HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
OCTOBER 23, 2013
APPLICATION SUMMARY

NAME OF PROJECT:	Maury Regional Hospital d/b/a Maury Regional Medical Center
PROJECT NUMBER:	CN1307-026
ADDRESS:	808 South James Campbell Boulevard Columbia (Maury County), Tennessee 38401
LEGAL OWNER:	Maury County 1224 Trotwood Avenue Columbia (Maury County), Tennessee 38401
OPERATING ENTITY:	Not Applicable
CONTACT PERSON:	David Thomas (931) 380-4057
DATE FILED:	July 12, 2013
PROJECT COST:	$7,742,231
FINANCING:	Cash Reserves
PURPOSE OF REVIEW:	Relocation of two (2) linear accelerators and one mobile positron emission tomography (PET) Scanner

DESCRIPTION:

Maury Regional Hospital d/b/a Maury Regional Medical Center (MRMC) is seeking relocation of its megavoltage radiation therapy service consisting of two (2) linear accelerators and its PET/CT service consisting of one mobile PET Scanner. Both services currently operate from MRMC's main campus at 1224 Trotwood Avenue, Columbia Maury County. The applicant proposes to move both services to the Columbia Mall at 6508 South James Campbell Boulevard, Columbia (Maury County), a distance of approximately one mile. MRMC will replace one of its existing linear accelerators. MRMC will also build shell space for a future fixed PET/CT Scanner.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT 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 does not apply.

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 applicant did not evaluate renovating space on the hospital's main campus because there is not sufficient space for the expansion needed to develop the cancer center.

      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.**

      According to the HSDA Equipment Registry the applicant performed 359 PET scans and 11,604 linear accelerator treatments in 2012.

      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.

MRMC is proposing to relocate megavoltage radiation therapy services and PET services from the main hospital campus to a site in a retail shopping center, Columbia Mall, to create a full-service cancer center in a convenient location for patients. Currently available at the Columbia Mall is Family Health Group (FHG) Oncology, a group of board-certified medical oncologists; and The Outpatient Infusion Clinic at Maury Regional Cancer Center, which offers infusion services from hydration and antibiotic therapy to chemotherapy infusions. Inpatients requiring radiation therapy or PET services will be transferred by ambulance to the cancer center.

MRMC currently operates two linear accelerators on its main campus: A Varian 2100 acquired in 2001 with IMRT capability and a Varian unit acquired in 2011 with SRS, IMRT, and IGRT capability. The newer unit will relocate to the cancer center while the Varian 2100 unit will be replaced by a Varian Trilogy unit with SRS, IMRT, and IGRT capabilities.

Note to Agency members: IMRT (intensity modulated radiation therapy) is an advanced mode of radiotherapy where the intensity of the beam is computer controlled 3-dimensionally to deliver the most intense dosages to the tumor, while minimizing the intensity of the beam to surrounding tissue. IGRT (image-guided radiation therapy is the process of frequent two and three-dimensional imaging, during a course of radiation treatment, used to direct radiation therapy utilizing the imaging coordinates of the actual radiation treatment plan). SRS (stereotactic radiosurgery), or SRT (stereotactic radiotherapy), is a non-surgical procedure that delivers a high-dose of precisely-targeted radiation using a highly focused gamma-ray or x-ray beams that converge on the specific area or areas of the brain where the tumor or other abnormality resides, minimizing the amount of radiation to healthy brain tissue. SBRT (stereotactic body radiotherapy) is radiosurgery also being used to treat cancer in other parts of the body

MRMC currently leases a mobile PET scanner from Alliance Imaging one day per week. This service will transfer to the cancer center at the Columbia Mall. MRMC will shell space in the cancer center for a future fixed PET/CT scanner. The applicant anticipates that volume growth over the next 3-4 years will support the introduction of a fixed unit.

The project includes renovation of 10,736 square feet at the Columbia Mall. The construction will include selective demolition and renovation of an existing structure. Most of the work is anticipated to be on the interior. Construction

includes two linear accelerator vaults and one gamma vault using normal weight concrete.

An overview of the project is provided on pages 4-5 of the original application.

The applicant expects to begin operation of the linear accelerators and the mobile PET service at the Columbia Mall in August 2014.

Need

- There is not enough space on the main campus of MRMC to create a full-service cancer center.
- Relocation will allow MRMC to provide cancer patients with a full-service cancer center, including radiation therapy, chemotherapy, and diagnostic PET.
- Patients who require lengthy chemotherapy infusions will be able to receive their radiation treatment while their chemotherapy is being infused, which will save time and improve the overall patient experience.
- The Columbia Mall location will have more space, privacy, and easier parking for patients.

Ownership

MRMC is a two hundred fifty-five (255) licensed bed not-for-profit hospital created by Private Act in 1949 and owned by Maury County. MRMC also owns and operates Marshall Medical Center (25 beds) in Marshall County and manages Wayne Medical Center (80 beds) in Wayne County. MRMC is also a member of the Vanderbilt Health Affiliated Network.

Facility Information

- The radiation therapy service and mobile PET service currently operating on the main campus of MRMC is proposing to relocate a distance of one mile to the Columbia Mall; a retail center that includes retailers such as Hibbit Sports, J.C. Penny's, and Goody's; for the purpose of developing a full service cancer center. The mall currently houses a large medical oncology group and the MRMC's outpatient infusion clinic. A floor plan drawing is included as Attachment B.IV. - Floor Plan to the original application.
- The Joint Annual Report for 2012-Provisional indicates that MRMC is licensed for 255 beds and staffed 215 beds. Licensed bed occupancy was 43.9% and staffed bed occupancy was 54.1%.

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.*

Service Area Demographics

MRMC's declared service area includes Giles, Hickman, Lawrence, Lewis, Marshall, Maury, Perry, Wayne, and Williamson Counties.

- The total population of the service area is estimated at 444,200 residents in calendar year (CY) 2013 increasing by approximately 5.4% to 466,164 in CY 2017.
- The range of growth is -0.8% in Wayne County to 10.1% in Williamson County.
- Williamson County is projected to have the largest population (218,093 or 46.8% of total service area population) of the service area counties followed by Maury County (82,991 or 17.8% of total)
- The overall statewide population is projected to grow by 3.7% from 2013 to 2017.
- The latest 2013 percentage of the proposed service area population enrolled in the TennCare program is approximately 12.2%. When eliminating Williamson County, the overall TennCare percentage for the remaining counties is 18.8%. The statewide enrollment proportion is 18.4%.

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.

Service Area Historical Utilization

PET Utilization Trends by Provider in the Service Area

				2010	2011	2012	'10-'12	2012
County	**Provider**	**Fixed Units**	**Mobile units (days/wk.)**	**Procs.**	**Procs.**	**Procs.**	**% change**	**% of Standard***
Maury	Maury Regional Medical Center	0	1 (1)	307	331	359	+16.9%	89.8%
Williamson	Williamson Medical Center	0	1 (0.5)	89	108	109	+22.5%	54.5%
TOTAL		**0**	**2 (1.5)**	**396**	**439**	**468**	**+18.2%**	**78%**

**The State Health Plan Certificate of Need PET Standards and Criteria states that "A need likely exists for one additional stationary PET unit in a service area when the combined average utilization of existing PET service providers is at or above 80% of the total capacity of *2,000 procedures during the most recent twelve-month period reflected in the provider medical equipment report maintained by the HSDA". (*400 procedures for each day/week that mobile unit is in operation)*

- The chart above indicates that PET services are available 1.5 days per week.
- The existing mobile services combined increased 18.2% between 2010 and 2012.
- The existing PET services in the service area combined were at 78% of the State Health Plan's standard for PET utilization in 2012.

Linear Accelerator Utilization Trends by Provider in the Service Area

			2010	2011	2012	'10-'12	2012
County	**Provider**	**Units**	**Treatments**	**Treatments**	**Treatments**	**% change**	**% of Standard***
Maury	Maury Regional Medical Center	2	12,386	12,556	11,604	-6.3%	96.7%
Williamson	Vanderbilt Ingram Cancer Center at Franklin	1	6,085	5,753	5,975	-1.8%	99.6%
TOTAL		**3**	**18,471**	**18,309**	**17,579**	**-4.8%**	**97.7%**

**The State Health Plan Certificate of Need Megavoltage Radiation Therapy Service Standards and Criteria states that For Linear Accelerators not dedicated solely to performing SRT and/or SBRT procedures, need for a new Linear Accelerator in a proposed Service Area shall be demonstrated if the average annual number of Linear Accelerator procedures performed by existing Linear Accelerators in the proposed Service Area exceeds 6,000.*

- The chart above indicates that there are 3 linear accelerators operating in the service area.
- The existing services combined declined 4.8% between 2010 and 2012. The applicant's linear accelerators' utilization declined by 6.3% during this timeframe.
- The existing services were within a few percentage points of meeting the State Health Plan's minimum utilization standard of 6,000 treatments annually for existing linear accelerators in 2012.

Note to Agency members: Recently implemented is CN1012-053, Vanderbilt Health Services d/b/a as Vanderbilt Maury Radiation Oncology, LLC for an ambulatory surgical treatment center (ASTC) in Spring Hill (Maury County) limited to the initiation of megavoltage radiation therapy services and the acquisition of a linear accelerator. The project was completed and operating in July 2013. When the

application was filed in December 2012, the LLC was owned by Vanderbilt University Medical Center (VUMC). Being within a limited liability company structure allows for joint venture partner participation. The applicant stated in the application that the ultimate ownership is expected to be a 50%/50% joint venture between VUMC and Maury Regional Hospital (MRH). On July 25, 2012 the Agency approved a modification request for a change of control for the owner by decreasing VUMC's ownership from 50% to 40% and increasing MRMC's ownership from 50% to 60%.

Applicant's Projected Utilization

- As noted above the applicant's linear accelerator utilization declined between 2010 and 2012 by 6.3% to 11,604 treatments.
- The applicant expects the utilization to increase 2% from 2012 to 2015 performing 11,836 linear accelerator treatments and 2% again in 2016 reaching 12,072 treatments.
- As noted above the applicant's PET service performed 359 scans in 2012.
- The applicant projected moderate growth to 364 scans in 2016.

Project Cost

Major costs are:

- The largest cost of the proposed project is the acquisition of the replacement linear accelerator and accessories at $3,200,000 or 41.3% of total project cost.
- The next largest cost is $2,500,000 for the renovation costs at the Columbia Mall or 32.3% of total project cost.
- Another major cost is $1,532,850 for the lease of the space at the Columbia Mall or 19.8% of total cost.
- For other details on Project Cost, see the Project Cost Chart on page 15 of the original application
- The applicant expects the renovation cost per square foot to be $232.86. This falls between the median and 3rd quartile for hospital renovation for projects previously approved between 2010 and 2012.

Historical Data Chart

- According to the Historical Data Chart, MRMC reported net operating income in each of the three past years: $1,716,195 for 2010; $6,650,367 for 2011; and $7,895,264 for 2012.

Projected Data Chart

PET

The Projected Data Chart for the PET service reflects $1,886,701 in total gross revenue on 354 procedures during the first year of operation and $1,943,302 on 364 procedures in Year Two. The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal $184,640 in Year One increasing to $190,295 in Year Two.
- Net operating revenue after bad debt, charity care, and contractual adjustments is expected to reach $520,918 or approximately 27.6% of total gross revenue in Year One and $536,546 or approximately 27.6% of gross revenue in Year 2.
- Gross operating margin is expected to be 9.8% in both Year 1 and Year 2.

Radiation Therapy

The Projected Data Chart for the linear accelerators reflects $30,614,023 in total gross revenue on 11,836 treatments during the first year of operation and $31,226,303 on 12,072.

Note to Agency members: The applicant used volumes in the Projected Data Chart that reflected all radiation therapy procedures, not just linear accelerator treatments. This analysis just considers the linear accelerator treatments.

The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal ($869,304) in Year One increasing to positive net income of $5,251,777 in Year Two.
- Net operating revenue after bad debt, charity care, and contractual adjustments is expected to reach $9,631,172 or approximately 31.5% of total gross revenue in Year One and $9,823,795 or approximately 31.5% of gross revenue in Year 2.
- Gross operating margin is expected to be unfavorable in Year 1 and 16.8% in Year 2.

Charges

In Year One of the proposed project, the average charge per procedure information is as follows:

- The proposed average gross charge per PET procedure is $5,335.32; however the net charge per procedure is $1,473.08.

- The proposed average gross charge per linear accelerator treatment is $995.28; however the net charge per treatment is $313.12.

Medicare/TennCare Payor Mix

- The expected payor mix for radiation therapy in Year 1 includes 60% for Medicare and 8.5% for TennCare
- The expected payor mix for PET in Year 1 includes 59% for Medicare and 11% for TennCare
- MRMC contracts with all TennCare MCOs in the service area: AmeriGroup Community Care, United Healthcare (AmeriChoice), and BlueCare.

Financing

A July 9, 2013 letter from Nick A. Swift, Senior Vice President and Chief Financial Officer of MRMC confirms the applicant has sufficient cash reserves to finance 100% of the proposed project.

MRMC's audited financial statements dated June 30, 2012 reported $29,233,252 in cash and cash equivalents, total current assets of $72,539,639, total current liabilities of $34,153,178 and a current ratio of 2.12:1.

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

Staffing

Radiation Therapy

The proposed staffing for the Radiation Therapy service is displayed in the table below:

Position Type	FTEs
Registered Nurse	2.5
Radiation Therapist	7.0
PRN Radiation Therapist	4.0
Physicist	2.0
Dosimetrist	2.0
CT Simulation Tech	1.5
PRN CT Simulation Tech	1.0

PET

The proposed staffing for PET is 1.0 FTE nuclear medicine technologist.

Licensure/Accreditation
MRMC is licensed by the Tennessee Department of Health, Division of Health Care Facilities. The applicant provided a letter dated July 12, 2011 from the Department of Health stating that the facility had demonstrated compliance with deficiencies cited on the licensure survey completed on April 27, 2011.

MRMC is accredited by The Joint Commission.

Corporate documentation, real estate deed information, equipment quotes, FDA Approval Letter, and detailed demographic information are on file at the Agency office and will be available at the Agency meeting.

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

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent or denied applications for this applicant.

Pending Applications

NHC/Maury Regional Transitional Care Center, CN1307-025A, has a pending application scheduled to be heard at the Agency's October 23, 2013 meeting. The proposed project is for establishment of a one hundred twelve (112) bed nursing home pursuant to TCA §68-11-1627 which permits the replacement of one or more currently licensed nursing homes with one single nursing home. The new facility will be created by relocating and replacing the ninety-two (92) bed NHC Healthcare, Hillview and the twenty (20) bed Maury Regional Hospital Skilled Nursing Unit to an 11 acre site at 5004 Trotwood Avenue, Columbia (Maury County). These beds are not subject to the 2013-2014 Nursing Home Bed Pool. The estimated project cost is **$18,161,672.00.**

Outstanding Certificates of Need

Maury Regional Ambulatory Surgery Center, LLC, CN1111-046, has an outstanding Certificate of Need which will expire on June 1, 2014. It was

approved at the April 25, 2012 Agency meeting for the establishment of a multi-specialty ambulatory surgical treatment center (ASTC) on the second floor of a three story, 62,365 SF medical office building to be constructed on a 4.1 acre unaddressed site at the intersection of Saturn Parkway and Port Royal Road in Spring Hill (Maury County), Tennessee. The new 13,080 square foot facility will include two operating rooms (475 & 430 SF) and two procedure rooms (294 & 276 SF), 4 pre-op stations, 8 post–op stage-one stations and 4 post-op stage-two stations along with the requisite clinical, personnel, administrative and patient support areas. The estimated project cost is **$7,894,178.00.** *Project Status: According to a 10/2/13 email from a representative of Maury Regional, construction on the surgery center is 80% complete. The scheduled construction completion date is December 1, 2013.*

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

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

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF 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.

MAF
10/7/2013

LETTER OF INTENT

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LETTER OF INTENT
TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Columbia Daily Herald, which is a newspaper of general circulation in Maury County, Tennessee, on or before July 8, 2013, for one day.

This is to provide official notice to the Tennessee Health Services and Development Agency ("Agency") and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Agency, that Maury Regional Hospital d/b/a Maury Regional Medical Center, a hospital owned by Maury County, TN, intends to file an application for a Certificate of Need to relocate two linear accelerators and a mobile positron emission tomography scanner from the main hospital campus to Maury Regional Cancer Center, at 808 South James Campbell Boulevard, Columbia, TN, 38401. Maury Regional Medical Center will also replace one of the linear accelerators. The project will require approximately 10,736 square feet of renovation construction. The project will not result in an increase of licensed hospital beds or the initiation of any service requiring certificate of need. The total project cost is estimated to be $7,742,231. Maury Regional Medical Center is located at 1224 Trotwood Avenue, Columbia, TN, 38401.

The anticipated date of filing the application is July 12, 2013. The contact person for this project is David Thomas, who may be reached at Maury Regional Medical Center, 1224 Trotwood Avenue, Columbia, TN, 38401, (931) 380-4057.

David Thomas July 8, 2013 dthomas@mauryregional.com

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

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.

ORIGINAL APPLICATION

1. ***Name of Facility, Agency, or Institution***

2013 JUL 12 PM

Maury Regional Hospital d/b/a Maury Regional Medical Center
Name

1224 Trotwood Avenue
Street or Route

Maury
County

Columbia
City

TN
State

38401
Zip Code

2. ***Contact Person Available for Responses to Questions***

David Thomas
Name

Director, Cancer Center
Title

Maury Regional Medical Center
Company Name

dthomas@mauryregional.com
Email address

1224 Trotwood Avenue
Street or Route

Columbia
City

TN
State

38401
Zip Code

employee
Association with Owner

931-380-4057
Phone Number

931-540-4224
Fax Number

3. ***Owner of the Facility, Agency or Institution***

Maury County
Name

931-380-4057
Phone Number

1224 Trotwood Avenue
Street or Route

Maury
County

Columbia
City

TN
State

38401
Zip Code

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

A. Sole Proprietorship _____
B. Partnership _____
C. Limited Partnership _____
D. Corporation (For Profit) _____
E. Corporation (Not-for-Profit) _____
Private Act at Attachment A.4.

F. Government (State of TN or Political Subdivision) ___X___
G. Joint Venture _____
H. Limited Liability Company _____
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)***

n/a
Name

Street or Route | County

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 _____
B. Option to Purchase _____
C. Lease of 10 Years __X__
D. Option to Lease _____
E. Other (Specify) _____ _____

Lease at Attachment A.6.

PUT ALL ATTACHMENTS AT THE BACK 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) acute care __X__
B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____
C. ASTC, Single Specialty _____
D. Home Health Agency _____
E. Hospice _____
F. Mental Health Hospital _____
G. Mental Health Residential Treatment Facility _____
H. Mental Retardation Institutional Habilitation Facility (ICF/MR) _____
I. Nursing Home _____
J. Outpatient Diagnostic Center _____
K. Recuperation Center _____
L. Rehabilitation Facility _____
M. Residential Hospice _____
N. Non-Residential Methadone Facility _____
O. Birthing Center _____
P. Other Outpatient Facility (Specify) _____ _____
Q. Other (Specify) _____ _____

8. ***Purpose of Review*** ***(Check as appropriate--more than one response may apply)***

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

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

	Current Beds Licensed	Current Beds *CON	Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A. Medical	127	0	95	0	127
B. Surgical	53	0	52	0	53
C. Long-Term Care Hospital					
D. Obstetrical	26	0	24	0	26
E. ICU/CCU	24	0	24	0	24
F. Neonatal	8	0	8	0	8
G. Pediatric	17	0	12	0	17
H. Adult Psychiatric					
I. Geriatric Psychiatric					
J. Child/Adolescent Psychiatric					
K. Rehabilitation					
L. Nursing Facility (non-Medicaid Certified)	20	0	19	0	20
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	275	0	234	0	275

*CON-Beds approved but not yet in service

10. **Medicare Provider Number** 044-0073
Certification Type Acute Care Hospital

11. **Medicaid Provider Number** 044-0073
Certification Type Acute Care Hospital

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

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.***

AmeriGroup Community Care, United Healthcare (AmeriChoice), and BlueCare are the TennCare MCOs operating in the area. The applicant is contracted with all three.

Discuss any out-of-network relationships in place with 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: Maury Regional Medical Center proposes to relocate its radiation therapy and mobile PET/CT services from the main hospital campus to a site in a retail shopping center at which it already provides cancer services, including outpatient infusion and physician offices. This move will create a full-service cancer center in a convenient location for patients. As part of this project, MRMC will replace one of its linear accelerators. Additionally, MRMC will shell space for a future fixed PET/CT scanner.

Applicant Background: MRMC is a governmental, not-for-profit hospital created by private act in 1949. MRMC operates Marshall Medical Center, Wayne Medical Center, and Lewis Health Center. In addition, MRMC is a member of the Vanderbilt Health Affiliated Network. MRMC's primary service area is Giles, Hickman, Lawrence, Lewis, Marshall, Maury, Perry, Wayne, and Williamson Counties.

MRMC Radiation Therapy Services: MRMC provides external beam radiation therapy including Intensity Modulated Radiation Therapy (IMRT), 3D conformal therapy, Stereotactic Body Radiation Therapy (SBRT), and Stereotactic Radiosurgery (SRS). MRMC also provides High Dose Rate brachytherapy (HDR) as well as radioactive seed implantation for the treatment of prostate cancer. MRMC utilizes low dose image guidance, including cone beam CT (CBCT) in order to more precisely target the tumor during treatment and utilizes respiratory gating during the simulation process to better target lung tumors that move during respiration.

Need: MRMC cannot create a full-service cancer center on the main hospital campus because there is not enough space. Relocation will allow MRMC to provide cancer patients with a full-service cancer center, including radiation therapy, chemotherapy, and diagnostic CT/PET. Patients who require lengthy chemotherapy infusions will be able to receive their radiation treatment while their chemotherapy is being infused, which will save time and improve the overall patient experience. Patients will have more space and privacy at the cancer center. Also, the new location will provide easier parking for the patients.

Project Cost: The project cost is $7,742,231. The project will be funded by the cash reserves of MRMC. A letter from MRMC's CFO, Nick Swift, is attached as Attachment C. Economic Feasibility. 2.

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.

MRMC will create a full-service cancer center by relocating radiation therapy and PET/CT services from the main hospital campus to its existing cancer center at the Columbia Mall. As part of the proposed project, MRMC will replace one of its linear accelerators. MRMC will shell space for a future fixed PET/CT scanner; this cost is included in the project cost. The project includes renovation of 10,736 square feet at the Columbia Mall. The renovation cost is approximately $232.86 per square foot.

