center in the decades to come. I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

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260 Fort Sanders West Blvd.
Knoxville, TN 37922

Weisgarber Office
1422 Old Weisgarber Road
Knoxville, TN 37909

North Office
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Powell, TN 37849

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ABERCROMBIE RADIOLOGY

William R. McKissick, MD
John D. Simmons, MD
Margaret Uri, MD
J. Breese Johnson, Jr., MD
Gwen Uri, MD
Lynn Barrett, MD
Diane L. Edge, MD
Dale E. Nichols, MD
Andrew M. Evancho, MD
Lane P . Williams, MD
Wayne M. Eberenz, MD
Kenneth H. Pryor, MD
F. Gregory Curtin, MD
Samuel L. Maynard, MD
Daniel W. Walsh, MD
Donna K. Culhane, MD
Jason R. Cameron, M.D.
Daniel A. Baker, M.D.
Christopher H. Aikens, MD
Zachary Jumper, M.D.
Benjamin J. Egner, M.D.

October 15, 2014

Dear Ms. Hill,

As a physician practicing in Knoxville, I want to express my support for the development of a replacement hospital for Physicians Regional Medical Center. Although the existing hospital has served Knoxville well for the past 83 years, healthcare is changing, and hospitals and physicians must work together to provide services to our patients in the most efficient possible model of care, as well as in a place that is accessible to patients from all over the region.

I believe that this project is in the best interest of my patients, many of whom ask to be referred to newer or more accessible facilities. I also believe it is in the best interest of my practice, enabling me to stay competitive. Finally, I believe the project is in the best interest of the community. While the existing hospital is sufficient to meet the needs of my patients today, it will not remain viable as a major tertiary medical center in the decades to come, and I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

J Breese Johnson MD

J. Breese Johnson, Jr. M.D.

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1112 Weisgarber Road
Knoxville, Tennessee 37909
865/588-1397 • Fax: 865/558-0395
www.abercrombieradiology.org
Scheduling: 865/584-3444
Scheduling Fax: 865/824-0038

KOC
Knoxville Orthopaedic Clinic

NOV 5 '14 A*10:18

Sports Medicine
William T. Youmans, M.D.
T. Craig Beeler, M.D.
Gregory M. Mathien, M.D.
Russell A. Betcher, M.D.
Paul L. Becker, M.D.
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John J. McGraw, Sr., M.D.

Primary Care Sports Medicine
Chris A. Klenck, M.D.
Amber G. Luhn, M.D.
Benson A. Scott, M.D.

October 20, 2014

Dear Ms. Hill,

I am writing to show my support for the need of a replacement hospital for Physicians Regional Medical Center. I have practiced in Knoxville for several years and Physicians Regional Medical Center has treated my patients well, but the facility is old and quite frankly, my patients do not wish to go there. Although this building does not represent the level of care that is given from the staff at PRMC, it unfortunately is seen that way with my patients.

The replacement hospital will be in the best interest of my practice and I believe it will enable me to stay competitive. I also believe the project is in the best interest of the community as the existing hospital will not remain viable as a major tertiary medical center in the decades to come.

I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

J. Christopher Sherrell, MD

Weisgarber Office
1422 Old Weisgarber Road
Knoxville, TN 37909

West Office
260 Fort Sanders West Blvd.
Knoxville, TN 37922

North Office
St. Mary's Physician's Plaza
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KOC
Knoxville Orthopaedic Clinic

NOV 5 '14 AM10:15

Sports Medicine
William T. Youmans, M.D.
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Benson A. Scott, M.D.

October 15, 2014

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Sincerely,

J. Christopher Sherrell, M.D.

JCS/lbb

Weisgarber Office
1422 Old Weisgarber Road
Knoxville, TN 37909

West Office
260 Fort Sanders West Blvd.
Knoxville, TN 37922

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MEDICAL GROUP

STATCARE MEDICAL GROUP

a division of Summit Medical Group, PLLC

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Chairman of the Executive Medical Directors Committee

Jesse Doers, M.D.
Chief Operations Medical Director

North Knoxville Medical Director
Michael Brunson, M.D.
Andrew Sexton, M.D.

Parkwest Medical Directors
Internal Medicine
Aaron Rittgers, M.D.
Sommer Williams, M.D.

Fort Sanders Medical Directors
Internal Medicine
Oliver Archibald, M.D.
Walter Zibas, M.D.

Physicians Regional Medical Directors
Internal Medicine
Mohamad Doleh, M.D.
Zak Hussain Halai, M.D.

Nursing Home Medical Directors
Lou Anne Zibas, M.D.
Walter Zibas, M.D.

Regional Medical Directors
Ronald Estes, M.D.
Thomas Worley, M.D.

HOSPITALIST GROUP
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Knoxville, Tennessee 37919
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Alice Crothers
Executive Director of Operations

Emily Graham
Operations Manager

Brett Caldwell
Project Manager

Mattie Mills
Administrative Coordinator

PULMONARY CONSULTANTS
2240 Sutherland Ave, Suite 103
Knoxville, Tennessee 37919
Phone (865) 588-8831
Fax (865) 588-8841

Amber Singleton
Pulmonary Site Manager

October 23, 2014

To Whom It May Concern:

I have been a practicing physician in the Knoxville community many years. I understand the importance of moving successfully into the future as healthcare professionals. It has come to my attention that Tennova Healthcare is in the process to gain permission to build a replacement facility for Physicians Regional medical Center. I fully support this endeavor knowing the positive impact it will have in the community.

Personally, this is the right thing to do given the age of the current structure. Thank you in advance for your consideration of this letter of support.

With regards,

Dr. Jack Benhayon, M.D.

IPS
Innovative Pathology Services

501 19th Street, Suite 301
Knoxville, TN 37916
Phone: 865-522-7591
Fax: 865-546-2618

NOV 14 2014

Michael L. Dyer, M.D.
James P. Craig, M.D.
Rick Sances, M.D.
Vandana Kumar, M.D.
Gary L. Cooper, M.D.
Darren P. Wirthwein, M.D.
Zachary T. Lewis, M.D.
Citabria Holley, M.D.
Stephen J. Swanger, M.D.
Michael L. Whitson, M.D.
Lauren F. Chiles, M.D.
Kelley O. Montoya, M.D.
Frank J. Beuerlein, M.D.
William Konomos, M.D.
Paul Eberts, M.D.
Jeremy G. Vincent, M.D.

October 21, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Developmental Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

I am writing to advocate for the approval of a replacement hospital for Physicians Regional Medical Center. This hospital has a legacy of serving the healthcare needs of Knoxville patients, but the physical facility has become out of date in this highly competitive environment. Tennova will be able to continue to maintain an excellent level of compassionate service with a state of the art facility. This change does not create any increase in beds and in fact places the hospital close to a major medical park in a part of Knoxville that does not have one.

An up-to-date hospital will allow my practice to function more efficiently and deliver better service to my client physicians and their patients. I believe also that patients expect to get their healthcare at a modern, efficient facility and will utilize the new hospital.

This update is critical to the ongoing mission of Tennova. Thank you in advance for your consideration in this matter.

Sincerely,

James P. Craig

James P. Craig, MD

KOC
Knoxville Orthopaedic Clinic

Sports Medicine
William T. Youmans, M.D.
T. Craig Beeler, M.D.
Gregory M. Mathien, M.D.
Russell A. Betcher, M.D.
Paul L. Becker, M.D.
Matthew A. Rappé, M.D.
Robert G. Smith, M.D.

Spine
Sidney L. Wallace, M.D.
James K. Maguire, Jr., M.D.
Paul H. Johnson, M.D.
Luke Madigan, M.D.

Foot & Ankle
William T. McPeake, M.D.
M. Chris Testerman, M.D.

Joint Replacement
Brian M. Covino, M.D.
Matthew C. Nadaud, M.D.
J. Christopher Sherrell, M.D.

Pediatric & Adolescent
Robert R. Madigan, M.D.
Cameron J. Sears, M.D.
J. Jay Crawford, M.D.

Shoulder & Elbow
G. Brian Holloway, M.D.
Edwin E. Spencer, Jr., M.D.

Hand & Wrist
Joseph C. DeFiore, Jr., M.D.
John M. Ambrosia, M.D.
Robert E. Ivy, M.D.
Douglas N. Calhoun, M.D.

Physical Medicine
Bruce B. Fry, D.O.
Michael C. Craig, M.D.

General Orthopaedics
John J. McGraw, Sr., M.D.

Primary Care Sports Medicine
Chris A. Klenck, M.D.
Amber G. Luhn, M.D.
Benson A. Scott, M.D.

October 15, 2014

Dear Ms. Hill,

With the changing tides of healthcare, it is more important than ever to be competitive in the marketplace. I am writing to give my support for a replacement hospital for Physicians Regional Medical Center. As a local physician that has practiced in Knoxville for several years, I believe that Physicians Regional Medical Center has treated my patients well. That being said, my patients and I believe the facility is very old and not up to date with current facilities. Many of them do not wish to go there for this reason. I know that it is not cost efficient or possible to do a major rebuilding on its current location and maintain business, therefore, I am in support of the relocation of PRMC.

The replacement hospital will be in the best interest of my practice and of the community as the existing hospital will not remain viable as a major tertiary medical center in the decades to come. I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

James K. Maguire, Jr., M.D.

Weisgarber Office
1422 Old Weisgarber Road
Knoxville, TN 37909

West Office
260 Fort Sanders West Blvd.
Knoxville, TN 37922

North Office
7557A Dannaher Drive, Suite G-10
Powell, TN 37849

Jefferson City Memorial Hospital Office
120 Hospital Drive, Suite 120
Jefferson City, TN 37760

865.558.4400
865.558.4421

www.kocortho.com

Melanie Hill ,

My name is James Nordin and I am a staff pharmacist at PRMC in Knoxville,Tn. I'm taking this opportunity to write you and request your support in the effort to build Knoxville a new hospital facility. Our facility here at PRMC has served very well for decades of service to Knoxville and surrounding areas. It is increasingly evident that the facilities age is a detriment to quality health care at its best. We strive daily to provide fast,quality care to all our patients and will continue to do so.A new ,modern facility will greatly improve our ability to provide that quality of care we all deserve and strive for.It will provide much better access and improve our efforts to be the greatest hospital in east Tennessee.This project benefits everyone.Please give us the new facility.

Sincerest Regards,James L Nordin DPH,PRMC staff

Smoky Mountain Perfusion , LLC
P.O. Box 1889 Powell, Tennessee 37938

To: Ms. Melanie Hill , Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Subject: Replacement Hospital for *"Tennova Health Cares, Physician Regional Medical Center"*

First I would like to thanks you for allowing me the opportunity to express my concerns as it relates to your consideration of a replacement hospital for *Physician Regional Medical Center (PRBC).* It has been my privilege to provide Cardiovascular Perfusion Services for Open Heart Surgery to this facility for the past 25 years and the facility has served the community well.

Physician Regional Medical Center has provided serves at this location for the past 85 years and frankly the building is old. Although every effort has been made to update the physical plant over the years it has been an uphill battle to stay current with the needs of expanding technologies and information systems. With expanding technologies the equipment required many times simply cannot fit into our operating suites without major renovations.

Many patients comment on how difficult is to navigate around our facility, simply because of the lay out of the physical plant, for example not all elevator can access all floors, services such as laboratory, x-ray, registration, admissions, emergency room and surgery waiting areas are located throughout the hospital, because of our space limitation they are not always located in an area that is patient friendly.

Parking here has become a nightmare for patients and employees, because we are land locked we have had to actually shuttle employees from surrounding parking areas to provide enough parking for patients and their families.

Our patient base has expanded over the years and because of this expansion accessibility has been hampered by our present location, due present road ways and lack of alternative transportation for our patients.

I strongly feel this old facility has served this community well over the years but it is time to move forward to a new beginning with the same strives toward excellence that has always been part of this organization. Thank your consideration in this matter.

James W. Petress Jr

James W. Petress Jr. MA, PA., CCP

CFO, Smoky Mountain Perfusion

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, TN 37243

October 15, 2014

RE: PRMC Replacement Hospital Project

Dear Ms. Hill,

My name is Janet Rutherford and I work in Case Management at Physicians Regional Medical Center. I have been employed at the hospital for 40 years. I support the replacement hospital because a replacement hospital will improve my patients' satifaction with their healthcare services. I believe the new hospital will allow us to move our patients more efficiently to the next level of care.

Thank you in advance for taking my concerns into consideration.

Sincerely,

Janet Rutherford

Janet Rutherford, RN
Case Management
Physicians Regional Medical Center
900 E. Oak Hill Avenue
Knoxville, TN 37917

October 15th, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I have been an Associate Administrator at Physicians Regional Medical Center for slightly over 15 months. I support the replacement hospital for several reasons. Below I will list a few reasons for my support:

1) We treat patients from a very broad geographic region. This location and proximity to the interstate make it much more accessible for our patients.
2) Patients and families get lost very easily in our current hospital. Over the last 80 years there have been several additional buildings added to our campus. We have numerous entrances on different floors. The layout confuses our patients and their loved ones. The replacement hospital will be designed to improve way finding and ultimately our patients' experiences.
3) As an administrator, the physicians that practice in our hospital are requesting a replacement facility. They tell us that their patients are requesting a replacement hospital that is more accessible and easier to maneuver through.

I ask for your support for this project. Approving the replacement hospital is the right decision for our patients, staff and physicians in the greater Knoxville area.

Jared Amerson
Associate Administrator PRMC

Tennova™ Healthcare

NOV 5 '14 AM 10:25

Jason Ramsey
8119 Chestnut Hill Lane
Knoxville, TN 37924
October 23, 2014

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Melanie Hill:

I am a long-time worker at Physicians Regional Medical Center in Knoxville, Tennessee and I am writing to express my full support for the pending decision to build a new hospital.

I understand that some in our community have voiced concerns over the replacement of our hospital.

However, I am one of the many workers and citizens who fully believe that a new hospital will be needed for our community. The new facility will have greater accessibility for our patients and their families. It is a common occurrence for me to help a lost patient or family member find their way at our current facility. An up to date, state of the art hospital will also improve our patient's satisfaction with their healthcare services and also create a more patient-friendly environment. I fully believe that a new facility will also create a more efficient and better working environment for all of the employees as well.

We all will miss our current hospital and its legacy in the area but I feel that we must stay current with today's many healthcare improvements and that cannot be obtained at our current facility.

Thank you very much!

Sincerely,

Jason Ramsey, Medical Laboratory Technician (ASCP)

NOV 5 '14 PM 10:21

October 14, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I am writing to you today regarding the upcoming Certificate of Need for the Physicians Regional Medical Center replacement hospital. This hearing is scheduled for November 19th and I am asking that you support this request.

I am employed by Physicians Regional Medical Center and currently hold the Controller position. I have been working at this facility for nearly 2 years. Although I live in Jefferson County, I often hear friends and neighbors talk about being a patient at this facility as many commute to Knoxville to have procedures completed such as knee replacement surgery.

As I am sure you would, I want the best for my neighbors and community. Here are just a few reasons why I support this request:

- A replacement facility will help us provide patients with better care. The current infrastructure is old and does not allow us to focus on new technology and new equipment.
- Patients are frequently frustrated due to having difficulty finding their way around our complex and aging building. Many patients want a convenient treatment area that is aesthetically pleasing. A replacement facility will provide the opportunity to establish a friendly patient/visitor atmosphere.
- A replacement facility at the Middlebrook Pike is still accessible to my friends and neighbors and I believe this location will be very convenient for many patients/visitors to access.
- I appreciate the legacy and heritage of Physicians Regional Medical Center and that legacy can best be continued into the future by staying current with our facility and technology and allowing our #1 focus to be providing exceptional patient care.

As you review the documentation and make your decision please know your approval of this Certificate of Need is truly appreciated by our associates and our patients. I ask for your support so that we may provide the best patient care to our community.

Thank you,

Jeannine Knowlan
Controller

Hartline & Shahbazi
OBSTETRICS & GYNECOLOGY

930 EMERALD AVENUE, SUITE 713
KNOXVILLE, TN 37917
865/544-1345 · FAX 865/544-1344

RANDAL G. HARTLINE, M.D., F.A.C.O.G.
SHIRIN S. SHAHBAZI, M.D., F.A.C.O.G.
JEANNINE GREBE, M.S., R.N.C.

October 15, 2014

Dear Ms. Hill,

I am writing to show my support for the need of a replacement hospital for Physicians Regional Medical Center. I have practiced in Knoxville for several years and Physicians Regional Medical Center has treated my patients well, but the facility is old and quite frankly, my patients do not wish to go there. Although this building does not represent the level of care that is given from the staff at PRMC, it unfortunately is seen that way with my patients.

The replacement hospital will be in the best interest of my practice and I believe it will enable me to stay competitive. I also believe the project is in the best interest of the community as the existing hospital will not remain viable as a major tertiary medical center in the decades to come.

I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

Jeannine Grebe MS WHNP-BC

Jerry L. Bodie
6805 Glen Brook Drive
Knoxville, Tennessee 37919
(865) 588-9351

October 17, 2014

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, TN 37243

RE: Physicians Regional Medical Center, Knoxville, TN

Dear Ms. Hill:

I am writing you to support the above referenced Certificate of Need request by Tennova Healthcare for the new medical center in Knoxville.

As a long time resident of the City of Knoxville, and of the Bearden community, I am looking forward to having quality health care so readily available to my home. The new location on Middlebrook Pike will be very central to a large portion of the population of Knoxville and Knox County. There are already many medical practices in the immediate area and this location will further enhance the medical treatments available.

Tennova has invested a tremendous amount of capital in the North Knoxville Medical Center and that facility will continue to serve the residents of that area as well as the medical services that will continue to be available at the existing location.

I strongly urge approval of this very worthwhile development in the City of Knoxville.

Sincerely,

Jerry L. Bodie

Jerry L. Bodie

Clevenger, Teresa L

From: Burgess, Melanie B
Sent: Wednesday, October 22, 2014 8:11 AM
To: Clevenger, Teresa L
Subject: FW: Certificate of Need Support Letter

Importance: High

From: Sills, Jerry
Sent: Wednesday, October 22, 2014 8:09 AM
To: Burgess, Melanie B
Subject: Certificate of Need Support Letter
Importance: High

October 22, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Subject: Tennova Healthcare Certificate of Need

Dear Ms. Melanie Hill,

I am writing this letter to you as a concerned associate of Tennova Healthcare Physicians Regional Medical Center regarding our CON for a new replacement hospital in Knoxville. I am the Radiology Information System Administrator; as well as the Radiation Safety Officer. I have been an associate at this hospital since 1990; I have always been very proud to tell where I work; as this hospital has a very important legacy and heritage throughout all of East Tennessee. I have seen many advancements in the medical field during these 24 years. We have tried to advance along with the many changes, but when you are a land-locked facility that opened its' doors to the public on April 22, 1930; trying to keep abreast with modernization of equipment and procedures, not all changes are possible or feasible. Physicians Regional Medical Center has a network of halls, floors, departments, that are comparable to the catacombs of underground Rome. Just in my department, Radiology is four floors from the Nuclear Medicine Department, Out Patient Services, Surgery, and the ER X-Ray Department.

With a hospital built with 2014 ideas and best practices instead of 1929. Think how much better we could serve our patients in a greatly improved accessible and patient friendly facility. Just because we move from one location (outdated) to a modern one; does not mean that we will not continue with our rich heritage and legacy it would only get better. Our patients, visitors, physicians, and associates deserve the best that can be provided as we are a great family.

I deeply appreciate your support. And I believe this project moves all of East Tennessee in the right direction for the future, and I am so excited to hopefully be a part of it. Thank you for being part of making it a success.

Sincerely,

Jerry Sills, RT (R) | RIS Administrator, Radiation Safety Officer | Physicians Regional Medical Center |
900 E. Oak Hill Avenue | Knoxville, TN 37917 | Tel: 865-545-3836 | Fax: 865-545-8820 |
jerry.sills@hma.com | www.tennova.com

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PREMIER
at Physicians Regional
and North Knoxville
A Division of Premier Surgical Associates

Brian H. Garber, MD, FACS
George A. Pliagas, MD, FACS
F. Neal Peebles, MD, FACS
David J. Harrell, MD, FACS
Donald L. Akers Jr., MD, FACS
C. Scott Callicutt, MD, FACS
Roland B. Weast, MD, FACS
Marcella J. Greene, MD

October 30, 2014

Ms. Melanie Hill
Executive Director of Tennessee Health Services and Development Agency
Andrew Jackson Building
502 Deaderick Street
Nashville, TN 37243

Ms. Hill:

I am writing you to express my support for the replacement hospital for Physicians Regional Medical Center. My patients and the community need a hospital that is up to date with current technology and easy accessibility. Although Physicians Regional currently provides excellent care for my patients, the facility has slowly deteriorated over the past 80+ years and several of my patients no longer wish to go there. The accessibility is challenging and the infrastructure is not up to date with today's technology.

As a life long Knoxville resident, I know St. Marys well but know that their legacy is in their people and not with a building. I support Tennova as they relocate Physicians Regional to Middlebrook Pike and insure excellent healthcare for decades to come.

Sincerely,

Jessica Vinsant MD

Jessica Vinsant, MD

Phone: 865-938-8121
Fax: 865-212-5561

Premier Surgical Associates PLLC
7557A Dannaher Drive, Suite 110
Powell, TN 37849

www.premiersurgical.com

letter of support

Sparks, Jill S
Sent: Thursday, October 23, 2014 11:31 AM
To: Burgess, Melanie B

I am writing this letter in support of a replacement hospital for Tennova PRMC downtown location , my name is Jill Sparks and I have been employed at this facility for over 8 years. A replacement hospital is needed to efficiently and competively keep on track with acceptional patient care, to ensure employee retention by keeping up with updated equipment, patient facilities and a more community friendly geographical hospital. The current faciltiy , although filled with dedicated care members, is increasingly dated with continuous problems that are associated with an aging building.Patients have been noted as complaining about the old looking equipment, falling ceiling tiles, leaks ect...Healthcare facilties are perceived in the public on how well staff responds, asthetically pleasing and word of mouth in the community regarding a past patient stay.A big portion of that stay is based on availabilty of state of the art equipment, visually pleasing surrounding and of course excellent care provided. I appreciate that the " old St.Mary's " has been a staple of the community and has touched many lives, but a new facility is need to adequately continue the great services that have been provided over many years.I look forward to the progress the staff and community will benefit from the new facilty.

Thank You,
JIll Sparks RN/CM

Jill Sparks
RN/CM

October 15th, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,
Please accept this letter in response to the CON for a replacement hospital for Physicians Regional Medical Center in Knoxville.

I have worked in the original St. Mary's facility on Oak Hill Avenue for more than 30 years and have seen many changes. As the current Administrative Laboratory Director, I can attest to the difficulty the Laboratory has staying current with changing technology within our aging building. Because of space constraints, our laboratory is split between 2 different locations with 5 floors in-between. This separation of services has a direct impact on communication and staff efficiency. Relocation to a new facility would enable us to combine all Laboratory services into one area and result in more effective testing.

The Laboratory space in our current location also has a negative impact on our ability to grow services and add newer technology. As part of the Laboratory is in the oldest section of the building, we have limited emergency power and find that we have to move equipment to continue processing during power outages.

Maintaining a constant humidity and temperature for critical testing can also be a challenge in the older areas of the lab.

While doing patient rounds, I have personally experienced comments from patients who remark about the age of the building and the wish that our rooms were larger to accommodate family and visitors. Patient's expectations of hospital rooms, waiting rooms and other public areas are definitely beyond what we are able to provide within the constraints of our current building.

This replacement facility is critical to the ongoing mission of Tennova. Thank you in advance for your consideration in this matter.

Sincerely,

JoAnn Orr

JoAnn Orr, BSMT (ASCP)

Laboratory Director | Physicians Regional Medical Center | Knoxville, TN 37917

KOC
Knoxville Orthopaedic Clinic

October 15, 2014

Dear Ms. Hill,

As a physician practicing in Knoxville, I want to express my support for the development of a replacement hospital for Physicians Regional Medical Center. Although the existing hospital has served Knoxville well for the past 83 years, healthcare is changing, and hospitals and physicians must work together to provide services to our patients in the most efficient possible model of care, as well as in a place that is accessible to patients from all over the region. I believe that this project is in the best interest of my patients, many of whom ask to be referred to newer or more accessible facilities. I also believe it is in the best interest of my practice, enabling me to stay competitive. Finally, I believe the project is in the best interest of the community. While the existing hospital is sufficient to meet the needs of my patients today, it will not remain viable as a major tertiary medical center in the decades to come, and I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

John M. Ambrosia

Sports Medicine
William T. Youmans, M.D.
T. Craig Beeler, M.D.
Gregory M. Mathien, M.D.
Russell A. Betcher, M.D.
Paul L. Becker, M.D.
Matthew A. Rappé, M.D.
Robert G. Smith, M.D.

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Matthew C. Nadaud, M.D.
J. Christopher Sherrell, M.D.

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Knoxville, TN 37922

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Powell, TN 37849

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120 Hospital Drive, Suite 120
Jefferson City, TN 37760

P 865.558.4400
F 865.558.4421

www.kocortho.com

ABERCROMBIE RADIOLOGY

William R. McKissick, MD
John D. Simmons, MD
Margaret Uri, MD
J. Breese Johnson, Jr., MD
Gwen Uri, MD
Lynn Barrett, MD
Diane L. Edge, MD
Dale E. Nichols, MD
Andrew M. Evancho, MD
Lane P. Williams, MD
Wayne M. Eberenz, MD
Kenneth H. Pryor, MD
F. Gregory Curtin, MD
Samuel L. Maynard, MD
Daniel W. Walsh, MD
Donna K. Culhane, MD
Jason R. Cameron, M.D.
Daniel A. Baker, M.D.
Christopher H. Aikens, MD
Zachary Jumper, M.D.
Benjamin J. Egner, M.D.

October 20, 2014

TENNESSEE HEALTH SERVICES & DEVELOPMENT AGENCY:

I am writing this letter in support of Tennova Physicians Regional Medical Center hospital replacement. I am a board certified neuroradiologist and a partner in Abercrombie Radiology. I have practiced in Knoxville and this hospital (St. Mary's Medical Center, Mercy Medical Center, and Tennova Medical Center) for the past 31 years. Abercrombie Radiology has practiced in Knoxville in this hospital since its inception in 1930. I have served on the hospital executive committee for over 20 years and currently serve as the chief of the medical staff. So I have an in depth understanding of the hospital, its service area, patients, history and the prospective of the medical staff.

Our hospital has served this community with distinction for many years, but it is time to relocate. Over the last 80 years the hospital has grown internally in every possible way, but unfortunately this facility is land locked and can no longer support the current needs of the medical staff and patients. Despite our best efforts to continually update this facility patients now complain about its appearance, the limited space, patient and family comforts and the lack of accessability. Patients have voiced concerns over all of these issues as well as the medical staff, making it difficult to maintain a strong medical staff and recruit new members. The infrastructure is way beyond its useful life. Our department of radiology serves as a good example. The department is scattered over three floors, there is no adequate space for patient counseling, patient recovery and patient/family waiting. The department is three floors away from an active emergency room. There is still a need for our medical center, but our patients and medical staff need an updated facility to provide them with the care they deserve and that we can safely provide.

The medical staff in cooperation with the three different administrations have studied all the existing options to satisfy the needs of our patients and staff. Staying in our current location and expanding the existing facility, while seemingly an ideal solution, is not practical. We have exhaustively vetted locations throughout our region and have determined that the proposed relocation off Middlebrook Pike affords the best solution by far. We will be able to serve our same patient population as well as expand it. The site is ideally situated with excellent access for patients, associates, medical staff and ambulance traffic with options to expand the growing outpatient treatment needs of the community.