Maury Regional Cancer Center ("MRCC") is currently home to Family Health Group (FHG) Oncology, Outpatient Infusion Clinic, and the American Cancer Society Cancer Resource Center. FHG Oncology is a group of board-certified medical oncologists with more than 60 years of combined experience in treating oncology patients. They work closely with surgeons and radiation oncologists to provide a comprehensive treatment plan for each patient. The Outpatient Infusion Clinic at Maury Regional Cancer Center offers an extensive array of parenteral therapy services for patients, delivered by a highly skilled medical team. The Infusion Center registered nurses are certified to deliver bio-chemotherapy. MRCC has an on-site pharmacy where a pharmacist insures precise dosing and mixing of chemotherapy. The Infusion Clinic is also backed by an accredited laboratory and blood bank that is Joint Commission certified. Services include:

- *Biological response modifiers*
- *Central line catheter care*
- *Chemotherapy*
- *Hydration therapy*
- *Intravenous antibiotics*
- *IV anti-emetic care*
- *IV immune globulin*
- *Intramuscular and subcutaneous injections*

- *Monoclonal antibodies*
- *Therapeutic phlebotomy*
- *Transfusion of blood products.*

Maury Regional Cancer Center will utilize Healthcare Provider Basic Life Support (BLS) for emergencies. All registered nurses and nurse technicians will be trained in Healthcare Provider BLS per American Heart Association protocol. An AED is available in the Cancer Center and is used as part of this protocol. Emergency Medical Services will be activated as part of the BLS protocol for Advanced Cardiac Life Support and will provide ambulance transportation to Maury Regional Medical Center Emergency Room as needed.

Inpatients who require radiation therapy services and/or PET services will be transported to the Cancer Center via ambulance. Coordination of care during the patient's visit at the Cancer Center will take place between the nursing staff at the Cancer Center and the responsible charge nurse at the hospital.

There are no set plans for the space that is to be vacated at MRMC. Possible uses for that space are being evaluated.

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. *n/a*

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		
					Renovated	New	Total	Renovated	New	Total
Gamma Vault	hospital	176	n/a	395	395	n/a	395	$464.25	n/a	$464.25
PET/CT Room	mobile	n/a	n/a	416	416	n/a	416	$240.38	n/a	$240.38
CT Sim. Room	hospital	400	n/a	347	347	n/a	347	$288.18	n/a	$288.18
Linear Accelerator Vaults	hospital	1,164	n/a	2,154	2,154	n/a	2,154	$464.25	n/a	464.25
Total Support Areas	hospital	5,260	n/a	3,760	3,760	n/a	3,760	$150.41	n/a	$150.41
Total Exam Areas	hospital	462	n/a	350	350	n/a	350	$150.41	n/a	$150.41
B. Unit/Depart. GSF Sub-Total	n/a	7,462	n/a	7,422	7,422	n/a	7,422			
C. Mechanical/ Electrical GSF	n/a	n/a	n/a	Rooftop	Rooftop	n/a	Rooftop			
D. Circulation /Structure GSF	n/a	n/a	n/a	3,314	3,314	n/a	3,314	$150.41	n/a	$150
E. Total GSF	n/a	7,462	n/a	10,735	10,736	n/a	10,736	$232.86	n/a	

C. As the applicant, describe your need to provide the following health care services (if applicable to this application): *n/a. MRMC is not initiating any service.*

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

D. Describe the need to change location or replace an existing facility.

MRMC will create a full-service cancer center at Columbia Mall. Relocation will allow cancer patients to access radiation therapy, chemotherapy, and diagnostic CT/PET in the same location. Patients will be able to receive their chemotherapy and radiation treatments concurrently. Care givers will have immediate access to radiation oncology and medical oncology, which will enhance coordination of care. Patients will benefit from an increased number of exam rooms, a family counseling room, larger waiting rooms, and a more private setting for cancer care discussions and financial counseling. Also, the new location will provide easier parking for the patients and minimize the distance that patients and their families must walk to access the building.

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 $2.0 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:

n/a. MRMC is not acquiring any new major medical equipment. It is simply relocating and replacing existing equipment.

1. For fixed-site major medical equipment (not replacing existing equipment):
   a. Describe the new equipment, including:
      1. Total cost; (As defined by Agency Rule).

2. Expected useful life;
3. List of clinical applications to be provided; and
4. Documentation of FDA approval.

b. Provide current and proposed schedules of operations.

2. For mobile major medical equipment:

a. List all sites that will be served;

b. Provide current and/or proposed schedule of operations;

c. Provide the lease or contract cost.

d. Provide the fair market value of the equipment; and

e. List the owner for the equipment.

3. Indicate applicant's legal interest in equipment (*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.

MRMC is only replacing existing equipment; however, in an effort to provide the Agency with complete information, the applicant has included the vendor quotation for the replacement linear accelerator and the lease for the mobile PET/CT. These are attached as Attachment B.II.E.3.

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.

Patients will be able to access the proposed location by exiting James Campbell Blvd. onto either Shady Brook Street or Brookmeade Drive. The center is adjacent to the Columbia Mall and is easily accessed by vehicles. Parking is abundant, and the center has a covered drive-through, allowing patients to be dropped off at or near the front entrance of the building without being exposed to adverse weather conditions.

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.

The floor plan is attached at 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.

n/a

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.

   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.

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

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

      The cost of the proposed relocation is $7,742,231. MRMC did not evaluate the cost of renovation because renovation is not feasible. There is not sufficient room on the hospital campus to create the cancer center that is proposed for the Columbia Mall site. Need for the project exists, as evidenced by MRMC's historical utilization. Most of the patients are expected to be patients who would otherwise receive cancer treatment on MRMC's main campus, so this project will not have an impact on other providers. (Williamson Medical Center is the only other provider of PET services in the area, and Vanderbilt Ingram Cancer Center at Franklin is the only other provider of radiation therapy services in the service area.)

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

      This project does not include the change of site for a health care institution; it simply relocates certain services and equipment to an existing outpatient campus of the hospital.

STATE HEALTH PLAN –
FIVE PRINCIPALS FOR ACHIEVING BETTER HEALTH

- *Healthy Lives. The project will improve the health of patients because it will provide better access to comprehensive cancer care.*
- *Access to Care. The applicant participates in all TennCare MCOs that operate in the area and has a history of serving low-income patients.*
- *Economic Efficiencies. This project does not add any new services but simply upgrades equipment and relocates services to a more convenient location.*
- *Quality of Care. MRMC has a history of providing excellent care to its patients. MRMC has received numerous awards for quality in the last several years, including:*

- *Top 100 Hospital (Truven) – 1994, 2008, 2010, and 2013*
- *100 Great Community Hospitals (Becker's Hospital Review) - 2013*
- *Top Health System (Truven) – 2011 and 2012*
- *Cardiac Surgery Excellence Award (Healthgrades) – 2011*
- *Top Cardiovascular Hospital (Truven) - 2013*
- *Orthopedic Surgery Excellence Award (Healthgrades) – 2012*
- *Everest Award (Truven) – 2013*

- *Health Care Workforce. MRMC partners with numerous schools in and around the service area to train nurses, therapists, technicians, pharmacists, and physician assistants.*

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

MRMC continues to work to provide convenient, high-quality care to its patients. The Cancer Center is a component of that effort, and consolidating all cancer services at MRCC will provide the best, most convenient services for patients.

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 service area is Giles, Hickman, Lawrence, Lewis, Marshall, Maury, Perry, Wayne, and Williamson Counties. A service area map is attached as Attachment C.Need.3. Approximately 98% of MRMC's patients are from these counties.

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

Demographic data for each county in the service area is attached as Attachment C.Need 4.

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

Accessing services at the Columbia Mall site will be easier for patients than accessing services at the main hospital campus. MRMC has a strong history of fulfilling the needs of the service area population, including providing access for poor and elderly patients.

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.

Williamson Medical Center is the only other PET (mobile, ½ day per week) provider in the service area, and Vanderbilt Ingram Cancer Center at Franklin is the only other radiation therapy provider in the service area.

	2010	2011	2012
Vanderbilt Ingram Cancer Center at Franklin – Linear Accelerator (treatments)	6085	5753	5975
Williamson Medical Center – PET (scans)	89	108	109

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.

	2010	2011	2012	2015	2016
PET (scans)	314	309	345	354	364
Linear Accelerator (treatments)	30,844	29,997	30,156	30,759	31,374

Projected utilization is based on historical utilization. Over the last 4-5 years, linear accelerator utilization has increased by an average of 2% per year, and PET utilization has increased by an average of 2.5% per year. It is expected that this moderate growth rate will continue.

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

   - All projects should have a project cost of at least $3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)

   - The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine

the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

The cost of the lease is based on the aggregate amount of the lease payments, which is $1,532,580. The fair market value of the space is $880,000. A letter regarding the fair market value of the space is attached as Attachment C. Economic Feasibility. 1.

- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

- For projects that include new construction, modification, and/or renovation; **documentation must be** provided from a contractor and/or architect that support the estimated construction costs.

  Documentation from Hart, Freeland, and Roberts is attached as Attachment Attachment C. Economic Feasibility. 1.

PROJECT COSTS CHART

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A.	Construction and equipment acquired by purchase:		
	1.	Architectural and Engineering Fees	$ 225,000
	2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	$ 25,000
	3.	Acquisition of Site	$ 0
	4.	Preparation of Site	$ 75,000
	5.	Construction Costs	$ 2,500,000
	6.	Contingency Fund	$ 125,000
	7.	Fixed Equipment (Not included in Construction Contract)	$ 0
	8.	Moveable Equipment (linear accelerator and planning system)	$ 3,200,000
	9.	Other (Specify) IT equipment	$ 42,000
B.	Acquisition by gift, donation, or lease:		
	1.	Facility (inclusive of building and land)	$ 1,532,850
	2.	Building only	$ 0
	3.	Land only	$ 0
	4.	Equipment (Specify) _____	$ 0
	5.	Other (Specify) _____	$ 0
C.	Financing Costs and Fees:		
	1.	Interim Financing	$ 0
	2.	Underwriting Costs	$ 0
	3.	Reserve for One Year's Debt Service	$ 0
	4.	Other (Specify) _____	$ 0
D.	Estimated Project Cost (A+B+C)		$ 7,724,850
E.	CON Filing Fee		$ 17,381
F.	Total Estimated Project Cost (D+E)		$ 7,742,231
		TOTAL	**$ 7,742,231**

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;

☐ 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

☒ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.

Letter attached as 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.

As noted in the letter from Hart, Freeland, and Roberts, the project costs are reasonable. Further, the average cost per square foot ($232.86) is in line with other hospital projects that have recently been approved by the Agency.

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).

SUPPLEMENTAL

REVISED 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 *July*.

		Year 2012	Year 2011	Year 2010
A.	Utilization Data (*patient days*)	49,532	54,424	56,401
B.	Revenue from Services to Patients			
	1. Inpatient Services	$246,286,860	$256,190,608	$252,883,954
	2. Outpatient Services	$354,693,037	$304,888,933	$279,336,434
	3. Emergency Services	$47,793,056	$37,187,162	$21,264,121
	4. Other Operating Revenue (Specify) *see chart below*	$8,994,229	$8,872,019	$7,461,422
	Gross Operating Revenue	$657,767,182	$607,138,722	$560,945,931
C.	Deductions from Gross Operating Revenue			
	1. Contractual Adjustments	$380,521,119	$345,440,628	$313,233,607
	2. Provision for Charity Care	$11,717,923	$12,852,150	$12,053,903
	3. Provisions for Bad Debt	$25,946,254	$23,212,355	$24,963,079
	Total Deductions	$418,185,296	$381,505,133	$350,250,615
NET OPERATING REVENUE		$239,581,886	$225,633,590	$210,695,316
D.	Operating Expenses			
	1. Salaries and Wages	$119,474,327	$113,904,765	$111,205,121
	2. Physician's Salaries and Wages	$9,729,973	$7,466,814	$5,825,031
	3. Supplies	$47,480,886	$44,107,074	$40,194,049
	4. Taxes	$120,190	$121,850	$131,993
	5. Depreciation	$14,677,968	$15,662,303	$14,527,462
	6. Rent	$3,012,130	$3,024,838	$2,967,269
	7. Interest, other than Capital	n/a	n/a	n/a
	8. Management Fees:			
	a. Fees to Affiliates	n/a	n/a	n/a
	b. Fees to Non-Affiliates	n/a	n/a	n/a
	9. Other Expenses (Specify) *see chart below*	$29,602,104	$27,620,284	$25,026,928
	Total Operating Expenses	$224,097,578	$211,907,928	$199,877,852
E.	Other Revenue (Expenses) – Net (Specify) *See chart below*	$(2,961,526)	$(2,235,528)	$(2,404,013)
NET OPERATING INCOME (LOSS)		$12,522,782	$11,490,134	$8,413,452
F.	Capital Expenditures			
	1. Retirement of Principal	$3,910,000	$3,845,000	$5,330,000
	2. Interest	$717,518	$994,767	$1,367,257
	Total Capital Expenditures	$4,627,518	$4,839,767	$6,697,257
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES		$7,895,264	$6,650,367	$1,716,195

Other Operating Revenue

	FY2012	FY2011	FY2010
Management Fees Charged to Affiliates	$1,495,755	$1,191,036	$619,356
Factory Employee Health Revenues	$540,635	$533,403	$704,434
Sale of Meals	$1,079,715	$1,016,763	$1,018,552
Medical Records Fees	$7,811	$5,627	$4,886
Purchasing Discounts	$82,115	$115,234	$106,492
Pharmacy Sales	$2,081,912	$1,509,318	$1,426,349
Office Building Rental Income	$2,446,337	$2,340,832	$2,446,677
Essential Access Funds	$952,894	$1,990,104	$1,007,413
Other Income	$307,055	$169,702	$127,264

Other Expenses

	FY2012	FY2011	FY2010
Advertising	$634,315	$607,764	$697,856
Consulting Fees	$283,373	$61,306	$191,257
Legal and Audit Fees	$654,509	$311,086	$355,778
Software Support	$2,620,259	$1,732,105	$1,540,345
Machine Services Contracts	$3,146,777	$3,407,655	$3,163,435
Collection Agency Fees	$1,389,631	$1,295,273	$1,222,082
Contracted Services to Others*	$8,908,834	$8,192,216	$6,473,030
Engineering Biomed Services	$179,315	$243,906	$311,380

Repairs and Maintenance	$2,555,208	$2,584,993	$2,259,655
Insurance	$891,122	$1,038,944	$1,021,969
Other Operating Expenses**	$1,712,816	$2,371,766	$2,035,616
License Fees	$1,191,563	$825,845	$1,039,405
Contributions to Maury County and community charities	$1,193,543	$1,114,047	$1,002,155
Utilities	$4,240,839	$4,311,658	$4,007,176

**includes dialysis management, dietary management, endoscopy management, reference lab, physicist, wound care management, mobile MRI/PET, laundry management, chart reviews, etc.*

***includes professional development, physician recruitment, travel expenses, communications expenses, postage and shipping fees, etc.*

Other Revenue (Expense) – Net

	FY2012	FY2011	FY2010
Losses on Affiliate Physician Practices	($3,868,006)	($3,010,894)	($3,100,223)
Interest/Investment Income	$906,480	$775,366	$696,211

REVISED PROJECTED DATA CHART (Radiation Therapy)

35

SUPPLEMENTAL

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in *July*.

		Year 2015	Year 2016
A.	Utilization Data (treatments)	30,759	31,374
B.	Revenue from Services to Patients		
1.	Inpatient Services	$833,587	$850,259
2.	Outpatient Services	$29,780,436	$30,376,045
3.	Emergency Services	n/a	n/a
4.	Other Operating Revenue N/A	n/a	n/a
	Gross Operating Revenue	$30,614,023	$31,226,303
C.	Deductions from Gross Operating Revenue		
1.	Contractual Adjustments	$19,176,624	$19,560,156
2.	Provision for Charity Care	$520,438	$530,847
3.	Provisions for Bad Debt	$1,285,789	$1,311,505
	Total Deductions	$20,982,851	$21,402,508
NET OPERATING REVENUE		**$9,631,172**	**$9,823,795**
D.	Operating Expenses		
1.	Salaries and Wages	$1,951,809	$1,990,845
2.	Physician's Salaries and Wages	n/a	n/a
3.	Supplies	$328,003	$334,564
4.	Taxes	n/a	n/a
5.	Depreciation	$845,110	$845,110
6.	Rent	$36,850	$36,850
7.	Interest, other than Capital	n/a	n/a
8.	Management Fees:		
	a. Fees to Affiliates	n/a	n/a
	b. Fees to Non-Affiliates	n/a	n/a
9.	Other Expenses machine contract services, software, lease/rental, maintenance & repairs, utilities, and professional development	$1,337,892	$1,364,650
	Total Operating Expenses	$4,499,664	$4,572,018
E.	Other Revenue (Expenses) – Net (Specify)	n/a	n/a
NET OPERATING INCOME (LOSS)		**$5,131,508**	**$5,251,777**
F.	Capital Expenditures	$6,000,812	n/a
1.	Retirement of Principal	n/a	n/a
2.	Interest	n/a	n/a
	Total Capital Expenditures	$6,000,812	n/a
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES		**($869,304)**	**$5,251,777**

PROJECTED DATA CHART (PET)

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in *July*.

2013 JUL 30 PM 4 01

		Year 2015	Year 2016
A.	Utilization Data (scans)	354	364
B.	Revenue from Services to Patients		
1.	Inpatient Services	$5,470	$5,635
2.	Outpatient Services	$1,881,231	$1,937,668
3.	Emergency Services	n/a	n/a
4.	Other Operating Revenue N/A	n/a	n/a
	Gross Operating Revenue	$1,886,701	$1,943,302
C.	Deductions from Gross Operating Revenue		
1.	Contractual Adjustments	$1,254,468	$1,292,102
2.	Provision for Charity Care	$32,074	$33,036
3.	Provisions for Bad Debt	$79,241	$81,619
	Total Deductions	$1,365,783	$1,406,756
NET OPERATING REVENUE		**$520,918**	**$536,546**
D.	Operating Expenses		
1.	Salaries and Wages	$23,196	$23,776
2.	Physician's Salaries and Wages	n/a	n/a
3.	Supplies	$44,718	$46,059
4.	Taxes	n/a	n/a
5.	Depreciation	n/a	n/a
6.	Rent	n/a	n/a
7.	Interest, other than Capital	n/a	n/a
8.	Management Fees:		
	a. Fees to Affiliates	n/a	n/a
	b. Fees to Non-Affiliates	n/a	n/a
9.	Other Expenses equipment lease	$268,364	$276,415
	Total Operating Expenses	$336,278	$346,250
E.	Other Revenue (Expenses) – Net (Specify)	n/a	n/a
NET OPERATING INCOME (LOSS)		**$184,640**	**$190,295**
F.	Capital Expenditures	n/a	n/a
1.	Retirement of Principal	n/a	n/a
2.	Interest	n/a	n/a
	Total Capital Expenditures	n/a	n/a
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES		**$184,640**	**$190,295**

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

Radiation Therapy

Average Gross Charge	Average Deduction	Average Net Charge
$995.28	$682.17	$313.12

PET

Average Gross Charge	Average Deduction	Average Net Charge
$5,335.32	$3,862.24	$1,473.08

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.

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).

The project will have no impact on charges. The following chart includes the charges and comparison to Medicare reimbursement.

Procedure – Radiation Therapy	**MRMC Charge**	**Medicare Reimbursement**
IMRT TX Planning – 77301	**$4,162.00**	**$984.49**
IMRT Daily TX Delivery – 77418	**$1,646.00**	**$483.70**
3D Conformal TX Plan – 77295	**$3,286.00**	**$984.49**
Daily TX MGMT: Comp 6-10 MEV - 77413	**$571.00**	**$179.52**
Daily TX MGMT: Comp 11-18 MEV – 77414	**$628.00**	**$179.52**

Procedure – PET	MRMC Charge	Medicare Reimbursement
PET Skull-Thigh – 78812	$4,797.00	$1,056.12
PET Whole Body – 78813	$4,891.00	$1,056.12
PET CT Limited – 78814	$5,047.00	$1,056.12
PET CT Skull-Thigh – 78815	$5,337.00	$1,056.12
PET CT Whole Body – 78816	$5,634.00	$1,056.12

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

   Current utilization has been sufficient to maintain cost effectiveness, and the services have been profitable.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

   The project will be profitable in Year 2. MRMC has sufficient cash reserves to support the project in Year 1.

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.

   MRMC participates in all TennCare MCOs that operate in the service area.

Radiation Therapy – Gross Charges

	Year 1 - $	*Year 1 - %*	*Year 2 - $*	*Year 2 - %*
Medicare	*$18,395,355*	*60%*	*$18,483,672*	*59%*
TennCare	*$2,615,289*	*8.5%*	*$3,455,089*	*11%*

PET – Gross Charges

	Year 1 - $	*Year 1 - %*	*Year 2 - $*	*Year 2 - %*
Medicare	*$1,104,834*	*59%*	*$1,104,518*	*57%*
TennCare	*$204,749*	*11%*	*$260,132*	*13.4%*

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.

    MRH's financial information is attached as Attachment C, Economic Feasibility – 10.

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.

    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.

    The applicant had three options with respect to radiation therapy and PET/CT services:

    1) Do nothing;

    2) Renovate space on the main hospital campus; or

    3) Relocate the services to the Columbia Mall site.

    Options 1 and 2 are not feasible because there is not sufficient space on the main hospital campus to provide the type of comprehensive cancer center that the Columbia Mall site will provide. In addition, the new site is more convenient for patients.

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.

    Other Providers:

    - *Hospice of the Highland Rim*
    - *Caris Hospice*

    Managed Care and other networks:
    - *AmeriGroup*

- *Aetna*
- *Blue Cross TN*
- *Blue Advantage*
- *Cover TN*
- *Cigna*
- *HealthSpring*
- *Humana*
- *AmeriChoice*
- *United of the River Valley, Inc.*
- *United Healthcare*
- *PHCS/MultiPlan*
- *Amish Council*
- *Hospice of the Highland Rim, Inc.*
- *TBCCEDP*
- *Valor Healthcare – VA*
- *Corrections Corp of America*
- *First Health/Affordable/Coventry*
- *Government Employees Hospital Assoc.*
- *Wayne County Jail*
- *Lewis County Jail*
- *Marshall County Jail*
- *OccuComp PT*
- *Windsor Health Plans*

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.

   This project will have only a positive impact on the health care system. It does not duplicate services; it simply relocates services to a more convenient location for patients. Additionally, the project replaces and upgrades equipment.

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.

   Radiation Therapy
   Registered Nurse – 2.5 FTE
   Radiation Therapist – 7.0 FTE
   PRN Radiation Therapist – 4 FTE
   Physicists – 2.0 FTE
   Dosimetrist – 2.0 FTE
   CT Simulation Techs – 1.5 FTE
   PRN CT Simulation Tech – 1 FTE

Registered Nurse is the only job category for which the Tennessee Department of Labor & Workforce Development publishes wages. MRMC's average hourly wage for a registered nurse is $24; the area average per TDLWD is $27.77.

PET
Nuclear Medicine Tech – 1 FTE

MRMC's average hourly wage for a nuclear medicine tech is $34; the area average per TDLWD is $26.98.

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.

   MRMC has not had trouble recruiting staff. For this project most staff members will relocate from the main hospital campus to the new location.

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.

   MRMC has reviewed and understands all applicable requirements.

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.).

   Promoting learning and higher education is part of MRMC's role in the community. MRMC has numerous school affiliations and contracts. For the allied health care areas the affiliations include the technical centers, community college, state and private colleges and universities, particularly Columbia State Community College, Martin Methodist College, the University of Alabama Huntsville, Vanderbilt University, Trevecca University, and the University of North Alabama. The clinical areas include nursing (licensed practical nurse, registered nurse, advanced practice including nurse anesthetist), speech, respiratory, therapy, physical therapy, radiology technology, physician assistant, pharmacy and health information management. The number of clinical students during the fall and spring school semesters averages 300 per semester. Non-clinical areas include healthcare management and information technology.

   Additionally, MRMC is an identified Training Center for the American Heart Association and an approved provider of continuing nursing education by the Tennessee Nurses Association.

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.

MRMC has reviewed and understands all applicable 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*

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.

MRMC is currently licensed by the Tennessee Department of Health. A copy of the license is attached as Attachment C. Contribution to the Orderly Development of Healthcare. 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.

All the deficiencies cited in the last inspection have been corrected. The most recent survey and plan of correction is attached as Attachment C. Contribution to the Orderly Development of Healthcare. 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. *n/a*

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. *n/a*

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.

MRMC will provide the Tennessee Health Services and Development Agency with all required data.

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

2013 JUL 12 PM 2 18

STATE OF TENNESSEE

COUNTY OF MAURY

PROOF OF PUBLICATION

Before me, Vickie L Woody, of the county and state aforesaid, Personally appeared Mark Palmer with whom I am personally Acquainted and who upon oath acknowledged herself to be the Bookkeeper of *THE DAILY HERALD*, a newspaper published in the City of Columbia, in said county and state, who, on oath, deposes And says that the publication of which the annexed slip is a true Copy, was published in said newspaper as follows:

DATE	SIZE
JUNE 8, 2013	17.00"

PUBLISHER

Subscribed and sworn to before me, this 10th day of July, 2013

NOTARY PUBLIC

MY COMMISSION EXPIRES:
6/25/2017

VICKIE L. WOODY
STATE OF TENNESSEE NOTARY PUBLIC

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NOW LEASING 1 & 2 Bedroom Mobile Homes in quiet, security patrolled community. 18D, $99 wk. Call 1 (877)533-3688 option 1.

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STORE WITH OFFICE located on busy Carmack Blvd. Lots of easy front parking. 1,440 sq. ft. Newly remodeled. $599 month plus 1 month deposit. (931)388-8811.

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850 Auctions

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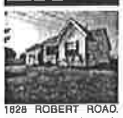
870 Homes For Sale



1828 ROBERT ROAD. Owner financing is available on this adorable 3 bedroom, 2 bathroom home. Privacy fence, 2 car garage, brand new wood laminate flooring throughout the main living areas, and brand new tile in bathrooms. $119,900. (256)810-3452. anwallace08@gmail.com

5 bedroom, 2.5 bath, 1929 2 story, grand home on Hillcrest Ave. CHA, hardwood floors, $1,200 monthly or option to buy for $195,000. (931)446-0031.

NEW HOMES FOR SALE in Summertown 3 Bedroom, 2 Bath. 100% Financing. BOB-BY GOBBLE REALTY, (931)766-7981.

Taking offers to buy. No owner financing or rent. 3 bed/ 2 bath. 918 Pickens Lane. (662)418-4579.

875 Mobile Homes For Sale

16X80 USED MOBILE home. Only one in stock. Call Ron (931)388-3788, Baker Homes, Columbia.

4 MOBILE HOMES already set up and ready to move into. Owner financing available. (931)381-3873.

SOUTHERN ESTATES. NEW Doublewide. Discounted below invoice. This is one of the most quality-built homes Baker Homes has. 37 years in business. We will not be undersold. (931)388-3788. Call Bill.

875 Mobile Homes For Sale

NEW SINGLEWIDE, 14 wide home. Vinyl siding and shingle roof. This home was used as an office for 5 months. $5000 discount. Baker Homes, Columbia. (931)388-3788

TWO PRE-OWNED DOUBLE wides. 3 bedrooms, 2 baths. Discounted. Call Bill, (931)388-3788. Baker Homes, Columbia.

WE BUY USED Mobile Homes. Will Pay Cash. (931)446-0944.

WE HAVE PROPERTY in Lawrence and Lewis Counties. Pick your home and we finance home and property. Interest rates lower than ever. Baker Homes, (931)388-3788. Call Bill.

885 Townhomes/ Condos

TIMBER RIDGE TOWNHOUSE. 2 BR, 1.5 BA, kitchen appliances, W/D hookups. $675 month. $500 deposit. Duck River Realty. (931)381-3384.

955 Autos For Sale

2001 FORD EXPOLORER Sport. 4x4, sunroof, automatic, air, leather seats. $2,500. (931)379-3762.

2004 TRAILBLAZER LS. One owner, no accidents, 77,000 miles, 4.2 liter L6 engine, 4 speed automatic transmission, towing package, remote start 6 way heated leather sets, dual air, am/fm 6 disc player, power everything, many extras, very clean. $8,995. (931)334-3136.

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970 Wanted To Buy

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970 Wanted To Buy

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2013 JUL 12 PM 1

SANDRA H. DEMENT - State Bar No: 236694
LAW OFFICE OF SANDRA H. DEMENT
99 Almaden Blvd., Ste. 740
San Jose, California 95113
Telephone: (408) 998-1444

Attorney for Petitioners
MICHAEL DIRK RISCH
AILYN FEIR RISCH

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF SONOMA

In the Matter of the Petition Of MICHAEL DIRK RISCH and AILYN FEIR RISCH to Declare MAKAYLA FEIR MINCH, a Minor, to Be Free from the Custody and Control of BRYAN MINCH	))))))	CASE NO.: SFL 63431 CITATION TO PARENT

THE PEOPLE OF THE STATE OF CALIFORNIA
TO BRYAN MINCH:

By order of this court you are hereby advised that you may appear before the judge presiding in Department 23 of this court located at 3055 Cleveland Avenue, Santa Rosa, CA 95403 on July 31, 2013, at 8:30 a.m., then and there to show cause, if any you have, why MAKAYLA ADRIAN FEIR MINCH should not be declared free from your custody and control for the purpose of freeing MAKAYLA ADRIAN FEIR MINCH for placement for adoption. At this hearing you are required to give any legal reason why the relief described in the verified application attached to and served with this citation, and filed with this court, should not be granted.

The following information concerns rights and procedures that relate to this proceeding for the termination of custody and control of MAKAYLA ADRIAN FEIR MINCH as set forth in Family Code Section 7860 et seq.:

1. At the beginning of the proceeding the court will consider whether or not the interests MAKAYLA ADRIAN FEIR MINCH do require such protection, the court will appoint counsel to represent her, whether or not she is able to afford counsel.

2. If a parent of MAKAYLA ADRIAN FEIR MINCH appears without counsel and is unable to afford counsel, the court must appoint counsel for the parent, unless the parent knowingly and intelligently waives the right to be represented by counsel. The court will not appoint the same counsel to represent both MAKAYLA ADRIAN FEIR MINCH and her parent.

3. The court may appoint either the public defender or private counsel. If private counsel is appointed, he or she will receive a reasonable sum for compensation and expenses, the amount of which will be determined by the court. That amount must be paid by the real parties in interest, but not by the minor, in such proportions as the court believes to be just. If, however, the court finds that any of the real parties in interest cannot afford counsel, the amount will be paid by the county.

4. The court may continue the proceeding for not more than 30 days as necessary to appoint counsel and to enable counsel to become acquainted with the case.

Dated: June 21, 2013

JOSE O. GUILLEN
Clerk

July 2, 8, 14, 19 4tp

COLUMBIA REGIONAL PLANNING COMMISSION

July 10, 2013 MEETING

The Columbia Planning Commission will meet on Wednesday, July 10th, 2013 at 4:00 P.M. in the Council Chambers at City Hall to consider the following:

AGENDA

Call to Order.....Eddie Campbell
Roll Call.....Secretary
Approval of Minutes..Commission Members
Welcome of Visitors.....Eddie Campbell

1. Review of Bonds and/or Letters of Credit
2. Acknowledgement of Official Communications:
   a. Actions of the Maury County Regional Planning Commission within the Columbia Planning Region.
   b. Review any Actions of the Columbia City Council on annexation and zoning.
3. Request from Webb Engineering for Sketch Plat approval of eight lots located at 988 Baker Road.
4. Other Business: Tabled Zoning Ordinance question and answer.

Anyone requesting accommodations due to disabilities should contact Norman Wright at 931-560-1560 prior to the meeting.

June 28, July 8 2tc

"PUBLIC NOTICE: Cellco Partnership and its controlled affiliates doing business as Verizon Wireless (Verizon Wireless) are proposing to build a 310-foot Self-Support Telecommunications Tower. Anticipated lighting application is medium intensity dual red/white strobes. The site location is 3909 Williamsport Pike, Columbus, Maury County, TN 38487 (35° 42' 23.84" North and 87° 13' 51.49" West). The Federal Communications Commission (FCC) Antenna Structure Registration (ASR, Form 854) filing number is A0841445.

ENVIRONMENTAL EFFECTS – Interested persons may review the application (www.fcc.gov/asr/applications) by entering the filing number. Environmental concerns may be raised by filing a Request for Environmental Review (www.fcc.gov/asr/environmentalrequest) and online filings are strongly encouraged. The mailing address to file a paper copy is: FCC Requests for Environmental Review, Attn: Ramon Williams, 445 12th Street SW, Washington, DC 20554. HISTORIC PROPERTIES EFFECTS – Public comments regarding potential effects on historic properties may be submitted within 30 days from the date of this publication to: E. York, Terracon, 2855 Premiere Parkway, Suite C, Duluth, GA 30097; 770-623-0755; eyork@terracon.com."

July 8 1tp

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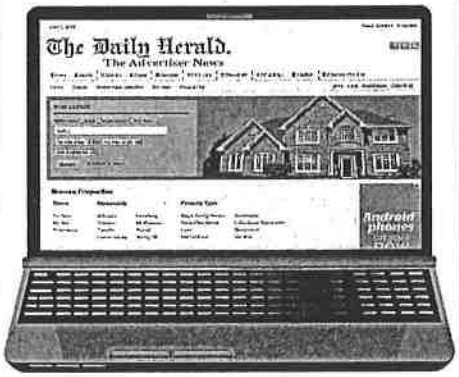

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Property Type - Community - Zip Code - Price
Number of Bedrooms - Number of Bathrooms
Number of Square Footage
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NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Tennessee Health Services and Development Agency ("Agency") and all interested parties, in accordance with T.C.A. Sec 68-11-1601 et seq., and the Rules of the Agency, that Maury Regional Hospital d/b/a Maury Regional Medical Center, a hospital owned by Maury County, TN, intends to file an application for a Certificate of Need to relocate two linear accelerators and a mobile positron emission tomography scanner from the main hospital campus to Maury Regional Cancer Center, at 808 South James Campbell Boulevard, Columbia, TN, 38401. Maury Regional Medical Center will also replace one of the linear accelerators. The project will require approximately 10,736 square feet of renovation construction. The project will not result in an increase of licensed hospital beds or the initiation of any service requiring certificate of need. The total project cost is estimated to be $7,742,231. Maury Regional Medical Center is located at 1224 Trotwood Avenue, Columbia, TN, 38401.

The anticipated date of filing the application is July 12, 2013. The contact person for this project is David Thomas, who may be reached at Maury Regional Medical Center, 1224 Trotwood Avenue, Columbia, TN, 38401, (931) 380-4057.

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

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

Pursuant to TCA Sec. 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.

July 8 1tc

NOTICE OF TRUSTEE'S SALE

WHEREAS, default has occurred in the performance of the covenants, terms, and conditions of a Deed of Trust Note dated August 29, 2001, and the Deed of Trust of even date securing the same, recorded September 4, 2001, at Book R1562, Page 197 and modified on January 11, 2002, at Book R1592, Page 606 in Office of the Register of Deeds for Maury County, Tennessee, executed by Reginia A. Bizzell and Regina A. Bizzell, conveying certain property therein described to Mark A. Hayes and/or Edwin D. Moore as Trustee for First National Bank of Pulaski; and the undersigned, Wilson & Associates, P.L.L.C., having been appointed Successor Trustee.

NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable; and that an agent of Wilson & Associates, P.L.L.C., as Successor Trustee, by virtue of the power, duty, and authority vested in and imposed upon said Successor Trustee will, on July 15, 2013 on or about 10:00 A.M., at the Maury County Courthouse, Columbia, Tennessee, offer for sale certain property hereinafter described to the highest bidder FOR CASH, free from the statutory right of redemption, homestead, dower, and all other exemptions which are expressly waived in the Deed of Trust, said property being real estate situated in Maury County, Tennessee, and being more particularly described as follows:

Being a tract or parcel of land, lying and being situated in Columbia, Maury County, State of Tennessee, more particularly described as follows:

All that certain parcel of land situated in the County of Maury, State of Tennessee, described as follows, to wit: Land in Maury County, Tennessee, being Lot Number 3 of the Plan of Keith Baker Homes, Inc., as shown on plat of record in Plat Book 10, Page 372, and Plat Book 11, Page 47, in the Register's Office of Maury County, Tennessee, to which plat reference is hereby made for a more particular description.

ALSO KNOWN AS: 202 East 15th Street, Columbia, Tennessee 38401

This sale is subject to all matters shown on any applicable recorded plat; any unpaid taxes; any restrictive covenants, easements, or setback lines that may be applicable; any statutory rights of redemption of any governmental agency, state or federal; any prior liens or encumbrances as well as any priority created by a fixture filing; and to any matter that an accurate survey of the premises might disclose. In addition, the following parties may claim an interest in the above-referenced property: Reginia A. Bizzell; Regina A. Bizzell

The sale held pursuant to this Notice may be rescinded at the Successor Trustee's option at any time. The right is reserved to adjourn the day of the sale to another day, time, and place certain without further publication, upon announcement at the time and place for the sale set forth above. W&A No. 700-76018

DATED June 17, 2013
WILSON & ASSOCIATES, P.L.L.C.,
Successor Trustee
FOR SALE INFORMATION,
VISIT WWW.MYFIR.COM
and WWW.REALTYTRAC.COM

June 24, July 1, 8 3tc

PROJECT COMPLETION FORECAST CHART

2013 JUL 12 PM 2 10

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): October 23, 2013

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	11/13
2.	Construction documents approved by the Tennessee Department of Health	20	12/13
3.	Construction contract signed	11	12/13
4.	Building permit secured	10	01/14
5.	Site preparation completed	30	02/14
6.	Building construction commenced	15	02/14
7.	Construction 40% complete	60	04/14
8.	Construction 80% complete	60	06/14
9.	Construction 100% complete (approved for occupancy)	60	08/14
10.	*Issuance of license	n/a	n/a
11.	*Initiation of service	5	08/14
12.	Final Architectural Certification of Payment	10	08/14
13.	Final Project Report Form (HF0055)	10	08/14

*** 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

2013 JUL 12 PM 2 18

STATE OF Tennessee

COUNTY OF Maury

David Thomas, being first duly sworn, says that he is the representative for the applicant and, based on his knowledge, information and belief, 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.

David Thomas
SIGNATURE/TITLE

Sworn to and subscribed before me this 3rd day of July (Month), 2013 (Year) a Notary Public in and for the County/State of Tennessee.

Kaye Marlin
NOTARY PUBLIC

My commission expires May 24 (Month/Day), 2017 (Year).

KAYE MARLIN
STATE OF TENNESSEE NOTARY PUBLIC
MAURY COUNTY, TENN.

ATTACHMENTS

Attachment A.4 – Private Act

Attachment A.6 – Lease

Attachment B.II.E.3 – Linear Accelerator Quotation and Mobile PET Lease

Attachment B.III.A – Plot Plan

Attachment B. IV – Floor Plan

Attachment C – Need 3 – Service area map

Attachment C – Need 4 – Demographic Data

Attachment C – Economic Feasibility – 1 – Appraisal Letter & Architect Letter

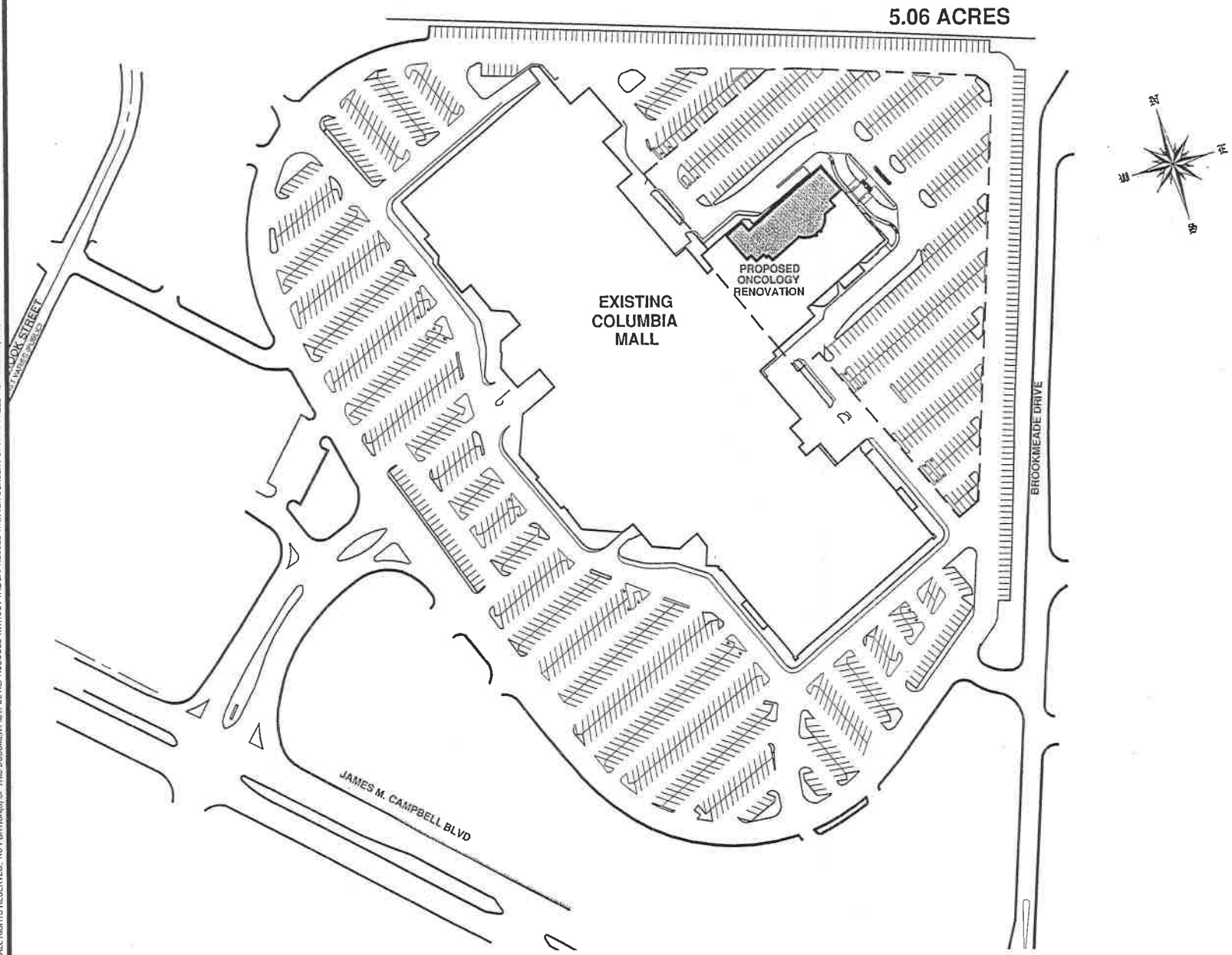
Attachment C – Economic Feasibility - 2 – Funding Letter

Attachment C – Economic Feasibility – 10 – Financial Information

Attachment C – Contribution to Orderly Development 7(c) – License

Attachment C – Contribution to Orderly Development 7(d) – Survey and Plan of Correction

Attachment B.III.(A) – Plot Plan



SITE PLAN

NOT TO SCALE

HFR DESIGN
1910
ARCHITECTURE
ENGINEERING
PLANNING
INTERIORS

HART FREELAND ROBERTS, INC.
7101 Executive Center Drive
Suite 300
Brentwood, TN 37027

615.370.8500 phone
615.370.8530 fax
www.hfrdesign.com web

Nashville, Tennessee
Jackson, Tennessee
Kansas City, Missouri
Louisville, Kentucky

MRMC ONCOLOGY AT COLUMBIA MALL

MAURY REGIONAL MEDICAL CENTER
COLUMBIA, TENNESSEE

50

PROJ NUMBER: 2013064

DATE: JUNE 12, 2013

SITE PLAN

C
1.00

11 DATE: 6/21/2013 9:35:36 AM (KJAUDLE)
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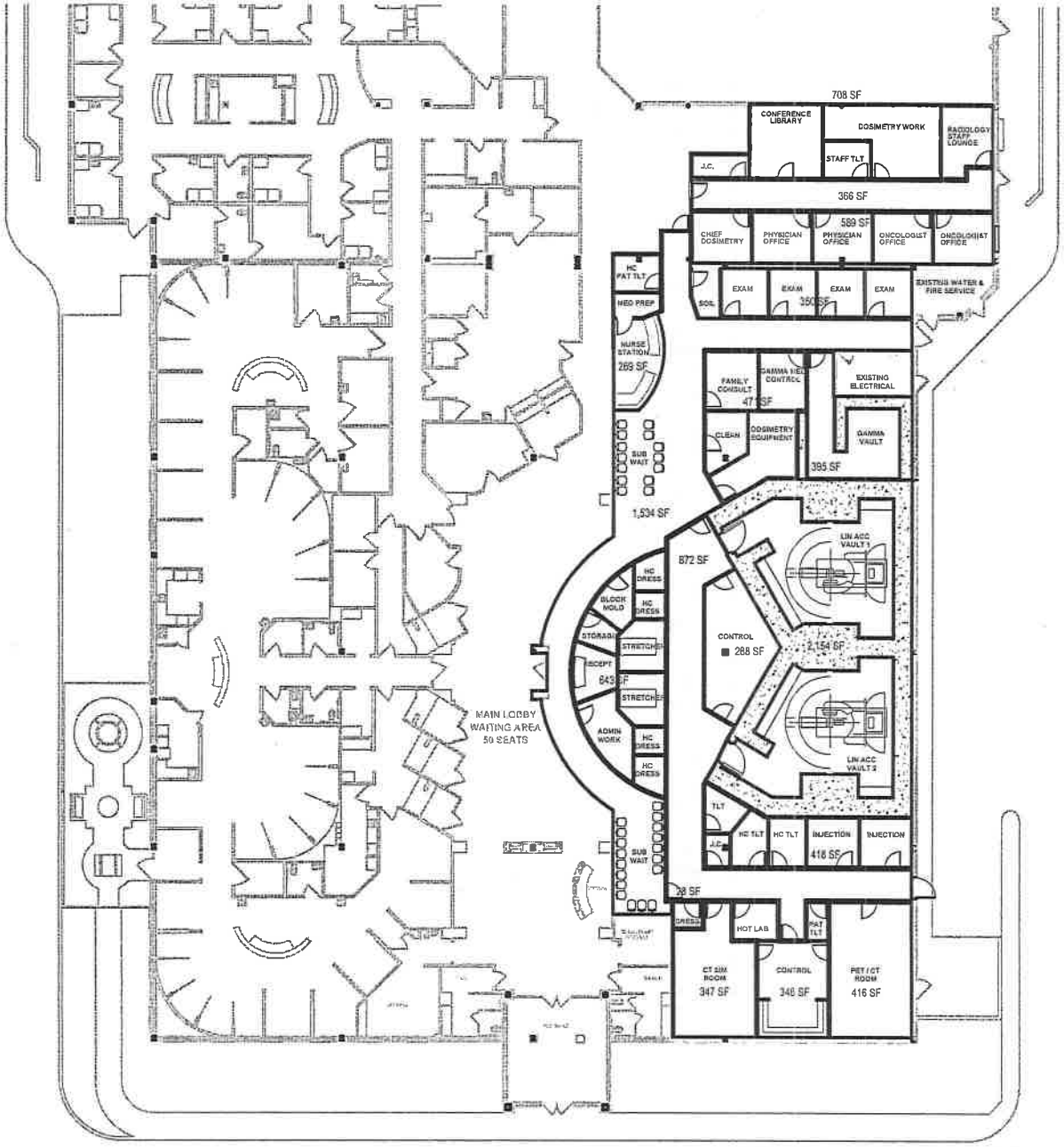
Attachment B.IV – Floor Plan