Weisgarber Medical Center
1112 Weisgarber Road
Knoxville, Tennessee 37909
865/588-1397 • Fax: 865/558-0395
www.abercrombieradiology.org
Scheduling: 865/584-3444
Scheduling Fax: 865/824-0038

ABERCROMBIE RADIOLOGY

William R. McKissick, MD
John D. Simmons, MD
Margaret Uri, MD
J. Breese Johnson, Jr., MD
Gwen Uri, MD
Lynn Barrett, MD
Diane L. Edge, MD
Dale E. Nichols, MD
Andrew M. Evancho, MD
Lane P . Williams, MD
Wayne M. Eberenz, MD
Kenneth H. Pryor, MD
F. Gregory Curtin, MD
Samuel L. Maynard, MD
Daniel W. Walsh, MD
Donna K. Culhane, MD
Jason R. Cameron, M.D.
Daniel A. Baker, M.D.
Christopher H. Aikens, MD
Zachary Jumper, M.D.
Benjamin J. Egner, M.D.

The active medical staff strongly supports the proposed relocation. We have been included in the planning of the project from its inception and are committed to the Community Health Systems Tennova system development vision. We look forward to providing the finest care for our patients in our new location, adapting to the new challenges of medical care.

John Simmons, MD
Chief of Staff Tennova Health Care Knoxville, Tennessee
President Abercrombie Radiological Consultants, Inc.

JS/sb

Weisgarber Medical Center
1112 Weisgarber Road
Knoxville, Tennessee 37909
865/588-1397 • Fax: 865/558-0395
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Scheduling: 865/584-3444
Scheduling Fax: 865/824-0038

East Tennessee
Heart Consultants
Knoxville HMA Cardiology PPM, LLC

Physicians Regional Office - 900 East Oak Hill Avenue, Suites 500 &600, Knoxville, TN 37917
Phone: 865-525-6688, Fax: 865-525-0245
Turkey Creek Office - 10810 Parkside Drive, Suite 301, Physicians Plaza, Knoxville, TN 37934
Phone: 865-470-2273, Fax: 865-693-1163

Yasir N Akhtar MD
Harry L Bishop MD, FACC
Russell R Blakeley MD FACC
David A Cox MD FACC
Joseph S DeLeese MD FACC
Clint T Doiron MD FACC
Malcolm T Foster MD FACC
Stephen D Hoadley MD FACC
Larry D Hookman MD FACC
William C Lindsay MD FACC/FHRS
Robert O Martin MD FACC
Kyle W McCoy MD FACC
Ravi S Mehta MD FACC
Barry I Michelson MD FACC
Joseph D Minardo MD FACC
William J Minteer MD FACC
Nilam N Patel MD
Steve W Reed MD FACC
Russell E Rotondo MD FACC
John A Ternay MD FACC
Randall D Towne MD FACC
Charles B Treasure MD FACC
Timothy Ballard APN MSN CNP
R Eric Dickenson PA-C
Jennifer Guffey PA-C
Stephen Miller APN MSN ACNP

October 27, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need

Dear Ms. Hill:

This is a letter written in support of the Certificate of Need for the new Tennova facility in West Knoxville. The current campus at the old St. Mary's location has become rundown. The patient rooms are small and this makes it difficult to care properly for the patients. It is also a very uncomfortable experience for the patient and their families. Although attempts have been made to modernize the building, this facility is now to the point where it cannot be made adequate to care for the patients in Knoxville.

The construction of a new medical facility would allow my patients access to improved care in a much more comfortable setting. I ask that you consider approving the Certificate of Need to allow me to better serve my patients.

Sincerely,

John A Ternay, MD, FACC
JAT/kg

Joseph E. Fuhr
623 Broome Road
Knoxville, TN 37909

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, TN 37243

Dear Ms. Hill,

I am writing to support the CON application of Tennova for a new hospital on Middlebrook Pike.

My opinion is based on a variety of positions I have held in past years. For 30 years I was a faculty member at UT hospital, and established a reference laboratory to serve East Tennessee. In time I became Dean, and Director of Continuing Medical Education with the goal of improving health care in this region by training resident physicians who would stay in the area after completing their training. Continued medical education was an important element in sustaining the medical expertise of physicians. But participating in administrative decisions made it clear that quality health care required an up to date hospital. Tennova can no longer boast of a quality physical plant. Their facility needs significant upgrades, or replacement.

In addition as a president for almost 10 years of the West Hills Community Association, who worked with many developers and city engineering I gained an appreciation of the many aspects involved in small, and large developments. I had the opportunity to work constructively with city engineering in re-doing the City's Land Development Manual. Tennova is a large development, which will likely have some impact on the West Hills community. The leadership of Tennova has, however attempted to work with the community to make their impact more beneficial, than harmful. Flooding is a serious concern in the area, but City Engineering is fully competent to oversee flood control measures

Traffic is a potential concern, and again after retirement from UTMCK, I served on the city's traffic calming committee, and for awhile guided that program. I anticipate some traffic problems on Middlebrook Pike, but studies of traffic flow, by the hour, would seem to suggest that traffic volume from a hospital would be less burdensome than from an office complex, whose peak traffic pattern would more closely match existing peak traffic times on Middlebrook.. Nonetheless, some traffic issues will most likely arise. Hence it will be important for the hospital, the community, and city engineering to work together to monitor the situation, and make proposals to TPO for mitigating interventions.

The benefits of a new state of the art hospital in this neighborhood far outweigh the negative aspects. I support the Tennova application.

Sincerely,

Joseph E. Fuhr, PhD
Emeritus Professor of Parhology

East Tennessee
Heart Consultants
Knoxville HMA Cardiology PPM, LLC

Physicians Regional Office - 900 East Oak Hill Avenue, Suites 500 &600, Knoxville, TN 37917
Phone: 865-525-6688, Fax: 865-525-0245
Turkey Creek Office - 10810 Parkside Drive, Suite 301, Physicians Plaza, Knoxville, TN 37934
Phone: 865-470-2273, Fax: 865-693-1163

Yasir N Akhtar MD
Harry L Bishop MD, FACC
Russell R Blakeley MD FAC
David A Cox MD FACC
Joseph S DeLeese MD FACC
Clint T Doiron MD FACC
Malcolm T Foster MD FACC
Stephen D Hoadley MD FACC
Larry D Hookman MD FACC
William C Lindsay MDFACC/FHRS
Robert O Martin MD FACC
Kyle W McCoy MD FACC
Ravi S Mehta MD FACC
Barry I Michelson MD FACC
Joseph D Minardo MD FACC
William J Minteer MD FACC
Nilam N Patel MD
Steve W Reed MD FACC
Russell E Rotondo MD FACC
John A Ternay MD FACC
Randall D Towne MD FACC
Charles B Treasure MD FACC
Timothy Ballard APN MSN CNP
R Eric Dickenson PA-C
Jennifer Guffey PA-C
Stephen Miller APN MSN ACNP

October 10, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need

Dear Ms. Hill,

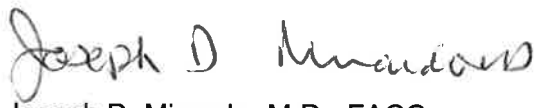
I am writing this letter in an effort to support the Certificate of Need from Tennova Healthcare for the replacement facility for Physicians Regional Medical Center. I am a Board Certified cardiologist in my 28th year of practice here. When I arrived here in 1987, St. Mary's Medical Center was a fairly modern facility providing what seemed to be excellent medical care to our patients in an efficient manner. As you know, many things have changed over the years in healthcare delivery. Combine these changes with our aging facility (with some portions over 75 years of age), we unfortunately have become a much less efficient and less consumer-friendly organization. Our rooms are exceedingly small making it difficult for our nurses, doctors, and visitors to participate in our patients' care. While over the years, Catholic Health Partners, Mercy Health Partners, HMA, and now CHS, have made valiant attempts to upgrade the physical and technological components of our facility, I believe this facility's useful lifespan has been reached. We are in dire need of a more modern facility with all of its associated technological and efficiency logistics to improve patient care. I believe that ultimately, this will reduce cost and definitely improve our patients' satisfaction.

The location proposed will be very accessible to our patients who come from a large catchment area in East Tennessee, especially in the counties surrounding Knox County. Our current location is landlocked and on a hill making it difficult for our patients and visitors to navigate the maze of hallways and levels to find where they are supposed to be.

While I have only been here for a little over 27 years, my group has been in practice in East Tennessee for about 35 years. We have a very large practice here and anticipate that it will continue to grow as we get many referrals based on our reputation alone. I believe our patients will not only need, but also deserve a better place to receive their cardiology care.

I have been and continue to be a proud member of the Tennova Healthcare System medical staff. As a result, I have made myself available for leadership positions within the medical staff. Currently, I am the Vice Chief of Staff and beginning in January 2015 I will be Chief of Staff. In this capacity, I am very aware of the wide and nearly unanimous support this CON enjoys throughout the medical staff. It is for all these reasons then that I very strongly support Tennova's request for a replacement facility for Physicians Regional Medical Center. I trust that the Tennessee Health Services and Development Agency will give this CON careful consideration and hope that it will give us the go-ahead for this much-needed replacement facility.

Sincerely,



Joseph D. Minardo, M.D., FACC
Vice Chief of Staff of the Metro Tennova Facilities
JDM:eee:plm

Julie A. Capps

4509 Fawnie Lane

Knoxville, TN 37918

October 23, 2014

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Melanie Hill,

As a resident of North Knoxville for 25 years, and an employee of Tennova for 15 years, I am pleased to show my support for the Certificate of Need application by Community Health Systems. Our current building has served our community since 1930, and it can no longer support the needs of our patients. There are many problems with our building due to its age. For example, old pipes are causing water leakage, and there is not enough power to support updated equipment such as lab analyzers. It is difficult for patients, families, and guests to be comfortable in our building. Patient rooms and family waiting rooms are small and awkward, it is difficult to navigate our building and what little parking there is requires patients to walk up and down hills. I believe a new state of the art facility would benefit the health care needs of our patients.

As a longtime resident of North Knoxville, I understand the emotional ties we all have to the building that was once St. Mary's Hospital. It has been a wonderful part of the community for many years, and served us well. When it comes time for me to walk out of the building for the last time, a part of this hospital will be a permanent part of who I am. I feel it is time to let this building rest, and let us move forward with the mission upon which this wonderful caring facility was founded. I feel this is the best way to serve Knoxville's health care needs. I hope that you will approve Community Health Systems Certificate of Need application.

Sincerely,

Julie A. Capps

Julie A. Capps

10/14/2014

Ms. Melanie Hill, Executive Director

Tennessee Health Services and Development Agency

Andrew Jackson Building, 9th Floor

502 Deaderick Street

Nashville, TN 37243

Dear Ms. Hill,

I am writing to you today to express my great anticipation for the new replacement hospital planned for Tennova. I have been working for the health system since 2004 and I very excited about the future for us and what we can provide to our customers. I manage the Central Supply department and we have to travel all over the facility to restock supplies and our current facility is very challenging to say the least. Having a new well thought out floor plan will most definitely make my department more efficient each and every day. My department is also currently located one floor below the cafeteria and unfortunately we have had a few leak problems from time to time, some of which have destroyed some of medical supplies, which is not only costly, but very time consuming to clean up.

I work with a great team of people and we are all very excited to be able to do our jobs far more efficiently and keep our customers stocked with everything they need to care for our patients and their families. These are exciting times for Tennova and Physicians Regional Medical Center.

Thank you very much for your time

Sincerely,

Julie Wall

Metro Distribution Manager

Tennova Healthcare

Knoxville, TN

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Ronald Estes, M.D.
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HOSPITALIST GROUP
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Executive Director of Operations

Emily Graham
Operations Manager

Brett Caldwell
Project Manager

Mattie Mills
Administrative Coordinator

PULMONARY CONSULTANTS
2240 Sutherland Ave, Suite 103
Knoxville, Tennessee 37919
Phone (865) 588-8831
Fax (865) 588-8841

Amber Singleton
Pulmonary Site Manager

October 23, 2014

To Whom It May Concern:

It is my hope to submit this letter in support of a replacement facility on behalf of Tennova Healthcare. As a medical professional at Physicians Regional Medical Center, Knoxville, Tennessee, I am reminded of the need to replace the facility on a daily basis.

Realizing the importance of this need and how it truly exists, it is a privilege to extend this letter of support. Although the current structure has been a staple of the Knoxville community for decades, I often experience why this replacement facility is so desperately needed when rounding on the floors and interacting with my colleagues.

Thank you in advance for considering the proposed replacement facility for Tennova Healthcare. I hope you will join me in my support of their request.

Thank you,

Justin Cecil, PA
Statcare Medical Group

October 29, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor, 502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I am writing this letter in support of building the replacement hospital for Tennova's Physicians Regional Medical Center. I'm the physician recruiter for the Tennova Health System and started working at for the system over 27 years ago. For all of those 27 years, I've worked for the same organization in various positions.

I believe it is time to move to a new facility. Our hospital is over 85 years old and while we've always worked to keep it up-to-date, adding new services, new additions and new technology, the facility, as we've grown, has become pretty inefficient and really hard to get around. Most days, it's easy to spot a frustrated patient or family member who's lost, resulting in a pretty negative patient experience. As employees, we've all learned to help out and give directions or show the way, but it still is not a positive experience for our patients.

Our hospital location is now inconvenient to most of the population in Knoxville and outlying communities. When the hospital was built, 85+ years ago, we were located in an area that was in the heart of the Knoxville population. Today, with Knoxville's growth, the population has moved to the West, making it inconvenient for patients to travel to Physicians Regional for care. We need to be in a facility that's located in a more convenient area, closer to the majority of people who live here.

As the physician recruiter for the system, I regularly speak with many physicians on our medical staff, and all are extremely supportive of building a new hospital. My fellow employees are excited about building a new hospital too and look forward to working in a more efficient environment.

Probably because of my longevity here, I have a real appreciation for our heritage and legacy for providing high quality, compassionate health care for our patients in the Knoxville and East Tennessee area. I truly believe that if we are to continue to serve this area with the quality health care we are known for, we need to build a replacement hospital.

Thank you for your consideration.

Sincerely,

Karen McKinney

Karen McKinney
Physician recruiter, Tennova Healthcare
865-548-7429

October 21, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, Tennessee 37243

Dear Ms. Hill,

For the past 2 ½ years I have been the Chief Executive Officer at Physicians Regional Medical Center (PRMC) in Knoxville, Tennessee. PRMC, formerly St. Mary's, has an 84 year history of providing excellent care to a large number of patients from a wide geographic region. The history and legacy of this facility is strong in the community having been founded as a faith based organization. This legacy can best be continued in a replacement facility for the following reasons:

1. PRMC is 84 years old and needs a significant capital investment in the central energy plant (CEP). The required investment to bring the facility up to date from a CEP standpoint would be almost 1/3 of the cost of a replacement facility.
2. The facility is difficult to access and navigate having been built on to from the 1930's to the 1990's.
3. It would be cost prohibitive to construct, reconfigure or replace the facility on the current site as it is landlocked.
4. The age, size and inefficiencies of the physical plant make it difficult to support evolving models of healthcare delivery in which accessibility and efficiency are paramount.
5. The Medical Staff at PRMC has worked with several owners and administrations to resolve the facility challenges for almost 8 years.
    a. Eight large physician groups/practices have fled the campus for more accessible office locations.
    b. Physicians communicate that it is hard to get their patients to come to this location and today's savvy consumer prefers a newer, efficient and more accessible facility.
6. Patients/families frequently verbalize concerns about the physical plant:
    a. Patients and families have an extremely difficult time with wayfinding in the facility.
    b. Patients repeatedly complain about the facility layout and small, inefficient patient rooms. With today's technology, it is challenging to provide necessary equipment in the patient room while providing a safe environment.
    c. Privacy concerns exist as many of our patient rooms have room doors that also serve as bathroom doors - a model from early 1950 construction.

PRMC leadership has worked closely with our employees, medical staff, Board of Trustees and local community to find a site that is easily accessible from the interstate and major roads. This is important due to the large geographic region that is served by the facility, which we do not anticipate will change. In addition, PRMC leadership has worked closely with the neighborhood/community groups near the proposed location and has made changes to the proposed structure and layout based on comments from these groups. Traffic, noise, lighting, water, drainage, and environmental concerns have all been addressed. It is our intention to be a good neighbor at the proposed location and continue to support the healthcare needs of the community.

I have great appreciation for founders of St. Mary's Hospital and their dedication for serving our community, but the fact is our community and medicine has changed. Tennova's proposal for a new facility simply meets today's consumer demands and clinical needs.

Yours truly,

Karen Metz

Karen Metz
Chief Executive Officer

Tennessee Urology Associates, PLLC

Lee Congleton III, M.D.

Eric R. Nicely, M.D.

Christopher E. Ramsey, M.D.

Charles W. Reynolds, M.D.

Brian D. Parker, M.D.

Katherine M. Cameron, M.D.

John-Paul Newport, M.D.

Laura Moore, FNP-BC

Krista Hodges, PA-C

Deborah Quedeweit
Practice Manager

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Powell, TN 37849

Park West Office
9330 Park West Boulevard
Suite 308
Knoxville, TN 37849

Lenoir City Office
550 Town Creek Road East
Suite 203
Lenoir City, TN 37772

865-938-5222
Facsimile 938-5264

October 23, 2014

Ms. Melaine Hill, Executive Director
Tennessee Health Services & Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick St.
Nashville TN 37243

Dear Ms. Hill:

As a practicing physician in Knoxville, I want to express my support for the development of a replacement hospital for Physicians Regional Medical Center. The current facility has served Knoxville well, however, with changes in healthcare daily, we must work together to provide services in the most efficient possible model of care, as well as in a place that is accessible to patients from all over the region.

I believe the project is in the best interest of my patients, enabling me to stay competitive. The existing facility will not remain viable as a major tertiary medical center in the decades to come and I support Tennova as it takes steps now to secure the hospital's future in the development of a replacement facility.

Sincerely yours,

Katherine M. Cameron, MD

KCM/dq

Kathleen O. Edmunds, M.D.
OBSTETRICS & GYNECOLOGY

October 15, 2014

Dear Ms. Hill,

As a physician practicing in Knoxville, I want to express my support for the development of a replacement hospital for Physicians Regional Medical Center. Although the existing hospital has served Knoxville well for the past 83 years, healthcare is changing, and hospitals and physicians must work together to provide services to our patients in the most efficient possible model of care, as well as in a place that is accessible to patients from all over the region.

I believe that this project is in the best interest of my patients, many of whom ask to be referred to newer or more accessible facilities. I also believe it is in the best interest of my practice, enabling me to stay competitive. Finally, I believe the project is in the best interest of the community. While the existing hospital is sufficient to meet the needs of my patients today, it will not remain viable as a major tertiary medical center in the decades to come, and I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

930 Emerald Avenue, Suite 712, Knoxville, TN 37917 • *phone: 865-684-1766* • *fax: 865-684-1767*

October 23, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I am writing this letter in response to the CON for a replacement hospital for Physicians Regional Medical Center in Knoxville Tennessee.

I have been employed at the St. Mary's facility on Oakhill Avenue for 40 years and I am currently the Director of Environmental Services.

Many changes have taken place over the years to improve our facility, but it is very difficult to maintain the appearance of a facility that is 80 + years old. We constantly have plumbing and air conditioning problems, etc. which is very unsightly and costly.

During our daily rounding and talking to the patients and their family members, we constantly hear how small the patient rooms, bathrooms and waiting areas are, unlimited parking, not being able to find areas, etc. This has a negative impact on our patient satisfaction.

As our organization continues to grow so does our commitment to provide the best possible care to our patients. With the age and structure of this facility, we have so many barriers that prevent us from meeting the expectations of our patients and the community.

After spending many years at St. Mary's and also using this facility for my own personal healthcare needs, my heart wants this facility to remain on this site, but realistically I know to continue giving excellent patient care that this is not feasible.

A new replacement hospital is crucial in providing an environment that is patient friendly, improve patient satisfaction substantially, reduce operational cost and most importantly provide the best possible healthcare to our patients.

Thank you for your consideration with this matter.

Sincerely,

Kathy Wise

Kathy Wise
Director of Environmental Services

October 23, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I have only worked at Physicians Regional Medical Center for a short time (as a transfer from a CHP facility in Cincinnati) however I can easily see that we need a replacement facility.

Patient care is excellent at our facility but the rooms are very small and waiting rooms for the family are not comfortable and do not accommodate current needs.

Because our facility is built on a hill and new additions have continued down the hill, the building is very confusing to new employees and visitors. We have multiple floors that exit to the street with parking lots on both sides of the building. I'm asked multiple times a day to direct visitors to parts of the hospital or to help them get back to their car.

An employee pharmacy and more parking would definitely be improvements for associates.

And lastly, our lab has to be split between 2 different floors in the hospital because of space. My work area is in one of the oldest parts of the building and even though it is maintained and kept clean, our plumbing and electrical is old and causes severe limitations for us.

I appreciate your consideration of this letter in support of a replacement facility for Physicians Regional Medical Center.

Sincerely,

Kelly Cooper

Phlebotomist | Physicians Regional Medical Center | Knoxville, TN 37917

IPS
Innovative Pathology Services

501 19th Street, Suite 301
Knoxville, TN 37916
Phone: 865-522-7591
Fax: 865-546-2618

Michael L. Dyer, M.D.
James P. Craig, M.D.
Rick Sances, M.D.
Vandana Kumar, M.D.
Gary L. Cooper, M.D.
Darren P. Wirthwein, M.D.
Zachary T. Lewis, M.D.
Citabria Holley, M.D.
Stephen J. Swanger, M.D.
Michael L. Whitson, M.D.
Lauren F. Chiles, M.D.
Kelley O. Montoya, M.D.
Frank J. Beuerlein, M.D.
William Konomos, M.D.
Paul Eberts, M.D.
Jeremy G. Vincent, M.D.

October 21, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Developmental Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

I am writing to petition, and offer my support for the approval of a replacement hospital for Physician's Regional Medical Center located in Knoxville, Tennessee. Other hospitals in the Knoxville area have new modern facilities with state of the art technologies that allow patients to be cared for in a welcoming treatment setting.

Our hospital has a rich tradition of treating patients in Knoxville, and we hope to continue that legacy with a new updated facility that would allow us to further advance are practices. Physician's Regional Medical Cente unfortunately has become dated throughout the years. The other Tennova hospitals in the outlying areas have modern updated facilities, and we would like offer this to our patients and physician colleagues close to downtown as well.

Thank you for your consideration in this matter. I think you will find that this will be a worthwhile endeavor fc progressing healthcare in the Knoxville and eastern Tennessee.

Sincerely,

Kelley O. Montoya, M.D.

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, TN 37243

October 14, 2014

RE: PRMC Replacement Hospital Project

Dear Ms. Hill,

My name is Kelly Spurgeon and I work in Case Management at Physicians Regional Medical Center. I have been employed at the hospital for twenty-six years. I support the replacement hospital because a replacement hospital will improve my patients' satifaction with their healthcare services.

Thank you in advance for taking my concerns into consideration.

Sincerely,

Kelly Spurgeon
Case Management
Physicians Regional Medical Center
900 E. Oak Hill Avenue
Knoxville, TN 37917

October 24, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Ms. Hill:

As a long time resident in the West Hills area I am writing in support of the proposed Tennova hospital on Middlebrook Pike in Knoxville Tennessee.

The Middlebrook Pike location is far superior and much more easily accessible than the facility it will replace. It will also be located in a much more heavily populated area of town.

I am excited about the possibility of having this facility in West Knoxville.

Sincerely,

Ken Knight

Ken Knight
845 Bennett Place
Knoxville, TN 37909

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, TN 37243

October 15, 2014

RE: PRMC Replacement Hospital Project

Dear Ms. Hill,

My name is Kari Adderhold and I work in Case Management at Physicians Regional Medical Center. I have been employed at the hospital for sixteen years. I support the replacement hospital because I hear from patients and families that they would prefer to go to a newer or more accessible facility. It is important to me that we provide services in a more patient-friendly environment.

Thank you in advance for taking my concerns into consideration.

Sincerely,

Keri Adderhold, RN
Case Management
Physicians Regional Medical Center
900 E. Oak Hill Avenue
Knoxville, TN 37917

Wm. Kevin Bailey, MD

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Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, Tennessee 37243

Dear Ms. Hill,

I am writing you in regard to the upcoming CON hearing concerning the replacement facility for Tennova Physicians Regional Medical Center (PRMC). I strongly support the decision of the leadership team to pursue a replacement facility to better serve our community.

I grew up in Knoxville and started my "medical career" as an orderly at PRMC, formerly St. Mary's, 30 years ago. I cherish the memories of a wonderful experience and recall being in awe of the original "A" wing and the newly renovated areas. I recall having an impression of the facility having all the latest equipment and technology. Sadly, the facility and equipment has aged 30 years (and so have I) and no longer meets the needs of demanding healthcare consumers or an efficient healthcare delivery model.

I am still proud to be a part of PRMC serving as a physician on the Rehabilitation Unit taking care of patients with catastrophic injuries, strokes and other debilitating diseases. I also have a longstanding private practice in the neighboring Fountain City area and serve patients from all the neighboring counties. I have countless discussions with patients regarding hospitalization. I hear frequently, "I want to go where they have all the latest equipment and to a newer facility". PRMC has some major challenges with the age of the facility. It was built 84 years ago and has been added to over the years. The facility is desperately in need of significant capital infrastructure support which would be cost prohibitive given the overall age and layout of the facility. PRMC is extremely challenging for patients and families to navigate and they frequently wander around lost trying to find their way around almost 2 million square feet. Patients frequently complain about the size of the rooms, privacy issues and all the necessary equipment required to effectively provide patient care. This scenario creates safety issues for our patients.

The Medical Staff fully supports the replacement facility. In my communication with other active members of the medical staff, every single physician I have discussed this with offers strong support for this plan.

I have great appreciation for founders of St. Mary's Hospital and their dedication for serving our community, but the fact is our community and medicine has changed. Tennova's proposal for a new facility simply meets today's consumer demands and clinical needs. We would very much appreciate your support of the replacement facility as we seek to improve medical care in Knoxville.

Yours truly,

Kevin Bailey, MD

October 23, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I am the Quality Director at Physicians Regional Medical Center. Upon the start of my employment here almost a year ago, it was very apparent to me that my fellow employees were extremely proud of the legacy of the hospital. It has a rich history which includes its start in 1930, the addition of many buildings and services, the merging of the facility with various corporations over the past several years, but most importantly the merging of faiths. The Mission Statement of the hospital is as follows:

"Grounded by our faith in God, we provide a quality environment of healing,
bringing innovative healthcare to our community".

As noted on our website, we value compassion, excellence, human dignity, justice, and the sacredness of life and service. Our mission guides the way we care for our patients and support their families, and it guides our involvement in the community and directs the way we conduct our business. We are known as the flagship hospital for Tennova Healthcare. In order to continue this legacy, however, we are in need of a new facility which would enable us to have updated technology. With a new facility and more current technology, we would be able to operate much more efficiently. Our current facility has no more room for expansion, and due to its numerous additions on different levels it is difficult for patients and families to find their way around. A new facility would definitely improve overall patient satisfaction with both the inpatient and outpatient services we provide. Lastly, a more centrally-located facility would also provide the public with better access to the facility as a whole.

Although I have been working at Physicians Regional Medical Center less than a year, it is evident to me that a new facility would certainly enhance our ability to provide excellent healthcare to the citizens of Knoxville and the surrounding counties who count on us to take care of them and their families.

Thank you for your consideration.