FLOOR PLAN

10,736 SF TOTAL

0 8' 16' 24' 48'

1/32" = 1'-0"

HFR DESIGN

1 9 1 0

ARCHITECTURE
ENGINEERING
PLANNING
INTERIORS

HART FREELAND ROBERTS, INC.
7101 Executive Center Drive
Suite 300
Brentwood, TN 37027

615.370.8500 phone
615.370.8530 fax
www.hfrdesign.com web

Nashville, Tennessee
Jackson, Tennessee
Kansas City, Missouri
Louisville, Kentucky

MRMC ONCOLOGY
AT COLUMBIA MALL
MAURY REGIONAL MEDICAL CENTER
COLUMBIA, TN

52

PROJ NUMBER: 2013064

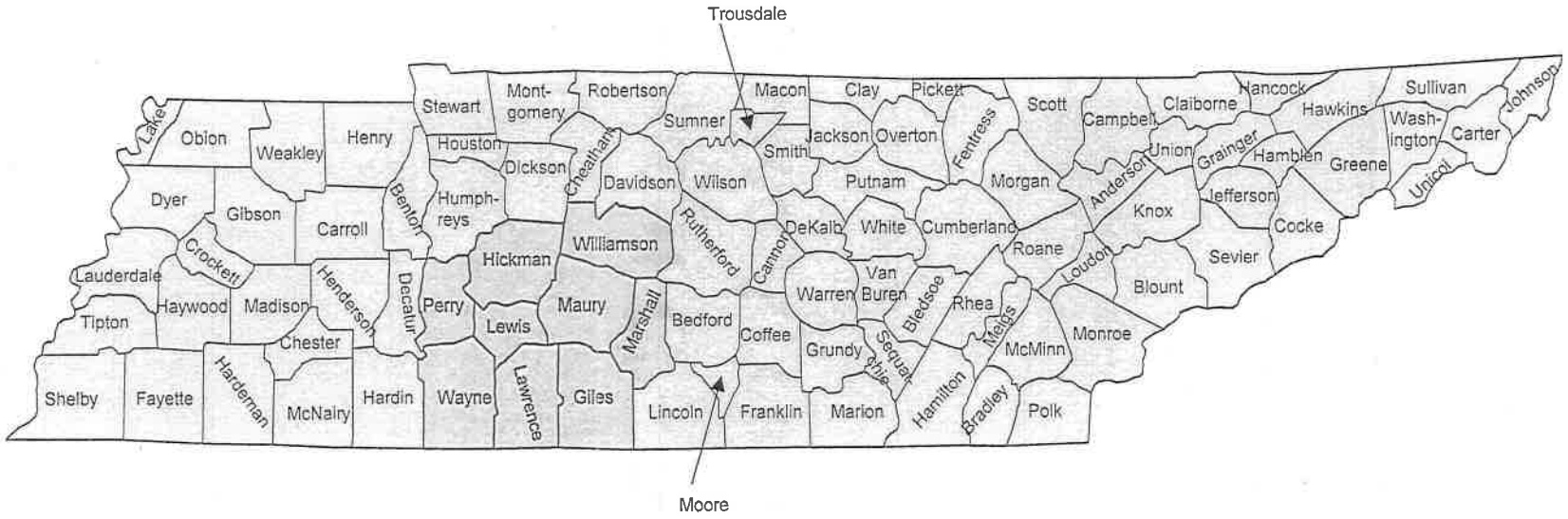
DATE: JUNE 12, 2013

FLOOR PLAN

A
1.00

Attachment C – Need 3 – Service Area Map

TENNESSEE


Trousdale
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Lake
Obion
Weakley
Henry
Stewart
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Robertson
Sumner
Macon
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Pickett
Scott
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Claiborne
Hancock
Hawkins
Sullivan
Johnson
Wash-
ington
Carter
Unicoi
Greene
Hamblen
Grainger
Union
Anderson
Jefferson
Knox
Cocke
Sevier
Blount
Loudon
Roane
Morgan
Fentress
Overton
Jackson
Smith
Putnam
Cumberland
White
DeKalb
Cannon
Rutherford
Wilson
Davidson
Cheatham
Dickson
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Carroll
Crockett
Lauderdale
Tipton
Haywood
Madison
Henderson
Decatur
Perry
Hickman
Williamson
Maury
Lewis
Marshall
Bedford
Coffee
Warren
Van
Buren
Bledsoe
Rhea
Meigs
McMinn
Monroe
Grundy
Sequatchie
Hamilton
Bradley
Polk
Marion
Franklin
Lincoln
Giles
Lawrence
Wayne
Hardin
McNairy
Hardeman
Chester
Fayette
Shelby

Attachment C – Economic Feasibility 1 – Appraisal Letter and Architect Letter

2013 JUL 12 PM 2 19

RealtyCorp

Jim Parks, CCIM, CPM

219 West Seventh Street
P.O. Box 1732
Columbia, TN 38402-1732
Phone: 931.388.9100
Cell: 931.619.9100
Fax: 931.388.0154
e-mail: jparks@ccim.net

July 3, 2013

Ms. Sarah Lodge Talley
Butler/Snow
Suite 1600
The Pinnacle at Symphony Place
150 3rd Avenue South
Nashville, TN 37201

Re: Columbia, TN

Dear Ms. Talley:

This letter is in response to your request regarding the potential fair market value of an existing 11,000 square feet of commercial space located at the Columbia Mall. Generally, this trade area has a historical trend of being the predominant retail and medical district serving a trade area of approximately 7 south central counties. In regards to the subject 11,000 square feet of existing improvements, I would feel comfortable estimating the fair market value to be in the $880,000 range. This potential value is based on the subject property's location, size and age while also taking into consideration comparable sales of other commercial use properties within this trade area.

Please advise of any questions concerning my opinion statements indicated above or of any further assistance required.

Sincerely,

Jim Parks, CCIM

email@hfrdesign.com
615.370.8530 fax
615.370.8500
Brentwood, TN 37027
7101 Executive Center Drive, Suite 300
HFR Design, Inc.

June 13, 2013

Mr. John Collier
Maury Regional Medical Center
1224 Trotwood Avenue
Columbia, TN 38401

RE: Maury Regional Medical Center Oncology Build Out at the Columbia Mall

Dear John:

With regards to the proposed CON for The Maury Regional Medical Center (MRMC) Oncology Build Out at Columbia Mall project, we will prepare plans for the build out in the shelled mall space designated for this work which will consist of 2 linear accelerator vaults and associated support space; a PET CT, a CT Simulator room and associated support space; a gamma vault, exam rooms and physician offices. The overall project area will be approximately 10,700 SF.

HFR DESIGN

We have reviewed the Square Footage and Cost Per Square Footage Chart that has been prepared for the Certificate of Need (CON) to the State of Tennessee for the Maury Regional Medical Center Oncology Build Out at the Columbia Mall in Columbia, Tennessee. The proposed construction cost of $2,500,000 or an average of $232.86/SF for a 10,736 square foot project built out in existing space appears reasonable and accurate in today's construction market.

To the best of my knowledge and belief, the expanded facility will meet the Guidelines for Design and Construction of Health Care Facilities and applicable local, state and federal standards.

We have reviewed the codes proposed for the MRMC Oncology Build Out at the Columbia Mall. The following codes are adopted by the reviewing authorities:

Applicable Local codes – City of Columbia
INTERNATIONAL BUILDING CODE - Edition: 2006

INTENATIONAL ENERGY CONSERVATION CODE - Edition: 2006

INTERNATIONAL PLUMBING CODE - Edition: 2006

INTERNATIONAL MECHANICAL CODE - Edition: 2006

INTERNATIONAL FUEL GAS CODE - Edition: 2006

NATIONAL ELECTRIC CODE - Contact: Columbia Power System

HFR DESIGN

To: John Collier
June 13, 2013
Page: 2 of 2

NORTH CAROLINA ACCESSIBILITY CODE - Edition: 2002 with 2004 revisions

INTERNATIONAL FIRE CODE - Edition: 2006 (Code Source: International Code Council)

Applicable State Codes – State of Tennessee

2006 IBC INTERNATIONAL BUILDING CODE

2006 IMC INTERNATIONAL MECHANICAL CODE

2006 IFGC INTERNATIONAL FUEL GAS CODE

2006 IPC INTERNATIONAL PLUMBING CODE

2006 IECC INTERNATIONAL ENERGY CONSERVATION CODE

2005 NEC NATIONAL ELECTRIC CODE

2006 NFPA 101 LIFE SAFETY CODE

2010 ADA STANDARDS

2008 NATIONAL ELECTRIC CODE (REVIEW BY MIDDLE TENNESSEE ELECTRIC)

2010 FGI GUIDELINES

Building Classification:

Occupancy - Business
Construction Type - IIB, Fully Sprinklered

If you have any further questions, please do not hesitate to contact us.

Sincerely,

HFR Design, Inc.

Ronald L. Franks, AIA
Chairman

RLF:ef

Attachment C – Economic Feasibility – 2 – Funding Letter

MAURY REGIONAL
MEDICAL CENTER

July 9, 2013

Ms. Melanie Hill, Executive Director
Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

Re: Adequate Funding for Maury Regional Medical Center – Certificate of Need

Dear Ms. Hill,

Maury Regional Medical Center has sufficient cash reserves to fund 100% of the proposed project described in the Certificate of Need application. The estimated total cost for certificate of need purposes is $7,742,231.

Respectfully,

Nick A. Swift
SVP/Chief Financial Officer

NAS/sf

Attachment C – Economic Feasibility -10 – Financial Information

MAURY REGIONAL MEDICAL CENTER

BALANCE SHEET

2013 JUL 12 PM 2 19

May 31, 2013

	ASSETS	5/31/2013	4/30/2013	5/31/2012
1	CASH & INVESTMENTS	$20,745,689	$24,653,482	$21,197,215
	ACCOUNTS RECEIVABLE			
2	NET PATIENT ACCOUNTS RECEIVABLE	$25,490,594	$27,247,666	$25,612,180
3	ACCOUNTS RECEIVABLE OTHER	$716,645	$862,249	$993,179
4	INTEREST RECEIVABLE	$112,999	$103,259	$104,030
5	INTERCOMPANY RECEIVABLES	$1,403,918	$1,373,179	$988,378
6	TOTAL ACCOUNTS RECEIVABLE	$27,724,156	$29,586,353	$27,697,767
7	INVENTORIES	$4,439,848	$4,402,296	$4,662,842
8	PREPAID EXPENSES	$2,264,973	$2,447,892	$2,093,609
	PROPERTY, PLANT & EQUIP			
9	LAND, BUILDING, & EQUIPMENT	$330,769,760	$330,195,844	$314,920,773
10	LESS: ACCUMULATED DEPRECIATION	$215,853,399	$214,630,229	$201,161,794
11	NET PROPERTY PLANT & EQUIPMENT	$114,916,361	$115,565,615	$113,758,979
	NON-CURRENT ASSETS			
12	ASSETS WHOSE USE IS LIMITED	$34,244,081	$34,378,745	$34,085,006
13	NET INTANGIBLES	$71,591	$79,545	$167,044
14	LONG-TERM RECEIVABLES	$876,845	$893,415	$539,289
15	INVESTMENT IN AFFILIATES	$13,792,671	$11,262,773	$11,458,010
16	TOTAL ASSETS	$219,076,215	$223,270,116	$215,659,761

MAURY REGIONAL MEDICAL CENTER

BALANCE SHEET

May 31, 2013

	LIABILITIES & EQUITY	5/31/2013	4/30/2013	5/31/2012
	LIABILITIES & DEFERRED CREDITS			
17	ACCOUNTS PAYABLE	$5,104,842	$6,580,708	$5,602,269
18	PENSION FUND LIABILITY	$51,182	($19,569)	$60,667
19	INTERCOMPANY PAYABLES	$570	$1,277	$665
20	OTHER CURRENT LIABILITIES	$0	$0	$700,435
21	ACCRUED SALARIES & WAGES	$3,345,792	$2,543,943	$3,053,870
22	ACCRUED PTO PAY	$4,267,178	$4,167,867	$4,070,096
23	ACCRUED PAYROLL TAXES	$185,548	$132,480	$140,768
24	OTHER PAYROLL DEDUCTIONS	($15,991)	($13,764)	($36,395)
25	ACCRUED INTEREST PAYABLE	($1,168)	$280,205	($1,909)
26	BONDS PAYABLE - SHORT TERM	$4,205,000	$4,435,000	$4,035,000
27	NOTES PAYABLE - SHORT TERM	$849,515	$895,921	$81,400
28	LIABILITIES & DEFERRED CREDITS	$17,992,468	$19,004,068	$17,706,866
29	LONG TERM RESERVES	$9,912,967	$10,689,230	$11,494,651
30	OPERATING FUND BALANCE	$177,150,004	$176,820,727	$169,869,392
31	TOTAL LIABILITIES & OPER FUND BALANCE	$205,055,439	$206,514,025	$199,070,909
32	BONDS PAYABLE - LONG TERM	$14,020,776	$16,756,091	$16,588,852
33	TOTAL LIABILITIES & FUND BALANCE	$219,076,215	$223,270,116	$215,659,761

MAURY REGIONAL MEDICAL CENTER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FISCAL YEAR 2013

	CURRENT MONTH 5/31/2013	%	BUDGET MONTH 5/31/2013	%	SAME MONTH LAST YEAR 5/31/2012	%		CURRENT YTD 5/31/2013	%	BUDGET YTD 5/31/2013	%	PRIOR YTD 5/31/2012	%
1	$3,527,483	6.06%	$3,529,750	6.40%	$3,160,791	5.51%	I/P REVENUE - ROUTINE	$38,287,387	5.99%	$37,870,309	6.11%	$32,988,611	5.56%
2	$19,504,120	33.49%	$18,686,105	33.87%	$18,875,203	32.91%	I/P REVENUE - ANCILLARY	$205,589,092	32.16%	$196,622,009	31.73%	$192,494,353	32.47%
3	$23,031,603	39.55%	$22,215,855	40.27%	$22,035,994	38.42%	TOTAL I/P REVENUE	$243,876,479	38.15%	$234,492,318	37.84%	$225,482,964	38.03%
4	$35,205,610	60.45%	$32,946,605	59.73%	$35,315,763	61.58%	TOTAL O/P REVENUE	$395,430,121	61.85%	$385,199,287	62.16%	$367,420,868	61.97%
5	$58,237,213	100.00%	$55,162,460	100.00%	$57,351,757	100.00%	TOTAL GROSS PATIENT REVENUE	$639,306,600	100.00%	$619,691,605	100.00%	$592,903,833	100.00%
							DEDUCTIONS FROM REVENUE:						
6	$35,637,671	61.19%	$32,577,337	59.06%	$32,940,977	57.44%	CONTRACTUAL ALLOWANCES	$386,828,164	60.51%	$366,155,622	59.09%	$345,039,607	58.19%
7	$899,365	1.54%	$999,117	1.81%	$1,359,253	2.37%	CHARITY DISCOUNTS	$10,714,353	1.68%	$11,229,648	1.81%	$10,450,540	1.76%
8	($32,836)	-0.06%	$238,057	0.43%	$147,000	0.26%	RAC EXPENSES	$1,751,164	0.27%	$2,675,658	0.43%	$3,883,000	0.65%
9	$2,360,818	4.05%	$2,205,852	4.00%	$2,260,439	3.94%	PROVISION FOR UNCOLLECTIBLES	$26,737,342	4.18%	$24,792,845	4.00%	$23,731,550	4.00%
10	$38,865,019	66.74%	$36,020,363	65.30%	$36,707,669	64.00%	TOTAL DEDUCTIONS	$426,031,024	66.64%	$404,853,773	65.33%	$383,104,697	64.61%
11	$19,372,194	33.26%	$19,142,097	34.70%	$20,644,088	36.00%	NET PATIENT REVENUE	$213,275,576	33.36%	$214,837,832	34.67%	$209,799,136	35.39%
12	$884,732	4.57%	$735,549	3.84%	$752,981	3.65%	OTHER OPERATING REVENUE:	$8,881,753	4.16%	$8,091,039	3.77%	$8,233,606	3.92%
13	$20,256,927	104.57%	$19,877,646	103.84%	$21,397,068	103.65%	NET OPERATING REVENUE	$222,157,330	104.16%	$222,928,871	103.77%	$218,032,742	103.92%
							OPERATING EXPENSE SUMMARY:						
14	$8,126,044	41.95%	$8,270,234	43.20%	$8,022,482	38.86%	SALARIES & WAGES	$89,327,369	41.88%	$88,696,818	41.29%	$87,018,686	41.48%
15	$2,035,740	10.51%	$2,244,882	11.73%	$2,008,161	9.73%	BENEFITS	$23,912,027	11.21%	$24,128,576	11.23%	$22,493,337	10.72%
16	$3,948,123	20.38%	$3,779,047	19.74%	$3,865,399	18.72%	SUPPLIES	$43,905,397	20.59%	$43,653,281	20.32%	$42,902,392	20.45%
17	$68,332	0.35%	$60,789	0.32%	$84,876	0.41%	ADVERTISING	$549,890	0.26%	$684,345	0.32%	$536,084	0.26%
18	$168,441	0.87%	$294,299	1.54%	$232,341	1.13%	RENTAL/LEASE EXPENSE	$3,378,643	1.58%	$3,095,466	1.44%	$2,747,055	1.31%
19	$1,562,343	8.06%	$1,400,669	7.32%	$1,300,205	6.30%	PURCHASED SERVICES	$15,875,698	7.44%	$15,733,224	7.32%	$15,347,701	7.32%
20	$169,616	0.88%	$248,361	1.30%	$200,812	0.97%	REPAIRS & MAINTENANCE	$2,254,358	1.06%	$2,527,778	1.18%	$2,343,457	1.12%
21	$162,835	0.84%	$94,750	0.49%	$89,849	0.44%	INSURANCE	$691,813	0.32%	$1,042,250	0.49%	$789,264	0.38%
22	$428,854	2.21%	$368,973	1.93%	$295,630	1.43%	OTHER OPERATING EXPENSES	$3,892,413	1.83%	$4,475,847	2.08%	$3,707,566	1.77%
23	$333,323	1.72%	$340,551	1.78%	$421,802	2.04%	UTILITIES	$3,716,939	1.74%	$3,903,627	1.82%	$3,884,612	1.85%
24	$1,122,401	5.79%	$875,172	4.57%	$931,912	4.51%	PROFESSIONAL FEES	$11,399,647	5.35%	$9,907,814	4.61%	$8,804,623	4.20%
25	$0	0.00%	$0	0.00%	$0	0.00%	MANAGEMENT FEES	$0	0.00%	$0	0.00%	$0	0.00%
26	$18,126,052	93.57%	$17,977,727	93.92%	$17,453,470	84.54%	TOTAL OPERATING EXPENSES	$198,904,192	93.26%	$197,849,026	92.09%	$190,574,776	90.84%
27	$2,130,875	11.00%	$1,899,919	9.93%	$3,943,598	19.10%	NET OPERATING INCOME (LOSS)	$23,253,137	10.90%	$25,079,845	11.67%	$27,457,965	13.09%
							NONOPERATING INCOME (EXPENSE):						
28	$58,206	0.30%	$13,364	0.07%	$2,254	0.01%	GENERAL CONTRIBUTIONS	$572,259	0.27%	$405,786	0.19%	$333,199	0.16%
29	($3,599)	-0.02%	$0	0.00%	($9,622)	-0.05%	GAIN (LOSS) ON ASSET DISPOSAL	($16,696)	-0.01%	$0	0.00%	($68,728)	-0.03%
30	($416,686)	-2.15%	($208,290)	-1.09%	($291,637)	-1.41%	GAIN (LOSS) ON OTHER INVESTMENTS	($3,411,531)	-1.60%	($2,291,190)	-1.07%	($3,860,195)	-1.84%
31	($362,079)	-1.87%	($194,926)	-1.02%	($299,005)	-1.45%	TOTAL NONOPERATING INCOME (EXPENSE)	($2,855,969)	-1.34%	($1,885,404)	-0.88%	($3,595,724)	-1.71%
32	$1,768,796	9.13%	$1,704,993	8.91%	$3,644,593	17.65%	EBIDTA	$20,397,169	9.56%	$23,194,441	10.80%	$23,862,242	11.37%
33	$16,591	0.09%	$18,042	0.09%	$14,279	0.07%	INTEREST INCOME	$169,473	0.08%	$198,462	0.09%	$349,227	0.17%
34	($124,924)	-0.64%	$58,333	0.30%	$27,405	0.13%	INVESTMENT INCOME	$172,694	0.08%	$641,663	0.30%	$572,749	0.27%
35	$83,266	0.43%	$54,156	0.28%	$76,801	0.37%	INTEREST EXPENSE	$725,045	0.34%	$595,716	0.28%	$868,167	0.41%
36	$1,239,961	6.40%	$1,202,755	6.28%	$1,262,515	6.12%	DEPRECIATION EXPENSE	$13,628,783	6.39%	$13,287,090	6.18%	$13,005,899	6.20%
37	$7,954	0.04%	$7,954	0.04%	$7,954	0.04%	AMORTIZATION EXPENSE	$87,499	0.04%	$87,494	0.04%	$87,499	0.04%
38	$329,282	1.70%	$516,503	2.70%	$2,339,006	11.33%	NET MARGIN	$6,298,008	2.95%	$10,064,266	4.68%	$10,822,652	5.15%

MAURY REGIONAL HOSPITAL

Audited Combined Financial Statements (and Other Information)

Years Ended June 30, 2012 and 2011

PYA

Certified Public Accountants

MAURY REGIONAL HOSPITAL

Audited Combined Financial Statements (and Other Information)

Years Ended June 30, 2012 and 2011

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Maury Regional Hospital:

We have audited the accompanying combined balance sheets of Maury Regional Hospital (the Hospital), a part of the primary government of Maury County, Tennessee, as of June 30, 2012 and 2011 and the related combined statements of revenue, expenses and changes in net assets and cash flows for the years then ended. These combined financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal controls over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Maury Regional Hospital as of June 30, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Maury Regional Hospital has omitted a Management Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. The MD&A, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical contest. Our opinion on the basic financial statements is not affected by this missing information.

In accordance with *Government Auditing Standards,* we have also issued our report dated October 10, 2012 on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Pershing Yoakley: Associates PC

Knoxville, Tennessee
October 10, 2012

MAURY REGIONAL HOSPITAL

Combined Balance Sheets

	June 30, 2012	June 30, 2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 29,233,252	$ 15,219,864
Certificates of deposit	631,538	3,624,301
Investments	594,982	514,529
Patient accounts receivable, net of estimated allowance for doubtful accounts of approximately $29,800,000 in 2012 and $28,700,000 in 2011	33,098,787	32,677,216
Inventories	5,207,222	5,046,752
Prepaid expenses	2,497,302	3,490,160
Other receivables	1,276,556	1,118,346
TOTAL CURRENT ASSETS	72,539,639	61,691,168
ASSETS LIMITED AS TO USE	34,063,511	32,767,160
PROPERTY, PLANT AND EQUIPMENT, net	121,859,610	118,048,697
OTHER ASSETS		
Debt issue costs, net of accumulated amortization of $102,839 in 2012 and $255,765 in 2011	130,823	214,088
Other	1,083,998	1,105,390
TOTAL OTHER ASSETS	1,214,821	1,319,478
TOTAL ASSETS	$ 229,677,581	$ 213,826,503

	June 30, 2012	June 30, 2011
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 4,635,143	$ 4,905,385
Accounts payable and accrued expenses	11,242,749	6,845,552
Accrued salaries and wages	5,162,984	4,107,816
Accrued compensated absences	5,003,612	4,598,316
Accrued workers' compensation	3,679,238	3,848,982
Estimated amounts due to third party payors, net	4,365,750	4,166,103
Interest payable	63,702	111,781
TOTAL CURRENT LIABILITIES	34,153,178	28,583,935
OTHER LONG-TERM LIABILITIES, including estimated amounts due to third party payors and retirement benefits	7,932,249	7,789,688
LONG-TERM DEBT		
Bonds payable	20,525,913	24,624,668
Other long-term debt	1,198,283	1,086,967
	21,724,196	25,711,635
Less current portion	(4,635,143)	(4,905,385)
TOTAL LONG-TERM DEBT	17,089,053	20,806,250
COMMITMENTS AND CONTINGENCIES - Note J		
NET ASSETS		
Invested in capital assets, net of related debt	100,135,414	92,337,062
Unrestricted	70,367,687	64,309,568
TOTAL NET ASSETS	170,503,101	156,646,630
TOTAL LIABILITIES AND NET ASSETS	$ 229,677,581	$ 213,826,503

See notes to combined financial statements.

MAURY REGIONAL HOSPITAL

Combined Statements of Revenue, Expenses and Changes in Net Assets

	Year Ended June 30,	
	2012	*2011*
OPERATING REVENUE		
Net patient service revenue, net of estimated provision for bad debts of approximately $31,200,000 in 2012 and $28,700,000 in 2011	**$ 272,940,381**	$ 265,048,059
Other operating revenue	**10,333,743**	5,688,257
TOTAL OPERATING REVENUE	**283,274,124**	270,736,316
OPERATING EXPENSES		
Salaries, employee benefits and contract labor	**156,099,001**	148,144,914
Supplies	**50,565,033**	47,438,501
Purchased services	**21,664,436**	18,880,640
Professional fees	**5,858,446**	7,454,792
Repairs and maintenance	**3,136,989**	3,121,029
Utilities	**5,010,260**	5,198,079
Leases	**3,907,424**	4,230,939
Insurance	**1,338,799**	1,634,243
Other expenses	**6,362,469**	6,224,790
Depreciation and amortization	**16,396,008**	17,463,032
TOTAL OPERATING EXPENSES	**270,338,865**	259,790,959
INCOME FROM OPERATIONS	**12,935,259**	10,945,357
NONOPERATING REVENUE (EXPENSES)		
Contributions and grants	**856,916**	676,871
Investment income	**802,254**	697,704
Interest expense	**(818,691)**	(1,087,502)
Other	**(78,715)**	20,665
TOTAL NONOPERATING REVENUE, NET	**761,764**	307,738
EXCESS OF REVENUE OVER EXPENSES	**13,697,023**	11,253,095
Minority interest in losses of subsidiaries	**159,448**	95,921
CHANGE IN NET ASSETS	**13,856,471**	11,349,016
NET ASSETS, BEGINNING OF YEAR	**156,646,630**	145,297,614
NET ASSETS, END OF YEAR	**$ 170,503,101**	$ 156,646,630

See notes to combined financial statements.

MAURY REGIONAL HOSPITAL

Combined Statements of Cash Flows

	Year Ended June 30,	
	2012	*2011*
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from patients and insurance programs	$ **273,600,091**	$ 265,230,389
Payments to vendors for supplies and other	**(92,614,271)**	(96,911,134)
Payments to and on behalf of employees	**(155,547,354)**	(146,965,732)
Other receipts	**9,761,405**	5,238,454
NET CASH PROVIDED BY OPERATING ACTIVITIES	**35,199,871**	26,591,977
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES:		
Contributions and grants	**856,916**	676,871
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of property, plant and equipment	**(20,240,995)**	(14,579,937)
Proceeds from sale of equipment	**257,777**	666,367
Proceeds from issuance of long-term debt	**4,983,670**	266,400
Payments on long-term debt	**(8,718,259)**	(4,841,566)
Interest paid on long-term debt	**(1,035,261)**	(1,296,584)
Payment of debt issue costs	**(42,622)**	-
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	**(24,795,690)**	(19,785,320)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income received on cash and investments	**802,254**	697,704
Proceeds from maturities of certificates of deposit	**4,255,839**	8,611,512
Purchase of certificates of deposit	**(1,263,076)**	(7,248,602)
Purchases of investments	**(8,782,141)**	(21,365,773)
Investment in joint venture	**-**	(400,000)
Contribution from minority shareholder	**334,078**	-
NET CASH USED IN INVESTING ACTIVITIES	**(4,653,046)**	(19,705,159)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**6,608,051**	(12,221,631)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**22,625,201**	34,846,832
CASH AND CASH EQUIVALENTS, END OF YEAR	$ **29,233,252**	$ 22,625,201

	Year Ended June 30, 2012	Year Ended June 30, 2011
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED BALANCE SHEET CLASSIFICATIONS		
Cash and cash equivalents	$ 29,233,252	$ 15,219,864
Assets limited as to use	-	7,405,337
	$ 29,233,252	$ 22,625,201
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Income from operations	$ 12,935,259	$ 10,945,357
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation and amortization	16,396,008	17,463,032
Estimated provision for uncollectible accounts	31,190,961	28,721,811
Changes in:		
Patient accounts receivable	(31,612,532)	(32,593,971)
Inventories	(160,470)	58,699
Prepaid expenses	992,858	(311,150)
Estimated amounts due to third party payors	199,647	(213,849)
Other assets	(572,338)	(449,803)
Accounts payable and accrued expenses	4,397,197	(2,475,670)
Accrued salaries and wages	1,055,168	(449,902)
Accrued compensated absences	405,296	284,972
Accrued workers' compensation	(169,744)	6,190
Other long-term liabilities	142,561	5,606,261
TOTAL ADJUSTMENTS	22,264,612	15,646,620
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 35,199,871	$ 26,591,977

See notes to combined financial statements.

MAURY REGIONAL HOSPITAL

Notes to Combined Financial Statements

Years Ended June 30, 2012 and 2011

NOTE A--ORGANIZATION

Maury Regional Hospital (the Hospital) is operated and maintained by Maury County, Tennessee, under authority of and in compliance with the provisions of Chapter 125 of the Tennessee Private Acts of 1996. The federal, state, and local governments participated in the cost of constructing and equipping the Hospital under the Hill-Burton Act. For financial reporting purposes, the Hospital is considered an enterprise fund of Maury County, Tennessee (the County).

The Hospital's primary mission is to provide healthcare services to the residents of southern and middle Tennessee, including Giles, Hickman, Lawrence, Lewis, Marshall, Maury, Perry, Wayne, and Williamson counties.

The combined financial statements include the accounts of the following operating entities:

Maury Regional Medical Center (MRMC), located in Columbia, Tennessee, has been in operation since 1953 and presently has a 275-bed capacity with 20 beds designated for skilled nursing care, and also includes five medical office buildings in its service area.

Marshall Medical Center is an acute care hospital, located in Lewisburg, Tennessee, which was acquired by the Hospital in 1995 and, effective January 1, 2005, was designated a Critical Access Hospital with 25 licensed beds.

Wayne Medical Center is an acute care hospital with an 80-bed capacity located in Waynesboro, Tennessee, and has been leased by the Hospital since 1995 (see Note I).

Additionally, the combined financial statements include the following blended component units that provide healthcare services that support the Hospital's mission:

Family Health Group (FHG) is a nonprofit corporation which acquires, owns, operates, and manages physician practices in the Hospital's service area. The Hospital is the sole member of FHG.

Pulmonary and Critical Care Associates, Inc. (PCCA) was a taxable nonprofit corporation that operated a physician practice in the Hospital's service area. The Hospital was the sole member of PCCA. During 2012, PCCA was dissolved and became a division of FHG.

Maury Regional Ambulatory Care Center, Inc. (the Ambulatory Care Center) was a nonprofit corporation that provided medical care to non-emergent patients in the Hospital's service area. The Hospital was the sole member of the Ambulatory Care Center. During 2012, the Ambulatory Care Center was dissolved and became a division of FHG.

MAURY REGIONAL HOSPITAL

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE A--ORGANIZATION - Continued

Spring Hill Imaging Center, LLC (the Imaging Center) owns and operates an outpatient center that provides diagnostic and radiology services to patients in the Hospital's service area. The Imaging Center is owned 51% by the Hospital and a minority interest in the cumulative losses has been recognized as a receivable in the accompanying Combined Balance Sheets which represents the interests of physicians and other investors.

Maury Regional Healthcare Foundation is a not-for-profit organization formed in 2007 to coordinate the fundraising activities of the Hospital.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting: The Hospital utilizes the enterprise fund method of accounting. Revenue and expenses are recorded on the accrual basis. In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) Pronouncements.* This Statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure. This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting.* The Hospital adopted the provisions of this Statement during fiscal year 2011. The adoption did not have a material impact on the combined financial statements.

Recently Issued or Effective Accounting Pronouncements: In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus.* The Statement is effective for financial statement periods beginning after June 15, 2012 and amends Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis - for State and Local Governments.* This Statement modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Management of the Hospital is evaluating the impact of this Statement on the combined financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This Statement amends the net asset reporting requirements of GASB Statement No. 34 and other pronouncements by incorporating deferred outflows and inflows of resources into the definitions of the required components of the

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

residual measure and renaming that measure as net position, rather than net assets. This Statement will be effective in fiscal year 2013 for the Hospital and is not expected to materially impact the combined financial statements.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 65 establishes reporting standards that reclassifying items previously reported as assets or liabilities as deferred inflows or outflows. This Statement will be effective for the Hospital in 2014 and management is currently evaluating its impact on the combined financial statements.

In August 2010, FASB issued Accounting Standard Update 2010-23, *Measuring Charity Care for Disclosure*, that amends Topic 954, *Health Care Entities*. This Update provides amendments that require cost to be used as the measurement basis for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing the charity care. The amendments in this Update also require disclosure of the method used to identify or determine such costs. This Update was effective for the 2012 fiscal year and was applied retrospectively to 2011. Adoption of this Update by the Hospital required additional disclosure in the combined financial statements (see Note C).

Also, in August 2010, FASB issued Accounting Standard Update 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries,* which provides amendments that clarify that a healthcare entity should not net insurance recoveries against a related claim liability. Additionally, the amount of the claim liability should be determined without consideration of insurance recoveries. Prior to this Update, healthcare entities were permitted to net insurance recoveries against the accrual of malpractice claims or similar liabilities. This Update was adopted in 2012 by the Hospital and there was no significant impact upon adoption.

Estimates: The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America 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 combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: Cash and cash equivalents includes cash on hand, deposits in banks and investments with a maturity of three months or less when purchased, excluding any amounts whose use is limited by Board designation.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Inventories: Inventories consist principally of medical and surgical supplies and are reported at the lower of cost or market, with cost determined by the average cost method.

Patient Accounts Receivable: Patient accounts receivable are reported net of both an estimated allowance for contractual adjustments and an estimated allowance for uncollectible accounts. The contractual allowance represents the difference between established billing rates and estimated reimbursement from Medicare, TennCare and other third party payor programs. The bad debt allowance is estimated based upon the age of the account, prior experience and any unusual circumstances which affect the collectibility. The Hospital's policy does not require collateral or other security for patient accounts receivable and the Hospital routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies.

Investments and Assets Limited as to Use: Investments and assets limited as to use in debt and equity securities are reported at estimated fair value based on quoted market prices. Interest, dividends, and gains and losses (realized and unrealized) are included in investment income. The Board has designated certain assets as limited as to use for future capital improvements. Assets limited as to use consists of money market deposits, certificates of deposits, and investments.

Property, Plant and Equipment: Property, plant and equipment is reported at cost or fair value at date of gift, if donated. The Hospital has established a capitalization threshold of $1,000. Depreciation is calculated by the straight-line method to allocate the cost of the assets (other than land) over their estimated useful lives which ranges from 3 to 20 years for equipment and 10 to 40 years for buildings and land improvements. Equipment held under capital lease obligations is amortized using the straight-line method over the shorter of the estimated useful life or the lease term. This amortization is included with depreciation expense and as part of accumulated depreciation in the combined financial statements. Interest costs incurred on applicable borrowings outstanding during the construction period of capital assets is capitalized as part of the cost of acquiring the asset and is amortized on the same basis as the related capital asset. Costs of maintenance and repairs are charged to expense when incurred. The Hospital periodically reviews property, plant, and equipment for indications of potential impairment. Management does not believe any impairment exists as of June 30, 2012.

Debt Issue Costs: Debt issue costs are capitalized and amortized using the straight-line method over the life of the related obligation.

Compensated Absences: The Hospital's employees earn paid time off at varying rates depending on years of service. An accrual for paid time off is recorded in the period in which the employee earns the right to the compensation. Employees also earn sick leave benefits based on varying rates

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

depending on years of service and may accumulate sick leave up to a specified maximum. Employees are not paid for accumulated sick leave if they leave before retirement. However, employees who retire after the age of sixty may convert accumulated sick leave to termination payments. The estimated amount of sick leave which will ultimately be payable as termination payments is reported as a noncurrent liability in the combined financial statements. Due to uncertainties in this estimate, it is at least reasonably possible that management's estimate could change in 2013.

Net Assets: Net assets invested in capital assets, net of related debt consist of capital assets net of accumulated depreciation and reduced by the balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Unrestricted net assets* are remaining net assets that do not meet the definition of invested in capital assets, net of related debt.

Net Patient Service Revenue: Net patient service revenue is reported as services are rendered at estimated net realizable amounts, including estimated retroactive revenue adjustments under reimbursement agreements with third party payors. Estimated settlements under third party reimbursement agreements are accrued in the period the related services are rendered and adjusted in future periods as final settlements are determined. An estimated provision for bad debts is included in net patient service revenue.

Charity Care: The Hospital provides care without charge to patients who meet certain criteria under its charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue.

Operating Activities: The Hospital defines operating activities as reported on the Combined Statements of Revenue, Expenses and Changes in Net Assets as those that generally result from exchange transactions, such as payments for providing services and payments for goods and services received. Non-exchange transactions, including contributions and grants, as well as interest income and interest expense, are considered non-operating revenue and expenses.

Contributions and Grants: Revenues from contributions and grants are recognized when all eligibility requirements are met. Contributions and grants may be restricted for specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions, if any, are reported after nonoperating revenue and expenses.

Income Taxes: The Hospital meets the Internal Revenue Service definition of a governmental unit and is exempt from federal income taxes. Certain combined entities are taxable for federal purposes and account for income taxes in accordance with FASB ASC 740, *Income Taxes*. Due to current

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

year and prior year operating losses, no tax expense or benefit has been recognized in the accompanying combined financial statements.

Subsequent Events: The Hospital evaluated all events or transactions that occurred after June 30, 2012 through October 10, 2012, the date the combined financial statements were available to be issued. Management did not note any subsequent events that required recognition or disclosure in the combined financial statements at June 30, 2012.

NOTE C--PATIENT SERVICE REVENUE AND ACCOUNTS RECEIVABLE

The Hospital has agreements with various third party payors that provide for payments to the Hospital at amounts different from established rates. The difference between the rates charged and the estimated payments from third party payors is recorded as a reduction of gross patient service charges. Revenue for patient service charges have been adjusted to the amounts estimated to be receivable under third party payor arrangements. Amounts recorded under these contractual arrangements are subject to review and final determination by various program intermediaries. Management believes that adequate provision has been made for any adjustments which may result from such reviews. However, due to uncertainties in the estimates, it is at least reasonably possible that management's estimates will change in 2013. Net patient service revenue for the years ended June 30, 2012 and 2011 increased (decreased) by approximately ($600,000) and $900,000, respectively, due to adjustments of estimates or final settlements of prior periods.

A summary of the payment arrangements with significant third party payors follows:

Medicare: Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid primarily on a prospective basis. These rates vary according to a patient classification system that is based on clinical diagnosis, procedures utilized and other factors. The Medicare program continues to reimburse certain other services based on a per diem or on a percentage of cost up to predetermined limits. The Hospital also receives additional payments from the Medicare program for providing services to a disproportionate share of Medicaid (TennCare) and other low income patients. Approximately $11,600,000 and $9,300,000 of net patient accounts receivable are due from the Medicare program at June 30, 2012 and 2011, respectively.

TennCare: The State of Tennessee's Medicaid waiver program (TennCare) provides coverage through several managed care organizations. TennCare reimbursement for both inpatient and outpatient services is based upon prospectively determined rates and per diem amounts. Approximately $2,900,000 and $2,500,000 of net patient accounts receivable are from payors under the TennCare program at June 30, 2012 and 2011, respectively.

NOTE C--PATIENT SERVICE REVENUE AND ACCOUNTS RECEIVABLE - Continued

During 2012 and 2011, the Hospital received additional distributions under the TennCare Essential Access, federal matching and other programs totaling approximately $1,080,000 and $2,140,000, respectively. Future distributions under these programs are not guaranteed. During 2012, the Hospital received and recognized approximately $2,600,000 from Medicare and $760,000 from TennCare related to the implementation and meaningful use of electronic medical records as provided by the Health Information Technology for Economics and Clinical Health (HITECH) Act. These amounts are subject to audit and adjustment. Any future payments under this program are expected to be at a lessor amount.

Other Payors: The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates, discounts from established charges, and prospectively determined per diem amounts.

Charity Care: The Hospital provides care without charge to patients who meet certain criteria under its charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient revenue. The estimated direct and indirect cost of providing these services totaled approximately $4,230,000 and $4,260,000 in 2012 and 2011, respectively. Such costs are determined using a ratio of cost to charges analysis with indirect cost allocated under a reasonable and systematic approach.

A reconciliation of the amount of services provided to patients at established rates to net patient service revenue is as follows:

	Year Ended June 30	
	2012	*2011*
Patient service charges	$ 753,344,422	$ 695,178,988
Estimated contractual adjustments	(436,460,994)	(388,577,494)
Estimated provision for bad debts	(31,190,961)	(28,721,811)
Charity care	(12,752,086)	(12,831,624)
	$ 272,940,381	$ 265,048,059

NOTE D--CASH, CASH EQUIVALENTS, CERTIFICATES OF DEPOSIT, INVESTMENTS AND ASSETS LIMITED AS TO USE

The carrying amount of deposits and investments included in the Hospital's Combined Balance Sheets is as follows:

MAURY REGIONAL HOSPITAL

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE D--CASH, CASH EQUIVALENTS, CERTIFICATES OF DEPOSIT, INVESTMENTS AND ASSETS LIMITED AS TO USE - Continued

	2012	*2011*
Bank deposits	$ 35,842,426	$ 27,805,376
Investments	28,680,857	24,320,478
	$ 64,523,283	$ 52,125,854

These amounts are included in the combined financial statements as follows:

	2012	*2011*
Cash and cash equivalents	$ 29,233,252	$ 15,219,864
Certificates of deposit	631,538	3,624,301
Investments	594,982	514,529
Assets limited as to use	34,063,511	32,767,160
	$ 64,523,283	$ 52,125,854

The Hospital holds deposits only in banks participating in the State of Tennessee Collateral Pool, and in banks that provide collateral for all deposits or banks that are members of the Federal Deposit Insurance Corporation (FDIC). Certificates of deposit in excess of the FDIC insurance limit must be issued by a bank that is a member of the Certificate of Deposit Account Registry Service.

Additionally, the Hospital's deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

At June 30, 2012, the Hospital's bank balances for deposits totaled $38,778,457, a majority of which was insured by the FDIC or by the bank's participation in the State of Tennessee's collateral pool. Deposits totaling $6,982,467 are collateralized by securities held by the financial institution and pledged as collateral for the Hospital's deposits.