Sincerely,

Kristen Kilgore

Kristen Kilgore, RN
Quality Director
Physicians Regional Medical Center

East Tennessee
Heart Consultants
Knoxville HMA Cardiology PPM, LLC

Physicians Regional Office - 900 East Oak Hill Avenue, Suites 500 &600, Knoxville, TN 37917
Phone: 865-525-6688, Fax: 865-525-0245
Turkey Creek Office - 10810 Parkside Drive, Suite 301, Physicians Plaza, Knoxville, TN 37934
Phone: 865-470-2273, Fax: 865-693-1163

H.L. Bishop, M.D., FACC
R.R. Blakeley, M.D., FACC
D.A. Cox, M.D., FACC
J.S. DeLeese, M.D., FACC
C.T. Doiron, M.D., FACC
M.T. Foster, M.D., FACC
S.D. Hoadley, M.D., FACC
L.D. Hookman, M.D., FACC
W.C. Lindsay, M.D., FACC
R.O. Martin, M.D., FACC
K.W. McCoy, M.D., FACC
R.S. Mehta, M.D., FACC
B I. Michelson, M.D, FACC
J.D. Minardo, M.D., FACC
W.J. Minteer, M.D., FACC
N.N. Patel, M.D.
S.W. Reed, M.D., FACC
R. E. Rotondo, M.D., FACC
J.A. Ternay, M.D., FACC
R.D. Towne, M.D., FACC
C.B. Treasure, M.D., FACC
Timothy Ballard, APN, MSN, ACNP
R. Eric Dickenson, PA-C
Jennifer Guffey, PA-C
Stephen Miller, APN, MSN, ACNP

October 27, 2014

Ms. Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need for Physicians Regional Medical Center

Dear Ms. Hill:

I am writing this letter in support of the Certificate of Need from Tennova Healthcare for the replacement facility for Physicians Regional Medical Center. I have been practicing at Physicians Regional Medical Center since 1993 and during this time, the facility has become antiquated and makes caring for my patients very difficult. The patient rooms are small and this impacts the quality of care and the experience of the families. Efforts have been made over the years to upgrade some of these facilities, but it has gotten to a point where it is not a feasible option. We are desperately in need of a more modern facility in order to take care of the needs of our patients and families. The new site and the proposed new facility would be easily accessible to our patients and an excellent option going forward.

I appreciate your consideration of this matter that is of crucial importance to the physicians, nurses and medical staff, as well as the patients and families that have been using Physicians Regional Medical Center.

Sincerely,

Kyle McCoy

Kyle W. McCoy, M.D., FACC

KWM:tkc

October 14, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I understand that you play an exceptionally important decision making role in the upcoming Certificate of Need for the replacement hospital for Physicians Regional Medical Center. The hearing is scheduled for November 19, 2014. I ask for your support of the request.

I completely support the replacement facility and have noted my reasons below.

- A replacement facility will help us provide patients with better care. Instead of sinking money into keeping up an old infrastructure, we can focus on new technology and new equipment. Every associate and I want our primary focus to be providing exceptional patient care.
- Patients frequently make negative and frustrated comments on the difficulty of finding their way around our multi building complex and the age of our building. Many patients shop hospitals in the same manner they would hotels and are looking for convenient treatment areas and aesthetically pleasing surroundings. A replacement facility will provide the opportunity to establish a patient/visitor friendly atmosphere.
- A replacement facility at the planned location on Middlebrook Pike will not change the communities we serve which is a large geographical area. I do believe the planned location will be an easier location to access for patients and visitors.
- I appreciate the legacy and heritage of Physicians Regional Medical Center. The legacy can best be continued into the future by staying current with our facility and technology. Again, our primary focus is to provide exceptional patient care.

As you review the documentation and make your decision, please know your approval of this Certificate of Need is truly appreciated by our associates and, most of all, our patients. I believe this replacement hospital gives our associates the opportunity to provide better healthcare for our community and I ask for your support.

Thank you,

Lara Hardin

Lara Hardin
Accounting Manager

Internal Medicine Associates of Knoxville

a division of
Summit Medical Group, PLLC

J. Davis Allan, M.D.
Robert C. Alley, M.D.
Amy E. Bentley, M.D., F.A.C.P.
Larry C. Brakebill, M.D., F.A.C.P.
Miriam Brandon, M.D.
David C. Durbin, M.D.
Cassandra F. Gibbs, M.D.
James C. Griffin, II, D.O.
Glen E. Hall, M.D.
M. Douglas Leahy, M.D., M.A.C.P.
Stephen P. Lorino, M.D.
Gerald L. Mancebo, M.D., F.A.C.P.
Peter J. Ochoa, M.D.
John F. Vannoy, M.D., F.A.C.P.

Douglas H. Luttrell, FNP
Elizabeth A. Gager, FNP
Monica R. Gentry, FNP

Joanne Kennedy, CMPE
Administrator

October 14, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tn. 37243

Dear. Ms. Hill:

I have been a practicing physician in Knoxville for many years and I am writing in support for the development of a replacement hospital for the aging Physicians Regional Medical Center. Healthcare is changing as is the expectation of my patients. The hospitals and physicians must work together to provide quality services to our patients in the most efficient possible model of care, as well as in a place that is accessible to patients from all over the region.

I believe the proposed new facility is in the best interest of my patients and they expect to be referred to a newer and more accessible facility. I also believe it is the best interest of my practice and it is in the best interest of the community.

I support Tennova as it takes steps now to secure the hospital's future by developing this replacement hospital which can best be met in a different environment of care.

Sincerely,

Larry C. Brakebill, M.D. FACP

7557B Dannaher Drive
Suite 225
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Fax (865) 362-6680
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NOV 5 '24 PM 10:19

Ms. Melanie Hill, Executive Director
Tennessee Heath Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I am writing this letter in support of granting a CON for the replacement hospital for Physicians Regional Medical Center with Tennova Health System in Knoxville, Tennessee. I have been employed in imaging at Physicians Regional for 31 years as an imaging technologist. I currently serve as the MRI team leader for MR services at Physicans Regional.

During my career here I have watched our facility become structurally deteriorated, isolated and overall compromised by its age and location. Our patient base no longer desires to come here as they view our facility as "old" and associate this medical center with old equipment, no parking, and in general somewhere they no longer wish to come. Some of this is based on the fact patients prefer convenience and would rather come to a facility where they don't have to drive around the building for 20 minutes just to find a place to park or walk through a maze of a facility that is outdated and difficult to navigate. I hear this from patient's daily as they complain about these issues along with the negative comments from patient surveys. We need a facility that provides a more patient friendly environment.

I have watched our department where I work become a constant source of structural breakdowns. Roofs that leak, air systems that constantly need repair, and plumbing problems. The facility has passed the point of refurbishment. The cost of just keeping things going continues to escalate.

We need a new facility that would be allow for better work flow, ease of patient movement, and much needed new equipment. For example, we register patients on one side of the hospital where only one imaging department is located. The patient has a five minute walk to the other side of the hospital to make it to the main imaging department where all other imaging is offered. This is very inefficient for both the staff and patients. Replacing MR systems is very expensive. It would be more cost effective to delay this now and update to new, state of the art equipment at the time the new hospital would be completed.

I would really appreciate your consideration for granting the CON to allow a replacement hospital for Physicians Regional Medical Center. We are very proud of the job that we do here and the communities that we serve. Allowing this process to become a reality would better serve our patient base geographically, improve patient satisfaction, and give us a facility with upgraded services and technology.

Sincerely,

Larry Rowlette

Larry Rowlette, R.T, M.R.
Physicians Regional Medical Center

IPS™
Innovative Pathology Services

501 19th Street, Suite 301
Knoxville, TN 37916
Phone: 865-522-7591
Fax: 865-546-2618

NOV 5 '14 A 10:11

Michael L. Dyer, M.D.
James P. Craig, M.D.
Rick Sances, M.D.
Vandana Kumar, M.D.
Gary L. Cooper, M.D.
Darren P. Wirthwein, M.D.
Zachary T. Lewis, M.D.
Citabria Holley, M.D.
Stephen J. Swanger, M.D.
Michael L. Whitson, M.D.
Lauren F. Chiles, M.D.
Kelley O. Montoya, M.D.
Frank J. Beuerlein, M.D.
William Konomos, M.D.
Paul Eberts, M.D.
Jeremy G. Vincent, M.D.

October 22, 2014

Dear Ms. Hill,

I am a physician currently working with the Tennova system. As I'm sure you are aware, hospitals age. You can realize that as you walk around our current situation at Physicans Regional Medical Center, the former St. Mary's Hospital. While everyone does their best to provide an environment of up-to-date medical care, the facilities are not able to keep up. We have struggled with the age of the building. It is currently not cost effective to do the major renovation needed on the current building. Therefore, I am in support of the relocation of our hospital.

This new hospital would greatly improve the operations of the laboratories and provide the space and layout we need for improved patient care. I also believe it will positively affect the community as patients' satisfaction and our ability to provide state of the art care improves. Thank you for your valuable time.

Sincerely,

Lauren Chiles, MD

Lauren Chiles, MD

East Tennessee
Heart Consultants
Knoxville HMA Cardiology PPM, LLC

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Yasir N Akhtar MD
Harry L Bishop MD, FACC
Russell R Blakeley MD FACC
David A Cox MD FACC
Joseph S DeLeese MD FACC
Clint T Doiron MD FACC
Malcolm T Foster MD FACC
Stephen D Hoadley MD FACC
Larry D Hookman MD FACC
William C Lindsay MD FACC/FHRS
Robert O Martin MD FACC
Kyle W McCoy MD FACC
Ravi S Mehta MD FACC
Barry I Michelson MD FACC
Joseph D Minardo MD FACC
William J Minteer MD FACC
Nilam N Patel MD
Steve W Reed MD FACC
Russell E Rotondo MD FACC
John A Ternay MD FACC
Randall D Towne MD FACC
Charles B Treasure MD FACC
Timothy Ballard APN MSN CNP
R Eric Dickenson PA-C
Jennifer Guffey PA-C
Stephen Miller APN MSN ACNP

October 23, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need

Dear Ms. Hill:

This letter is in support of the Certificate of Need for Tennova Health Care for the replacement facility for Physicians Regional Medical Center. I have been at Physicians Regional Medical Center since 1988 when it was St. Mary's Medical Center. I have been a practicing cardiologist in that facility during that period of time. I believe the change to the new facility would provide a more modern facility to provide patient care for our patients. I believe the new facility would have a positive impact not only in patient care but for the community as well. I therefore support the Certificate of Need and would suggest the committee's careful consideration for its approval.

Thank you very kindly for your attention.

Sincerely,

Lawrence D Hookman, MD, FACC
LDH :kkg

Tennessee Urology Associates, PLLC

Lee Congleton III, M.D.

Eric R. Nicely, M.D.

Christopher E. Ramsey, M.D.

Charles W. Reynolds, M.D.

Brian D. Parker, M.D.

Katherine M. Cameron, M.D.

John-Paul Newport, M.D.

Tammy Y. Newman, PA-C

Laura Moore, CNP

Deborah Quedeweit
Practice Manager

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Suite 230
Powell, TN 37849

Park West Office
9330 Park West Boulevard
Suite 308
Knoxville, TN 37849

Lenoir City Office
550 Town Creek Road East
Suite 203
Lenoir City, TN 37772

865-938-5222
Facsimile 938-5264

Ms. Melaine Hill, Executive Director
Tennessee Health Services & Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick St.
Nashville TN 37243

Dear Ms. Hill:

I am writing to give my support for a replacement hospital for Physicians Regional Medical Center.

Physicians Regional has always treated my patients well, however, the biggest complaint I hear is that the physical structure is outdated. It would allow a significant upgrade in facilities, not only cosmetically but will allow the use of new technological advancements to promote improved health care for my patients.

The replacement hospital will be in the best interest of the community as well as the best interest of my practice.

I support Tennova as it takes steps to secure the hospital's future by developing this replacement strategy.

Sincerely yours,

Lee Congleton III, MD

LC/dq

Leigh Dunlap
1419 Remington Grove Lane
Knoxville, TN 37909

NOV 5 '14 AM 10:09

November 4, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I am writing to support the replacement hospital for Physicians Regional Medical Center (PRMC) in Knoxville, which will be ruled upon at the upcoming hearing in Nashville on November 19.

I joined the team at Physicians Regional in July 2013 as Marketing Manager. I grew up in Oak Ridge and held a similar position in Virginia before moving back to East Tennessee to be closer to my parents who are still in the area.

It was a great move for me for many reasons – a primary one being the privilege of finding a new job with an organization whose mission I truly support. Physicians Regional, formerly St. Mary's, has served the community with distinction for more than 80 years. We hope now to carry that legacy to a new location, as the need to replace our aging infrastructure becomes more apparent every day. The way we delivery healthcare, as you know, has changed dramatically in the past years. We have interconnected buildings from almost every decade on our current, land-locked campus, making it very difficult for patients and visitors to locate the services within the hospital that they need. Many have to walk through several hallways and navigate several elevators to reach their destination. Our parking configuration is also difficult to manage for many, and care is provided in spaces that do not adequately meet today's needs.

A new building would allow our team members to provide the care they truly want to deliver to our patients – supported by a physical plant that is designed for the way we provide care now and will provide it in the future. It will improve the entire patient and visitor experience, hopefully lessening the stress they feel during already anxious times.

Also, I live in the neighborhood where the proposed new hospital, if approved, will be located. I know that there are some in the neighborhood who oppose the hospital, wishing the space to remain green and undeveloped. However, I also know of many others, including myself, who would welcome Tennova Healthcare as a neighbor and look forward to perhaps seeing their property values raise as a result.

Thank you and your team in advance for the work you do on behalf of the citizens in our state. I hope you will rule positively upon our application on November 19.

Sincerely,

Leigh Dunlap

Leigh Dunlap
(571) 421-7171

women's health specialists

October 24, 2014

Ms. Melanie Hill, Executive Director
TN Health Services & Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

Ms. Hill,

I am writing to support the building of a replacement hospital for Tennova's Physicians Regional Medical Center (PRMC) in Knoxville. I am an OB/GYN who has practiced full time at this hospital for 37 years. For all of those 37 years, my office has been on the campus of PRMC. During those 37 years I have delivered many babies in this hospital. I have also witnessed many additions and modifications to the facility.

I think it is time to move out to a new facility. When this hospital was built 80 years ago it was very up to date and it was located in the heart of Knoxville's population. Our facility is now old and 16 miles from the center of Knoxville's population. Because the facility has been added onto so many times, the layout is very confusing to patients and is very not user friendly. To get from my office to the Labor & Delivery, I have to take three separate elevators. When in a rush to deliver a baby, I can only hope that all three are working well & not too crowded.

In my years of practice here, I have witnessed numerous changes in management and ownership. I have seen many physicians and other staff come and go. Even with all these changes, I would not want me or my family to go to any other hospital for services. Two of my children and four of my grandchildren have been born here.

The current administrators, physicians and nursing staff, and support personnel are competent and compassionate people. I think they all want to "do the right thing". I believe the right thing is to build a replacement facility that is closer to Knoxville's population center and to build a facility that can better serve our patients and staff, now and into the future. Every physician and nurse I work with is supportive of this plan and is excited about moving to a new replacement hospital.

Thank You for your attention to this matter.

Respectfully Yours,

Leonard A. Brabson MD FACOG
939 Emerald Ave. Suite 806
Knoxville, TN 37917
865-647-3450

October 27, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Re: Tennova Healthcare Weisgarber CON
Knoxville, TN

Ms. Hill,

As a member of the Engineering Department for Physicians Regional Medical Center, I have seen many changes for the past 11 years. I am responsible for the documentation and implementation of regulatory processes for the facility.

I support the new CON for several reasons. I am frequently involved in federal, state and local inspections. The inspectors inspect the building by the current code, yet much of the facility was built to different codes that were in effect when constructed decades ago.

We are having to spend much more time and resources explaining the gap between prior and current codes. The gap continues to grow each year, and with effort the facility continues to get excellent facility scores. A new facility however would make meeting these new codes much easier and better serve our patients.

This hospital is among the oldest in town. Considering its age, the facility is in excellent condition, where much of the original equipment is still in operation. However parts for older equipment are getting harder to find. As the facility ages, the number of suppliers continues to get fewer and fewer.

We have considered replacing this equipment entirely, but have very limited space for the new systems and unable to shut down the hospital for such periods of time.

Physicians Regional Medical Center has received 10 major expansions since inception and many more minor renovations. Each expansion was built as a separate wing or addition per current code, and thus requires separate documentation for each facility system during inspections. Facility documentation has been excellent during this time, yet a new facility constructed at one time under the same code would better facilitate these requirements.

Sincerely,

Leonard Vaughen
Hospital Safety Officer
Physicians Regional Medical Center
Knoxville, TN 37917
(865) 545-3044

October 24, 2014

Attn: Melanie Burgess
Tennova Market Support Office
Tennova Healthcare
930 Emerald Avenue, POB 8th Floor, Suite 813
Knoxville, TN 37917

My name is Lisa Manfredo. I am the Tennova Healthcare Regional Coder and Reimbursement Specialist for Radiology Services. I have worked in this position since September 9, 2013 with my home base located at Physicians Regional Medical Center. I am writing this letter in support of the Certificate of Need for the Physicians Regional Medical Center replacement hospital.

Earlier in my career, I worked as a registered traveling MRI technologist. As a traveler, I worked in many hospitals that differed not only in geographic location, but in age, appearance and architecture. I saw firsthand in my traveling experiences the impact those differences have on employee and customer satisfaction. The hospitals that thrived possessed **ALL** of the following:

- competent and compassionate staff
- convenient and safe location
- preferred parking
- ease of navigation within the facility
- "curb appeal"

With the exception of competent and compassionate staff, Physicians Regional Medical Center does not possess the remaining traits needed to succeed in this market. We, as caregivers, can give top notch quality care but only to those customers/patients who choose Physicians Regional Medical Center for their healthcare needs. We still have a "heartbeat" here at PRMC and would like to pay it forward by providing services in a more desirable and safe location. Help us continue help others!

Sincerely,
Lisa Manfredo
Lisa Manfredo

PHYSICIANS REGIONAL MEDICAL CENTER

900 East Oak Hill Avenue

Knoxville, TN 37917

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I am an employed full-time pharmacist at Physicians Regional Medical Center writing you in support of the need for a replacement facility for our building. The reasons for the need of a new building are many with some very obvious ones and some not. I will only state a few of each.

Our building is VERY old, outdated, and inefficient. We are dealing with updates/upgrades of our modern world in an archaic building, especially for technology, equipment and space. Our pharmacy is approximately a 10 minute walk from some locations. Our patients and visitors must navigate multiple elevators and hallways for other locations. We hear from patients and families...."it's so hard to find my way", so a more efficient space would greatly improve patient satisfaction. A new site would also improve accessibility for the broad geographic area that we serve.

A new modern space would offer a friendly environment for those we serve with easy access, larger rooms and the latest technology, to list a few of the many positive benefits. We all trust the legacy and heritage of Physicians Regional Medical Center but have come to realize these values are difficult to maintain in our current facility.

I've been a proud employee since 2003 and feel strongly about our need to continue improvement and growth of our service and ministry for our patients and families.

Thank you and we appreciate your time and consideration.

Sincerely,

Lissa Vanhuss, DPh

Lissa Vanhuss,DPh
Pharmacist
Physicians Regional Medical Center

NOV 5 '14 AM 10:20

October 16th, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I have been an Associate at Physicians Regional Medical Center for slightly over 32 years. I support the replacement hospital for several reasons. Below are just a few reasons for my support:

1) We treat patients from a very broad geographic region. This location and proximity to the interstate make it much more accessible for our patients.
2) Patients and families get lost very easily in our current hospital. Over the last 80 years there have been several additional buildings added to our campus. We have numerous entrances on different floors. The layout confuses our patients and their loved ones. The replacement hospital will be designed to improve way finding and ultimately our patients' experiences.
3) The physicians that practice in our hospital are requesting a replacement facility. They tell us that their patients are requesting a replacement hospital that is more accessible and easier to maneuver through.
4) Our facility is 83+ years old which makes it very hard to wire for updating out IT systems and also is very inefficient when it comes to heating and cooling the facility.
5) Many of our patient rooms are very small and can't accommodate comfortable seating/sleeping for our families who wish to remain with their loved ones let alone accommodate medical equipment need to care for our patient's.

I ask for your support for this project. Approving the replacement hospital is the right decision for our patients, staff and physicians in the greater Knoxville area.

Lori Coffey RN 10/16/14

Lori Coffey RN
Clinical Leader Peri-operative Departments
Physician's Regional Medical Center
Knoxville Tennessee

KOC
Knoxville Orthopaedic Clinic

October 20, 2014

Dear Ms. Hill,

I am writing to show my support for the need of a replacement hospital for Physicians Regional Medical Center. I have practiced in Knoxville for several years and Physicians Regional Medical Center has treated my patients well, but the facility is old and quite frankly, my patients do not wish to go there. Although this building does not represent the level of care that is given from the staff at PRMC, it unfortunately is seen that way with my patients.

The replacement hospital will be in the best interest of my practice and I believe it will enable me to stay competitive. I also believe the project is in the best interest of the community as the existing hospital will not remain viable as a major tertiary medical center in the decades to come.

I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

Luke Madigan, M.D.

jne

Sports Medicine
William T. Youmans, M.D.
T. Craig Beeler, M.D.
Gregory M. Mathien, M.D.
Russell A. Betcher, M.D.
Paul L. Becker, M.D.
Matthew A. Rappé, M.D.
Robert G. Smith, M.D.

Spine
Sidney L. Wallace, M.D.
James K. Maguire, Jr., M.D.
Paul H. Johnson, M.D.
Luke Madigan, M.D.

Foot & Ankle
William T. McPeake, M.D.
M. Chris Testerman, M.D.

Joint Replacement
Brian M. Covino, M.D.
Matthew C. Nadaud, M.D.
J. Christopher Sherrell, M.D.

Pediatric & Adolescent
Robert R. Madigan, M.D.
Cameron J. Sears, M.D.
J. Jay Crawford, M.D.

Shoulder & Elbow
G. Brian Holloway, M.D.
Edwin E. Spencer, Jr., M.D.

Hand & Wrist
Joseph C. DeFiore, Jr., M.D.
John M. Ambrosia, M.D.
Robert E. Ivy, M.D.
Douglas N. Calhoun, M.D.

Physical Medicine
Bruce B. Fry, D.O.
Michael C. Craig, M.D.

General Orthopaedics
John J. McGraw, Sr., M.D.

Primary Care Sports Medicine
Chris A. Klenck, M.D.
Amber G. Luhn, M.D.
Benson A. Scott, M.D.

Weisgarber Office
1422 Old Weisgarber Road
Knoxville, TN 37909

West Office
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Knoxville, TN 37922

North Office
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120 Hospital Drive, Suite 120
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SUMMIT MEDICAL GROUP

Internal Medicine Associates of Knoxville
a division of
Summit Medical Group, PLLC

J. Davis Allan, M.D.
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Amy E. Bentley, M.D., F.A.C.P.
Larry C. Brakebill, M.D., F.A.C.P.
Miriam Brandon, M.D.
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Douglas H. Luttrell, FNP
Elizabeth A. Gager, FNP
Monica R. Gentry, FNP

Joanne Kennedy, CMPE
Administrator

October 14, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tn. 37243

Dear Ms. Hill:

I am a practicing physician for thirty-five (35) years in the North Knoxville area with Summit Medical Group. It is imperative that the hospital system move forward to develop a new facility for several reasons. The current Woodland hospital location is not able to meet the demand of my patients in the future. It would be prohibitively expensive to remodel the old facility to bring it up to the standards that are necessary to care for my patients in the future. Patient's now expect facilities that are up to date and deliver care that needs heavy use of new technology and delivered in a more quality efficient setting. My patients tend to come from a large geographic area and the new facility will make that more possible and accessible for them to see me. The current hospital setting has been an important legacy for the community and the city as a whole but no longer meets expectations.

Please let me know if I can be of any further assistance.

Sincerely,

M. Douglas Leahy, M.D. MACP

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Phone (865) 546-9751
Fax (865) 362-6680
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PREMIER
at Physicians Regional
and North Knoxville
A Division of Premier Surgical Associates

October 13, 2014

Brian H. Garber, MD, FACS
George A. Pliagas, MD, FACS
David J. Harrell, MD, FACS
Donald L. Akers Jr., MD, FACS
Roland B. Weast, MD, FACS
Marcella J. Greene, MD
Marcus A. Barber, MD
Jessica L. Vinsant, MD

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

I am writing you to support building of the Physicians Regional Medical Center (PRMC) replacement hospital. I am a general surgeon who currently practices at the PRMC location. There are several reasons why I support the replacement hospital for the treatment of my patients and betterment of my practice. The patients I care for, as a whole, prefer a newer and more accessible facility. These patients equate the idea of a new hospital with better care and better access to the newest and best technology. Patients desire a replacement hospital because they want the best care they can receive and although the current hospital has a long legacy, they believe better care will more likely be obtainable at this new replacement hospital. Also, a newer facility would provide better accommodations for both patients and their families, a current complaint that arises on an almost weekly basis at the current PRMC facility.

In addition, the construction of a replacement hospital would greatly better my practice. Currently, I belong to a very busy general surgery practice that has provided care at the PRMC location for the past several decades. The replacement facility, in its proposed location, will help me to practice more efficiently as I serve patients from a broad geographic location and the replacement is more centrally located in the city of Knoxville. I, in agreement with my patients as previously stated, appreciate the legacy and heritage of PRMC; however, that legacy can best be continued into the future with staying current in both our facility and technology. We must be able to provide our patients with the most current treatment options and easy accessibility to care and a replacement hospital is what it will take to accomplish these goals.

Sincerely yours,

Greene, M.D.

Marcella J. Greene, MD

Phone: 865-938-8121
Fax: 865-212-5561

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Powell, TN 37849

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C. Scott Callicutt, MD, FACS
Roland B. Weast, MD, FACS
Marcella J. Greene, MD

October 24, 2014

Ms. Melanie Hill
Executive Director of Tennessee Health Services and Development Agency
Andrew Jackson Building
502 Deaderick St.
Nashville, TN 37243

Dear Ms. Hill,

As a new physician practicing in Knoxville, I want to express my support for the development of a replacement hospital for Physicians Regional Medical Center.

I believe that this project is in the best interest of my patients, many of whom ask to be referred to newer or more accessible facilities. I also believe it is in the best interest of my practice, enabling me to provide the quality of care that my patients deserve. Finally, I believe the project is in the best interest of the community. While the existing hospital is sufficient to meet the needs of my patients today, it will not remain viable as a major tertiary medical center in the decades to come.

I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

Marcus Barber, MD

Phone: 865-938-8121
Fax: 865-212-5561

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www.premiersurgical.com

MARY LEA BYRD, FNP-BC/C, MSN, RN
Family Nurse Practitioner

1864 Harbour View Drive
Lenoir City, TN 3772
Telephone: (865) 988-8552
Fax: (865) 988-4488

October 20, 2014

Melanie Hill
Executive Director
Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

RE: Physician's Regional Medical Center, Knoxville, TN
Certificate of Need

Dear Ms. Hill,

As a practicing professional nurse practitioner and one who specializes in the care of the elderly clientele, I would like to voice my support of Physician's Regional Medical Center in Knoxville, TN who has initiated the application process for a Certificate of Need so that it may construct a new, updated comprehensive hospital in West Knoxville.

In addition, I am employed at Physician's Regional Medical Center in the role as Clinical Leader for the psychiatric clientele, both inpatient and outpatient. In both roles I can personally attest to the necessity of increasing need as our growing senior population and baby boomers now move into the chapter of their lives with increased medical needs. We at Physician's Regional Medical Center desire to meet their needs based on a comprehensive medical model with a state of the art physical plant, outstanding medical care with excellent patient outcomes, a dedicated and loyal staff and a heart of compassion based on our Christianity.

As I travel to multiple long term care facilities and assisted living facilities in the Knoxville, TN area to provide medical care for patients, I routinely receive requests from patients to receive their acute care from Physician's Regional Medical Center. It is amazing as some patients can relate stories that they were born there and even delivered their own children there. "This is the choice of the patients", as they have remained loyal and dedicated customers who have "grown" with this hospital. It is unfortunate that the patients have now "outgrown" the hospital, due to physical plant structure constraints and guidelines such as ADA, OSHA, JACHO, etc. This growing phase can best be accomplished with a new replacement hospital which will serve not only our current patients but the patients of the future.

Physician's Regional Medical Center is a valued partner in our medical community and is well positioned to provide this new replacement hospital and help bridge the gap in this essential need. We hope that you will grant its application for a CON.

Sincerely,

Mary Lea Byrd, FNP

Mary Lea Byrd, FNP-BC/C, MSN, RN

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October 20, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, Tennessee 37243

Dear Ms. Hill,

I am a nurse practitioner with TeamHealth, a publicly held company based in Knoxville, Tennessee. TeamHealth is one of the nation's largest providers of hospital-based physician services. One of our contracts is with Tennova, which operates several hospitals in the East Tennessee. For several years, I have worked in the Emergency Department at Physicians Regional Medical Center.

I am writing in support of Tennova's request to build a replacement hospital for PRMC. PRMC is formally known as St. Mary's Hospital, which opened on Oak Hill in Knoxville in 1930. At the time, this was very close to the population center of our city. In subsequent years, numerous improvements were made to the facility, while the population center of our grew west of downtown toward Farragut. The manner in which improvements at the old St. Mary's were made accommodated the geographic limitations of the site, but the effect on clinical operations was poor. Today this now aging and dirty hospital is a maze of hallways scattered across multiple levels, located in a historical neighborhood that has failed to transition to its full potential. It's simply a mess.

I also work at Tennova's thriving North Knoxville Medical Center, which clearly shows that patients prefer to go to a newer and more accessible facility. ED clinical operations are efficient for providers and safer for patients at NKMC. The difference is obvious to a clinician. In emergency medicine, timely computed tomography (CT) is essential to diagnosing patients with stroke and various life-threatening chest and abdominal ailments. Patients at NKMC benefit from far quicker access to the CT scanner because it is located adjacent to the ED. The same patients at PRMC travel down long hallways and are placed on elevators for the same test. Time is essential to good clinical outcomes.

I have great appreciation for founders of St. Mary's Hospital and their dedication for serving our community, but the fact is our community and medicine has changed. Tennova's proposal for a new facility simply meets today's consumer demands and our clinical needs, as providers, to serve the patients of this community.

Yours truly,

Matt Brayton, DNP, ACNP-BC, FNP-BC
Emergency Nurse Practitioner

KOC
Knoxville Orthopaedic Clinic

October 27, 2014

Ms. Melanie Hill, Executive Director,
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I am writing in support of a replacement hospital for Physicians Regional Medical Center in Knoxville. I have practiced with Knoxville Orthopaedic Clinic for the past 13 years and have enjoyed working with the leadership at Physicians Regional Medical Center. I believe the current leadership has excellent vision for our community and fully support the need for a replacement hospital.

While Physicians Regional Medical has provided many years of excellent care to my patients and many others, I believe the facility and location certainly limit patient accessibility. The current facility does not provide user-friendly atmosphere for the community, the patients or the medical staff. I believe an updated facility is certainly warranted. One positioned closer to the population center of Knoxville and a facility that would improve patient access for both inpatient and outpatient services with the coming changes in health care, certainly a more cost effective facility would be warranted.

In addition to meeting these needs, I believe this also increases the accessibility for a broader population. My practice extends over a very broad geographic area. I believe bringing patients into this new location will be very favorable to patients and will improve their access to appropriate continued excellent and efficient care.

I hope these issues are taken into consideration when considering a new hospital. We look forward to the improvements to the Knoxville Medical Community that a new facility will bring. I look forward to future developments.

Sincerely,

Matthew C. Nadaud, M.D.

MCN.stw

Sports Medicine
William T. Youmans, M.D.
T. Craig Beeler, M.D.
Gregory M. Mathien, M.D.
Russell A. Betcher, M.D.
Paul L. Becker, M.D.
Matthew A. Rappé, M.D.
Robert G. Smith, M.D.

Spine
Sidney L. Wallace, M.D.
James K. Maguire, Jr., M.D.
Paul H. Johnson, M.D.
Luke Madigan, M.D.

Foot & Ankle
William T. McPeake, M.D.
M. Chris Testerman, M.D.

Joint Replacement
Brian M. Covino, M.D.
Matthew C. Nadaud, M.D.
J. Christopher Sherrell, M.D.

Pediatric & Adolescent
Robert R. Madigan, M.D.
Cameron J. Sears, M.D.
J. Jay Crawford, M.D.

Shoulder & Elbow
G. Brian Holloway, M.D.
Edwin E. Spencer, Jr., M.D.

Hand & Wrist
Joseph C. DeFiore, Jr., M.D.
John M. Ambrosia, M.D.
Robert E. Ivy, M.D.
Douglas N. Calhoun, M.D.

Physical Medicine
Bruce B. Fry, D.O.
Michael C. Craig, M.D.

General Orthopaedics
John J. McGraw, Sr., M.D.

Primary Care Sports Medicine
Chris A. Klenck, M.D.
Amber G. Luhn, M.D.
Benson A. Scott, M.D.

Weisgarber Office
1422 Old Weisgarber Road
Knoxville, TN 37909

West Office
260 Fort Sanders West Blvd.
Knoxville, TN 37922

North Office
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Powell, TN 37849

Jefferson City Memorial Hospital Office
120 Hospital Drive, Suite 120
Jefferson City, TN 37760

P 865.558.4400
F 865.558.4421

www.kocortho.com

KOC
Knoxville Orthopaedic Clinic

October 15, 2014

Dear Ms. Hill,

As a physician practicing in Knoxville, I want to express my support for the development of a replacement hospital for Physicians Regional Medical Center. Although the existing hospital has served Knoxville well for the past 83 years, healthcare is changing, and hospitals and physicians must work together to provide services to our patients in the most efficient possible model of care, as well as in a place that is accessible to patients from all over the region.

I believe that this project is in the best interest of my patients, many of whom ask to be referred to newer or more accessible facilities. I also believe it is in the best interest of my practice, enabling me to stay competitive. Finally, I believe the project is in the best interest of the community. While the existing hospital is sufficient to meet the needs of my patients today, it will not remain viable as a major tertiary medical center in the decades to come, and I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

Sports Medicine
William T. Youmans, M.D.
T. Craig Beeler, M.D.
Gregory M. Mathien, M.D.
Russell A. Betcher, M.D.
Paul L. Becker, M.D.
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Jefferson City, TN 37760

865.558.4400
865.558.4421

www.kocortho.com

Melinda Bordes
181 Country Walk Dr
Powell, TN 37849
October 23, 2014

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

I am writing this letter in support of the Certificate of Need for Physicians Regional Medical Center.

I have been employed at this hospital for 35 years working in the laboratory. With the change in technology our infrastructure is out dated and does not accommodate modern medical equipment. Upgrades to our current facility are not feasible or practical for our current location.

I fully believe that a new facility will also create a more efficient and better working environment for all employees.

I hope you approve this Certificate of Need for Physicians Regional Medical Center so that we can meet the needs of our community.

Sincerely,

Melinda Bordes

Melinda Bordes

NOV 5 '14 PM 10:25

October 23, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

I am writing in support of the Certificate of Need request submitted by Tennova Healthcare to build a replacement hospital for Physicians Regional Medical Center. I have served as Human Resources Generalist for the past seven years, and left my former employer after twenty years to serve at what was then, St. Mary's Hospital. I love my job, the people I work with, and appreciate knowing that what I do regarding hiring employees has a big impact on the care provided to patients served every day!

While I have a deep appreciation for the legacy and heritage of Physicians Regional Medical Center as my entire family has used this facility for joint replacements, Emergency Room services, open heart surgeries, and all of our medical needs, I also realize the importance of having a state-of-the-art facility to provide the best possible care for our patients, which also includes my family members and myself. Too much time, effort, and expense is spent on trying to keep our physical plant in working condition, when I know we could greatly improve patient satisfaction, serve a broader geographic region, and improve accessibility with a new facility.

Even though our current hospital is only four short miles from my home and very accessible for me and my family, I am in full support of a replacement hospital in as requested in the Certificate of Need application.

Thank you for your consideration and for helping us continue our legacy of providing excellent care of our community!

Sincerely,

Melinda Nichols

Melinda M. Nichols
Human Resources Generalist
Physicians Regional Medical Center1

Michael L Tipton
900 E. Oak Hill Avenue
Knoxville, TN 37917
October 24, 2014

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

I work in the Medical Imaging department as the Tennova Regional Electronic Imaging Manager. I am a licensed Radiologic Technologist in both Radiology and Computed Tomography with 34 years of experience.

I am writing in support of the replacement hospital for Physicians Regional Medical Center (previously known as St. Mary's Medical Center). I believe the replacement hospital will improve our patient's satisfaction with their healthcare services. Since we provide service across a wide geographic area, the location of the replacement facility will improve accessibility, both in the facility and the surrounding areas. I think it is very important that we provide service in a more patient-friendly environment with the most current technology.

I have seen healthcare change over the years to a consumer driven service. Patents, Physicians and healthcare professionals if given the choice prefer facilities that are current and provide the highest standards of care with the services and amenities they now expect.

Sincerely,

Michael L. Tipton
Regional Electronic Imaging Manager

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Executive Director of Operations

Emily Graham
Operations Manager

Brett Caldwell
Project Manager

Mattie Mills
Administrative Coordinator

PULMONARY CONSULTANTS
2240 Sutherland Ave, Suite 103
Knoxville, Tennessee 37919
Phone (865) 588-8831
Fax (865) 588-8841

Amber Singleton
Pulmonary Site Manager

October 23, 2014

To Whom It May Concern:

For the past several years, I have been working within the hospital facility currently owned by Tennova Healthcare. During this time, I have provided physician services along with working closely with the administrative team to support the needs of our community. At this time, I feel there is an immediate need for a replacement facility to the current Physicians Regional location. It is time to bring the decades old structure to today's standard of healthcare expectations.

Knowing how important this healthcare system is in the community, I am personally offering my support to Tennova Healthcare and their vision for the future. If you have additional questions, please feel free to contact my office.

With regards,

Dr. Mike Flowers, M.D.

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Knoxville, Tennessee 37919
Phone (865) 588-8831
Fax (865) 588-8841

Amber Singleton
Pulmonary Site Manager

October 23, 2014

To Whom It May Concern:

Since 1930, the Physicians Regional Medical Center facility, formerly known as St. Marys Hospital, has been caring for patients from East Tennessee and surrounding areas. With each phase of expansion, the facility has stayed current in services while remaining housed in a structure where parts are nearing 85 years old. As a medical professional working daily in the current facility, I believe it is time to take steps to move toward the future.

Personally, I feel a replacement facility is the next logical step for Tennova Healthcare in regards to Physicians Regional Medical Center. I fully support Tennova Healthcare's vision to build a replacement facility. With this in mind, I submit this letter for your consideration. If I can be of additional assistance in this process, please feel free to contact my office.

Thank you,

Dr. Mohamad Doleh, M.D.

October 29, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jack Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

My name is Nancy Washburn and I am writing to express my support for the Certificate of Need Application that Tennova Physicians Regional Medical Center is seeking regarding a replacement hospital.

I work as an Exercise Physiologist in Cardiac Rehab. I have direct contact with inpatients as well as outpatients following cardiac procedures. Current patient rooms are incredibly small making it difficult for patients to move safely following open heart surgery. On a daily basis I have patients and their family members complain about the size and awkward shape of their rooms. These complaints often include the fact that bathrooms do not have a door, but only a curtain to help preserve space. Patients often state they would prefer a newer facility with more efficient uses of space.

Outpatient cardiac rehab patients visit our hospital 3-5 times a week. On a consistent basis these patients tell me the parking garage was full and finding parking surrounding our hospital was difficult, if not impossible. The frustration this leads to causes some patients leave and not complete their rehab that day. This also leads to patient dissatisfaction in our facility. To say this hospital is not patient friendly is an understatement.

We have some of the most dedicated and hard working employees at Tennova PRMC who provide excellent care in spite of the obstacles this facility provides. A replacement hospital will only enhance this care allowing us to work more efficiently. The legacy and heritage of this healthcare system will only be strengthened with more current and up to date resources. I urge you to consider the future of our community and the benefits a replacement hospital would provide for generations to follow.

Sincerely,

Nancy Washburn BS, ACSM

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Administrative Coordinator

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2240 Sutherland Ave, Suite 103
Knoxville, Tennessee 37919
Phone (865) 588-8831
Fax (865) 588-8841

Amber Singleton
Pulmonary Site Manager

October 23, 2014

To Whom It May Concern:

I would like to offer my support to Tennova healthcare as they seek to request approval for a replacement facility to Physicians Regional Medical Center, Knoxville, Tennessee. I value providing service excellence to our patient's experience. Part of that experience is the structure in which they find themselves during a time of crisis and illness. With these things in mind, I feel it is important for the facility to be replaced.

I hope my support will be another voice among many that realize the importance of this replacement facility.

Thank you for considering the building of a replacement facility. I am available if you need additional thoughts or insight.

Thank you,

Natasha Gilley
Nurse Practitioner
Statcare Medical Group

October 16, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I am writing to you today to express my support for the new replacement hospital that is planned for Tennova Healthcare. I have worked for this health system (through various mergers/sales) since 1994, and have dealt with the multiple challenges of trying to work within a very old facility that has grown over the years. Just the navigation for both our patients and patient families is a real challenge, not to mention the inefficiencies of trying to do our daily tasks of providing supplies and equipment to our clinical staff for patient care in a timely manner. Because of the poor layout of our existing facility, I continually run into patient family members that are lost and I have to help them navigate to their destination. This doesn't provide for a good patient/patient family member experience. We really need a facility that is designed for today's healthcare delivery.

This is a very exciting time to know that we have the opportunity to provide a quality facility that will better meet the needs of our patients, their families, as well as our physicians. I ask that you support our CON request for this new facility. This will be good for Knoxville.

Respectfully,

Neil J. Hartwig
Regional Director of Supply Chain Management
Tennova Healthcare

NOV 14 2014

AMERICAN® ANESTHESIOLOGY

Fort Sanders Anesthesiologists
Robert F. White, MD
Janice Walker Fillmore, MD
Patrick M. Dooley, MD
F. Greg King, MD
George W. Farr, MD
John P. Galdun, MD
Loc B. Pham, MD
Cannon E. Turner, MD
William D. Robinson, MD
Robert E. Pearce, MD
Allison L. Dulaney, MD
Hailey G. Amick, MD
Brian P. Kornrumpf, MD

Parkwest Anesthesiologists
Mitchell A. Dickson, MD
Michael A. Baird, MD
Charles E. Montgomery, MD
Steven W. Hamilton, MD
Jeff L. Fuqua, MD
Randall M. DeVault, MD
Blake M. Prince, MD
G. Lee Collins, MD
S. Timothy Mollrath, MD
Jeffery A. Ollis, MD
L. Matthew Pittman, MD

St. Mary's Anesthesiologists
Christopher L. Vinsant, MD
Paul D. Baker, MD
Mark L. Nelson, MD
Gloria L. Lewis, MD
Jeffrey R. Roberts, MD
David W. Annand, MD
Penny S. Lynch, MD
Charles H. Williams, Jr., MD
James S. Wike, Jr., MD
Jeffrey K. Brousserd, MD
Richard L. Armfield, MD
Diane M. Reynolds, MD
Tucker J. Gentry, MD
Brian R. Conroy, MD
Eric J. Saunders, MD
Amber G. Hampton, MD
Anthony L. Huang, MD
James A. Williams, DO
Rebecca L. Lawson, MD
Nicholas P. Doiron, MD
Christopher K. Gilbertson, DO

Jason Jenkins, Practice Administrator

October 23, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

Re: Knoxville - Tennova Replacement Hospital

Dear Ms. Hill:

I am writing this letter in support of Tennova Healthcare and Community Health Systems to build a replacement hospital in Knoxville. The city of Knoxville clearly needs a patient-centered hospital that offers the latest in medical innovation. My patients desire a state-of-the art hospital to address their most comprehensive healthcare needs. Building a new facility to replace PRMC is the best way to meet the needs of our region in the future.

Modern healthcare is rapidly changing and a new facility that is more efficient in the delivery of care and more accessible to individual patients is necessary to meet the challenges facing healthcare providers today.

I strongly support the construction of the new hospital proposed by Tennova Healthcare.

Sincerely,

Nicholas Doiron, MD

AMERICAN ANESTHESIOLOGY OF TENNESSEE, PC
501 20TH STREET, SUITE 606, KNOXVILLE, TN 37916 • 865.546.8040 • 865.541.2787

October 21, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I currently serve as Cardiac Rehabilitation Team Leader at Physicians Regional Medical Center and have been employed by the health system for more than 23 years. Although I have many fond memories from my years of service at St. Mary's and now PRMC, I feel that a replacement facility is necessary and will much better meet the needs of our patients, staff, and physicians. A more accessible and efficient facility will enable our health system to continue to provide vital services to the Knoxville community in a challenging healthcare environment.

I ask for your support for this project.

Niles Lundt, Ph.D.

Niles Lundt, Ph.D.
Cardiac Rehabilitation Team Leader

Tennova™
Healthcare

NOV 5 '14 AM 10:15

October 29th, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I am a Radiation Oncologist who has practiced at the current Physicians Regional Medical Center facility for over the past seven years. Although the facility has a long history and rich tradition, I fully support Tennova's pursuit of a replacement hospital facility for the following reasons:

1) We treat patients from a very broad geographic region. This new location and proximity to the interstate make it much more accessible for our patients. Currently many patients feel it is difficult to navigate the current location and would have no issue going to a new hospital if it is easier to access.
2) The current facility is outdated due to age and design. In the modern healthcare environment, it is not structured to provide efficient care and effective access and throughput. A new facility will allow a modern layout that will be up to par in today's advanced health care environment.
3) Technology is an integral component for modern healthcare. A new facility will allow state of the art technology and equipment to be implemented to help provide the best possible care for our patients.
4) As a cancer specialist, my patients need a variety of services and care from various physician providers as well as support services in a comprehensive and integrated manner. This can be best achieved with a new facility designed to provide such care for such patients in need.

I sincerely believe a new replacement hospital would be in the best interest for our community. It will help to provide access to modern, high-level healthcare for the people of the Greater Knoxville and East Tennessee region.

Sincerely,

X Nilesh S. Patel

Nilesh Patel, M.D.
Department of Radiation Oncology
Signed by: Nilesh S Patel

Pallas H. Powers
4828 Maple Sunset Way, Apt. 103
Knoxville, TN 37912

October 21, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jack Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

I am writing regarding my support for the Certificate of Need Application that has been filed for the Tennova Physician's Regional Medical Center replacement hospital.

I have been a registered nurse for over 35 years. I am currently the Regional Manager for Sterile Processing for Tennova and have held this position at PRMC since 2010. Although I have never been a patient in a Tennova facility, I have several family members who have been hospitalized at 'Old St. Mary's.' They have expressed to me a definite need for a new facility to replace the current aged one. The patient rooms are painfully small, which creates patient dissatisfaction with our facility. The current hospital building has been added on and modified so many times that 'you can't get there from here' when trying to find one's way around. Many times these family members report getting completely lost trying to find their way when going from area to area within the hospital. This situation increases the frustration family members feel when dealing with a family member who is hospitalized at PRMC. The current facility cannot be considered to be patient friendly.

The hospital is in an inconvenient area of town, and many times parking is difficult to find. At the proposed new location accessibility will be greatly improved. This area will allow adequate parking that can be conveniently accessed. It will still be accessible to all the patients from the broad geographic area PRMC serves.

The Sterile Processing Department that I manage is a tiny one but services 19 Operating Rooms, Women's Pavilion, Central Supply, Radiology, Emergency Room, Intensive Care Units, and any other department of the hospital that requires sterilization of instruments or instrument trays. We need a bigger space in order to add additional equipment—autoclaves and instrument washers--that would make the Sterile Processing Department (SPD) more productive, but there is no room in our current facility. We have to store the materials we use daily to process and

sterilize instruments and trays, such as cleaning detergents and wrappers, among other items, on a completely different floor because there is no storage area available in our department. This requires time and effort to bring the supplies up from downstairs to make the supplies available for our work flow—this effort could be put to better use processing trays. In most facilities, sterile tray storage is within the SPD, but at PRMC the storage has to be in the Surgery Department because there is no storage available in the SPD. This takes up valuable space in the Surgery Department that could be put to better use for surgical needs. Sterile storage should be the responsibility of the SPD, not Surgery.

I know there is a great heritage to Physician's Regional Medical Center. But the heritage is with the people, not necessarily the physical building. The associates who provide care need to be able to continue this legacy in a new facility where we can stay current with our technology and better serve our patients in a more patient-friendly environment.

Thanks for your attention to this matter.

Sincerely,

Pallas H Powers, RN, CSPDM

Pallas H. Powers, RN, CSPDM
Tennova Regional Sterile Processing Manager

Tennova™ Healthcare

October 21, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I have been an Associate Administrator at Physicians Regional Medical Center for two years. I support the replacement hospital for many reasons. The most compelling reason is that patients are refusing to come to the current facility because they are fearful of this geographical area, they have a hard time navigating the one million plus square feet of this facility, or both. Subsequently, physicians are accommodating their patients' wishes to go to newer hospitals, resulting in a steady loss of both patients and physicians.

Physicians Regional Medical Center employs over 1900 employees and physicians. They see the declining volumes on a daily basis and are fearful for their jobs without a replacement hospital. We have dedicated staff that provide excellent patient care and would like to continue to do so in a viable hospital environment.

I ask for your support and approval for this replacement hospital. Your consideration will allow the medical staff and employees to continue their passion and calling of taking care of our valued patients.

Pam Beck

Pam Beck
Associate Administrator, PRMC

October 28, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Re: CON for Physician's Regional Medical Center

Ms. Hill,

My name is Patricia Standifer and I work in the information technology department to facilitate nursing documentation. I have worked for Tennova for 2 ½ years and I am writing today to express the need for a new facility to replace Physician's Regional Medical Center.

We serve a wide geographic area and with ever expanding government regulations related to information being provided via computerized documentation there is a true lack of space for adequate computer access in the patient rooms. Many rooms already have a patient bed, medication pumps, guest chair and bedside tables. Many of the portable computers to facilitate nursing's workflow have a footprint of approximately two square feet for stability of the workstation. The floor space in our current patient rooms will not support the additional need for the space needed for these workstations.

The new facility will support nursing's workflow much better which will increase staff satisfaction along with patient satisfaction. In today's healthcare environment, these factors are very important for the health of all involved; most importantly the patient, the staff, and all visitors to our facility.

I realize that Physician's Regional has provided support to the area and there is a legacy for many in the Knoxville area. The granting of the Certificate of Need will help Physician's Regional expand that legacy to provide care for future generations.

Sincerely,

Patricia R. Standifer

Patricia R. Standifer, MS RN
7421 Meadowbrook Circle
Knoxville, TN 37918

PAUL D. BAKER, M. D.
1921 Lyons Bend Road
Knoxville, Tennessee 37919
Phone: (865) 584-0304

To Whom it May Concern

I am writing this letter in support of allowing Tennova Physician's Regional Medical center to build a new hospital on Middlebrook Pike in Knoxville, Tennessee. I am an Anesthesiologist and have practiced at this hospital for thirty one years. When this hospital was first opened in the early 1930's its location and architecture made sense. There have been some additions since then in an effort to keep it functional and up to date. However it has reached the point where I feel it can no longer be patched up and it should be replaced with a structure that reflects today's medical practice. It makes no sense to invest resources in this out dated structure.

The Middlebrook Pike location is very close to the population center of Knox County as was pointed out by a City council commissioner. A new facility would follow architectural designs and patient flow patterns proven to be efficient and consistent with current medical practice. I have listened to the head of engineering at Tennova list the massive upgrades that would be necessary to keep the current building functioning and its obvious to anyone that this is not feasible.

I practice at two other Tennova hospitals in Knoxville and both are fairly new facilities. I believe I can say that the unanimous feelings of Physicians and patients is that those facilities are superior structures. There are so many good employees at this Tennova hospital and they also deserve a state of the art hospital.

I can understand the concerns of neighborhoods in the area over a hospital in that location. But there will be a generous green forested area left intact separating this hospital structure from adjacent neighborhoods. What better occupant of that area of land than a hospital. Hospitals have a history of sensitivity to neighborhood relations because that is where their patients come from. The neighborhoods around the current Tennova Physicians Regional wish it to remain there in part because they have been good neighbors and an asset to the area. This would apply to the Middlebrook Hospital location also.

In summary, I believe this proposed relocation by Tennova is a good idea and is good for patients, hospital staff and the neighborhoods in that area. I urge the approval of Tennova's plan to relocate to Middlebrook Pike.

Thank You

Paul D. Baker MD

Paul D. Baker, M.D.
October 21, 2014

IPS™
Innovative Pathology Services

501 19th Street, Suite 301
Knoxville, TN 37916
Phone: 865-522-7591
Fax: 865-546-2618

NOV 5 '14 AM 10:15

Michael L. Dyer, M.D.
James P. Craig, M.D.
Rick Sances, M.D.
Vandana Kumar, M.D.
Gary L. Cooper, M.D.
Darren P. Wirthwein, M.D.
Zachary T. Lewis, M.D.
Citabria Holley, M.D.
Stephen J. Swanger, M.D.
Michael L. Whitson, M.D.
Lauren F. Chiles, M.D.
Kelley O. Montoya, M.D.
Frank J. Beuerlein, M.D.
William Konomos, M.D.
Paul Eberts, M.D.
Jeremy G. Vincent, M.D.

October 23, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Developmental Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

I am writing this letter in support of the certificate of need for the new Tennova hospital in Knoxville, TN. The new facility will act as a replacement hospital for the outdated Physicians Regional Medical Center. While this hospital has a longstanding history of service to the community, the physical building is rapidly becoming outdated and can no longer keep up with the ever changing healthcare environment. The replacement hospital will be placed in an area of population growth, surrounded with established outpatient medical offices. With its state of the art facilities, it will be more efficient, offer more services, will increase patient satisfaction, and be able to better serve the Knoxville patient population. Additionally, since it will be replacing an existing hospital, it will not be increasing the overall number of beds within the community.

A modern, up-to-date hospital will also allow my practice to be more capable of delivering the high quality healthcare that our community deserves. I fully believe that there is a real need for an updated facility, and feel very confident that it will be well received by the community. This update is necessary to the ongoing Tennova mission of delivering the highest possible quality service. Thank you for your consideration in this matter.

Sincerely,

Paul Eberts, MD

KOC
Knoxville Orthopaedic Clinic

Sports Medicine
William T. Youmans, M.D.
T. Craig Beeler, M.D.
Gregory M. Mathien, M.D.
Russell A. Betcher, M.D.
Paul L. Becker, M.D.
Matthew A. Rappé, M.D.
Robert G. Smith, M.D.

Spine
Sidney L. Wallace, M.D.
James K. Maguire, Jr., M.D.
Paul H. Johnson, M.D.
Luke Madigan, M.D.

Foot & Ankle
William T. McPeake, M.D.
M. Chris Testerman, M.D.

Joint Replacement
Brian M. Covino, M.D.
Matthew C. Nadaud, M.D.
J. Christopher Sherrell, M.D.

Pediatric & Adolescent
Robert R. Madigan, M.D.
Cameron J. Sears, M.D.
J. Jay Crawford, M.D.

Shoulder & Elbow
G. Brian Holloway, M.D.
Edwin E. Spencer, Jr., M.D.

Hand & Wrist
Joseph C. DeFiore, Jr., M.D.
John M. Ambrosia, M.D.
Robert E. Ivy, M.D.
Douglas N. Calhoun, M.D.