MAURY REGIONAL HOSPITAL

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE D--CASH, CASH EQUIVALENTS, CERTIFICATES OF DEPOSIT, INVESTMENTS AND ASSETS LIMITED AS TO USE - Continued

The estimated fair values and maturities for investments, all of which were held in the Hospital's name by a custodial bank that is an agent of the Hospital, are as follows:

Investment Type	*Carrying Amount*	*Investment Maturities in Years*		
		Less than 1	*1-5*	*N/A*
June 30, 2012				
Mutual funds - fixed income	$ 4,499,441	$ 4,499,441	$ -	$ -
Mutual funds - equity	371,572	-	-	371,572
Government agency bonds	18,129,575	-	18,129,575	-
Corporate bonds	5,680,269	504,950	5,175,319	-
	$ 28,680,857	$ 5,004,391	$ 23,304,894	$ 371,572
June 30, 2011				
Mutual funds - fixed income	$ 3,455,070	$ 3,455,070	$ -	$ -
Mutual funds - equity	281,998	-	-	281,998
Government agency bonds	18,572,390	-	18,572,390	-
Corporate bonds	2,011,020	-	2,011,020	-
	$ 24,320,478	$ 3,455,070	$ 20,583,410	$ 281,998

Interest Rate Risk: As a means to limiting its exposure to fair value losses by rising interest rates, the Hospital's investment policy limits investment in U.S. treasury securities, government agency bonds or notes, corporate bonds, and municipal bonds to those with maturities of less than five years.

Credit Risk: The Hospital's investment policy restricts investments in corporate bonds and municipal bonds to those with a credit rating of at least AA. Mutual fund's underlying investments must meet the same credit ratings as other investments. At June 30, 2012, all the Hospital's investments in corporate bonds were rated at least AA by Standard and Poor's.

Concentration of Credit Risk: The Hospital's investment policy limits investments in corporate bonds to 50% of total investments with no security issuer exceeding 5% of total investments and municipal bonds to 25% of total investments with no security issuer exceeding 5% of total investments. There is no limit on investments in U.S. treasury securities, government agency bonds or notes. Mutual funds containing corporate bonds should not exceed 50% of total investments and a single mutual fund should not exceed 25% of total investments.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Hospital will be able to recover the value of its investment or collateral. All investments are in the Hospital's name at a custodial bank.

MAURY REGIONAL HOSPITAL

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE E--PROPERTY, PLANT AND EQUIPMENT

A summary of changes in property, plant and equipment and related accumulated depreciation for the years ended June 30, 2012 and 2011 is as follows:

	Balance July 1, 2011	*Additions/ Transfers*	*Retirements*	*Balance June 30, 2012*
Capital assets being depreciated				
Land improvements	$ 5,556,184	$ -	$ -	$ 5,556,184
Buildings	167,858,578	4,272,457	-	172,131,035
Equipment	140,564,575	11,998,756	(3,448,175)	149,115,156
Total capital assets being depreciated	313,979,337	16,271,213	(3,448,175)	326,802,375
Less accumulated depreciation for:				
Land improvements	3,715,609	191,185	-	3,906,794
Buildings	86,497,691	7,297,984	-	93,795,675
Equipment	114,883,686	8,658,404	(3,165,666)	120,376,424
Total accumulated depreciation	205,096,986	16,147,573	(3,165,666)	218,078,893
Total capital assets being depreciated, net	108,882,351	123,640	(282,509)	108,723,482
Capital assets not being depreciated				
Land	6,265,880	1,564,483	-	7,830,363
Construction in progress	2,900,466	2,405,299	-	5,305,765
Total capital assets not being depreciated	9,166,346	3,969,782	-	13,136,128
Total capital assets, net	$ 118,048,697	$ 4,093,422	$ (282,509)	$ 121,859,610

	Balance July 1, 2010	*Additions/ Transfers*	*Retirements*	*Balance June 30, 2011*
Capital assets being depreciated				
Land improvements	$ 5,424,616	$ 131,568	$ -	$ 5,556,184
Buildings	166,452,249	1,423,641	(17,312)	167,858,578
Equipment	134,045,305	10,060,135	(3,540,865)	140,564,575
Total capital assets being depreciated	305,922,170	11,615,344	(3,558,177)	313,979,337
Less accumulated depreciation for:				
Land improvements	3,539,538	176,071	-	3,715,609
Buildings	79,331,452	7,166,239	-	86,497,691
Equipment	108,053,533	9,864,265	(3,034,112)	114,883,686
Total accumulated depreciation	190,924,523	17,206,575	(3,034,112)	205,096,986
Total capital assets being depreciated, net	114,997,647	(5,591,231)	(524,065)	108,882,351
Capital assets not being depreciated				
Land	5,098,378	1,167,502	-	6,265,880
Construction in progress	1,103,375	1,797,091	-	2,900,466
Total capital assets not being depreciated	6,201,753	2,964,593	-	9,166,346
Total capital assets, net	$ 121,199,400	$ (2,626,638)	$ (524,065)	$ 118,048,697

MAURY REGIONAL HOSPITAL

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE E--PROPERTY, PLANT AND EQUIPMENT - Continued

During 2012 and 2011, the Hospital capitalized interest expense on construction projects totaling approximately $197,000 and $78,000, respectively. Construction in progress at June 30, 2012 consists primarily of facility renovations and the total estimated costs required to complete construction in progress is approximately $1,300,000.

NOTE F--LONG-TERM DEBT

Long-term debt consists of the following as of June 30:

	2012	*2011*
Bonds Payable:		
Series 2012B, Maury County General Obligation Bond issued on behalf of the Hospital, with interest rates from 1.50% to 2.00%, maturing over a 8-year period, with the final payment due April 1, 2020.	$ 4,605,000	$ -
Series 2006B, Maury County General Obligation Bond issued on behalf of the Hospital, with an interest of 4.00%, maturing over a 7-year period, with the final payment due June 1, 2014.	$ 2,570,000	$ 3,775,000
Series 2006, Maury County General Obligation Bonds issued on behalf of the Hospital, with interest rates from 4.125% to 5.00%, maturing over a 15-year period, with the final payment due June 1, 2021.	12,680,000	14,100,000
Series 2005, Maury County General Obligation Bonds rate of 3.50%, with final payment due June 30, 2013.	280,000	2,845,000
Series 2004B, Maury County General Obligation Refunding Bonds issued on behalf of the Hospital; all outstanding principal redeemed during 2012.	-	3,225,000
Total bonds payable	20,135,000	23,945,000
Unamortized gain (loss) on refunding	107,391	(106,203)
Unamortized premiums	283,522	785,871
Total bonds payable, net of unamortized gain (loss) and premiums	20,525,913	24,624,668

NOTE F--LONG-TERM DEBT - Continued

	2012	*2011*
Other Long-term Debt:		
Notes payable with interest rates ranging from 0% to 6.29% maturing through January, 2014 and secured by equipment and property with a net book value of $1,027,441 at June 30, 2012	407,650	45,573
Line of credit with interest rate of 5.25% due in 2015, maximum available of $775,000	703,318	710,243
Capital lease obligations - see Note H	87,315	331,151
Total other long-term debt	1,198,283	1,086,967
	21,724,196	25,711,635
Less: current portion	4,635,143	4,905,385
	$ 17,089,053	$ 20,806,250

The Hospital's bonds payable are general obligation bonds of Maury County, Tennessee. The bonds were issued for the purpose of acquiring property and equipment or for the retirement of previously outstanding bonds and notes and are secured by unlimited ad valorem taxes on all taxable property within the County.

In May 2012, Maury County issued the Series 2012B General Obligation Refunding Bonds in the amount of $4,605,000. The 2012B Bonds were dated May 23, 2012 and were issued to advance refund all of the outstanding Series 2004B Bonds and the portion of the Series 2005 Bonds maturing June 1, 2014 through June 1, 2020. The 2012B Bonds bear interest at rates ranging from 1.5% to 2.0% and have annual maturities ranging from $315,000 to $1,475,000. Interest on the 2012B Bonds is payable semiannually on April 1 and October 1 of each year. The 2012B Bonds are not subject to redemption prior to maturity. The Hospital's advanced refunding resulted in a gain of $107,391 that has been deferred and reported as a component of bonds payable. The deferred gain will be recognized in operations in future years using the straight-line method.

The Series 2006 Bonds maturing on or after June 1, 2017 are subject to redemption prior to maturity at the option of the County on June 1, 2016 or thereafter, at a redemption price of par plus accrued interest.

The Hospital's scheduled principal maturities on all long-term debt as of June 30, 2012 (including the capital lease obligations and excluding unamortized premiums and gain on refunding) follows:

MAURY REGIONAL HOSPITAL

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE F--LONG-TERM DEBT - Continued

Year Ending June 30	*Principal*	*Interest*
2013	$ 4,635,143	$ 796,294
2014	4,199,822	670,371
2015	2,438,318	517,187
2016	1,735,000	402,963
2017	1,740,000	325,663
2017-2021	6,585,000	640,157
	$ 21,333,283	$ 3,352,635

A schedule of changes in long-term debt for the years ended June 30, 2012 and 2011 is as follows:

	Balance July 1, 2011	*Additions/ Amortization*	*Payments/ Maturities*	*Balance June 30, 2012*	*Amounts Due Within One Year*
Bonds payable	$ 23,945,000	$ 4,605,000	$ (8,415,000)	$ 20,135,000	$ 4,135,000
Unamortized gain (loss) on refunding	(106,203)	147,218	66,376	107,391	-
Unamortized premiums	785,871	(108,213)	(394,136)	283,522	-
Other long-term debt	1,086,967	414,575	(303,259)	1,198,283	500,143
	$ 25,711,635	$ 5,058,580	$ (9,046,019)	$ 21,724,196	$ 4,635,143

	Balance July 1, 2010	*Additions/ Amortization*	*Payments/ Maturities*	*Balance June 30, 2011*	*Amounts Due Within One Year*
Bonds payable	$ 27,790,000	$ -	$ (3,845,000)	$ 23,945,000	$ 3,910,000
Unamortized loss on refunding	(146,030)	39,827	-	(106,203)	-
Unamortized premiums	992,728	(206,857)	-	785,871	-
Other long-term debt	1,817,133	266,400	(996,566)	1,086,967	995,385
	$ 30,453,831	$ 99,370	$ (4,841,566)	$ 25,711,635	$ 4,905,385

NOTE G--EMPLOYEE BENEFIT PLANS

Defined Benefit Plan: Prior to May 1, 1997, all employees of the Hospital were eligible to participate in the Maury Regional Hospital Retirement Plan (the Plan), a single-employer public retirement system (PERS), accounted for as a separate entity from the Hospital. The purpose of the Plan is to provide retirement, death, and certain other benefits to employees as specified in the Plan.

The actuarial method generally employed to determine contributions to the Plan is the entry age normal actuarial cost method. Although it has not expressed any intention to do so, the Hospital has

NOTE G--EMPLOYEE BENEFIT PLANS - Continued

the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA.

The Plan was amended effective May 1, 1997 to stop accrual of benefit service on April 30, 1997 for participants who made an irrevocable election to participate in the Maury Regional Healthcare System 403(b) Plan on May 1, 1997. As of May 1, 2012, 113 participants are earning future service accruals. Employees hired after May 1, 1997, are not eligible to participate in the Plan.

Defined Benefit Plan Funding Policy: Voluntary contributions may not be made by participants. The Hospital's contributions are based on an actuarially determined rate. The Hospital's annual pension cost for 2012 was $728,000. The Hospital's net pension obligation to the Plan for 2012 and 2011 was zero. The annual required contribution for the current year was determined as part of the May 1, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions used included the following:

- 8.00% investment rate of return
- projected salary increases ranging from 4.0% to 7.5% per year
- amortization method - level dollar amount

Three-Year Trend Information

Fiscal Year	*Annual Required Contribution*	*Percentage Contributed*	*Pension Obligation*
April 30, 2010	785,010	100.00%	-
April 30, 2011	752,987	100.00%	-
April 30, 2012	728,000	100.00%	-

A schedule of funding progress for the Plan follows:

Actuarial Valuation Date	*Actuarial Value of Assets (a)*	*Actuarial Accrued Liability (AAL) (b)*	*Unfunded AAL (UAAL) (b-a)*	*Funded Ratio (a/b)*	*Covered Payroll (c)*	*UAAL as a % of Covered Payroll (b-a)/c*
May 1, 2010*	39,793,024	43,271,426	3,478,402	92.0%	5,423,206	64.1%
May 1, 2011*	40,609,452	43,936,214	3,326,762	92.4%	5,061,006	65.7%
May 1, 2012*	41,072,361	45,825,802	4,753,441	89.6%	5,236,422	90.8%

*Entry age normal actuarial method utilized for determining the unfunded actuarial liability.

NOTE G--EMPLOYEE BENEFIT PLANS - Continued

The unfunded actuarial accrued liability is being amortized as a level percentage of covered payroll over 30 years beginning in fiscal 2009.

Defined Contribution Plan: Effective May 1, 1997, the Hospital implemented a defined contribution plan which includes a 403(b) feature and an employer matching provision and covers substantially all hourly and salaried employees. Voluntary contributions may be made by the participants as a percentage of annual compensation not to exceed Internal Revenue Service limits. The Hospital's contribution consists of a base contribution of 3% of annual covered compensation and a matching contribution equal to 50% of the employees' first 5% of annual compensation contributed. The Hospital's total contributions for the years ended June 30, 2012 and 2011 amounted to approximately $4,270,000 and $3,930,000, respectively.

NOTE H--LEASES

Capital Leases: The Hospital leases medical equipment under various capital lease agreements with interest rates ranging from 7.03% to 15.7%. A summary of the leased equipment, which is included in property, plant and equipment, at June 30 is as follows:

	2012	*2011*
Equipment acquired under capital leases	$ 290,975	$ 2,169,151
Less accumulated amortization	(196,496)	(1,851,470)
	$ 94,479	$ 317,681

The following is a schedule of the future minimum lease payments required under capital leases as of June 30, 2012:

Year Ending June 30,	
2013	$ 83,779
2014	9,899
Total minimum lease payments	93,678
Amount representing interest	(6,363)
Present value of minimum lease payments	$ 87,315

NOTE H--LEASES - Continued

Operating Leases: The Hospital also rents office space and equipment under various non-cancelable operating lease agreements with varying terms. Rent expense under operating lease agreements totaled approximately $3,910,000 and $4,230,000 for the years ended June 30, 2012 and 2011, respectively. Future minimum lease commitments for all significant non-cancelable operating leases are as follows:

Year Ending June 30,	
2013	$ 2,469,210
2014	1,358,984
2015	1,231,141
2016	690,487
2017	65,295
	$ 5,815,117

Leases with Physicians: The Hospital leases office space in its medical office buildings to physicians under non-cancelable operating leases with varying terms. Rental income under these lease agreements totaled approximately $1,210,000 and $1,090,000 for the years ended June 30, 2012 and 2011, respectively. Future minimum lease commitments to the Hospital for all significant non-cancelable operating leases are as follows:

Year Ending June 30,	
2013	$ 879,948
2014	320,719
2015	1,764
	$ 1,202,431

NOTE I--LEASED HEALTHCARE FACILITIES

Effective July 1, 2005, the Hospital entered into the first of two 5-year renewal options provided under a lease arrangement with the Board of Trustees of Wayne County General Hospital for the operation of several Wayne County healthcare facilities, including the county hospital, nursing home, ambulance service and medical office buildings. The lease also extends to all equipment, improvements, fixtures and related personal property. The annual lease expense under the first renewal consisted of a base rent of $175,000 and an annual capital improvement commitment of $175,000. Effective July 1, 2010, the lease was amended to exclude the operations of the nursing

NOTE I--LEASED HEALTHCARE FACILITIES - Continued

home. The annual lease expense, as amended, is $150,000 for the first year only and an annual capital improvement commitment of $200,000. The amended lease provides for two five-year renewal options which occur automatically unless the Hospital provides notice of its intent to terminate the lease at least 180 days in advance.

NOTE J--COMMITMENTS AND CONTINGENCIES

General Liability Claims: The Hospital is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Hospital maintains commercial insurance coverage for each of those risks of loss. Management believes such coverage is sufficient to preclude any significant losses to the Hospital.

Malpractice Liability Claims: The Hospital is subject to claims and suits arising in the ordinary course of business from services provided to patients. Losses against the Hospital are limited by the Tennessee Governmental Tort Liability Act to $300,000 for injury or death per person and $700,000 per occurrence. However, claims against healthcare practitioners are not subject to these limits. The Hospital maintains professional liability insurance on a claims made basis with limits of $1,000,000 per occurrence with a retention of $250,000 per claim and a $3,000,000 annual aggregate with a $750,000 annual aggregate retention. The Hospital has estimated and recorded a liability for reported claims totaling approximately $640,000 and $950,000 at June 30, 2012 and 2011, respectively. In management's opinion, the Hospital is currently not a party to any proceeding, the ultimate resolution of which will have a material adverse effect on the Hospital's results of operations or financial condition. The Hospital has not estimated any liability for incurred but not reported claims.

Workers' Compensation Claims: The Hospital is covered for workers' compensation claims through an insurance policy with a deductible of $500,000 per claim. Management has recorded an accrual for the estimated liability related to claims reported as of June 30, 2012 and 2011. The Hospital has not estimated any liability for incurred but not reported claims.

Healthcare Benefits: The Hospital maintains a partially self-insured healthcare plan to provide reimbursement for covered expenses incurred as a result of illness or injury to covered employees and dependents. Stop-loss insurance is purchased for annual claims per individual exceeding $250,000 in both 2012 and 2011 with a life-time maximum per individual totaling $750,000. The Hospital has estimated and recorded a liability for healthcare claims incurred but not yet reported totaling approximately $1,600,000 at both June 30, 2012 and 2011. Employees that retire after attaining age sixty and completing twenty years of service will receive continued coverage under the Hospital's health benefit program until they attain age sixty-five or become eligible for Medicare benefits. The estimated amount of retirement health benefits payable totaled approximately

NOTE J--COMMITMENTS AND CONTINGENCIES - Continued

$250,000 and $270,000 at June 30, 2012 and 2011, respectively, and is reported as a noncurrent liability in the combined financial statements. Due to uncertainties in the estimate, it is at least reasonably possible that management's estimate could change in 2013.

Healthcare Industry: The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, Medicare fraud and abuse and under the provisions of the Health Insurance Portability and Accountability Act of 1996, patient records privacy and security. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers, such as the Medicare Recovery Audit Contractor Program. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Management believes that any amounts payable related to audits through the Medicare Recovery Audit Contractor program, or similar initiatives, have been estimated and recorded as Other Long-term Liabilities in the combined financial statements and therefore, any additional impact on the combined financial statements will not be significant. However, due to the uncertainties involved, management's estimate could change in the near future.

Healthcare Reform: In March 2010, Congress adopted comprehensive health care insurance legislation, the Patient Care Protection and Affordable Care Act and the Health Care and Education Reconciliation Act. The legislation, among other matters, is designed to expand access to health care coverage to substantially all citizens by 2019 through a combination of public program expansion and private industry health insurance. Changes to existing TennCare coverage and payments are also expected to occur as a result of this legislation. Implementing regulations are generally required as a result of such legislation over a period of several years. Accordingly, the impact of any future regulations is not determinable.

NOTE K--FAIR VALUE OF FINANCIAL INSTRUMENTS

Management believes that carrying value approximates fair value for the majority of the Hospital's financial assets and liabilities. The estimated fair value of bonds payable, which are general obligation bonds of Maury County, is $20,566,553 and $24,510,471 at June 30, 2012 and 2011, respectively.

NOTE K--FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Generally accepted accounting principles establish a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

- Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Hospital's investments are reported at fair value on a recurring basis based on Level 1 inputs at June 30, 2012 and 2011.

Other Information

PERSHING YOAKLEY & ASSOCIATES, P.C.
One Cherokee Mills, 2220 Sutherland Avenue
Knoxville, TN 37919
p: (865) 673-0844 | f: (865) 673-0173
www.pyapc.com

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Maury Regional Hospital:

We have audited the combined financial statements of Maury Regional Hospital (the Hospital) as of and for the years ended June 30, 2012 and 2011, and have issued our report thereon dated October 10, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Hospital's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's combined financial statements are free of material misstatement we performed tests of its compliance with certain

provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of combined financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees, management and the Comptroller of the Treasury, Department of Audit of the State of Tennessee, and is not intended to be and should not be used by anyone other than these specified parties.

Pearlin Yoakley & Associates PC

Knoxville, Tennessee
October 10, 2012

Attachment C – Contribution to Orderly Development 7(c) – License

Board for Licensing Health Care Facilities

State of Tennessee

0000000074

No. of Beds 0255

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to

MAURY COUNTY *to conduct and maintain a*

Hospital MAURY REGIONAL HOSPITAL

Located at 1224 TROTWOOD AVENUE, COLUMBIA

County of MAURY *, Tennessee.*

This license shall expire APRIL 16 *,* 2014 *, and is subject to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.*

In Witness Whereof, we have hereunto set our hand and seal of the State this 16TH *day of* APRIL *,* 2013 *.*

In the Distinct Category(ies) of: GENERAL HOSPITAL
PEDIATRIC BASIC HOSPITAL

By Vincent J. Davis, MPH
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By John J. Dreyzehner, MD
COMMISSIONER

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DCF011

Attachment C – Contribution to Orderly Development 7(d) – Survey and Plan of Correction

STATE OF TENNESSEE
DEPARTMENT OF HEALTH
WEST TENNESSEE HEALTH CARE FACILITIES
2975 C HIGWAY 45 BYPASS
JACKSON, TENNESSEE 38305
(731)984-9684

July 12, 2011

Administrator
Maury Regional Hospital
1224 Trotwood Avenue
Columbia, TN 38401

Dear Administrator:

On **July 7, 2011,** a surveyor from our office completed a revisit to verify that your facility had achieved and maintained compliance. Based on our revisit, we found that your facility had demonstrated compliance with deficiencies cited on the **licensure survey** completed on **April 27, 2011.**

If this office may be of any assistance to you, please call 731-984-9710.

Sincerely,

P. Diane Carter

P. Diane Carter, RN, LNCC
Public Health Nurse Consultant 2

PDC/tjw tjw

MAURY REGIONAL
MEDICAL CENTER

May 11, 2011

P. Diane Carter, RN, LNCC
State of Tennessee
Department of Health
West Tennessee Health Care Facilities
2975 C Highway 45 Bypass
Jackson, Tennessee 38305-3608

Dear Ms. Carter:

Please find enclosed the Plan of Correction in response to the survey completed at our facility on April 27, 2011.

If you have any questions, please do not hesitate to contact me at 931-381-1111 extension 2264.