Physical Medicine
Bruce B. Fry, D.O.
Michael C. Craig, M.D.

General Orthopaedics
John J. McGraw, Sr., M.D.

Primary Care Sports Medicine
Chris A. Klenck, M.D.
Amber G. Luhn, M.D.
Benson A. Scott, M.D.

October 15, 2014

Dear Ms. Hill,

With the changing tides of healthcare, it is more important than ever to be competitive in the marketplace. I am writing to give my support for a replacement hospital for Physicians Regional Medical Center. As a local physician that has practiced in Knoxville for several years, I believe that Physicians Regional Medical Center has treated my patients well. That being said, my patients and I believe the facility is very old and not up to date with current facilities. Many of them do not wish to go there for this reason. I know that it is not cost efficient or possible to do a major rebuilding on its current location and maintain business, therefore, I am in support of the relocation of PRMC.

The replacement hospital will be in the best interest of my practice and of the community as the existing hospital will not remain viable as a major tertiary medical center in the decades to come. I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

Paul H. Johnson, M.D.

PHJ/lbb

Weisgarber Office
1422 Old Weisgarber Road
Knoxville, TN 37909

West Office
260 Fort Sanders West Blvd.
Knoxville, TN 37922

North Office
7557A Dannaher Drive, Suite G-10
Powell, TN 37849

Jefferson City Memorial Hospital Office
120 Hospital Drive, Suite 120
Jefferson City, TN 37760

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East Tennessee Regional OB/GYN Associates, P.C.

Robert K. Tatum M.D.

Erin Black, M.D.

April Lane, W.H.N.P.

Suite 805
St. Mary's Clark Tower
939 Emerald Avenue
Knoxville, TN 37917
Phone: (865) 647-3380
Fax: (865) 647-3389

Paula Z. Peeden, M.D.

9546 S. Northshore Drive
Knoxville, TN 37922
Phone (865) 670-8756
Fax (865) 670-9519

October 30, 2014

Ms. Melanie Hill, Executive Director
TN Health Services & Developmental Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, TN 37243

Dear Ms. Hill,

I am now in my 27th year of practice in the St. Mary's – Tennova System. It has always been a source of pride to practice in this system because of the phenomenal reputation in the Knoxville area.

I support the proposed new hospital. My practice is in near west Knoxville and services this community. My poll sample may not be scientific but it is overwhelmingly in favor of this proposed facility. To add convenience to the long list of reasons my patients choose Tennova is very important to them.

On a personal note, I (as do a growing number of people) have a significant latex allergy. A new facility, built with latex avoidance in mind, makes my job easier and my life healthier.

As a native Knoxvillian and a Tennova physician I do encourage approval of the Certificate on Need.

Sincerely,

Paula Z. Peeden, M.D.

October 23, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

My name is Penny Marie Watkins and I am the Physicians Regional Medical Center (PRMC) Pharmacy Clinical Leader. I am writing in support of the Certificate of Need for a PRMC replacement hospital on Middlebrook Pike, Knoxville, TN.

When speaking with friends and members of the local community, I often hear the desire for PRMC's relocation due to inconvenient location, lack of parking, and small room size. The patients and staff of PRMC desire the following:

- A new facility which will allows physicians and staff full use of innovative equipment and technology in a well-ordered patient-centered environment.
- A new centralized location which allows for expansion and growth.

To continue the healing mission of the Sisters of Mercy in the new healthcare environment, Physicians Regional Medical Center and her physicians, staff and patients need the opportunity to strongly move into the future.

Sincerely,

Penny Marie Watkins, PharmD, BCPS
Pharmacy Clinical Leader

Phillip J. Haggerty, II, M.D.
2606 Greenway Dr., Ste. 101
Knoxville, TN 37918
865 687 3313
24 Oct. 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9thfloor
502 Deaderick Street
Nashville, TN 37243

Dear Melanie,

I would like to express my support for the replacement Certificate of Need for the PRMC project. I have patients from Knoxville, Maryville, Oak Ridge, LaFollette, Sevierville, and Morristown who would appreciate a more central location. While Knoxville has doubled in size since the opening of the hospital in 1930, these surrounding cities have increased in population by as much as seven-fold.

With the growth and maturation of the city, the new location is easier to find and in a more traffic friendly area than the current location. In 1930, Broadway St. was a central thoroughfare, making the hospital easily accessible. This no longer true in 2014. Broadway St. is two-lane, as is the Woodlawn Ave. access. While the current facility has served the area well and has been well maintained, the age of the neighborhood, the cramped real estate, and the traffic congestion have made it difficult for patients who live at a distance to find and access. The new site is near both Middlebrook Pike and I-40, with four lane access.

Continued progress in healthcare and growing efficiency in cost containment have increased the benefits of ambulatory care. As new technologies develop, it often becomes more cumbersome to install new technology into an old facility not built for them than to create a more modern facility. The current facility, opened in 1930, before the inventions of fluoroscopy, MRI, CT, ultrasound, defibrilation (ACLS), echocardiography, laparoscopy; The list goes on. The first computer was built in 1947, covered over 18,000 square feet, and had one third the computing power of the average cell phone. Things have changed, obviously, and multilayered refits of new-on-old technologies eventually take their toll. A new facility will much more effectively support current technology and provide a more competent platform for future technologies.

The new facility will provide easier access to more patients for more modern and effective healthcare. Patients in the Knoxville area will benefit greatly from this Certificate of Need.

Regards,

Phillip J. Haggerty II, M.D

2510 Ancient Oak Lane
Knoxville, TN 37931
phaun@vols.utk.edu

NOV 5 '14 AM 10:2

October 24, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: SUPPORT FOR REPLACEMENT HOSPITAL IN WEST KNOXVILLE

Dear Ms. Hill,

I am writing you to express my support for the Certificate of Need application that Tennova Healthcare is seeking regarding the replacement hospital project in West Knoxville. I lend my support for this project on a professional level, but more importantly, as a homeowner within the immediate area where this facility will be built.

As the clinical leader for the cardiovascular stepdown unit, I speak with each of the patients on my unit on a daily basis. Consistently, at least three or four times per day, I receive complaints from our patients and their families that the rooms are too small. This is compounded by the amount of equipment that we use today—compared to when this facility first opened its doors in 1930. Daily, I have to stop to help someone navigate the campus to find a nursing unit or an outpatient diagnostic area. Usually, this involves trying to assist them in finding one of the three main entrances or trying to provide directions to get from one group of elevators to another.

As my nursing staff transports their patients for diagnostic tests and procedures, they often have to take multiple elevators to get from one level of the hospital to another. This creates tremendous inefficiencies for my staff, especially during critical situations. On one particular occasion, I participated in the care of a critically ill patient that required two different elevator rides to get to the Intensive Care Unit—all the while the patient was receiving CPR! While examples such as this are the extreme, it more than illustrates the inefficiencies of our current facility as well as the challenges that our staff face daily.

The replacement hospital in West Knoxville will allow our organization to better serve this region while also allowing us to provide care more efficiently. As the population center of Knox County has slowly shifted towards the western end of the county over the past several years, the site selected for the replacement hospital will better allow us to serve a broader

population. In addition, the site of the replacement hospital will provide much more accessibility from both Interstates 40 and 75 as well as from Middlebrook Pike.

As a homeowner in the area of the site selected for the replacement hospital, I am in support of this project. The site selected for the replacement hospital allows convenient access for the public. In addition, it is evident that Tennova is attempting to meet the needs of the homeowners in the immediate vicinity of the site by changing the entrances to the facility as well as relocating the helipad. Overall, as a community, we will not find a better neighbor than a hospital.

Allowing Tennova to move forward with the replacement hospital project in West Knoxville will allow us to continue the legacy and heritage of Physicians Regional Medical Center. The replacement hospital will allow us to provide the most up-to-date technology in a more efficient and current facility.

Respectfully, I request your support for the approval of the Certificate of Need to allow Tennova to move forward and better serve the future needs of our community.

With kindest regards,

Philip J. Haun

Tennova™ Healthcare

R. Alan Rice, MD
Jessica Ivey, MD

October 23, 2014

To Whom It May Concern:

In regards to the replacement hospital project, the average age of the patients in my practice is 73 years old. With that being said, many of these patients have difficulty getting to many of the area hospitals.

There are 17 assisted living facilities within a 10 mile radius that feed to this office. A Middlebrook Pike location would offer a more accessible facility for my patient base and the assisted living facilities in the surrounding area.

The patients would also avail themselves of more senior help programs if a hospital were more conveniently located.

Please keep these factors in mind as you consider the worth of a Middlebrook Pike facility.

Sincerely,

Alan Rice, MD

R. Alan Rice, MD

Tennova Primary Care West Hills • 7009 Kingston Pike • Knoxville, Tennessee 37919 • (865) 588-8143 • TennovaHealthcare.com

Hartline & Shahbazi
OBSTETRICS & GYNECOLOGY

930 EMERALD AVENUE, SUITE 713
KNOXVILLE, TN 37917
865/544-1345 · FAX 865/544-1344

RANDAL G. HARTLINE, M.D., F.A.C.O.G.
SHIRIN S. SHAHBAZI, M.D., F.A.C.O.G.
JEANNINE GREBE, M.S., R.N.C.

October 14, 2014

Tennessee Health Services Developmental Agency
ATTN: Ms. Hill
500 Deaderick Road
Nashville, TN 37242

RE: Support for the Certificate of Need for the Physician's Regional Medical Center Replacement Hospital Project on Middlebrook Pike, Knoxville, TN

Dear Ms. Hill:

My name is Dr. Randal G. Hartline. I have been a physician at the current hospital since 1988 when it was under the Sisters of Mercy Catholic system. This hospital was originally constructed in Knoxville, Tennessee in 1929 as a mission hospital in the Catholic Diocese. It was brought here to provide services to the needy, to serve the poor, and to make healthcare more accessible to the people here of East Tennessee. That same mission has continued throughout the years. Over the many years, this hospital has been added to and patched up and has culminated into a hospital that is inefficient to work in. It simply is not keeping up with the way current healthcare needs to be delivered. I think we are very proud of its history, and I think that going forward it needs to continue to fulfill its mission of delivering efficient healthcare to a more accessible area.

I think moving the hospital from its current location to Middlebrook Pike makes the facility more accessible to my patients. It also puts our hospital in close proximity to other healthcare delivery systems in Dowell Springs, which will be across the street. My patients have often commented on the difficulty of getting to this hospital; however, we have appreciated their continued patronage of our practice. I think the geographic area being proposed can be accessed by more people more easily.

For physicians such as myself and those who have been here much longer than I have, there certainly is a lot of nostalgia and memories of this grand old hospital. However, it simply has outlived its time and as you well know healthcare has changed, and this hospital simply cannot keep up with that change. A newer more efficient hospital at the new location will help continue the legacy that this old hospital has established.

Hartline & Shahbazi
OBSTETRICS & GYNECOLOGY

930 EMERALD AVENUE, SUITE 713
KNOXVILLE, TN 37917
865/544-1345 · FAX 865/544-1344

RANDAL G. HARTLINE, M.D., F.A.C.O.G.
SHIRIN S. SHAHBAZI, M.D., F.A.C.O.G.
JEANNINE GREBE, M.S., R.N.C.

I support the Certificate of Need for the Physician's Regional Medical Center Replacement Hospital.

Sincerely,

Randal G. Hartline, MD, FACOG

/ch

REUBEN N. PELOT III, D.D.S., P.L.L.C.

Telephone (865) 671-1544 • 11541 Kingston Pike • Knoxville, TN 37934

25 October 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Ms. Hill, and Others:

This letter is in support of Tennova Healthcare's planned development and Middlebrook Pike location in West Knoxville. It is intended to outline the reasons for supporting this project, as I am the Immediate Past President of the West Hills Community Association and my wife, Barbara, served the West Knoxville District on City Council for eight years (2001-2002008), and is presently serving as Secretary of the WHCA.

We have lived in the West Hills Neighborhood for 52 years, in three different homes, 46 years at our present address of 8437 Corteland Drive, and have been very involved in our Community. We have seen many attempts by developers to bring projects into West Hills, and in all of these endeavors, if it was deemed harmful to the Community, the WHCA was successful in stopping the project, or working with the developer to realign it with community input. That is the key reason West Hills has remained a "premier" community.

As for Tennova, they worked with West Hills by informing us early-on about the hospital project, and took an option to buy a large tract which has remained untouched by development on the northeastern corner of the neighborhood. The neighborhood was immediately anxious to learn of their plans. Tennova has been very accommodating, and informed WHCA of the necessity to vacate their present inadequate location and build in the center of Knoxville's growing population, where this tract is located: with access to the large and growing residential population in the west, yet with major access routes from the entire City and the Region. There is no hospital presently quickly accessible to this immediate area. This fact, coupled with this location immediately across Middlebrook Pike to the expanding Dowell Springs development which contains a number of specialty medical facilities, as well as its proximity to three nursing homes within 6 blocks of this location, it is poised to immediately offer expanded, convenient care to a very large population.

Numerous WHCA meetings with Tennova were very productive and resulted in numerous changes in the footprint, building height, noise and lighting abatement, and decision to purchase and leave undeveloped, 40% of the tract which is to remain agricultural, and will provide a buffer between the neighborhood and hospital area. These accommodations indicate to me that Tennova Healthcare desires not only to continue to provide excellent medical care, but to be a good neighbor.

While it is regrettable that a move from the present location in North Knoxville, is necessary, Tennova Healthcare has diligently and at great expense, put in place facilities which do not leave those residents and property owners without accessible, well-equipped, up-to-date facilities which will continue to offer the medical care they desire and deserve. Services will continue to be offered at the present location, with other areas of the Tennova campus complimenting the services needed. As a member of the Knoxville City Council, Barbara was in a position to monitor and observe the manner in which this transition was taking place, as she responded to constituent concerns. The present Tennova facility has long been a challenge, as it is truly a jig-saw puzzle constructed and added-on-to over just under a hundred years, and not at all designed for modern technological advances the medical world has experienced! The staff and physicians must have a facility where they can provide the care their patients expect and deserve. This proposed facility has that promise.

On behalf of our West Hills Community, and Knoxville, we endorse this application before you, and look forward to its addition to our Knoxville Medical Community, which serves, also, our Region as well.

With our Regards,

Reuben N. Pelot, III, DDS

Reuben N. Pelot, III, DDS.

Barbara B Pelot

Barbara B Pelot
8437 Corteland Drive
Knoxville, TN 37909

REYNALD T SIMMONS, M.D. F.A.C.E.P.
729 HAMPTON ROADS DRIVE
KNOXVILLE, TN 37934
865-556-7573

10/15/2014

Ms. Melanie Hill, Executive Director
TN Health Services and Development Agency
Andrew Jackson Bldg, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Ms. Hill et al:

I am writing in support of the new proposed campus for Physician's Regional Medical Center, whose CON is soon to be reviewed. As a practicing Emergency Physician at this facility since 1986, I have seen first-hand the effects of age and outmoded design on the delivery of care to Emergency Department patients. Delivery of care is hindered by the lack of space to redesign the physical plant to accommodate placement of a CT scanner and STAT lab adjacent to the department. Further, the layout of the department itself is inefficient, with no opportunity to remodel into a more effective floor plan.

In 1986, the facility was licensed for 525 beds if memory serves, and a significant reduction of capacity has occurred since then. The physical plant does not allow contraction of care in an efficient manner requiring lengthy transport times for staff moving patients from the ER to floor beds or special procedures. The proposed facility will allow for enhanced patient care, and more centralized access for those patients.

I respectfully ask for your support and approval of the proposed new facility.

Reynald T Simmons MD FACEP

Reynald T. Simmons, MD FACEP
Department of Emergency Medicine
Physician's Regional Medical Center

October 14, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37917

Dear Ms. Hill,

My name is Rhonda Maynard and I am the Chief Financial Officer at Physicians Regional Medical Center in Knoxville, TN. I have been in this role at this location since October 2011. Since coming to this facility and city, I have learned many things regarding the mission that this facility represents and the wonderful care provided to the community over the years. Many employees, patients and physicians have expressed directly and indirectly to me that a newer more accessibly facility is needed.

One reason is to keep up with the ever changing technology and needs of the community. Another is the inefficiencies experienced in the existing structure. I see this significant concern from our employees and patients. As a patient, I experienced it firsthand. Many days you will see our staff helping patients throughout the facility which is difficult to navigate.

While I truly appreciate the heritage and history that the present facility and location has provided, we owe it to our patients, employees and physicians to provide a newer, more efficient facility.

Your support and approval for this project would assist us in meeting the needs of this community.

Sincerely,

Rhonda R. Maynard
Chief Financial Officer

Richard M. Briggs, M.D.
Tower Office Bldg., Suite 905
939 Emerald Ave.
Knoxville, Tennessee 37917

RE: Letter of Support for CON Application

To Whom It May Concern:

I am writing this letter in support for a replacement hospital for the Tennova Physicians Regional Hospital. The present facility on Oak Hill Avenue in Knoxville was originally constructed in 1930 and has served the citizens of Knoxville well for nearly 85 years. But as time moves on, the old facility can no longer support the introduction of new technologies and provide the medical environment that patients and their families demand and deserve. A nearly century old building cannot be simply updated to meet 21st century medical needs.

A replacement facility for Physician Regional Hospital gives the medical community a unique opportunity to design and construct a regional tertiary referral center from the ground up. The latest technology can be incorporated into the building and modern room design permits a comfortable and safe hospital experience.

As an active cardiovascular surgeon for nearly 25 years in the Knoxville community, I am excited at the prospect for Knoxville and East Tennessee to have a new, 21st century state-of-the-art medical center. I encourage you to approve a new hospital for our community.

Sincerely,

Richard M. Briggs, M.D.

Leslie L. Baker, MD
Robert A. Crawley, MD, FACS
Elise C. Denneny MD, FACS
Richard J. DePersio, MD, FACS
David K Gallegos, MD
William D. Horton, MD, FACS
Christopher J. Rathfoot, MD
Allan M. Rosenbaum, MD, FACS
Ronald K. Sandberg, MD

Physician Assistant
Olivia M Guthrie, PA

1932 Alcoa Highway
Suite 160
Knoxville, TN 37920

7557A Dannaher Drive
Suite 220
Powell, TN 37849

220 Ft Sanders Blvd
Bldg 2, Suite 101
Knoxville, TN 37922

Telephone
865.521.8050

Fax
865.637.6617

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Accredited Computed Tomography Laboratory

GREATER KNOXVILLE
EAR NOSE & THROAT

October 20, 2014

Dear Ms. Hill,

As a physician practicing in Knoxville, I want to express my support for the development of a replacement hospital for Physicians Regional Medical Center. I believe that this project is in the best interest of my patients, many of whom ask to be referred to newer or more accessible facilities. I also believe it is in the best interest of my practice, enabling me to stay competitive. Finally, I believe the project is in the best interest of the community. While the existing hospital is sufficient to meet the needs of my patients today, it will not remain viable as a major tertiary medical center in the decades to come, and I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

Richard J. DePersio, MD, FACS

October 15, 2014

Ms. Melanie Hill, Executive Director

Tennessee Health Services & Developmental Agency

Andrew Jackson Bldg, 9th Floor

502 Deadrick Street

Nashville, TN 37243

To Whom It May Concern:

My name is Riola Gutierrez, & I am the director of Therapy Services, both inpatient & outpatient, at Physicians Regional Medical Center. I have been with this facility for 15 years. I am writing today in support of the Certificate of Need for the replacement hospital. Many of our therapy patients & families have voiced the need for an updated facility, with newer equipment and better parking accommodations. A new facility would present a more modern, up to date image of Physicians Regional here in the community. When patients are treated in a state of the art facility, their perception of care quality will increase. A new facility will enable more modern technology to be integrated to in house services. Please consider these needs as you move forward with your decision to continue the legacy of Physicians Regional Medical Center.

Sincerely,

Riola Gutierrez, PT

Director of Therapy Services

Physicians Regional Medical Center

NOV 5 '14 AM 10:25

October 28th, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I have been a Registered Nurse at Physicians Regional Medical Center for over 20 years. I support the replacement hospital for several reasons. Below I will list a few reasons for my support:

1) We treat patients from a very broad geographic region. This location and proximity to the interstate make it much more accessible for our patients.
2) Patients and families get lost very easily in our current hospital. Over the last 80 years there have been several additional buildings added to our campus. We have numerous entrances on different floors. The layout confuses our patients and their loved ones. The replacement hospital will be designed to improve way finding and ultimately our patients' experiences.
3) As a nurse, the physicians that practice in our hospital are requesting a replacement facility. They tell us that their patients are requesting a replacement hospital that is more accessible and easier to maneuver through.

I ask for your support for this project. Approving the replacement hospital is the right decision for our patients, staff and physicians in the greater Knoxville area.

Robert Brown, RN
STEMI/Stroke Coordinator, PRMC

Leslie L. Baker, MD
Robert A. Crawley, MD, FACS
Elise C. Denneny MD, FACS
Richard J. DePersio, MD, FACS
David K Gallegos, MD
William D. Horton, MD, FACS
Christopher J. Rathfoot, MD
Allan M. Rosenbaum, MD, FACS
Ronald K. Sandberg, MD

Physician Assistant
Olivia M Guthrie, PA

1932 Alcoa Highway
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Knoxville, TN 37920

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865.521.8050

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865.637.6617

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GREATER KNOXVILLE
EAR NOSE & THROAT

October 24, 2014

To Whom It May Concern:

This letter acknowledges my support for the relocation of Physicians Regional Medical Center. I think we all know how antiquated the present facility is. Whether it's sooner or later, we are going to have to have a new facility to professionally and technologically serve the residents of this community. The present Physicians Regional Medical Center facility has too many wings that are spread out, hospital rooms that are much too small, and we are spending money little by little on small technological advances, equipment and electronic record-keeping in a facility that can't support this.

Hardly a day goes by that I don't have to give directions to a patient and this includes parking. Efficiency would be improved if the ambulatory surgery facility could be under the same roof with Physicians Regional Medical Center.

I think it's going to become more difficult to attract new physicians to practice at the present facility. Also, my practice has a new West Knoxville office, and we don't have privileges at this time nor do we intend to have to perform surgery there. Therefore, our patients have a choice of either Physicians Regional Medical Center or The University of Tennessee Medical Center, and they will choose The University of Tennessee Medical Center most of the time.

The new facility at the planned location would give central positioning, much better access, and allow us to deliver the highest possible health care. As I mentioned above under today's electronic record-keeping and technology, patients are also very much influenced by the physical appearance and cleanliness of a facility. Just imagine if we asked anyone the question, "If the cost were the same, would you rather vacation at a five-star hotel or a roadside mom-and-pop motel?" The image and the physical appearance do make a difference.

Sincerely,

Robert A. Crawley

RAC/cb

Tennova™
Healthcare

NOV 5 '14 AM 10:18

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Ms. Hill,

I would be pleased to support the proposed Physicians Regional Medical Center replacement hospital project. There is a continued need for the services that Physicians Regional provides for the broad geographic surrounding area. I can attest that staying current with our facility and technology as a Medical Center is a necessity for providing the best possible patient care and having a desirable environment that physicians want to practice in. It is important to provide services in a more patient-friendly environment, especially as services become more focused on ambulatory care. We at Tennova Healthcare believe this project moves healthcare for the greater Knoxville Area in the right direction for the future, and we are excited to see it unfold.

Regards,

Rob Followell

Chief Executive Officer

North Knoxville Medical Center

KOC
Knoxville Orthopaedic Clinic

Sports Medicine
William T. Youmans, M.D.
T. Craig Beeler, M.D.
Gregory M. Mathien, M.D.
Russell A. Betcher, M.D.
Paul L. Becker, M.D.
Matthew A. Rappé, M.D.
Robert G. Smith, M.D.

Spine
Sidney L. Wallace, M.D.
James K. Maguire, Jr., M.D.
Paul H. Johnson, M.D.
Luke Madigan, M.D.

Foot & Ankle
William T. McPeake, M.D.
M. Chris Testerman, M.D.

Joint Replacement
Brian M. Covino, M.D.
Matthew C. Nadaud, M.D.
J. Christopher Sherrell, M.D.

Pediatric & Adolescent
Robert R. Madigan, M.D.
Cameron J. Sears, M.D.
J. Jay Crawford, M.D.

Shoulder & Elbow
G. Brian Holloway, M.D.
Edwin E. Spencer, Jr., M.D.

Hand & Wrist
Joseph C. DeFiore, Jr., M.D.
John M. Ambrosia, M.D.
Robert E. Ivy, M.D.
Douglas N. Calhoun, M.D.

Physical Medicine
Bruce B. Fry, D.O.
Michael C. Craig, M.D.

General Orthopaedics
John J. McGraw, Sr., M.D.

Primary Care Sports Medicine
Chris A. Klenck, M.D.
Amber G. Luhn, M.D.
Benson A. Scott, M.D.

October 22, 2014

Dear Ms. Hill,

My name is Robert Ivy and I have been a practicing orthopedic surgeon in Knoxville, Tennessee for the past twenty years. I would like to express my strong support for the development of a replacement hospital for Physicians Regional Medical Center on Middlebrook Pike. I currently practice at Knoxville Orthopaedic Clinic and we have an office in close proximity to the proposed hospital site. We definitely need a new hospital to provide services to our patients. In addition, we need a place that is accessible to our patients for the entire East Tennessee region.

I believe this project is clearly in the best interest of my patients. Many of my patients do ask to be referred to a newer hospital facility. As you know, Physicians Regional (old St. Mary's) is a very old, aging hospital. In addition, I believe this project is in the best interest of the community. Clearly, Physicians Regional Medical Center will not remain vital as a major tertiary medical center in the decades to come. I strongly support Tennova as it takes the steps necessary to secure the hospital's future by developing a new replacement facility on Middlebrook Pike.

Sincerely,

Robert E. Ivy, M.D.

REI/sp

Weisgarber Office
1422 Old Weisgarber Road
Knoxville, TN 37909

West Office
260 Fort Sanders West Blvd.
Knoxville, TN 37922

North Office
7557A Dannaher Drive, Suite G-10
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Jefferson City Memorial Hospital Office
120 Hospital Drive, Suite 120
Jefferson City, TN 37760

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Turkey Creek Office - 10810 Parkside Drive, Suite 301, Physicians Plaza, Knoxville, TN 37934
Phone: 865-470-2273, Fax: 865-693-1163

Yasir N Akhtar MD
Harry L Bishop MD, FACC
Russell R Blakeley MD FACC
David A Cox MD FACC
Joseph S DeLeese MD FACC
Clint T Doiron MD FACC
Malcolm T Foster MD FACC
Stephen D Hoadley MD FACC
Larry D Hookman MD FACC
William C Lindsay MD FACC/FHRS
Robert O Martin MD FACC
Kyle W McCoy MD FACC
Ravi S Mehta MD FACC
Barry I Michelson MD FACC
Joseph D Minardo MD FACC
William J Minteer MD FACC
Nilam N Patel MD
Steve W Reed MD FACC
Russell E Rotondo MD FACC
John A Ternay MD FACC
Randall D Towne MD FACC
Charles B Treasure MD FACC
Timothy Ballard APN MSN CNP
R Eric Dickenson PA-C
Jennifer Guffey PA-C
Stephen Miller APN MSN ACNP

October 9, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Tennova Health Care Certificate of Need for Physician's Regional Medical Center Replacement Facility

Dear Ms. Hill:

I would like to take a few moments to write a letter to support the development of a new hospital on Middlebrook Pike in Knoxville to replace Physicians' Regional Medical Center. I have been practicing cardiology in Knoxville for over 30 years. I have, therefore, had staff privileges at our current facility for many, many years dating back to when it was St. Mary's Medical Center. For the last 5-6 years, it has been my primary practice location.