Sincerely,

Beth Fleming

Beth Fleming
Director of Risk Management

enclosure

1224 Trotwood Avenue • Columbia, TN 38401 • P: 931.381.1111 • mauryregional.com

PRINTED: 04/29/2011
FORM APPROVED

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP53174	(X2) MULTIPLE CONSTRUCTION A. BUILDING ____ B. WING ____	(X3) DATE SURVEY COMPLETED 04/27/2011
NAME OF PROVIDER OR SUPPLIER MAURY REGIONAL HOSPITAL	STREET ADDRESS, CITY, STATE, ZIP CODE 1224 TROTWOOD AVE COLUMBIA, TN 38401		

(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 401	1200-8-1-.04 (1) Administration (1) The hospital must have an effective governing body legally responsible for the conduct of the hospital. If a hospital does not have an organized governing body, the persons legally responsible for the conduct of the hospital must carry out the functions specified in this chapter. This Rule is not met as evidenced by: Based on document review, medical record review and interview, the Governing Body failed to assume responsibility for 1 of 1 contracted dialysis services provided in the hospital. The findings included: Medical record review for Pt #25 documented the pt dialyzed in the hospital's acute hemodialysis unit every Monday, Wednesday and Friday. During an interview on 4/25/11 at 1:45 PM, Dialysis Nurse #1 verified the pt dialyzed in the hospital's acute dialysis unit every Monday, Wednesday and Friday. The Nurse stated the patient came to the acute unit for outpatient dialysis. The Nurse stated the acute dialysis unit was a contracted service of an outpatient dialysis facility. During an interview on 4/25/11 at 200 PM, the hospital's Quality Improvement Analysist verified the hospital contracted with an outpatient dialysis clinic to provide acute dialysis services to the hospital's patients. During an interview on 4/26/11 at 8:15 AM, the contracted dialysis clinic's Director verified the patient dialyzed in the hospital's acute dialysis unit every Monday, Wednesday and Friday. The	H 401	*H 401* 1. Correct the deficiency: Routine outpatient dialysis services were immediately stopped at time of surveyor communication of findings. Care for the patient cited was transitioned to outpatient dialysis clinic on April 29, 2011. 2. How to prevent recurrence: a. All medical staff will be educated that the facility licensure is for acute dialysis services. This education will be delivered via the Medical Briefs (physician newsletter published twice a month to be included in this week's publication, May 13, 2011). Responsibility of Chief Medical Officer. b. Admitting staff will be educated regarding facility licensure for acute dialysis (Target completion May 17, 2011). Responsibility of Patient Access Manager. c. All nursing staff will be educated that the facility licensure is for acute dialysis services via Practice Points (nursing newsletter published monthly, education will be included in the May publication. To be published by May 30, 2011). Responsibility of Service Line Administrator and the Director of Nursing Practice. d. Patients in observation status will be provided dialysis based on their medical assessment. Complete 4/29/11. Responsibility of Chief Medical Officer. 3. Date deficiency corrected: Continued....	4/29/11

Division of Health Care Facilities

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

TITLE Chief Executive Officer

(X6) DATE 5/11/11

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Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING B. WING	(X3) DATE SURVEY COMPLETED
	TNP53174		04/27/2011

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
MAURY REGIONAL HOSPITAL	1224 TROTWOOD AVE COLUMBIA, TN 38401

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H 401	Continued From page 1 Director stated the patient had been dialyzed in the hospital's acute dialysis unit since May of 2009. Review of the contract with the hospital and the contracted outpatient dialysis facility documented the outpatient dialysis facility was contracted to provide, "...acute dialysis...for patients of hospital..." There was no documentation the patient had been hospitalized in order to receive acute dialysis services.	H 401	....H401 continued 4. Monitoring of compliance: Coding to notify VP of Quality Services and Service Line Administrative Director immediately of use of Outpatient Dialysis code to monitor for patterns. Start date May 11, 2011. Responsibility of Director of Coding.	
H 630	1200-8-1-.06 (3)(a) Basic Hospital Functions (3) Infection Control. (a) The hospital must provide a sanitary environment to avoid sources and transmission of infections and communicable diseases. There must be an active performance improvement program for the prevention, control, and investigation of infections and communicable diseases. This Rule is not met as evidenced by: Based on observations and interview, it was determined the facility failed to provide a sanitary environment to avoid sources and transmission of infections and communicable diseases for 1 of 6 (Floor #4) floors toured during the survey. The findings included: 1. Observations during the initial tour of the 4th floor Mother/Baby Unit on 4/25/11 beginning at 1:00 PM revealed the following :	H 630	*H 630* . Correct the deficiency: (for container not labeled) All unit staff will be educated regarding the labeling of all patient food items with appropriate patient identification, date, and time. The education will be delivered during unit staff meetings on May 11, 2011 and via email to all unit staff members. Responsibility of Nurse Manager - Mother-Baby Unit. 2. How to prevent recurrence: a. The Charge Nurses will check for appropriate labeling on food items stored in the refrigerator with their daily Charge Nurse rounding. Completed May 11, 2011. Responsibility of Nurse Manager-Mother-Baby Unit. b. Signage developed and placed on the refrigerator in the pantry reminding staff and patients that the appropriate patient identification, date, and time is required on all patient food items Continued....	

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H 630	Continued From page 2 In the refrigerator in the patient nourishment room there was a clear plastic container with 4 slices of pizza inside. The container was not labeled. In the soiled utility room there was a food service cart with clean and dirty trays inside the cart. 2. During an interview in the hallway of the 4th floor near the soiled utility room on 4/25/11 at 1:20 PM the Nurse Manager verified the above findings.	H 630	....H630 continued placed in the refrigerator. Completed May 11, 2011. Responsibility of Nurse Manager - Mother-Baby Unit. 3. Date deficiency corrected: 4. Monitoring of compliance: Charge Nurses will monitor for compliance and further actions needed based on results of daily rounding checklist review. Start date May 11, 2011. Responsibility of Nurse Manager - Mother-Baby Unit.	5/11/11
H1201	1200-8-1-.12 (1)(a) Patient Rights (1) Each patient has at least the following rights: (a) To privacy in treatment and personal care; This Rule is not met as evidenced by: Based on facility policy review, observation and interview, it was determined the facility failed to ensure patient privacy by monitoring patients in their rooms with continuous video camera surveillance for 2 of 4 (Room #29 and #30) patient rooms in the Emergency Department (ED) identified as having cameras present. The findings included: 1. Review of the facility policy, Suicide Risk Assessment/Suicide Precautions in Emergency Department documented, "...When suicide precautions are implemented...The patient will be placed in ED 29 or ED 30...The person deemed responsible to observe patient will be continually station at C station in direct vision of the monitor..." 2. Observations in the hallway near the nurses	H1201	1. Correct the deficiency: (for food service cart with clean and dirty trays in the soiled utility room) It is a normal process for an extra food service cart for dirty or unused trays to be kept in the Soiled Utility Room for return to Food & Nutrition. Signage will be posted on the cart stating that the cart is for unused or dirty trays. This will be completed by May 11, 2011. Responsibility of Nurse Manager - Mother-Baby Unit. 2. How to prevent recurrence: Charge Nurses monitor for appropriate storage in the soiled utility room during daily rounds. Completed May 11, 2011. Responsibility of Nurse Manager - Mother-Baby Unit. 3. Date deficiency corrected: 4. Monitoring of compliance: Charge Nurses will monitor for compliance and further actions needed based on results of daily rounding checklist review. Start date May 11, 2011. Responsibility of Nurse Manager - Mother-Baby Unit. *H 1201* 1. Correct the deficiency: Continued....	5/11/11

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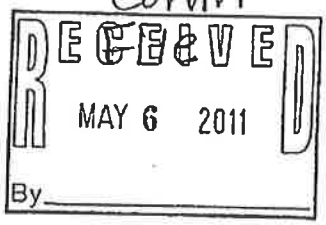
H1201	Continued From page 3 station revealed the following on the surveillance monitor : On 4/25/11 at 9:35 AM the patient in Room #29 [Patient #34] with his head covered. On 4/25/11 at 9:40 AM the patient in room #30 [Random patient #1] in bed with his family at the bedside. On 4/25/11 at 11:18 AM the patient in Room #29 sitting on the floor wearing only a gown and pulling the gown over his head exposing his body from his chest down to the floor. 3. During an interview at the nurses station in the ED on 4/26/11 at 11:18 AM, the Quality Improvement Analysist verified the monitors were visible to visitors in the hallway and at the nurses station.	H1201	....Continued The video monitor will be installed below the surface of the desk top, under a piece of glass. This will prevent patients, visitors, and other staff members from observing patients on the monitor from the hallway and nurses' station. This installation will be complete by June 1, 2011. Responsibility of the Administrative Director of Emergency Services and ED Nurse Manager. 2. How to prevent recurrence: Administrative Director of Emergency Services will ensure that any future installations of patient monitoring equipment is completed with patient privacy concerns addressed. 3. Date deficiency corrected: 4. Monitoring of compliance: Charge Nurses will monitor for patient privacy concerns during rounds conducted each shift. Any issues will be reported to the Nurse Manager on an ongoing basis. Start date May 11, 2011. Responsibility of ED Nurse Manager.	6/1/11

O- Totty
cc: Collier
Corvin



STATE OF TENNESSEE
DEPARTMENT OF HEALTH
WEST TENNESSEE HEALTH CARE FACILITIES
2975C HIGHWAY 45 BYPASS
JACKSON, TENNESSEE 38305-3608
731-984-9684

May 3, 2011

Mr. Robert Otwell, Administrator
Maury Regional Hospital
1224 Trotwood Avenue
Columbia, TN 38401

RE: Fire Safety Licensure Survey

Dear Mr. Otwell:

Enclosed is the statement of deficiencies for the fire safety licensure survey completed at your facility on **April 26, 2011**. Based upon 1200-8-1, you are asked to submit an acceptable plan of correction for achieving compliance with completion dates, and signature **10 days from the date of this letter.**

Please address each deficiency separately with positive and specific statements advising this office of a plan of correction that includes acceptable time schedule, which will lead to the correction of the cited deficiencies. Enter on the right side of the State Form, opposite the deficiencies, your planned action to correct the deficiencies and the expected completion date. The completion date can be no longer than **45 days from the day of survey.** Before the plan can be considered "acceptable," it must be signed and dated by the administrator

Your plan of correction must contain the following:

- How the deficiency will be corrected;
- How the facility will prevent the same deficiency from recurring.
- The date the deficiency will be corrected;
- How ongoing compliance will be monitored.

Please be advised that under the disclosure of survey information provisions, the Statement of Deficiencies will be available to the public.

If assistance is needed, please feel free to call me at 731-984-9710

Sincerely,

P. Diane Carter

P. Diane Carter, RN, LNCC
Public Health Consultant Nurse 2

PDC/TJW TJW

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP53174	(X2) MULTIPLE CONSTRUCTION A. BUILDING 02 - HOHENWALL B. WING	(X.

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
MAURY REGIONAL HOSPITAL	1224 TROTWOOD AVE COLUMBIA, TN 38401

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H 871	1200-8-1-.08 (1) Building Standards (1) The hospital must be constructed, arranged, and maintained to ensure the safety of the patient. This Rule is not met as evidenced by: Based on observation it was determined the facility failed to comply with the Tennessee Department of Health Building Standards. The findings include: (1) Observation of the lobby men's bathroom on 4/26/11 at 1:20 PM, revealed the exhaust fan did not work. (2) Observation of the business office on 4/26/11 at 1:35 PM, revealed a water stain ceiling tile. (3) Observation of the janitor's closet by the handicapped bath room on 4/26/11 at 1:38 am, revealed no door closure installed on the door. These findings were acknowledged by the Director of Maintenance at the exit conference on 4/26/11.	H 871	1) Per WO# 135958 Attachment "B" an exhaust Fan was order and will be installed in 30 days. This will be monitored with monthly checks see Attachment "A". 5-31-11 2) Was corrected on 5-3-11 per WO# 135963 Attachment "C" Replaced ceiling tile and will monitor ceiling tiles monthly per Attachment "A" 5-3-11 3) Per WO# 135964 Attachment "D" the clousure for the Janitor's Closet was ordered and will be installed within 30 days. We will monitor this on Attachment "A" 5-31-11
H 901	1200-8-1-.09 (1) Life Safety (1) Any hospital which complies with the required applicable building and fire safety regulations at the time the board adopts new codes or regulations will, so long as such compliance is maintained (either with or without waivers of specific provisions), be considered to be in compliance with the requirements of the new codes or regulations.	H 901	

ivision of Health Care Facilities

Joe T. Corrett

Ralph W. Corrin, CHFM Director of Plant Ops

TITLE (X6) DATE

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

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	TNP53174	A. BUILDING 02 - HOHENWALL B. WING	04/26/2011

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H 901	Continued From page 1 This Rule is not met as evidenced by: Based on observations and records review it was determined the facility failed to comply with the life safety codes. The findings include: (1) Observation of the back hall on 4/26/11 at 1:25 PM, revealed the electrical panel was blocked with a bench. (2) Observation of exam room 2 and the jungle room on 4/26/11 at 1:30 PM, revealed the electrical outlets next to the sinks were not a ground fault circuit interrupters (GFCI). (3) Observation of the corridor in the business office on 4/26/11 at 1:32 PM, revealed the fire extinguisher was mounted at 61.5 inches instead of the required 60 inches. (4) Observation of the dining room and the kitchen on 4/26/11 at 2:00 PM, revealed the doors were being held open with pegs. (5) Observation of the dining room on 4/26/11 at 2:20 PM, revealed the fire extinguisher was blocked with equipment. (6) Records review on 4/26/11 at 2:30 PM, revealed the kitchen hood system was not cleaned every 6 months as required. These findings were acknowledged by the Director of Maintenance at the exit conference on 4/26/11.	H 901	1) LACC Main hall the Electrical Panel was blocked. Chair moved per WO # 135960 Attachment "E" E-mail to employees to communicate per Attachment "F" Sign was order that will state "Do Not Block Electrical Panels" and will be install in 10 days. Monitoring per Attachment "A" monthly. 5-26-11 2) Corrected on 5-3-11 per WO# 135961 and # 135959 Attachments "G.1" & "G.2" and we will continue to monitor monthly per Attachment "A" 5-3-11 3) Will correct on 5-16-11 anchors arrive per WO# 135962 Attachment "H" and will monitor per Attachment "A" monthly. 4) Per WO# 135965 and # 135966 Attachments "I.1" and "I.2" Removed on 4-28-11 and per Attachment "F" All employees notified not to Block Doors open and this will be monitored monthly per Attachment "A". 5) The extinguisher was blocked and table was removed on 4-26-11 an the communication issue to all LACC employees on 5-12-11 not to Block extinguisher per Attachment "F" and will be monitored monthly per Attachment "A". 5-12-11 6) Per WO# 135967 Attachment "J" we call the Vendor to perform service to [illegible] kitchen hood and this was completed on 4-28-11 by Columbia Fire Equipment Co. per Attachment "K" will monitor monthly per Attachment "A". 4-28-11	

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	TNP53174	A. BUILDING 01 - MAIN BUILDING 01 B. WING	04/26/2011

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
MAURY REGIONAL HOSPITAL	1224 TROTWOOD AVE COLUMBIA, TN 38401

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H 871	1200-8-1-.08 (1) Building Standards (1) The hospital must be constructed, arranged, and maintained to ensure the safety of the patient. This Rule is not met as evidenced by: Based on observations it was determined the facility failed to comply with the Tennessee Department of Health Building Standards. The findings include: (1) Observations on 4/26/11 at 7:42 AM, revealed water stained ceiling tiles located in the following areas: a. Physical therapy treatment room. b. The 6th floor Southwest stairwell. c. The 5th floor treatment room. (2) Observation of the 5th floor West nurses station medicine room on 4/27/11 at 8:10 AM, revealed penetrations in the walls. (3) Observation of the mop closet by room 332 on 4/26/11 at 9:20 AM, revealed no exhaust fan installed in the closet. (4) Observation of the 2nd floor surgery area on 4/26/11 at 10:15 AM, revealed a damage wall. (5) Observation of the 2nd floor operating handicapped bathroom on 4/26/11 at 10:30 AM, revealed no strobe lights installed in the room. These findings were acknowledged by the Director of Maintenance at the exit conference on 4/26/11.	H 871	1) Per WO# 135912 Attachment "L.1" for a. & b. and per WO# 135912 Attachment "L.2" for c. Ceiling tiles replace on 4-26-11 and will be monitored monthly per Attachment "M" 2) Per WO# 135920 Attachment "N" the wall was patched and painted and will be monitored monthly per Attachment "M" 3) Per WO# 135936 Attachment "O" the exhaust fan was installed on 5-9-11 and will be monitored with Attachment "M" 4) Per WO#135943 Attachment "P.1" the wall was repaired in surgery on 5-9-11 and will be monitored per monthly Attachment "M" 5) Per WO# 135941 Attachment "P.2" the strobe has been ordered from Simplex Grinnell and will be installed within 45 days and will be monitored monthly per Attachment "M"	4-26-11 4-26-11 5-9-11 5-9-11 6-9-11

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TITLE (X6) DATE

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

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H 901	Continued From page 1	H 901	1) Completed by staff on WO# 135918 Attachment "P.3" for (a.b.c.).and communicate to staff and will monitor monthly with Attachment "M"	4-26-11
H 901	1200-8-1-.09 (1) Life Safety (1) Any hospital which complies with the required applicable building and fire safety regulations at the time the board adopts new codes or regulations will, so long as such compliance is maintained (either with or without waivers of specific provisions), be considered to be in compliance with the requirements of the new codes or regulations. This Rule is not met as evidenced by: Based on observations it was determined the facility failed to comply with the life safety codes as required. The findings include: (1) Observations on 4/26/11 at 7:43 AM, revealed equipment stored within 18 inches of the sprinklers in the following areas: a. 6th floor physical therapy room b. 4th floor storage room by room 402 c. 1st floor rehab storage room (2) Observations on 4/26/11 at 7:45 AM, revealed the of the electrical panels were blocked with equipment in the following areas:: a, 6th floor electrical room, b. 4th floor information data room. c. 3rd floor storage rooms by rooms 356 and 387. d The operating room area. e. The open heart surgery area f. the lab storage room g. The kitchen area on 4/26/11 at 7:45 AM, revealed electrical panels were blocked with equipment.	H 901	2) Per WO Numbers: a) WO# 135926 Attachment "P.4" b) WO# 135914 Attachment "P.5" c) WO# 135922 Attachment "P.6" d) WO# 135942 Attachment "P.7" e) WO# 135945 Attachment "P.8" f) WO# 135954 Attachment "P.9" g) WO# 135949 Attachment "P.10" All blocked panels were corrected. Staff instructed and will monitor this monthly throughout facility. All Elect rooms per checklist inspection on Attachment "M"	4-26-11 4-26-11 4-26-11 4-26-11 4-26-11 4-26-11 4-26-11

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H 901	Continued From page 2 (3) Observations on 4/26/11 at 8:20 AM, revealed cylinders of oxygen stored and no precautionary signs posted on the doors in the following areas: a. 5th floor B station storage room and clean utility room b. the 3rd floor floor soiled utility room c. The transparent room d. The radiology room by the West elevator (4) Observation of the 4th floor electrical room on 4/26/11 at 8:20 AM, revealed an open space in the electrical panel. (5) Observation of the 4th floor office by room 473 on 4/26/11 at 8:30 AM, revealed 2 power strips were connected in tandem. (6) Observations on 4/26/11 at 8:20 AM, revealed the electrical outlets located in the following areas were not ground fault circuit interrupters: a 4th floor medical intensive care unit b. 3rd West B wing nurses station c. 3rd West A nurses station med room d. 3rd floor control room, e. 1st floor pre-op cath lab (7) Observation of the 4th floor nursery by the clean utility room on 4/26/11 at 8:45 AM, revealed the exit was blocked with equipment. (8) Observation of the 3rd floor area above the smoke doors by room 351 on 4/26/11 at 8:55 AM, revealed a penetration in the wall. (9) Observation of the 3rd floor utility room on 4/26/11 at 9:00 AM, revealed a cylinder of oxygen was not secured.	H 901	3) All signs installed by WO's a) WO# 135929 Attachment "Q.1" b) WO# 135927 Attachment "Q.2" c) WO# 135937 Attachment "Q.3" d) WO# 135947 Attachment "Q.4" All were corrected and will be monitored on checklists monthly per Attachment "M" 4) Was repaired per WO# 135913 Attachment "Q.5" and will monitor this monthly with checklist Attachment "M" 5) Added outlet per WO# 135915 Attachment "Q.6" so each outlet strip is plugged in separately. Will monitor this monthly per Attachment "M" 6) Replaced Outlets to GFI's a) WO# 135916 Attachment "Q.7" b) WO#135928 Attachment "Q.8" c) WO#135923 Attachment "Q.9" d) WO#135938 Attachment "Q.10" e) WO#135953 Attachment "Q.11" Will monitor on monthly check list per Attachment "M" 7) Unblocked rear door per WO# 135919 Attachment "R.1" discuss with staff and will monitor per Attachment check list monthly Attachment "M" 8) Caulked penetrations by room 351 per WO#135925 Attachment "R.2" and will monitor smoke walls per monthly checklist on Attachment "M". (Continue on next pg)	4-26-11 4-26-11 4-26-11 4-26-11 4-26-11 4-26-11 4-26-11 4-26-11 4-26-11 4-26-11 4-26-11 4-26-11 4-26-11 4-26-11

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MENT OF DEFICIENCIES AN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP53174	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING	(X3) DATE SURVEY COMPLETED 04/26/2011
E OF PROVIDER OR SUPPLIER AURY REGIONAL HOSPITAL	STREET ADDRESS, CITY, STATE, ZIP CODE 1224 TROTWOOD AVE COLUMBIA, TN 38401		

(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 901	Continued From page 3	H 901	9) Removed 02 tank by staff and will monitor per monthly checks per Attachment "M"	4-26-11
	(10) Observation of the 3rd floor corridor by room 330 and the 2nd floor decontamination room on 4/26/11 at 9:12 AM, revealed the fire extinguishers were blocked with equipment.		10) Per WO#135940 Attachment "R.8" Removed items by staff and communicated issue and will monitor this monthly per check list Attachment "8"	4-26-11
	(11) Observation of the 3rd floor corridor by room 330 and the 2nd floor central supply room on 4/26/11 at 9:15 AM, 10:12 AM, revealed the pull stations were blocked with equipment.		11) Per WO#135940 Attachment "R.8" moved cart by staff and have planned to educate staff at next staff meeting and will monitor monthly per Attachment "M"	4-26-11
	(12) Observation of the kitchen closet by room 222 on 4/26/11 at 9:25 AM, revealer supplies stored within 18 inches of the sprinkler.		12) Items removed and closet cleared per staff and will monitor this monthly per Attachment "M"	4-26-11
	(13) Observation of the 2nd floor corridor by room 231 on 4/26/11 at 10:00 AM, revealed the smoke detector was installed within 3 feet of the air diffuser.		13) Per WO#135944 Attachment "R.3" Simplex Grinnell will relocate Detector within 30 days. Will monitor this monthly per Attachment "M"	5-31-11
	(14) Observation of the corridor in the operating room area on 4/26/11 at 10:20 AM, revealed the fire extinguisher was hidden from view.		14) Per WO#135939 Attachment "R.4" install directional sign to show extinguisher location and will monitor monthly per Attachment "M"	5-2-11
	(15) Observation of the 2nd floor endoscopy room on 4/26/11 at 10:40 AM, revealed the door was being held open with a peg.		15) Removed peg per WO#135946 Attachment "R.7" Instructed staff of issue and will monitor this monthly per check list on Attachment "M"	4-26-11
	(16) Observation of the 2nd floor equipment storage room and X-Ray room 6 on 4/26/11 at 11:00 AM, revealed the electrical switch plates were missing.			
	(17) Observation of the 1st floor janitor's closet by room 155 on 4/26/11 at 11:40 AM, revealed a light cover was missing.			
	These findings were acknowledged by the Director of Maintenance at the exit conference on 4/26/11.			