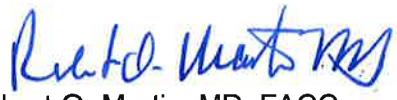
Our facility has excellent staff who provide excellent patient care. I feel, however, we are hampered by the current state of this facility. The current hospital is, as I recall, in excess of 75 years old. It has been added on to, patients and physicians alike sometimes find it a complex maze to navigate. It can be frequently extraordinarily inefficient to provide care to patients in different areas of the hospital because of this. Because of the age of the facility, this is not something that is going to be "fixable" in my humble opinion and will remain a problem with the current facility.

While clean, I find that patients would frequently prefer to have their care provided elsewhere because of the aged state of the facility. Our group provides care to a broad range of patients from an extensive outlying area and I believe that a new, up-to-date facility would greatly improve both physician and patient satisfaction and allow us to provide more efficient care to the people of East Tennessee for whom we have been privileged to serve for so many years. In addition, as many more aspects of medicine have become more out-patient oriented, I think a newly designed facility which would allow more efficient time management for physicians and staff and convenience for patients would make this a far more satisfactory patient experience.

The physicians, staff and facility have a historical legacy and a long history of community service. I feel rather strongly that to continue this legacy would be best served in the new, modern facility for which a CON has been requested.

Thank you very much for your attention.

Sincerely yours,



Robert O. Martin, MD, FACC
ROM/kgc/plm

DD: 10/09/2014 08:09:39 DT: 10/09/2014 09:18:44 DR: 10/09/2014 LTR

CC: Ms. Melanie Hill, Executive Director

KOC
Knoxville Orthopaedic Clinic

October 20, 2014

Dear Ms. Hill,

I am writing to show my support for the need of a replacement hospital for Physicians Regional Medical Center. I have practiced in Knoxville for several years and Physicians Regional Medical Center has treated my patients well, but the facility is old and quite frankly, my patients do not wish to go there. Although this building does not represent the level of care that is given from the staff at PRMC, it unfortunately is seen that way with my patients.

The replacement hospital will be in the best interest of my practice and I believe it will enable me to stay competitive. I also believe the project is in the best interest of the community as the existing hospital will not remain viable as a major tertiary medical center in the decades to come.

I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

Robert G. Smith, M.D.

jne

Sports Medicine
William T. Youmans, M.D.
T. Craig Beeler, M.D.
Gregory M. Mathien, M.D.
Russell A. Betcher, M.D.
Paul L. Becker, M.D.
Matthew A. Rappé, M.D.
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Sidney L. Wallace, M.D.
James K. Maguire, Jr., M.D.
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Luke Madigan, M.D.

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John M. Ambrosia, M.D.
Robert E. Ivy, M.D.
Douglas N. Calhoun, M.D.

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Bruce B. Fry, D.O.
Michael C. Craig, M.D.

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John J. McGraw, Sr., M.D.

Primary Care Sports Medicine
Chris A. Klenck, M.D.
Amber G. Luhn, M.D.
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Knoxville, TN 37922

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Powell, TN 37849

Jefferson City Memorial Hospital Office
120 Hospital Drive, Suite 120
Jefferson City, TN 37760

865.558.4400
865.558.4421

www.kocortho.com

ROBERT S. SULLIVAN, M.D.

1864 Harbour View Dr.
Lenoir City, TN 37772
Telephone: (865) 988-8552
Fax: (865) 988-4488

October 20, 2014

Melanie Hill
Executive Director
Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

RE: Physician's Regional Medical Center, Knoxville, TN
Certificate of Need

Dear Ms. Hill,

I would like to take this opportunity to express my support of the Certificate of Need for Physician's Regional Medical Center in Knoxville, TN so that it may construct a new, replacement hospital in West Knoxville.

I currently serve as the Medical Director and attending physician at Ben Atchley State Veteran's Home in Knoxville, TN which is a long term care facility as well as an attending physician at several assisted living facilities in Knoxville, TN. My patients and families frequently request that their acute care needs be met by their specialists which practice at Physician's Regional Medical Center. There is an obvious patient need and physician need for a new replacement hospital to be constructed to continue to meet needs of our patients and provide the quality care that PRMC is well known for.

I also understand that Physician's Regional Medical Center desires to relocate the Transitional Care Unit that offers skilled care to patients. As a physician who serves the senior community and have many patients requiring skilled care, I can attest to the necessity of increasing the availability of skilled care beds in the West Knoxville area. Currently, the nursing facilities in West Knoxville do not have sufficient capacity to meet the growing demand for skilled care. I have had difficulty in the past finding the proper placement for patients due to facilities being full or unable to provide the care that is needed.

I entrust that this Certificate of Need will receive favorable support from the Health Services Board. As a provider, I support the need for a new replacement hospital for Physician's Regional Medical Center and hope that you will grant its application for a CON.

Sincerely,

Robert S. Sullivan, M.D., C.M.D.
Medical Director
Ben Atchley State Veterans Home

East Tennessee Regional OB/GYN Associates

Robert K. Tatum, M.D.

Erin Black, M.D.

Meredith A. Murphy, D.O.

April Lane, W.H.N.P.

Suite 805
St. Mary's Clark Tower
939 Emerald Avenue
Knoxville, TN 37917
Phone: (865) 647-3380
Fax: (865) 647-3389

October 22, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

This letter is being written in support for the development of the new hospital facility which is intended for replacement, modernization, and upgrade from the current, long term facility, previously known as St. Mary's Medical Center and currently known as Physician's Regional Medical Center, in downtown Knoxville.

I have personally developed my private practice, in the current facility since 1985. This long standing, current physical structure has been developed in many sequential building processes over its many years of service. The location and planning of these growth expansions has been dictated by the physical plant and space limiting restrictions of such a long standing facility. It is apparent that there are many ways in which this process of growth, may not have been in the most efficient and economical and most productive pattern of development.

The construction of a new replacement facility allows the upfront planning and development of the new hospital, with careful consideration and understanding of the new order and type of medicine that will be required and beneficial in the future, both providing the best, optimal and most modern technology available in the most efficient and cost effective use of health care dollars that will be available in the future. This planning will be able to

emphasize a structure that is both modern, and efficient for the new health paradigm, emphasizing efficiency of outpatient care, and optimizing the ability to provide, in the most effective way, the care that will be required for in-patient management.

The new replacement facility will be able to provide easier access for our patients from multiple areas of our city, and will expand the opportunity to be able to provide new and enlarging outpatient facilities, thus relieving a major difficulty of parking and patient access, efficiently to the multiple different services that can be made available and carefully, thoughtfully, and efficiently developed. This new facility, and its thoughtful design, will be a significant step forward to also increase the mechanism for enhanced patient safety in the future, with this being such a high priority issue.

Physician's Regional Medical Center has a long legacy of providing high quality care and expert physician providers, and a new facility will allow expansion of all these parts of its long term mission, history and expertise. A new, modern facility will allow and encourage the further growth and expansion of this quality health care to our patients and our city and the surrounding community.

Thank you for the consideration of this new and exciting development for growth and modernization of our ability to provide the best quality health care to our patients and to our community.

I am clearly and enthusiastically in support for this development of this new facility and the care that it will allow to be provided for our city.

Sincerely:

Robert K. Tatum, M.D.

NOV 3 '14 AM 10:25

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, TN 37243

October 24, 2014

RE: PRMC Replacement Hospital Project

Dear Ms. Hill,

My name is Robin C. Griffin and I work in Case Management at Physicians Regional Medical Center. I have been employed at the hospital for 15 years. I support the replacement hospital because It is important to provide services in a more patient-friendly environment. I appreciate the legacy and heritage of PRMC, but that legacy can best be continued into the future by staying current with our facility and technology. Thank you in advance for taking my concerns into consideration.

Sincerely,

Robin C. Griffin
Case Management
Physicians Regional Medical Center
900 E. Oak Hill Avenue
Knoxville, TN 37917

PREMIER
at Physicians Regional
and North Knoxville
A Division of Premier Surgical Associates

Brian H. Garber, MD, FACS
George A. Pliagas, MD, FACS
David J. Harrell, MD, FACS
Donald L. Akers Jr., MD, FACS
Roland B. Weast, MD, FACS
Marcella J. Greene, MD
Marcus A. Barber, MD
Jessica L. Vinsant, MD

October 15, 2014

Dear Ms. Hill,

As a physician practicing in Knoxville, I want to express my support for the development of a replacement hospital for Physicians Regional Medical Center. Although the existing hospital has served Knoxville well for the past 83 years, healthcare is changing, and hospitals and physicians must work together to provide services to our patients in the most efficient possible model of care, as well as in a place that is accessible to patients from all over the region.

I believe that this project is in the best interest of my patients, many of whom ask to be referred to newer or more accessible facilities. I also believe it is in the best interest of my practice, enabling me to stay competitive. Finally, I believe the project is in the best interest of the community. While the existing hospital is sufficient to meet the needs of my patients today, it will not remain viable as a major tertiary medical center in the decades to come, and I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

10/15/14

Dr. Roland Weast

Phone: 865-938-8121
Fax: 865-212-5561

Premier Surgical Associates PLLC
7557A Dannaher Drive, Suite 110
Powell, TN 37849
www.premiersurgical.com

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

We need a new hospital for more updated equipment and state of art rooms, surgery and patient rooms. I have worked here for 34 years in engineering.

Thank You

Roy E. Strange
Maintenance Supervisor

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I think a new hospital is needed for have a more updated facility, where patients would have an easier flow. The cost to renovate PRMC would be very costly.

Thanks

Russell Crowe
Engineering Department
19 years of service

East Tennessee
Heart Consultants
Knoxville HMA Cardiology PPM, LLC

Physicians Regional Office - 900 East Oak Hill Avenue, Suites 500 &600, Knoxville, TN 37917
Phone: 865-525-6688, Fax: 865-525-0245
Turkey Creek Office - 10810 Parkside Drive, Suite 301, Physicians Plaza, Knoxville, TN 37934
Phone: 865-470-2273, Fax: 865-693-1163

Yasir N Akhtar MD
Harry L Bishop MD, FACC
Russell R Blakeley MD FAC
David A Cox MD FACC
Joseph S DeLeese MD FACC
Clint T Doiron MD FACC
Malcolm T Foster MD FACC
Stephen D Hoadley MD FACC
Larry D Hookman MD FACC
William C Lindsay MDFACC/FHRS
Robert O Martin MD FACC
Kyle W McCoy MD FACC
Ravi S Mehta MD FACC
Barry I Michelson MD FACC
Joseph D Minardo MD FACC
William J Minteer MD FACC
Nilam N Patel MD
Steve W Reed MD FACC
Russell E Rotondo MD FACC
John A Ternay MD FACC
Randall D Towne MD FACC
Charles B Treasure MD FACC
Timothy Ballard APN MSN CNP
R Eric Dickenson PA-C
Jennifer Guffey PA-C
Stephen Miller APN MSN ACNP

October 28, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Developmental Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need

Dear Ms. Hill:

My name is Russell Rotondo, MD. I have been a practicing physician at Tennova Physicians Regional Medical Center for 21 years and have lived through many changes in the present facility. I am writing this letter in support of a new facility proposed by Tennova. It has become more and more difficult to practice efficiently on the present campus, not only for physicians but the staff in general. The present setup is not particularly patient-friendly beginning as soon as the patient drives up and tries to park. Many of the buildings are dated and need significant upgrading, which I understand is quite costly. Many patients have commented on the present facility and how it is dated compared to other hospitals. I believe a new facility will improve patient satisfaction from the healthcare services provided by Tennova. I understand the long and honored tradition of Physicians Regional Medical Center. When I moved here in 1993 it was under the name of St. Mary's. The trust that patients had placed in the nuns and staff can still be felt and can be continued for a long time with a new facility. Granted, ultimately it is the people who work at the facility that are most important. However, the physical structure of this present campus is making it difficult to deliver quality healthcare in an efficient manner.

I appreciate the opportunity to render my support for the new Tennova facility and wish to thank you for your cooperation in this matter.

Sincerely,

Russell R. Rotondo, MD
RER:plm

Tennova™ Healthcare

Tennova Hematology and Oncology
930 Emerald Avenue Suite 611 • Knoxville, TN 37917
Phone: (865) 647-3400 • Fax: (865) 6473409
Tennova.com

Saji Eapen M.D.
Tiffany Sipe NP

October 15, 2014

Dear Ms. Hill,

With the changing tides of healthcare, it is more important than ever to be competitive in the marketplace. I am writing to give my support for a replacement hospital for Physicians Regional Medical Center. As a local physician that has practiced in Knoxville for several years, I believe that Physicians Regional Medical Center has treated my patients well. That being said, my patients and I believe the facility is very old and not up to date with current facilities. Many of them do not wish to go there for this reason. I know that it is not cost efficient or possible to do a major rebuilding on its current location and maintain business, therefore, I am in support of the relocation of PRMC.

The replacement hospital will be in the best interest of my practice and of the community as the existing hospital will not remain viable as a major tertiary medical center in the decades to come. I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

Saji Eapen

10/15/14

ABERCROMBIE RADIOLOGY

NOV 5 '14 AM 10:18

William R. McKissick, MD
John D. Simmons, MD
Margaret Uri, MD
J. Breese Johnson, Jr., MD
Gwen Uri, MD
Lynn Barrett, MD
Diane L. Edge, MD
Dale E. Nichols, MD
Andrew M. Evancho, MD
Lane P . Williams, MD
Wayne M. Eberenz, MD
Kenneth H. Pryor, MD
F. Gregory Curtin, MD
Samuel L. Maynard, MD
Daniel W. Walsh, MD
Donna K. Culhane, MD
Jason R. Cameron, M.D.
Daniel A. Baker, M.D.
Christopher H. Aikens, MD
Zachary Jumper, M.D.
Benjamin J. Egner, M.D.

October 15, 2014

Dear Ms. Hill,

As a physician practicing in Knoxville, I want to express my support for the development of a replacement hospital for Physicians Regional Medical Center. Although the existing hospital has served Knoxville well for the past 83 years, healthcare is changing, and hospitals and physicians must work together to provide services to our patients in the most efficient possible model of care, as well as in a place that is accessible to patients from all over the region.

I believe that this project is in the best interest of my patients, many of whom ask to be referred to newer or more accessible facilities. I also believe it is in the best interest of my practice, enabling me to stay competitive. Finally, I believe the project is in the best interest of the community. While the existing hospital is sufficient to meet the needs of my patients today, it will not remain viable as a major tertiary medical center in the decades to come, and I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

Samuel Maynard

Samuel Maynard, M.D.

Weisgarber Medical Center
1112 Weisgarber Road
Knoxville, Tennessee 37909
865/588-1397 • Fax: 865/558-0395
www.abercrombieradiology.org
Scheduling: 865/584-3444
Scheduling Fax: 865/824-0038

Tennova™
Healthcare

Scott Wood
7413 Openview Lane
Corryton, TN 37721
October 23, 2014

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Melanie Hill:

As a 17 year member of the Tennova Health care System and 25 year citizen of the Knoxville community, I am pleased to offer my support for the certificate of need application submitted by PRMC for a replacement hospital. The plans for the replacement hospital are timely and necessary. PRMC is a regional medical center for many Knoxville and surrounding area patient. It is imperative to replace the facility so that patients throughout the Knoxville and surrounding areas can continue to receive the high quality care they deserve. The new location will be extremely accessible given its proximity to I-40 and central location. PRMC takes it health care very seriously and the hospital plans are practical and fiscally conservative to not only meet Knoxville's health care needs today, but to address the health care vision for years to come.

The residents of Knoxville and the surrounding areas are best served with state of the art facilities that anticipate the growing demands of our aging population and improve the ability to recruit physicians, while making it less complicated for residents of the entire service area to access the hospital. I hope that you will approve PRMC Certificate of Need application.

Sincerely,

Larry A Wood

Scott Wood

October 21, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Melanie Hill, my name is Shane Henry and I am the supervisor for Biomedical Engineering at Tennova Physicians Regional Medical Center. I have been employed at Tennova for almost 9 years now and it has been a wonderful experience. Biomed is responsible for maintaining all medical equipment within the facility. Although there is plenty of rich history within the walls of Physicians Regional, there are also hurdles we can't jump when it comes to the developing technology in today's healthcare world. The building itself is way beyond its years for adding any additional network backbone that will keep up with today's demands. A new facility would not only allow us to use today's cutting edge equipment but would benefit the patient care and outcomes tremendously. Newer technology would allow our physicians to work with the best equipment to provide the best care available.

I work with patients and staff every day in my job duties. I have conversations with patients and I can tell you that almost everyone I have spoken with is all for the new hospital. They tell me that don't care to drive another 5-6 miles down the road if they know that they are receiving the best care with the best technology available. The few that I have spoken with that are against it have voice their concern that the heritage will be lost. I explain to them that not only will it not be lost, but the heritage will grow and the Sisters are behind the project 100%. I even had a gentleman tell me that he plans to remove his sign after having the conversation with me.

In closing, a new hospital will by building the new facility, it will allow our geographic coverage to expand. A new hospital will bring more patient friendly opportunities as well as better outcomes for all involved, including staff and physicians. Thank you for taking the time to read my letter of support for the new facility. I know beyond a shadow of a doubt it is the right thing to do.

Thank You,
Shane Henry

Shane Henry

Biomed Supervisor

Physicians Regional Medical Center

865-545-8076

October 16, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I would like to take the opportunity as the Director of the Women's Pavilion at Physicians Regional Medical Center to express my support for the new replacement hospital. I have been in my current position for 19 months. During this time we continually struggle with the logistical restraints of our campus and the expenses associated with a facility that is now over 80 years.

Our patients and families daily express their frustration with navigating through the organization. It is literally impossible to provide them with verbal instructions that will allow them to reach their destination without additional aggravation. Visitors presenting to the hospital are often stressed and worried about a sick friend or family member. Getting lost or having difficulty finding their way around adds unnecessary anxiety for them. The size and of the hospital also contributes to the consumption of resources and expenses for upkeep that could be better utilized in serving our patients and the community.

We ask for your support as we desire to serve our community better, utilize our resources wisely, and provide excellent service and extraordinary care to our patients. They deserve nothing less. Thank you for your time and consideration in this matter.

Sincerely,

Sheila Chadwick, RNC-OB, BSOM
Clinical Director Women's Pavilion

NOV 5 '14 AM10:39

Shelly Fawver
2320 Wayland Rd
Knoxville, TN 37914
October 20, 2014

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

My name is Shelly Fawver and I am the Director of the Imaging Services Department at Physician Regional Medical Center. I have been an employee at this campus since 1983. I would like to take this opportunity to convey my support for the new replacement hospital in Knoxville, Tn.

In my 31 years of service I have seen many renovations, building expansions and transitions occur on this campus. The campus is in a condition that does allow for easy fixes for the issues. There is not a simple solution to make it patient friendly and to implement the efficiencies needed. The current facility requires increased costs to maintain and continue business.

I feel it important to convey the difficulties that occur daily for our patients, family and employees. The topography of the campus is a maze for all. We have tried various methods to rectify this situation, from signage to colored lines painted on the walls and floors, none have been successful.

Many patients and visitors have frustrations because they are lost. Just yesterday, in 5 separate instances I rescued "lost" people in our halls. This is a routine daily occurrence. Patients, families and visitors become very frustrated trying to navigate from one place to another. Because we have been built on a hill and have had numerous expansions over the years, you are required to take up to 3 elevators to get from one building to the other side of the campus. We have multiple "front" doors and entry points. One example in which I spent one hour with an elderly gentleman in a wheelchair and his wife who was on a walker, they could not remember where they parked and what door they came in. When I came upon them they were already exhausted and catching their breath (their words). We proceeded to go to every entrance and each level of parking until we finally found their car. While this sounds like an exaggeration, I assure you it is not, I personally encounter similar situations every day. The following are examples of what our patients and visitors have to go through:

- Frustration of being ill and trying to cover the distance to get somewhere within our facility. These are patients who are ill, in pain, and physically fatigued and have difficulty just getting from the car to the registration area.
    - OP Parking and registration are on the opposite side of the campus from the imaging department, patients are required to walk a half a mile to their imaging tests.
    - All parking lots are on hills or require steps.

- Departments are spread out across the campus and patients have to navigate long distances and elevators to get from one to the other.

As the Imaging Director I personally feel and see the frustration and added costs we have due to the age of the facility. It costs us more financially to run our business because the building is fragmented and inefficient.

- Labor Costs are increased:
  - My department is located on 5 floors and in 4 different buildings on the campus. Requires at least 2 elevator rides and long distances to navigate between. I am unable to gain efficiencies in the number of staff required to cover these distances. I cannot share staff effectively between the areas due to them.
  - Transport times are extending times two requiring additional staff to support services. There are two reasons for this: 1) the building logistics, multiple elevator rides to transport patients to areas and 2) the patient rooms are so small most of the items in the room have to be removed in order to get a stretcher into the room. Then the items have to go back into the room while the patient is away and then the process is repeated upon return.
  - Ultrasound, x-ray departments are fragmented and split locations causing issues with workflow and staffing levels.
  - Due to the fragmented departments I am required to have additional waiting areas that are manned and monitored driving up labor costs and inefficiencies.
- Equipment Costs are increased: I have to duplicate costly capital equipment in multiple areas because it cannot be shared due to the areas they support being separated by long distances.
  - Emergency Room imaging requirements: The CT scanner is a four floor elevator ride and at least a quarter of a mile in distance from the Emergency room. This requires me to have support staff to be able to move those patients timely from the ED to CT. At times it also requires additional RN support because the patients are in emergent life threatening situations.
  - The x-ray department has a duplication of 2 rooms because it is separated from the main department by 4 floors, a quarter of a mile and an elevator ride.
- Renovation Costs are increased. Most of the imaging departments are in older sections of the hospital. Therefore causing excessive costs any time we want to change out capital equipment or expand a service. We run into the following issues:
  - Abatement costs to remove the asbestos.
  - Ceiling heights are not at current equipment standards and require expensive measures to extend the height and remove obstacles in the ceiling like plumbing and electrical.
  - Area diameters are small and require movement of walls
  - Areas were built prior to ADA standards and new renovations require implementation of these standards

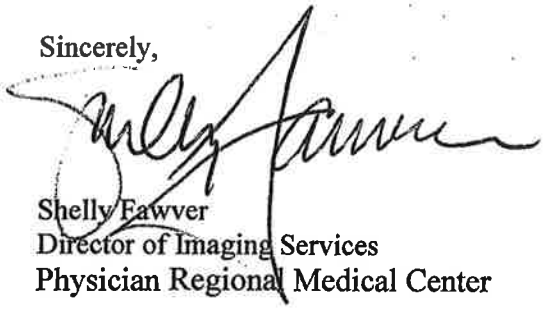
In example, we are implementing a new neuro-interventional angiographic suite, the renovation costs are $760,000 due to the issues listed above. Normally this cost would be $60,000.

- Maintenance Costs are increased. Our facility infrastructure is old and requires constant maintenance and repairs. We continually deal with leaks from the roof and plumbing. Every time we have storms come through our area, we bring out the buckets and plastic to protect our million dollar imaging equipment from the water. We have plumbing that burst effecting equipment or workflow. Our plant facilities work very hard to maintain the facility, but when things are old, things will break.
- Maintenance Costs for heating and air conditioning to keep it working and functioning.
- Maintenance Costs for housekeeping are increased due to the square footage.

These are just examples of what is felt throughout our campus. Hopefully you are able to gain an understanding of what it is like for us to provide care in this environment. A replacement facility is badly needed for us to continue to provide the highest quality of care in a cost effective manner. Healthcare is a difficult industry and we continue to work with less and less reimbursement. Tennova PRMC has to make changes in order to adapt to these changes. It is unfair to continue to care for our patients in this environment, we have to remain competitive and make required improvements.

I would very much appreciate your consideration of this new hospital and the value it would bring to our patients, community and employees. We are very proud of the care we provide here and want to improve upon it. Please approve our certificate of need request as it will allow us to provide better patient care, improve services, improve patient satisfaction and give us a facility our patient's deserve.

Sincerely,



Shelly Fawver
Director of Imaging Services
Physician Regional Medical Center

East Tennessee
Heart Consultants
Knoxville HMA Cardiology PPM, LLC

Physicians Regional Office - 900 East Oak Hill Avenue, Suites 500 &600, Knoxville, TN 37917
Phone: 865-525-6688, Fax: 865-525-0245
Turkey Creek Office - 10810 Parkside Drive, Suite 301, Physicians Plaza, Knoxville, TN 37934
Phone: 865-470-2273, Fax: 865-693-1163

Yasir N Akhtar MD
Harry L Bishop MD, FACC
Russell R Blakeley MD FACC
David A Cox MD FACC
Joseph S DeLeese MD FACC
Clint T Doiron MD FACC
Malcolm T Foster MD FACC
Stephen D Hoadley MD FACC
Larry D Hookman MD FACC
William C Lindsay MD FACC/FHRS
Robert O Martin MD FACC
Kyle W McCoy MD FACC
Ravi S Mehta MD FACC
Barry I Michelson MD FACC
Joseph D Minardo MD FACC
William J Minteer MD FACC
Nilam N Patel MD
Steve W Reed MD FACC
Russell E Rotondo MD FACC
John A Ternay MD FACC
Randall D Towne MD FACC
Charles B Treasure MD FACC
Timothy Ballard APN MSN CNP
R Eric Dickenson PA-C
Jennifer Guffey PA-C
Stephen Miller APN MSN ACNP

October 27, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need

Dear Ms. Hill:

I would like to support the Certificate of Need from Tennova Health Care for the new hospital to replace Physicians Regional Medical Center.

I am an invasive cardiologist who has been working at this hospital for 26 years. When I came here, it was the most modern and pleasant hospital to work in. It is still pleasant but not as modern. Because of the way it was built piece by piece, the floor plan is very difficult for patients to get around. The rooms are too small. There are multiple problems that go along with an aging structure. A lot of money has been spent to try to upgrade the facility; however, it is still not at the level that we would like.

I think the new location would be a much better one. I would prefer it for my patients. The current location is not bad; however, the new location will be significantly better.

I have spoken with Ms. Karen Metz about the new facility. I am convinced that the organization can build a very efficient and more patient-friendly facility. Therefore, I strongly support approval of the C. O. N. for the new replacement facility for Physicians Regional Medical Center in the Tennova Health System.

Thank you for your consideration in this matter.

SD Hoadley

Stephen D Hoadley, MD, FACC
SDH/kkg

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www.teamhealth.com

October 23, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, Tennessee 37243

Dear Ms. Hill,

I am a provider working with TeamHealth, one of the nation's largest providers of hospital-based physician services. One of our contracts is with Tennova, which operates several hospitals in East Tennessee, including Physicians Regional Medical Center (PRMC).

I am writing in support of Tennova's request to build a replacement hospital for PRMC. The current site allows for limited expansion and growth. The age and condition of the facility, originally built in 1930, also makes remodeling impractical. As the population of Knoxville has moved further west, the hospital is no longer located in the city center making the commute inconvenient for many patients and families.

The physical layout of PRMC is disorganized and difficult to maneuver efficiently and effectively. Time is crucial to providing good clinical outcomes for patients. PRMC has also lost several specialties in recent years and needs to be updated to handle emerging diseases and conditions, as well as retain/recruit needed specialties.

Tennova's proposal for a new facility will meet our clinical needs as providers and encourage quality doctors to serve the patients of this community.

Yours truly,

Susan C. Austin, PNP-C, FNP-C
Regional APC Manager, Mid-Atlantic Region
1439 Queensbridge Dr., Knoxville TN 37922
(865) 919-4868

October 17th, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I have been the Chief Nursing Executive for a little over 2 years.I support the replacement hospital for several reasons. Below I will list a few reasons for my support:

1) We treat patients from a very broad geographic region. This location and proximity to the interstate make it much more accessible for our patients.
2) Patients and families get lost very easily in our current hospital. Over the last 80 years there have been several additional buildings added to our campus. We have numerous entrances on different floors. The layout confuses our patients and their loved ones. The replacement hospital will be designed to improve way finding and ultimately our patients' experiences.
3) As an administrator, the physicians that practice in our hospital are requesting a replacement facility. They tell us that their patients are requesting a replacement hospital that is more accessible and easier to maneuver through.
4) Technology has continued to improve often requiring larger rooms and other electrical upgrades that our current facility cannot support.

I ask for your support for this project. Approving the replacement hospital is the right decision for our patients, staff and physicians in the greater Knoxville area.

Suzanne D. Beauregard

Suzanne D. Beauregard RN, MSN
Chief Nursing Executive.

Tennova™ Healthcare

Syed Ahmed, MD
Richard Bock, PA-C

October 21, 2014

Ms. Melanie Hill, Executive Director

Tennessee Health Services and Development Agency

Andrew Jackson Building, 9th floor

502 Deaderick Street

Nashville, TN 37243

To Whom It May Concern:

I am writing this letter in order to show my support for the PRMC hospital replacement project. I am in favor of replacing the PRMC facility. I feel as if it would be a benefit to our patients and the local community to have access to a more advanced facility with more current technology.

Sincerely,

Syed Ahmed, MD

Tennova Primary Care Broadway • 939 Emerald Avenue, Suite 505 • Knoxville, Tennessee 37917 • Phone: (865) 522-8922 • Fax: (865) 521-7293
TennovaHealthcare.com

Tennova™ Healthcare

October 12, 2014

Dear Ms. Hill,

As a physician practicing in Knoxville, I want to express my support for the development of a replacement hospital for Physicians Regional Medical Center. Although the existing hospital has served Knoxville well for the past 83 years, healthcare is changing, and hospitals and physicians must work together to provide services to our patients in the most efficient possible model of care, as well as in a place that is accessible to patients from all over the region.

I believe that this project is in the best interest of my patients, many of whom ask to be referred to newer or more accessible facilities. I also believe it is in the best interest of my practice, enabling me to stay competitive. Finally, I believe the project is in the best interest of the community. While the existing hospital is sufficient to meet the needs of my patients today, it will not remain viable as a major tertiary medical center in the decades to come, and I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

Dr. Syed Nabi 10/15/14

Tennova Sleep Center South ▪ 7323 Chapman Highway, Suite 160 ▪ Knoxville, Tennessee 37920 ▪ (865) 647-3860
Tennova Sleep Center North ▪ 7540 Dannaher Drive, Suite 300 ▪ Powell, Tennessee 37849 ▪ (865) 859-7800
Tennova Sleep Center West ▪ 10820 Parkside Drive, 4th Floor ▪ Knoxville, Tennessee 37934 ▪ (865) 218-7463
Tennova LaFollette Sleep Center ▪ 923 E. Central Avenue ▪ LaFollette, Tennessee 37766 ▪ (865) 859-7900
Tennova Jefferson Sleep Center ▪ 643 E. Broadway Blvd., Suite B ▪ Jefferson City, Tennessee 37760 ▪ (865) 859-7800
Tennova.com

October 14, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I understand that you play an exceptionally important decision making role in my hospital's upcoming Certificate of Need for the replacement hospital for Physicians Regional Medical Center hearing on November 19th and ask for your support of the request.

I have been the Assistant Chief Financial Officer and part of the administrative team for the last 3 years at this location and live just a few miles from the potential location for the replacement hospital.

I completely support the replacement facility! Here are a few reasons why:

- A replacement facility will help us provide patients with better care. Instead of sinking money into keeping up an old infrastructure, we can focus on new technology and new equipment. Every associate and I want our #1 focus to be providing exceptional patient care.
- Patients frequently make negative and frustrated comments on the difficulty of finding their way around our multi building complex and the age of our building. Many patients shop hospitals in the same manner they would hotels and are looking for a convenient treatment areas and aesthetically pleasing surroundings. A replacement facility will provide the opportunity to establish a patient/visitor friendly atmosphere.
- A replacement facility at the planned location on Middlebrook Pike will not change the communities we serve which is a large geographical area. I do believe the planned location will be an easier location to access for patients and visitors.
- Many of my neighbors know I am a Tennova associate and are excited about the replacement hospital. I am often asked "when?!" because they are ready to have Physicians Regional Medical Center right down the road. They shared they find it assuring that my facility will be right there if they or their family have an emergency or healthcare need.
- I appreciate the legacy and heritage of Physicians Regional Medical Center and that legacy can best be continued into the future by staying current with our facility and technology and allowing our #1 focus to be providing exceptional patient care.

As you review the documentation and make your decision please know your approval of this Certificate of Need is truly appreciated by our associates and, most of all, our patients. I believe this replacement hospital gives our associates the opportunity to provide better healthcare for our community and I ask for your support.

Thank you,

Tammy L. White
Assistant Chief Financial Officer and community member
9601 Harmony Grove Way #534
Knoxville, TN 37931

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THOMAS C. WHITTAKER, D.D.S.
TED A. GEORGE, JR., D.D.S.

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ORAL AND MAXILLOFACIAL SURGEONS, INC.

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick St.
Nashville, TN 37243

Dear Ms. Hill:

I am writing this letter in support of the certificate of need application for Tennova Healthcare. I have practiced at this downtown facility for 24 years, during which time healthcare has undergone significant change. This facility would be almost impossible to change to keep up with current needs. Patients have a difficult time getting to this area and increasingly prefer to go elsewhere because of location, access, and facilities. More of our care today is headed towards ambulatory care and this facility is really not set up well for that. It would be cost prohibitive to try and change this facility into an updated center going forward. We have always drawn from a very large area and have been a key part of the healthcare system for East Tennessee. This new facility would certainly make for easier access for everyone involved.

I hope that you all will take all of this into consideration in making your decision. The doctors here at this hospital feel this move is necessary for the viability of the Tennova Healthcare System and it's flagship hospital.

Sincerely,

Ted A. George, Jr., D.D.S.

TAG/pld

ST. MARY'S MAGDALEN CLARKE TOWER
939 EMERALD AVE. • SUITE 501 • KNOXVILLE, TENNESSEE 37917-4517 • (865) 522-6885 • FAX (865) 522-0026
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ORALSURGEONSKNOXVILLE.COM

NOV 5 '14 AM10:25

October 28, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

My name is Terri Kitts and I am an employee of Tennova Healthcare at Physicians Regional Medical Center located in Knoxville, TN. I have been employed here for ten years but more importantly than that I have lived in this community most of my life. Through the years this facility has certainly served the community well but as time has moved forward so has the need for newer technology. A modern facility is greatly needed so that Tennova Healthcare can continue to provide the excellent care it is known for to the residents living in the Knoxville area and also provide its employees with the resources' needed to complete their tasks.

I work in the Orthopedic Department at the hospital and the patient population we serve can range anywhere from a few miles to several hundred miles. I feel even if we were to relocate to the property that has been purchased we would be more centrally located than we are now because the new facility would be very easily accessed by the interstate. Unfortunately the location we are currently in has been declining the past few years and is not considered a "safe part of town" by many people. Many times I have patients that are concerned about coming to this area for that reason and I really feel like our patients deserve to be able to come to a more modern, safer, patient-friendly environment when they are in a time of need.

Thank you for your consideration in this matter.

Sincerely,

Terri Kitts

Terri Kitts
Center for Advanced Orthopedics

Tennova™ Healthcare

Thomas R. Traylor, M.D.

October 15, 2014

Dear Ms. Hill,

I am writing to show my support for the need of a replacement hospital for Physicians Regional Medical Center. I have practiced in Knoxville for more than thirty years and Physicians Regional Medical Center has treated my patients well, but the facility is old and quite frankly, my patients do not wish to go there. Although this building does not represent the level of care that is given from the staff at PRMC, it unfortunately is seen that way with my patients.

The replacement hospital will be in the best interest of my practice and I believe it will enable me to stay competitive. I also believe the project is in the best interest of the community as the existing hospital will not remain viable as a major tertiary medical center in the decades to come. I look forward to continuing my practice and patient care at the new facility.

Sincerely,

Thomas R. Traylor, MD, F.A.C.O.G

Obstetrics / Gynecology
Magdalen Clarke Tower • 939 Emerald Avenue, Suite 901 • Knoxville, Tennessee 37917
Phone: (865) 647-3430 • Fax: (865) 647-3439 • Tennova.com

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October 21, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Service and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick St.
Nashville, TN 37243

Dear Ms. Hill:

I have been practicing oral and maxillofacial surgery at St. Mary's/ Physicians Regional Medical Center since 1979. Over the years many improvements have been made to keep current with the changing practice of surgery, but the facility is too old to keep pace with new technology. My patients need and deserve the best care I can deliver. A new more accessible facility will allow me to practice more efficiently and effectively. It will enhance patient care and allow me to serve a broader geographic area.

Sincerely,

Thomas C. Whittaker, D.D.S.

Thomas C. Whittaker, D.D.S.

TCW/pld

ST. MARY'S MAGDALEN CLARKE TOWER
939 EMERALD AVE. • SUITE 501 • KNOXVILLE, TENNESSEE 37917-4517 • (865) 522-6885 • FAX (865) 522-0026

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Tennova Hematology and Oncology
930 Emerald Avenue Suite 611 • Knoxville, TN 37917
Phone: (865) 647-3400 • Fax: (865) 6473409
Tennova.com

Saji Eapen M.D.
Tiffany Sipe NP

October 21, 2014

Ms. Melanie Hill, Executive Director

Tennessee Health Services and Development Agency

Andrew Jackson Building, 9th floor

502 Deaderick Street

Nashville, TN 37243

To Whom It May Concern:

I am writing this letter in order to show my support for the PRMC hospital replacement project. I am in favor of replacing the PRMC facility. I feel as if it would be a benefit to our patients and the local community to have access to a more advanced facility with more current technology.

Sincerely,

Tiffany Sipe, NP

October 15th, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I have been an Executive Director at Physicians Regional Medical Center for slightly over a year. I support the replacement hospital for several reasons. Below I will list a few reasons for my support:

1) We treat patients from a very broad geographic region. This location and proximity to the interstate make it much more accessible for our patients.
2) Patients and families get lost very easily in our current hospital. Over the last 80 years there have been several additional buildings added to our campus. We have numerous entrances on different floors. The layout confuses our patients and their loved ones. The replacement hospital will be designed to improve way finding and ultimately our patients' experiences.
3) As an administrator, the physicians that practice in our hospital are requesting a replacement facility. They tell us that their patients are requesting a replacement hospital that is more accessible and easier to maneuver through.
4) With the age of the current facility, it is very difficult to deliver care in an efficient manner.
5) PRMC has a long history of providing excellent patient care and in order to continue with that history a new facility with the best technology is needed.

I ask for your support for this project. Approving the replacement hospital is the right decision for our patients, staff and physicians in the greater Knoxville area.

Tim Cockrell
Executive Director PRMC

NOV 5 '14 AM 10:20

Tennova™ Healthcare

October 23, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN. 37243

Dear Ms. Hill:

Since September, 2013 it has been my good fortune to be part of the Tennova Healthcare team at Physicians Regional Medical Center (PRMC) in Knoxville, Tennessee. My name is Timothy R. Henion. I am the Director of Respiratory Care Services & The Tennova South Sleep Disorder Center. I write this letter to voice my energetic support of the proposed replacement hospital for PRMC.

Respiratory Care Practitioners (RCPs) are front-line patient care providers. They provide respiratory care treatment and diagnostic testing to patients throughout the hospital facility. I appreciate the legacy and heritage of PRMC. However, the dated physical plant and the layout of it, has a very negative effect on work efficiencies for my staff. A new, state-of-the-art facility will have major positive influences on all of our ancillary service efficiencies.

As you know, one of the major goals of healthcare providers today is to present a patient-friendly environment. Currently, accessibility to the services at PRMC falls well below the public's expectation for a patient-friendly experience because of the tremendous geographic / spacial challenges at PRMC. Drawing and retaining the public's use of health care services hinges greatly on satisfaction with those services. The accessibility to services factor alone influences this satisfaction level significantly. A new state-of-the-art replacement facility will have an immense positive effect on the public's satisfaction level for health care received at PRMC.

I, along with many of my fellow respiratory therapist, physician and administrative colleagues, have great anticipation for the approval of the proposed replacement hospital. Those who stand in opposition to this facility do not have the best interest of PRMC or the health care of Knoxville's public in mind.

Thank you for your consideration of these points as you move forward with this very important matter.

Sincerely and with regard,

Timothy R. Henion

Timothy R. Henion, MSHA, RRT
Director of Respiratory Care Services & The Tennova South Sleep Disorder Center
Physicians Regional Medical Center

NOV 5 '14 AM 10:25

October 29, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: SUPPORT FOR REPLACEMENT HOSPITAL

Dear Ms. Hill,

I am writing you in support of the Certificate of Need application that Tennova Healthcare has filed for a replacement hospital. As a resident and employee of23 years in the Quality department (Baptist/Physician Regional) that lives in West Knoxville and uses ancillary healthcare services offered in the Dowell Springs Healthcare complex having the hospital located across the street will provide easier access for physicians and patients that need to access the hospital for admission or follow up testing.

The replacement hospital in West Knoxville will allow our physicians and employees to continue to provide the highest level of quality of care but doing it more efficiently and safely. As an employee in the Quality department we often hear concerns from staff, patients and families in regards to rooms that are too small and transporting patients to other levels of care within the facility that takes excessive time because of the multiple levels. Even though the hospital has signage up for directions it is very difficult for patients and families to navigate throughout the building. Every day I see hospital staff including myself stopping to help patients and families find their way.

A new facility will allow Tennova Healthcare to continue the tradition that was begun in the 1930's-40 with Baptist Hospital and St. Mary's of providing the best healthcare possible to the people of Knoxville along with the outlying counties and region we serve.

Sincerely,

Tina Fickey

Tina Fickey
Quality Improvement

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, TN 37243

October 15, 2014

RE: PRMC Replacement Hospital Project

Dear Ms. Hill,

My name is Tina Smith and I work in Case Management at Physicians Regional Medical Center. I have been employed at the hospital for three years. I support the replacement hospital because I hear from patients and families that they would prefer to go to a newer or more accessible facility.

Thank you in advance for taking my concerns into consideration.

Sincerely,

Tina Smith

Tina Smith, RN
Case Management
Physicians Regional Medical Center
900 E. Oak Hill Avenue
Knoxville, TN 37917

NOV 5 '14 10:28

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I am writing this letter in support of the new replacement hospital for Physicians Regional Medical Center. I think we need a new hospital because the services in the old PRMC facility are too scattered out. Café is too far for visitors. There need to be more efficient planning to have a better flow for all services. The infrastructure is old and does not meet current codes. Major renovations would need to take place to bring PRMC up to code.

Thanks

Tina Stallings
Workload Coordinator
36 years of service

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, TN 37243

October 14, 2014

RE: PRMC Replacement Hospital Project

Dear Ms. Hill,

My name is Theresa Burroughs and I work in Case Management at Physicians Regional Medical Center. I have been employed at the hospital for seven years. I support the replacement hospital because a replacement hospital will improve my patients' satifaction with their healthcare services.

Thank you in advance for taking my concerns into consideration.

Sincerely,

Theresa Burroughs, RN
Case Management
Physicians Regional Medical Center
900 E. Oak Hill Avenue
Knoxville, TN 37917

To: Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

From: Teresa A. Perry, DPh
IT Pharmacist, Tennova Healthcare
Physicians Regional Medical Center
900 E. Oak Hill Avenue
Knoxville, TN 37917

Re: Tennova Associates Support for Replacement Hospital (Certificate of Need)

Date: October 23, 2014

To Whom It May Concern:

I am writing this letter in support of the replacement hospital for Physicians Regional Medical Center. As the I.T. pharmacist for Tennova Healthcare, I have worked on site at all 6 hospitals. Physicians Regional Medical Center is the oldest in the group. It has served the community well over the years, but is harder to maintain as it ages. Also, the equipment needs for automation require more space than was needed when this hospital was originally built.

I have worked for the system since 1980. I helped open the Turkey Creek Medical Center which is a beautiful facility. I am very proud of all the facilities. The staff make the hospital a great facility. I do believe our staff need a new facility to provide the best patient care so the most updated new technology may be implemented in that new building.

Sincerely,
Teresa A. Perry, DPh

Teresa A. Perry, DPh
I.T. Pharmacist
Tennova Healthcare
865-545-3102
teresa.a.perry@hma.com

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I think a new replacement hospital for PRMC is needed to have a modern building and equipment. And to make the building more user friendly as far as parking and departments easier to find.

Thanks

Tony Jenkins
Carpenter
29 Years of service

Troy Smith
4912 Garfield Terrace Dr.
Knoxville, TN. 37938
tvsmith@comcast.net
October 24, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Ms. Melanie Hill:

Thank you for taking the time to read my letter. I wish to offer my support for a replacement hospital in the Dowell Springs area of Knoxville for the existing Physician's Regional Hospital (formerly known as St. Mary's).

I have worked for Tennova Healthcare for 20 years as of this past May. I work in Imaging Services as IT support for the RIS and PACS. In an 80+ year old building, you find that wireless signals that are needed to deliver images for patient care can be challenging. The structure of the old construction is obtrusive to modern technology. So, we have to run cabling to most areas. This cost is much more in an old building. Contractors have to punch through old firewalls to even reach the intended destination. Just last month our contractor could only find one connection that allowed us to pass from one floor to another. This caused an additional fee to run the line from the source to the destination through this access point. My point being, the modern type buildings allow for better and more cost effective technology that is in demand for today's modern healthcare.

The location of the current facility is difficult to arrive at in dire situations. I drive from Halls to work. According to the time of day, an eleven mile journey can take around 40 minutes on some mornings. I frequently see ambulances trying to navigate through congested traffic to get to PRMC. The new Dowell Springs area is easier to access than all the traffic lights associated with Broadway in route to PRMC.

Visitors get lost inside PRMC. When you are in the hallways of PRMC, you most likely will find bewildered visitors. Most the time I can assist them in finding their way. Sometimes however, they mention an area I am not familiar with. They generally say "I've been coming here all my life and I still get lost every time I come here!" I tell them that I have been here 20 years and still haven't seen the entire building! A new campus would invite a more convenient layout with a more modern point of view.

Thank you for taking the time to read this letter and consider my request for a replacement facility for PRMC.

Sincerely,

Troy Smith RT(R)(CT)(M), ARRT, CIIP
RIS PACS Manager

Tennova™ Healthcare

Upinder Dhand, M.D.

October 15, 2014

Dear Ms. Hill,

With the changing tides of healthcare, it is more important than ever to be competitive in the marketplace. I am writing to give my support for a replacement hospital for Physicians Regional Medical Center. As a local physician that has practiced in Knoxville for several years, I believe that Physicians Regional Medical Center has treated my patients well. That being said, my patients and I believe the facility is very old and not up to date with current facilities. Many of them do not wish to go there for this reason. I know that it is not cost efficient or possible to do a major rebuilding on its current location and maintain business, therefore, I am in support of the relocation of PRMC.

The replacement hospital will be in the best interest of my practice and of the community as the existing hospital will not remain viable as a major tertiary medical center in the decades to come. I support Tennova as it takes steps now to secure the hospital's future by developing this replacement strategy.

Sincerely,

Upinder Dhand, M.D.

Tennova Neurology Group • 930 Emerald Avenue, Suite 511 • Knoxville, TN 37917 • Phone: (865) 647-3330 • Fax: (865) 647-3349
Tennova.com

East Tennessee
Heart Consultants
Knoxville HMA Cardiology PPM, LLC

Physicians Regional Office - 900 East Oak Hill Avenue, Suites 500 &600, Knoxville, TN 37917
Phone: 865-525-6688, Fax: 865-525-0245
Turkey Creek Office - 10810 Parkside Drive, Suite 301, Physicians Plaza, Knoxville, TN 37934
Phone: 865-470-2273, Fax: 865-693-1163

Yasir N Akhtar MD
Harry L Bishop MD, FACC
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David A Cox MD FACC
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Malcolm T Foster MD FACC
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Ravi S Mehta MD FACC
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Joseph D Minardo MD FACC
William J Minteer MD FACC
Nilam N Patel MD
Steve W Reed MD FACC
Russell E Rotondo MD FACC
John A Ternay MD FACC
Randall D Towne MD FACC
Charles B Treasure MD FACC
Timothy Ballard APN MSN CNP
R Eric Dickenson PA-C
Jennifer Guffey PA-C
Stephen Miller APN MSN ACNP

October 14, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, TN 37243

Dear Ms. Hill:

I am a practicing cardiologist in Knoxville, Tennessee. At one time or another, I have spent time in all of the hospitals in Knoxville, with the exception of Children's Hospital. I have spent the majority of my time at the former St. Mary's Hospital, now known as PRMC. I have also spent significant time at the prior Baptist facility in Knoxville. As you can imagine, over the last 25 years, there have been major changes in cardiology, as well as health care in general. We have been working with the hospital to keep up with this changing environment; however, the aging infrastructure at the former St. Mary's facility is making it difficulty for us to supply that care. It is not uncommon in this era of outpatient services that patients become lost in our facility. The space was added on to in a piece meal fashion over the years with a rather Byzantine structure that has taken a number of us years to become adjusted to. Unfortunately, for a large number of my patients who are traveling from other surrounding counties, this presents a significant obstacle. It is frustrating for them when they are concerned about their cardiac issues to also have to deal with these problems.

It has also become more difficult for us to maintain the level of service that we want to provide for our patients in Knoxville and east Tennessee. We need to continue to provide the most up to date care for all of these patients, which has become increasingly more challenging as time has gone on because of the older facility design.

Consequently, as a member of the medical staff for over 2 decades, I would strongly urge you and the committee to approve the request to build a replacement facility for Physicians Regional in the Weisgarber area. I believe this will be the best way to help us provide the most up to date and efficient care of our patients for the foreseeable future. I appreciate your attention to this matter and will look forward to working with the hospital to proceed with this vision in the future.

Sincerely,

William Minteer MD

William J. Minteer, MD, FACC
WJM :als:tkc

DD 10/14/2014 13:59:58 DT: 10/15/2014 10:08:59 DR: 10/14/2014 LTR

CC: Melanie Hill, MD

Tennova™ Healthcare

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building. 9th Floor
502 Deadrick Street
Nashville, TN 37243

Dear Ms. Hill,

The CON hearing for a Tennova replacement hospital will be heard next month. I am writing in support of this CON. I am a cardiac surgeon working primarily at Physicians Regional in Knoxville, which is the facility needing to be replaced. This hospital has been around for 80 years and has been added to and remolded numerous times, but because of its age and configuration it is a patient unfriendly design with departments on multiple floors accessible by multiple different elevators. My patients would prefer to go to a newer facility with a better floor layout, and, from my perspective, this would make delivering care to my patient more efficient and improve patient safety. We serve a broad geographic area and the new site chosen would greatly improve accessibility for our patients.

Physicians Regional has a long history of providing health care to residents of Knoxville and the surrounding area. In my opinion, that legacy can be best continued into the future by staying current with our facility and technology.

Thank you for your consideration

Sincerely,

William Walker MD

Tennova Cardiothoracic Surgeons
939 Emerald Avenue, Suite 905 ▪ Knoxville, Tennessee 37917 ▪ Phone: (865) 647-3350 ▪ Fax: (865) 647-3359
Tennova.com

TO: MELANIE HILL

FROM: WAYNE KIGGANS

RE: NEW HOSPITAL

I have worked at St. Mary's Medical Center and now Physicians Regional Medical Center for 39 years.

I feel that a new hospital will be a great asset to this community. We now have problems at this hospital with our current facilities due to the age of the equipment. The electrical, plumbing, and hvac equipment needs to be upgraded. With today's technology, a new facility would enhance our ability to bring top grade medical care to this community. We hear complaints that the facility is hard to get around. We have a tremendous problem with parking. Our hospital has been a good steward of taking care of the community and I wholeheartedly agree with building a new hospital.

Sincerely Yours

Wayne Kiggans

NOV 5 '14 AM 10:13

East Tennessee
Heart Consultants
Knoxville HMA Cardiology PPM, LLC

Physicians Regional Office - 900 East Oak Hill Avenue, Suites 500 &600, Knoxville, TN 37917
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October 20, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Re: Support for building a Replacement Hospital

Dear Ms Hill:

I am writing this letter to strongly support the construction of a new hospital. I am one of the cardiologists and have been working here for two months now. We are truly in dire need for a new facility for many reasons and I will attempt to highlight some of them.
Structurally the building is aging and there is a limit to new construction over old foundations. The facility is not organized and is very inaccessible for patients. This is partly due to additional construction over the years.
The patient rooms are outdated. Some still have one door for the entrance and bathroom! Getting equipment like portable X-ray, portable ultrasound into a patient room during a Code can be an impossible task. This is not safe for patient care. Even IV polls and tray tables get tangled and caught. Rooms are not comfortable for visitors either.
As technology expands, we require the use of more equipment. EMR requires we spend more time on computers and this begs for more computer space. An organized and well designed hospital will facilitate patient care, increase patient satisfaction and improve the environment as we strive to build an eco-friendly , energy efficient building.
If there is any doubt in your mind about the need for a new facility, I will gladly give you a personal tour of our current facility.

Sincerely,

Yasir Akhtar, M.D.
Associate Cardiologist
East Tennessee Heart Consultants

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2240 Sutherland Ave, Suite 103
Knoxville, Tennessee 37919
Phone (865) 588-8831
Fax (865) 588-8841

Amber Singleton
Pulmonary Site Manager

October 23, 2014

To Whom It May Concern:

The facility known as Physicians Regional Medical Center in Knoxville, Tennessee has been an important part of the healthcare community for many years. Given the number of years that have passed since the structure was first built, it is time for a replacement facility to be constructed.

I fully support Tennova Healthcare's exploration and request to build a replacement facility. As a physician, I personally know how a replacement facility would have a positive impact on patients in the greater East Tennessee region. I am available if you have additional questions.

With regards,

Dr. Zak Hussain Halai, M.D.

October 16, 2014

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I would like to take the opportunity as the Director of the Women's Pavilion at Physicians Regional Medical Center to express my support for the new replacement hospital to be located on Middlebrook Pike in Knoxville Tennessee at Dowell Springs. I have been in my current position for 19 months. During this time we continually struggle with the logistical restraints of our campus and the expenses associated with a facility that is now over 80 years.

Our patients and families daily express their frustration with navigating through the organization. It is literally impossible to provide them with verbal instructions that will allow them to reach their destination without additional aggravation. Visitors presenting to the hospital are often stressed and worried about a sick friend or family member. Getting lost or having difficulty finding their way around adds unnecessary anxiety for them. The size and of the hospital also contributes to the consumption of resources and expenses for upkeep that could be better utilized in serving our patients and the community.

We ask for your support as we desire to serve our community better, utilize our resources wisely, and provide excellent service and extraordinary care to our patients. They deserve nothing less. Thank you for your time and consideration in this matter.

Sincerely,

Sheila Chadwick RNC

Sheila Chadwick, RNC-OB, BSOM
Clinical Director Women's Pavilion
Physicians Regional Medical Center
900 East Oak Hill Avenue
Knoxville, TN 37917
Email: Sheila.Chadwick@hma.com
Phone: (865) 545-3322

FW: PRO HOSPITAL / MIDDLEBROOK PIKE - KNOXVILLE

Melanie Hill
Sent: Tuesday, October 21, 2014 11:30 AM
To: Annie Sykes; Mark Ausbrooks; Mark Farber; Melissa Bobbitt
Importance: High

From: Bastian, Ward A. [mailto:WARD.A.BASTIAN@leidos.com]
Sent: Tuesday, October 21, 2014 10:33 AM
To: Melanie Hill; Mark Farber
Subject: PRO HOSPITAL / MIDDLEBROOK PIKE - KNOXVILLE
Importance: High

***** This is an EXTERNAL email. Please exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email - OIR-Security. *****

Dear Melanie and Mark:

I would like for you to know that there are many citizens in West Hills (Knoxville) that are in **full SUPPORT** of building a new Tennova hospital in West Hills off Middlebrook Pike.

Unfortunately, you're just hearing about the outspoken and vocal opponents that never want anything to change in East Tennessee.

I live literally right across from the proposed new hospital on Dick Lonas Road and look forward to a modern, contemporary building that will serve our medical needs in addition to being a community asset.

My thoughts, along with many others, are that a beautiful hospital would be much better on Middlebrook Pike than 200 small houses.

PLEASE keep up the momentum for pushing the new hospital forward.

I'd be glad to help in any way possible.

A thousand thanks,

Ward Bastian
1525 Dick Lonas Road
Knoxville, TN 37909

(865) 690-4337 Land Line

Ward Bastian, *PHR Certified (BS-MA)* | **leidos**
HR Operations Specialist | Enterprise Shared Services
phone: (855) 553-4367 | **fax:** (865) 425-5272
ward.bastian@leidos.com | www.leidos.com
301 Laboratory Road | Oak Ridge, Tennessee 37830

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OCT 16 '14 AM 9:43

Affidavits: 1

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OCT 16 14 AM 9:42

To: TN HEALTH SERVICES & DEVELOPMENT AGENCY

(Advertising) NOTICEOFPUBLICHEARINGINAC **(Ref No:** 476036)

NOTICE OF PUBLIC HEARING

In accordance with Tennessee Code Annotated, §68-11-1608(b), The Tennessee Health Services and Development Agency will conduct a fact-finding public hearing on October 27, 2014 at 6:00 p.m., eastern daylight time, in the Small Assembly Room, City County Building, 400 Main Street, Knoxville, Tennessee, 37902, to consider the following Certificate of Need Applications:

Metro Knoxville HMA, LLC d/b/a Tennova Healthcare-Physicians Regional Medical Center, CN1408-033. This application proposes the replacement and relocation of the 272 bed Physicians Regional Medical Center from 900 E. Oak Hill Avenue, Knoxville (Knox County) to a site at the intersection of Middlebrook Pike and Old Weisgarber Road across from Dowell Springs Boulevard, Knoxville (Knox County), a distance of approximately nine (9) miles from the current facility. The estimated project cost is $303,545,204.00; and

Metro Knoxville HMA, LLC d/b/a Tennova Healthcare-Physicians Regional Medical Center, CN1408-034. This application proposes the replacement and relocation of the 25-bed nursing home which is located in Physicians Regional Medical Center. The nursing home proposes to relocate with the hospital from 900 E. Oak Hill Avenue, Knoxville (Knox County) to a site at the intersection of Middlebrook Pike and Old Weisgarber Road across from Dowell Springs Boulevard, Knoxville (Knox County), a distance of approximately nine (9) miles from the current facility. The estimated project cost is $6,454,796.00.

Anyone desiring to make comments may present oral testimony at the public hearing on October 27, 2014 but are encouraged to submit these comments in writing at the public hearing or mail them to the Tennessee Health Services and Development Agency, 502 Deaderick Street, Ninth Floor, Nashville, TN 37243 to the attention of Mark Farber.

PUBLISHER'S AFFIDAVIT

State of Tennessee }
s.s
County of Knox }

Before me, the undersigned, a Notary Public in and for said county, this day personally came [illegible] first duly sworn, according to law, says that he/she is a duly authorized representative of *The Knoxville News-Sentinel*, a daily newspaper published at Knoxville, in said county and state, and that the advertisement of :

(The Above-Referenced)

of which the annexed is a copy, was published in said paper on the following date(s):

October 14, 2014

and that the statement of account herewith is correct to the best of his/her knowledge, information, and belief.

[illegible]

Subscribed and sworn to before me this 14th day of October 20 14

Rebecca D Spann
Notary Public

My commission expires November 20 14

STATE OF TENNESSEE NOTARY PUBLIC

Tennessee Health Services and Development Agency
Public Hearing
October 27, 2014
Metro Knoxville HMA, LLC d/b/a
Tennova Healthcare-Physicians Regional Medical Center
CN1408-033 & CN1408-034

AGENCY STAFF PRESENT

Mark Farber, Deputy Director
Jim Christoffersen, General Counsel
Rhonda Finchum, Director of Administrative Services
Mark Ausbrooks, Administrative Assistant 1

ATTENDEES PRESENT

Support
Warren Gooch, Esq
Neil Heatherly, CEO, TENNOVA
Jerry Askew
Barb Wright
Karen Metz
Shelly Fawler
Lori Coffey
Dan McGraw
Timothy Henion
Frank Beurlein
Jim Beaugard
Pam Beck
David Johnson
Donnie Ernst
Barbara Pelot
Reuben Pelot
Philip Harn
Jared Amerson
Chris Defranco
Neil Hartwig
Kristen Kilgore
Leonard Brabson
Tammy White
Rhonda Maynard
Sandy Robinson
Becky Dodson
Leigh Dunlap
Brenda Neely

Opposition
Darrell Hurley
Katy Gooch
Andrea Ray
Rocky Swingle
Larry Silverstein
Juanita Davis-Braswell
Charles Braswell
Larry Hill
Charles Thomas
Jan Etheridge
Susie Smith
Nick Della Volpe
Dana Fox
Anne Crais
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Darrell Hurley Sr
Alan Krichinsky
Don Hinton
Ella Hinton
Mille Hill
Alice Fox
Gael Lott
April Hurley
Michael Covington
Gregory Pitts
Iva Hurley
Michael Covington

Neutral
Lee Hume

CALL TO ORDER /ANNOUNCEMENTS:

The public hearing was called to order by Mark Farber, Deputy Director, on October 27, 2014 at 6:00 p.m., in the Small Assembly Room, City County Building, 400 Main Street, Knoxville, Tennessee, 37902, regarding the following Certificate of Need Applications: CN1408-033 TENNOVA Healthcare Physicians Regional Medical Center and CN1408-034 TENNOVA Healthcare Nursing home.

Mr. Farber provided instructions for those speaking about the applications.

Mr. Farber informed the audience that this was a fact-finding public hearing and the applications will be presented to the Agency members for review at the November 19, 2014 Health Services and Development Agency Meeting in Nashville, TN.

Jim Christoffersen, General Counsel, explained the process of filing support and/or opposition with the Health Services and Development Agency, legal requirements for being eligible to file for an administrative appeal of the Agency's decision to approve or deny the applications, and the administrative appeal process.

APPLICANT'S PRESENTATION:

Neal Heatherly, Chief Executive Officer, TENNOVA Healthcare representing the applicant, addressed the staff and audience stating that current models for efficiency at St. Marys Medical Center are antiquated and it would not be financially feasible to rebuild on the current location. Mr. Heatherly also stated the new facility was mandated by the medical staff as the growing population of the Knoxville area continues to make strides. Further detail is available in the written presentations made to the Agency in the Certificate of Need Applications. Further comments will be presented at the November 19, 2014 HSDA Meeting.

MEMBERS OF THE COMMUNITY (SUPPORT):

Dr. Leonard Brabson: Due to inefficiencies in the current facility, he has to take three different elevators to reach the Maternity Ward. There are multiple issues with this as it could mean a difference between life and death.

Dr Frank Beurlein, Laboratory Director Chairman of Physicians leadership counsel: The hospital has outlived its usefulness, and the majority of physicians are actively in favor of a replacement facility. Placing new technologies into an antiquated facility would not make for an orderly health facility.

Jerry Askew, Vice President of External Relations: Physician's Regional Medical Center is unable to be a state leader in its current facility. The board has mandated replacing the current facility with a more technologically advanced facility.

Reuben Pelot, past president of the West Hills Community Association: Mr. Pelot and his wife Barbara are in support of the Middlebrook location; Mrs. Pelot monitored the Tennova transition plans as a city council member (now former). Tennova has kept the neighborhood well informed of the plans for an updated facility, and has worked with the West Hills Community Association by making changes to the project's footprint. Tennova will maintain 40% of the property as a nature preserve. The West Hills Community Association endorses the application. Tennova needs to move, and the Dowell Springs location is near three nursing homes.

Sandy Robinson: She does not believe Tennova would be a major concern for traffic. Mrs. Robinson believes that owners of private property have a right to develop, and the opposition is opposition to development. She also states Tennova has acquiesced to neighborhood requests for changes to the development plans, such as moving the helicopter site to the east side due to noise concerns.

Speakers in Opposition:

(Opposition focused upon the TENNOVA Healthcare Physicians Regional Medical Center application, and specifically upon the relocation of the hospital from its current site to the proposed site)

Larry Silverstein, Esq., resident of West Hills and representing Friends of Middlebrook (which he states includes 700+ people): Mr. Silverstein read into the record most of the letter that he submitted in opposition to the project; a copy of the letter is included in materials provided to Agency members.

Rocky Swingle (Friends of Middlebrook, Wesley Neighbors and Pembroke Community): Mr. Swingle summarized neighborhood opposition to the project, including letters, signs, a petition, the West Hills Community Association and Wesley Neighbors votes against the project. Mr. Swingle stated the proposed location would harm the community by reducing property values, increasing traffic congestion, imposing three years of construction nuisance, increasing flooding, and destroying a wildlife habitat.

Mr. Swingle also stated that the application contradicts statements and assumptions contained in the facility's 2004 application, which acknowledged that west Knoxville was overcrowded in terms of hospitals. Mr. Swingle stated that west Knoxville is already well served by existing hospitals, whereas north Knoxville would lose its only hospital and access if the application to relocate were approved. He discussed social and economic differences between the current hospital site and West Knoxville. He accused Tennova of abandoning poor and minority patients. He argued that Tennova has misstated the PRMC (f/k/a "St. Mary's) service area as being 15 counties, when it is primarily north and east Knoxville and outlying counties.

Mr. Swingle advocated renovating the current PRMC facility as a "workable alternative," with the transfer of some beds to the Emory Road location to decompress the facility.

Councilman Nick Della Volpe, who represents the 4th district in East Knoxville: He stated that the current PRMC facility provides important services for the north/east Knoxville area, and that an extra 15-20 minute drive would diminish access to care for his constituents. He stated that Tennova's desire to move West was financially driven. He lamented the current state of the health care system that seems to drive hospitals away from needy communities like East Knoxville in order to make a profit from wealthier communities like West Knoxville. He is concerned about the negative economic impact upon north Knoxville.

Dana Fox complained that the vast majority of people were not made aware of the public hearing, and stated there has been very limited coverage from the media, and stated (erroneously) that notice had not been published in the newspaper. He argued that it would be poor health planning to move a hospital away from where the patients it currently serves are located, and that it's where it is because the people there need it. He likened the placement of hospitals near the need to having a fire station where needed. He expressed concern that the population being served now, including poor citizens, will be left without access to a hospital and the doctors who will leave with it.

Darrell Hurley, representing Justice for Valerie Hurley: Mr. Hurley discussed the passing of his sister at a Tennova hospital, and the government investigation and private lawsuit that followed (in which a multi-million dollar judgement was awarded to her family). He discussed a D.O.J. action against HMA, which owned Tennova prior to CHS. Mr. Hurley stated that "St. Mary's" (PRMC) scores poorly in rankings.

Ann Crais, representing Wesley Neighbors Neighborhood Association: Ms. Crais read a letter from Wesley Neighbors Community Association's John Heins, stating that WNCA members voted to oppose the project by a margain of 91-7, with 4 undecided.

Tom McDaniel stated that his property was surrounded on three sides by the proposed location, and the new location of the helicopter pad would be below his living room window. He implored the Agency to consider the negative impact upon neighbors such as himself.

Michael Covington (of east Knoxville) expressed frustration with moving the hospital "nine miles west" from where it is needed by Tennova for only its own benefit (profit). He also expressed frustration with the doctors who have been described as wanting to leave east Knoxville.

Charlotte Davis stated that approval of the application would leave north and east Knoxville without a full service hospital, where it's needed, and reduce access there and impose a "9-11 mile trek" (further on those who come from outlying counties), which isn't easy and "could mean life and death." She stated that the real service area is north and east Knoxville, not 15 counties. Mrs. Davis stated that there's already ample hospital capacity in west Knoxville, but approval of the application would leave north Knoxville without any. Mrs. Davis recommends the expansion of the North Knoxville Hospital, versus moving of the facility to Middlebrook.

Andrea Ray, President of the Old North Knox Neighborhood Association: Ms. Ray stated that the community's needs should be considered, not just Tennova's needs. She stated that access to the proposed location would require a bus ride with two to three transfers from the current location. She stated that the application admits this is a busy hospital (at its current location). She stated that going from 4 to 5 hospitals in west Knoxville while going from 1 to 0 in north Knoxville should not be done.

Katherine Gooch stated that she was born at St. Mary's 82 years ago, that several of her family members have been born, died, had surgery, and been cured of various issues at the hospital's current location. She stated that the need for the hospital is where it is located, and that something should be done at the current location rather than abandoning it and the area's residents.

Dr. A.B. Kliefoth, "on staff at St. Mary's (PRMC) since 1981," though not on active staff, opposed the hospital's relocation for the following reasons. NEED – He echoed the comments made earlier in the evening about there being no need for another hospital in west Knoxville, and stated: the proposed hospital is not wanted in west Knoxville, it is needed in north Knoxville – especially by the elderly and poor there who aren't as mobile, land is available in north Knoxville, and that doctors have left the hospital due to bad decisions made by its prior administration and due to being forced into providing call at St. Mary's (PRMC) as well as other hospitals. ORDERLY DEVELOPMENT – Relocating from where the hospital is needed to where it is not, relocating from the less affluent to the more affluent, and adding to the "arms race" in west Knoxville would not contribute to the orderly development of healthcare. ECONOMIC FEASABILITY – He stated that doing something on the current location

would make more sense financially. Also, he stated that CMS is discouraging hospital admissions and length of stay, which will mean reduced need for beds and an over-abundance of them.

Lee Hume asked that a letter be entered into the record.

Additional letters of opposition were submitted from: Larry Silverstein, Esq., Darrell Hurley, Charlotte Davis, Ashley Williams, Anne Crais, Beverly Gooch, Katherine Gooch, and John Heins.

Applicant's Response:

Melanie Burgess, Assistant Vice President Business Development, Tennova Market Support Office: Ms. Burgess stated that Tennova has worked diligently for 18 months with multiple meetings and listening to the concerns of the dialogue of neighbors. Tennova is committed to a number of items specifically preserving forty percent of the acreage for the greenways and wildlife. Tennova has met with the city to ensure codes will be met. The project will be thoroughly detailed at the November 19, 2014 Meeting.

ADJOURNMENT

Mark Farber adjourned the Public Hearing at 9:00 p.m.

Mark Farber, Deputy Executive Director
MF/maa

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

October 10, 2014

Melanie Burgess
Assistant Vice President
Tennova Healthcare-Physicians Regional Medical Center
930 Emerald Avenue, POB Suite 813
Knoxville, TN 37917

RE: Certificate of Need Application: CN1408-033, Metro Knoxville HMA, LLC d/b/a Tennova Healthcare-Physicians Regional Medical Center-Replacement and relocation of 272 bed Physicians Regional Hospital; and CN1408-034, Metro Knoxville HMA, LLC d/b/a Tennova Healthcare-Physicians Regional Medical Center-Replacement and relocation of 25 bed nursing home located in Physicians Regional Medical Center

Dear Ms. Burgess,

In accordance with Tennessee Code Annotated, §68-11-1608(b), The Tennessee Health Services and Development Agency will conduct a fact-finding public hearing on October 27, 2014 at 6:00 p.m., eastern daylight time, in the Small Assembly Room, City County Building, 400 Main Street, Knoxville, Tennessee, 37902, to consider the following Certificate of Need Applications:

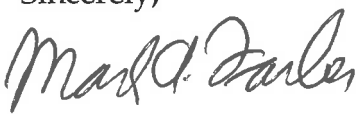
> Metro Knoxville HMA, LLC d/b/a Tennova Healthcare-Physicians Regional Medical Center, CN1408-033. This application proposes the replacement and relocation of the 272 bed Physicians Regional Medical Center from 900 E. Oak Hill Avenue, Knoxville (Knox County) to a site at the intersection of Middlebrook Pike and Old Weisgarber Road across from Dowell Springs Boulevard, Knoxville (Knox County), a distance of approximately nine (9) miles from the current facility. The estimated project cost is $303,545,204.00; and

Metro Knoxville HMA, LLC d/b/a Tennova Healthcare-Physicians Regional Medical Center, CN1408-034. This application proposes the replacement and relocation of the 25-bed nursing home which is located in Physicians Regional Medical Center. The nursing home proposes to relocate with the hospital from 900 E. Oak Hill Avenue, Knoxville (Knox County) to a site at the intersection of Middlebrook Pike and Old Weisgarber Road across from Dowell Springs Boulevard, Knoxville (Knox County), a distance of approximately nine (9) miles from the current facility. The estimated project cost is $6,454,796.00.

You will be allotted ten (10) minutes to summarize and present the merits of the applications at the public hearing; however your decision to attend and/or speak at the public hearing is voluntary and is not required.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,



Mark A. Farber
Deputy Director

MAF

/CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954

DATE: October, 31, 2014

APPLICANT: Metro Knoxville HMA, LLC,
d/b/a Tennova Healthcare-Physician's Regional Medical Center
Unaddressed site at the intersection of Middlebrook Pike
and Old Weisgarber Road
Knoxville, Tennessee 37917

CN1408-033

CONTACT PERSON: Melanie Burgess, Assistant Vice President
Tennova Healthcare-Physician's Regional Medical Center
930 Emerald Avenue, POB Suite 813
Knoxville, Tennessee 37919

COST: $303,545,204

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare-Physicians Regional Medical Center (PRMA), located in Knoxville (Knox County), Tennessee, seeks Certificate of Need (CON) approval for a proposed replacement hospital at a currently unaddressed site consisting of 110 acres located at the intersection of Middlebrooke Pike and Old and Old Weisgarber Road, across from Dowell Springs Boulevard in Knoxville. The project includes construction and equipping of a 556,083 square foot replacement hospital consisting of 272 beds of the existing Oak Hill campus' 401 licensed beds and 24 operating/procedure rooms. Designated health services that will be relocated are acute care services, obstetrical services, critical care services, Level IIB neonatal nursery services, cardiac catheterization extra-corporeal shock wave therapy lithotripsy services, open heart surgery, inpatient rehabilitation services, and radiation services. Major medical equipment that will be relocated includes one positron emission tomography unit (PET), one linear accelerator, and two magnetic resonance imaging units (MRI). No new beds or new healthcare services are proposed in this project.

The cost for construction for the 556,083 square feet is $166,824,900 or $300 per square foot. The cost per square foot is within the median and 3rd Quartile of similar projects approved by HSDA.

Physicians Regional Medical Center is the main location of Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare. Inpatient care is provided on three campuses, PRMA, North Knoxville Medical Center, and Turkey Creek Medical Center. These three campuses operate under a single hospital license and Medicare provider number and have a total bed complement of 610 licensed beds.

Metro Knoxville HMA, LLC, is a wholly owned subsidiary of CHS/Community Health Systems, Inc., with corporate offices in Franklin, Tennessee. The ownership listing in located in Attachment B.I Project Description 3.

The total project cost is $303,545,204 and will be funded through capital provided by CHS/Community Health Systems, Inc. Attachment C. Economic Feasibility-2 contains a letter from the Chief Financial Officer attesting to the availability of capital for this project. Additionally, the applicant notes a $700,000 revolving line of credit exists if in the vent current cash reserves are not sufficient. Information regarding this line of credit is provided in Supplemental 2, Attachment 4.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan.*

NEED:
The applicant's service area and population populations are provided below.

Service Area Total Population Projections for 2014 and 2018

County	2014 Population	2018 Population	% Increase or (Decrease)
Anderson	76,579	77,851	1.7%
Blount	128,368	135,171	5.3%
Campbell	41,474	42,566	2.6%
Claiborne	32,604	33,280	2.1%
Cocke	36,762	38,615	5.0%
Grainger	23,111	23,675	2.4%
Hamblen	64,108	65,570	2.3%
Jefferson	53,729	56,872	5.8%
Knox	453,629	475,569	4.8%
Loudon	50,926	53,192	4.4%
Monroe	46,092	48,088	4.3%
Roane	54,006	54,457	0.8%
Scott	21,944	21,969	0.1%
Sevier	94,833	100,362	5.8%
Union	19,301	19,605	1.6%
Total	**1,197,466**	**1,246,842**	**4.0%**

Source: *Tennessee Population Projections 2000-2020, February 2013 Revision,* Tennessee Department of Health, Division of Health Statistics

The project includes construction and equipping a 556,083 square foot replacement hospital consisting of 272 beds of the existing Oak Hill campus' 401 licensed beds and 24 operating/procedure rooms. Designated health services that will be relocated are acute care services, obstetrical services, critical care services, Level IIB neonatal nursery services, cardiac catheterization extra-corporeal shock wave therapy lithotripsy services, open heart surgery, inpatient rehabilitation services, and radiation services.

The existing facility consists of 917,235 square feet of hospital space, plus another 624,265 of medical office building and parking space on 21 acres. The facility is licensed for 401 beds, with separate licenses for 25 skilled nursing beds and 18 residential hospice beds. The existing hospital consists of 13 buildings that are all interconnected with the exception of the outpatient surgery center.

The applicant wants to retain the 38 psychiatric beds and 91 medical surgery beds at the Oak Hill campus. Currently the applicant is conducting a comprehensive bed need analysis across its three campuses as part of a long range plan. Once this is completed, and prior to implementation of the CON for the replacement facility, PRMC will either obtain a waiver from the Tennessee Department of Health to retain the beds in an inactive status or file additional applications for the relocation of licensed beds to its other facilities; or delicense the 91 beds.

Upon completion of the proposed project, the bed configuration on the replacement hospital campus will be as follows:

Bed Type	Proposed Bed Assignment
Med/Surg	192
Obstetrical/Gyn	22
ICU/CCU	32
Neonatal Intensive Care	10
Rehabilitation	16
Total	**272**

The equipment involved in this project consists of replacing the aged major medical equipment including two MRI units and one PET/CT unit. The equipment will be replaced with two GE Optima MR450W 1.5 Tesla MR Systems and One PET/CT GE Discovery NM/CT 670 Integrated with Xeleris 3.1.

The need to replace this facility is obvious. This is an 84-year old facility of 1,500,000 square feet that is spread out over 13 buildings. The buildings are not easily navigated from one to another and the long distances and multiple elevators are difficult for sick patients, confusing for family members and visitors, and extremely inefficient for staff. The entire campus is served by a single power plant with an interconnected power electrical system. The hospital has three chillers ranging in age from 17 to 37 years and two boilers installed in 1955 and 1977, respectively. To upgrade and replace just the infrastructure is estimated to be $80,000,000.

PRMC's 450 member medical staff has overwhelmingly voiced their concern over the existing hospital facility. Their patient's find the facility unacceptable and they are choosing to receive care in newer and more accessible environments. Many physicians have relocated their offices away due to the age and inaccessibility and feedback from patients. The applicant provides a listing of physicians (68) that have moved away in the last five years in Attachment C. Need, B.3. Some large physician's groups have relocated their primary offices across from the proposed replacement hospital site.

Additionally, PMRC is home to one of the highest rated joint replacement and orthopedic programs in the State. These providers have been requesting improved facilities also, including dedicated nursing units, upgraded skilled nursing unit co-located with the orthopedic unit for post-acute care, patient friendly educational space, and greater ease of accessibility.

The applicant states renovation of the existing hospital will not resolve the critical issues facing the facility. The estimated investment to stay in the facility is $262 and there would be still be the inherent inefficiencies for staff and accessibility issues for patients. This is not a sound investment relative to investing $303,545,204 for a new facility in a new location that is more desirable than the current location.

The applicant expects building a new facility to stop the decline in patient volume due to physician attrition by providing them with a competitive facility to serve their patients and is actively recruiting new physicians in various specialties, some of which have been recruited or are part of 2014 and 2015 recruitment plans. In addition to physician recruitment, the service area population is expected to grow by 5.2% over the next five years, which will produce increased growth in patient volume.

TENNCARE/MEDICARE ACCESS:
The applicant participates in the Medicare and TennCare programs. PMRC has TennCare MCO contracts with Blue Cross/Blue Shield, TennCare Select, and AmeriChoice.

The estimated first year Medicare/Managed Care gross revenues are $736,033,760 or 56% of total gross revenues and TennCare/Medicaid of $144,578,000 or 11% of total gross revenues.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:
The Department of Health, Division of Policy, Planning, and Assessment has reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

> **Project Costs Chart:** The Project Costs Chart is located in Supplemental 1, Attachment 10b.of the application. The total project cost is estimated to be $303,524,204.
>
> **Historical Data Chart:** The Historical Data Chart is located in of the application. The applicant reports net operating income of ($8,168,000), $(21,711,000), and $2,733,000 in years 2011, 2012, and 2013, respectively.
>
> **Projected Data Chart:** The Projected Data Chart is located in Supplemental 1, Attachment 14 of the application. The applicant projects 14,457 admissions and 169,964 patient days in year one and 15,035 admissions and 176,763 patient days in year two with net operating revenues of $15,756,100 and $16,924,900.

The applicant's proposed charges were compared to similar facilities by highest volume DRGs in Attachment C. Economic Feasibility 6.

The applicant considered the following three alternatives to this project; 1) Maintain the status quo, 2) renovation of the existing campus, 3) expansion of one of the hospital's other metro Knoxville hospital campuses. This replacement project was selected as a means of stopping rapid declines in utilization for physicians and patients, improving efficiencies and access, and employing the capital strategy with the best chance of a successful return.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:
The applicant provides a listing of all contractual and working relationships on page 57 of the application.

The applicant believes providing access to state-of-the-art, efficient, and accessible health care services will have a beneficial effect on the healthcare system. Additionally, ensuring the long-term viability of a tertiary care hospital in the service area will be beneficial to the overall healthcare system.

There will be no duplication of services that are already in place, right sizes them to the current demand and replaces them in a more efficient facility that is easier to navigate and less costly for the hospital to operate.

The applicant provides a listing of current and proposed staff in Supplemental 1, Attachment 18. Currently, there are 805.7 staff members, with the proposed year one staffing remaining the same (805.7).

PRMC provides a listing of all the health care training/educational/ relationships they have on page 61 of the application.

PRMC is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities and accredited by The Joint Commission. The applicant just completed The Joint Commission three-year survey and a copy of that report has been received. The report will be submitted to HSDA when it is available. A copy of the most recent previous survey is included in Orderly Development, 7.d.

There is a judgment against the previous owner, Mercy Health System, which is under appeal.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan.*

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

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

   This criterion is not applicable.

2. 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 estimated investment to stay in the facility is $262,000,000 and there would be still be the inherent inefficiencies for staff and accessibility issues for patients. This is not a sound investment relative to investing $303,545,204 for a new facility in a new location that is more desirable than the current location.

      The applicant considered the following three alternatives to this project; 1) Maintain the status quo, 2) renovation of the existing campus, 3) expansion of one of the hospital's other metro Knoxville hospital campuses. This replacement project was selected as a means of stopping rapid declines in utilization for physicians and patients, improving efficiencies and access, and employing the capital strategy with the best chance of a successful return.

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

      The applicant expects building a new facility to stop the decline in patient volume due to physician attrition by providing them with a competitive facility to serve their patients and is actively recruiting new physicians in various specialties, some of which have been recruited or are part of 2014 and 2015 recruitment plans. In addition to physician recruitment, the service area population is expected to grow by 5.2% over the next five years, which will produce increased growth in patient volume.

3. For renovation or expansions of an existing licensed health care institution:

   a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

This criterion is not applicable.