2013 JUL 12 PM 2 19

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP53174	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING	(X3) L CL 04.

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
MAURY REGIONAL HOSPITAL	1224 TROTWOOD AVE COLUMBIA, TN 38401

(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)	CO L
			16) Per WO# 135948 Attachment "R.5" Switch plate was installed and will monitor this monthly per Attachment "M"	4-26-1
			17) Per WO#135950 Attachment "R.6" Installed tube covers on bulbs and will monitor with monthly check per Attachment "M"	4-26-1

COPY-

SUPPLEMENTAL-1

Maury Regional Medical Center

CN1307-026

SUPPLEMENTAL

July 30, 2013

2013 JUL 30 PM 4 01

VIA HAND DELIVERY

Mr. Phillip Earhart
Examiner
Tennessee Health Services and
Development Agency
Frost Building, Third Floor
161 Rosa Parks Blvd.
Nashville, TN 37243

RE: Maury Regional Medical Center – CN1307-026

Dear Mr. Earhart,

1. **Section A, Applicant Profile, Item 13**

   Please clarify if the applicant contracts with TennCare Select.

   Yes, MRMC contracts with TennCare Select.

2. **Section B, Project Description, Item II.**

   Please provide a general description of the Columbia Mall. Is the applicant the only medical service provider currently in the Columbia Mall? If not, please list other medical providers.

   The Columbia Mall is home to several retail stores including Hibbit Sports, J.C. Penny's, Goody's, Bath & Body Works, Payless Shoe Source, Claire's, RadioShack, BonWorth, & GNC. Currently MRMC operates an IV Infusion center located in the Columbia Mall which provides infusion services from hydration and antibiotic therapy to chemotherapy infusions. Also, a Medical Oncology practice operated by Family Health Group is located in the Columbia mall. The Medical Oncology practice consists of three Medical Oncologists.

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

   Please describe the construction, modification, and/or renovation of the facility including major operation area, room configuration, etc. Please also discuss and justify the cost per square foot for this project.

   The proposed Maury Regional Cancer Center construction will consist of selective demolition and renovation of an existing structure. Most of the work is anticipated to be on the interior. Demolition will include the remaining non-load bearing wall partitions from the previous retail space and concrete floor slab demolition for utility trenching. Construction includes two linear accelerator vaults and one gamma vault using normal

weight concrete. It is not anticipated that any roof work or modifications will be required except for mechanical work. The remaining build-out will be typical gypsum board/metal stud framing with new floor, wall and ceiling finishes.

The project cost is $232.86 per square foot. The cost is reasonable compared to other similar projects. A letter from Hart, Freeland, and Roberts, documenting the reasonableness of the project cost, is attached to the application as Attachment C. Economic Feasibility. 1.

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

The applicant states that shelled space for a future fixed PET/CT is included in the project cost. The projected PET scan utilization for the proposed project in 2016 is 364 scans. According to the State Health Plan, Standards and Criteria for PET scanners, the optimal efficiency for a stationary PET unit is 80 percent of total capacity, or 1,600 procedures per year. At what point in time does the applicant expect the demand to be adequate to justify purchasing an additional PET scanner for the shelled space?

It is not possible to predict with certainty when volumes will be sufficient to justify a fixed PET scanner. MRMC anticipates that, with future marketing strategies and the change in Medicare guidelines that allow for more follow-up PET procedures, the volume will support a fixed unit three to four years from now.

This project already involves shielding space for the injection rooms and hot lab for PET services. Even though the PET scanner is mobile, shielded space within the cancer center is needed for patients both before and after their scans. It is more efficient and cost-effective to build the space while construction is being done, rather than build the space as a separate project.

5. Section C. Need Item 1. (Specific Criteria – Construction, Renovation)

Please list and provide a response to each of the questions in the criteria and standards for Construction and Renovation. If the response it not applicable, please list that under the applicable question.

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

   n/a. The project does not include the addition of beds, services, or medical equipment.

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 cost of the proposed relocation is $7,742,231. MRMC did not evaluate the cost of renovation because renovation is not feasible. There is not sufficient room

on the hospital campus to create the cancer center that is proposed for the Columbia Mall site.

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

Need for the project exists, as evidenced by MRMC's historical utilization. Most of the patients are expected to be patients who would otherwise receive cancer treatment on MRMC's main campus, so this project will not have an impact on other providers.

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.

Need for the project exists, as evidenced by MRMC's historical utilization.

b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

There is not sufficient room on the hospital campus to create the cancer center proposed for the Columbia Mall site. Because the cancer center is in former commercial space, renovations are needed to make the space suitable for medical use.

6. Section C. Need Item 4. (Service Area Demographics)

Your response to this item is noted. Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for your proposed service area.

The demographic data chart is attached.

7. Section C, Economic Feasibility, Item 3

Please compare the cost per square foot of construction to similar hospital projects approved by the Agency. Please refer to the applicant's toolbox located at the Health Services and Development Agency's web-site at:

http://tennessee.gov/hsda/applicants_tools/docs/Construction%20Cost%20Per%20Square%20Foot%20charts-0911.pdf

SUPPLEMENTAL

The median cost for hospital renovation projects is $177.60 per square foot; the 3rd quartile cost is $249 per square foot. The cost of this project, $232.86 per square foot, is comparable to costs of other similar projects approved by the Agency.

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

   Line D.7 under Net Operating Revenue in the Historical Data Chart appears to be a duplicate of line D.8 Other Expenses for 2010, 2011, and 2012. Please clarify.
   Line D.7 was a duplication. It is corrected on the Revised Historical Data Chart.

   Please complete revised Historical and Projected Data Charts that have fields for management fees. The revised charts are included with these supplemental questions.
   Revised charts are attached.

9. **Section C., Economic Feasibility, Item 5. Project's Average Gross Charge, Average Deduction from Gross Operating Revenue and Average Net Charge**

   Your response is noted. Please recalculate the Average Deduction from Gross Operating Revenue and Average Net Charge for PET.
   The chart on page 22 of the application is correct.

10. **Section C., Economic Feasibility, Item 6 A. and 6 B.**

    Your response is noted. Please list questions 6 A. and 6 B. and provide a response underneath each question, respectively. Please compare the proposed gross charges per Procedure/Treatment for PET and Linear Accelerator equipment by referring to The Health Services and Development Agencies' applicant's web based toolbox web located at http://tennessee.gov/hsda/applicants_tools/docs/quartile-med%20equip-2010.pdf

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.

   Charges will not change as a result of this project. MRMC's charges for the most common radiation therapy and PET procedures are listed below. The project is simply a relocation and will not affect patient charges.

   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).

The project will have no impact on charges. The following charts include comparisons of gross charges to the average gross charges from the HSDA Equipment Registry and comparisons to Medicare reimbursement.

	MRMC	Equipment Registry 1st Quartile	Equipment Registry Median	Equipment Registry 3rd Quartile
Radiation Therapy	$995.28	$887.60	$1,077.79	$1,406.21
PET	$5,335.32	$3,667.96	$4,497.71	$6,304.71

Procedure – Radiation Therapy	MRMC Charge	Medicare Reimbursement
IMRT TX Planning – 77301	$4,162.00	$984.49
IMRT Daily TX Delivery – 77418	$1,646.00	$483.70
3D Conformal TX Plan – 77295	$3,286.00	$984.49
Daily TX MGMT: Comp 6-10 MEV - 77413	$571.00	$179.52
Daily TX MGMT: Comp 11-18 MEV – 77414	$628.00	$179.52

Procedure – PET	MRMC Charge	Medicare Reimbursement
PET Skull-Thigh – 78812	$4,797.00	$1,056.12
PET Whole Body – 78813	$4,891.00	$1,056.12
PET CT Limited – 78814	$5,047.00	$1,056.12
PET CT Skull-Thigh – 78815	$5,337.00	$1,056.12
PET CT Whole Body – 78816	$5,634.00	$1,056.12

11. Section C., Economic Feasibility, Item 9

The table calculating gross charges for Radiation Therapy appears to be incorrect. Please recalculate and provide a replacement page if necessary.

The revised table is below.

Radiation Therapy – Gross Charges

	Year 1 - $	*Year 1 - %*	*Year 2 - $*	*Year 2 - %*
Medicare	$18,399,028	60.1%	$18,423,519	59.0%
TennCare	$2,602,192	8.5%	$3,434,893	11.0%

12. **Section C., Economic Feasibility, Item 11 a.**

Please provide a response to question 11 a.

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.

The applicant had three options with respect to radiation therapy and PET/CT services:

1) Do nothing;

2) Renovate space on the main hospital campus; or

3) Relocate the services to the Columbia Mall site.

Options 1 and 2 are not feasible because there is not sufficient space on the main hospital campus to provide the type of comprehensive cancer center that the Columbia Mall site will provide. In addition, the new site is more convenient for patients.

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.

This project does not involve new construction; it involves the renovation of commercial space.

13. **Section C., Contribution to Orderly Development, Item 1**

Your response is noted. Please list all existing health care providers the applicant has or plans to have contractual transfer agreements with.

MRMC currently has transfer contracts to receive patients from the following health care providers:

Marshall Medical Center
Behavioral Health Care Center

Buffalo Valley, Inc
Lincoln Medical Center
Tennessee Imaging Alliance Trauma, LLC
Surgery Center of Columbia.

MRMC currently has transfer contracts to send patients to the following:

St. Thomas Hospital
Vanderbilt Medical Center.

14. Section C., Contribution to Orderly Development, Item 3

The applicant's hourly Registered Nurse rate of $24.00 per hour is below the average Tennessee Workforce and Development agency rate of $27.77 per hour. This is equal to 15.7% below the average RN wage. Please discuss the availability of Registered Nurses that will work below the average rate per hour for the proposed project. In your response please discuss the applicant's turnover rates for RNs.

MRMC does not have trouble recruiting RNs. The average hourly rate of $24.00 per hour is specific to Radiation Therapy. The hospital wide average hourly RN rate is $25.82. Additionally, the average hourly rate given is for full-time RN staff only. The rate does not represent Part-time or PRN hourly rates.

Hospital Wide
The hospital wide RN retention rate is between 91% and 93.6%. But more important is data gathered from the National Database for Nursing Quality Indicators (NDNQI). NDNQI compares RN controllable turnover rate nationally based on unit type. Turnover is either controllable or uncontrollable. Controllable turnover includes: compensation, inability to advance, staffing or workload, dissatisfaction with or conflict with team members, dissatisfaction with work environment, and perceived lack of respect. Losing RNs for these reasons is a negative in the Database. MRMC has consistently had a controllable turnover rate of zero.

The numerous awards received by MRMC in the past several years, some of which are listed in the application, are further evidence of the quality of staff at MRMC.

MRMC recently completed a salary survey, and the feedback was that MRMC's RNs were receiving comparable wages for the market area.

Radiation Therapy
The retention rate for radiation therapy RNs over the last four years has been 100%. The current radiation therapy RN's are expected to move to the new cancer center when the proposed project is completed.

15. Section C., Contribution to Orderly Development, Items 7 and 9

Please provide a response other than "n/a" to questions 8 and 9.

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.

Not applicable. No such orders or judgments exist.

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.

Not applicable. No such orders or judgments exist.

Sincerely,

David Thomas w/permission

David Thomas
Director, Cancer Center

Variable	Giles Co.	Hickman Co.	Lawrence Co.	Lewis Co.	Marshall Co.	Maury Co.	Perry Co.	Wayne Co.	Williamson Co.	TN
2013, Age 65+	4,998	3,593	7,075	1,920	4,072	11,006	1,444	2,885	18,589	904,587
2015, Age 65+	5,227	3,789	7,383	2,052	4,314	11,760	1,501	3,053	20,689	960,158
Age 65+, % Change	4.6%	5.5%	4.4%	6.7%	5.9%	6.9%	3.9%	5.8%	11.3%	6.1%
Age 65+, % Total (2015)	17%	12.4%	16.9%	16.4%	13.5%	13.5%	19%	17.2%	10.5%	14.7%
2013, Total Population	30,229	26,100	43,007	12,306	31,287	85,130	7,842	17,524	188,259	6,414,297
2015, Total Population	30,559	27,297	43,666	12,537	32,016	87,283	7,907	17,736	196,824	6,530,459
Total Pop. % Change	1.1%	4.6%	1.5%	1.8%	2.3%	2.5%	0.8%	1.2%	4.4%	1.8%
TennCare Enrollees	5,292	5,340	8,503	2,547	5,611	14,464	1,844	2,826	8,445	1,192,483
TennCare Enrollees as a % of Total Population	17.5%	20.5%	19.8%	20.7%	17.9%	17%	23.5%	16.4%	4.5%	18.6%
Median Age	42.1	40.0	39.7	41.2	38.9	38.4	43.1	40.9	38.5	38
Median Household Income	$37,981	$43,935	$35,737	$32,337	$41,620	$46,552	$31,857	$33,630	$89,063	$43,989
Population % Below Poverty Level	17.8%	13.7%	17.2%	19.8%	16.3%	14.8%	22.9%	20.9%	5.5%	16.9%

** Age data, other than median age, from Tennessee Dept. of Health Projections.*
** Median age, median household income, and percentage of population below poverty level from Census Bureau.*
** TennCare data from TennCare Bureau.*

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AFFIDAVIT

2013 JUL 30 PM 4 01

STATE OF TENNESSEE

COUNTY OF Maury

NAME OF FACILITY: Maury Regional Medical Center

I, David Thomas, 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.

David Thomas
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 29 day of July, 2013 witness my hand at office in the County of Maury, State of Tennessee.

Kaye Marlin
NOTARY PUBLIC

My commission expires May 24, 2017.

HF-0043

Revised 7/02

KAYE MARLIN
STATE OF TENNESSEE NOTARY PUBLIC
MAURY COUNTY, TENN.

COPY-

Additional Information

Maury Regional Med. Ctr.

CN1307-026

BUTLER | SNOW

2013 JUL 31 PM 1 28

July 31, 2013

VIA HAND DELIVERY

Mr. Phillip Earhart, Examiner
Tennessee Health Services and
Development Agency
Frost Building, 3rd Floor
161 Rosa Parks Blvd.
Nashville, TN 37243

Re: Maury Regional

Dear Mr. Earhart:

Enclosed please find the full-page newspaper notice for Maury Regional Medical Center.

Very truly yours,

BUTLER, SNOW, O'MARA, STEVENS
AND CANNADA, PLLC

Sarah L. Tally

Sarah L. Tally

Enclosure

17189599ButlerSnow

The Pinnacle at Symphony Place
150 3rd Avenue South, Suite 1600
Nashville, TN 37201

SARAH LODGE TALLY
615.651.6735
sarah.tally@butlersnow.com

T 615.651.6700
F 615.651.6701
www.butlersnow.com

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T - State Bar No: 226694
NDRA H. DEMENT
. 740
5113
-1444

s
CH

R COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SONOMA

tition Of)	CASE NO.: SFL 63431
CH and)	
to Declare)	
NCH, a Minor, to Be)	CITATION TO PARENT
and Control)	
)	

E STATE OF CALIFORNIA
H:
urt you are hereby advised that you may appear be-
ng in Department 23 of this court located at 3055
nta Rosa, CA 95403 on July 31, 2013, at 8:30 a.m.,
cause, if any you have, why MAKAYLA ADRIAN
not be declared free from your custody and control
ing MAKAYLA ADRIAN FEIR MINCH for place-
his hearing you are required to give any legal reason
ed in the verified application attached to and served
filed with this court, should not be granted.
rmation concerns rights and procedures that relate to
termination of custody and control of MAKAYLA
CH as set forth in Family Code Section 7860 et seq.:
g of the proceeding the court will consider whether
AKAYLA ADRIAN FEIR MINCH do require such
vill appoint counsel to represent her, whether or not
ounsel.
AKAYLA ADRIAN FEIR MINCH appears without
to afford counsel, the court must appoint counsel for
arent knowingly and intelligently waives the right to
nsel. The court will not appoint the same counsel to
YLA ADRIAN FEIR MINCH and her parent.
ppoint either the public defender or private counsel.
ppointed, he or she will receive a reasonable sum for
enses, the amount of which will be determined by the
ust be paid by the real parties in interest, but not by
portions as the court believes to be just. If, however,
of the real parties in interest cannot afford counsel,
d by the county.
ontinue the proceeding for not more than 30 days as
ounsel and to enable counsel to become acquainted

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Tennessee Health Services and Development Agency ("Agency") and all interested parties, in accordance with T.C.A. See 68-11-1601 et seq., and the Rules of the Agency, that Maury Regional Hospital d/b/a Maury Regional Medical Center, a hospital owned by Maury County, TN, intends to file an application for a Certificate of Need to relocate two linear accelerators and a mobile positron emission tomography scanner from the main hospital campus to Maury Regional Cancer Center, at 808 South James Campbell Boulevard, Columbia, TN, 38401. Maury Regional Medical Center will also replace one of the linear accelerators. The project will require approximately 10,736 square feet of renovation construction. The project will not result in an increase of licensed hospital beds or the initiation of any service requiring certificate of need. The total project cost is estimated to be $7,742,231. Maury Regional Medical Center is located at 1224 Trotwood Avenue, Columbia, TN, 38401.

The anticipated date of filing the application is July 12, 2013. The contact person for this project is David Thomas, who may be reached at Maury Regional Medical Center, 1224 Trotwood Avenue, Columbia, TN, 38401, (931) 380-4057.

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

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

Pursuant to TCA Sec. 68-11-1607(c)(l), (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.

July 8 1tc

RE: CN1307-026, Maury Regional-Utilization Reporting

Thomas, David [Dthomas@mauryregional.com]
Sent: Friday, October 04, 2013 12:11 PM
To: Mark Farber
Cc: Sarah Tally [Sarah.Tally@butlersnow.com]; Phillip M. Earhart

2015 would be 11,836 and 2016 would be 12,072. This would represent an increase of 2% annually.
Thanks,

David Thomas, B.A., R.T.(R)(T), C.M.D.
Director, Cancer Center
Maury Regional Medical Center

From: Mark Farber [mailto:Mark.Farber@tn.gov]
Sent: Friday, October 04, 2013 10:46 AM
To: Thomas, David
Cc: Sarah Tally; Phillip M. Earhart
Subject: RE: CN1307-026, Maury Regional-Utilization Reporting

David,

Thanks for the clarification.

One follow-up question. What would be the correct projected utilization of the linear accelerators for Years 2015 and 2016?

Thanks.

Mark

Mark Farber
Deputy Director
Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, TN 37243

615-741-2364 (office)
615-741-9884 (fax)

Mark.Farber@tn.gov (email)

www.tn.gov/hsda (website)

From: Thomas, David [Dthomas@mauryregional.com]
Sent: Friday, October 04, 2013 10:15 AM

To: Mark Farber
Cc: Sarah Tally
Subject: RE: CN1307-026, Maury Regional-Utilization Reporting

Mark,
The treatment numbers that were reported to the Equipment Registry of 12,386, 12,556, and 11,604 were correct. The numbers that were reported on the application of 30,844, 29,997, and 30,156 were incorrect because those numbers reflect all procedures that were done each year including treatments. This was an error in pulling the data and only those codes that are treatment related should have been pulled. I apologize for the trouble that this has caused.

You are correct that we will be replacing the 2100 linac at the time of relocation. We intend to replace that accelerator with a Varian Trilogy that is capable of IMRT, IGRT, and SRS. We intend for the new Trilogy accelerator to have 6Mev and 18Mev capabilities.

The PET portion of the project will be to relocate the address of the mobile PET/CT service that we currently provide. This service will not have CT capability. We should have phrased this differently in our application.

Please let me know if you need further clarification.
Thanks,

David Thomas, B.A., R.T.(R)(T), C.M.D.
Director, Cancer Center
Maury Regional Medical Center

From: Mark Farber [mailto:Mark.Farber@tn.gov]
Sent: Friday, October 04, 2013 9:38 AM
To: Thomas, David
Cc: sarah.tally@butlersnow.com; Melanie Hill; Elrod, Dan; Phillip M. Earhart; Alecia L. Craighead
Subject: RE: CN1307-026, Maury Regional-Utilization Reporting

Mr. Thomas,

I have a few additional questions.

Is it correct that you will be replacing the Varian 2100 linac that was acquired in 2001?

You reference in the application a mobile PET/CT service. According to our records you are leasing a PET scanner with no CT capability. Please address this discrepancy.

Please describe the linear accelerator that will be replacing the older unit, ie, what capabilities will it have IMRT, IGRT, SRS, etc. MeV?

Thank you.

From: Mark Farber
Sent: Thursday, October 03, 2013 4:22 PM
To: dthomas@mauryregional.com
Cc: sarah.tally@butlersnow.com; Melanie Hill; Elrod, Dan; Phillip M. Earhart; Alecia L. Craighead
Subject: CN1307-026, Maury Regional-Utilization Reporting

Mr. Thomas,

I am working on the staff summary for this application and found some discrepancies in what you reported and what is reported in our Equipment Registry.

You reported PET volumes of 314, 309, and 345 in Years 2010-2012, respectively. The Equipment Registry reports 307, 331, 359 for the same years. Both reports are pretty close.

My concern is with the linear accelerator treatments. In the application you report treatments of 30,844, 29,997, and 30,156 from 2010-2012. The Equipment Registry reports 12,386, 12,556, 11,604.

We are trying to complete our reports and mail them out early next week as we are moving offices at the end of that week. I would appreciate it if you could help us resolve these discrepancies as soon as possible.

Thank you for your attention to this matter.

Mark Farber
Deputy Director
Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, TN 37243

615-741-2364 (office)
615-741-9884 (fax)

Mark.Farber@tn.gov (email)

www.tn.gov/hsda (website)

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HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
OCTOBER 23, 2013
APPLICATION SUMMARY

NAME OF PROJECT: Maury Regional Hospital d/b/a Maury Regional Medical Center

PROJECT NUMBER: CN1307-026

ADDRESS: 808 South James Campbell Boulevard
Columbia (Maury County), Tennessee 38401

LEGAL OWNER: Maury County
1224 Trotwood Avenue
Columbia (Maury County), Tennessee 38401

OPERATING ENTITY: Not Applicable

CONTACT PERSON: David Thomas
(931) 380-4057

DATE FILED: July 12, 2013

PROJECT COST: $7,742,231

FINANCING: Cash Reserves

PURPOSE OF REVIEW: Relocation of two (2) linear accelerators and one mobile positron emission tomography (PET) Scanner

DESCRIPTION:

Maury Regional Hospital d/b/a Maury Regional Medical Center (MRMC) is seeking relocation of its megavoltage radiation therapy service consisting of two (2) linear accelerators and its PET/CT service consisting of one mobile PET Scanner. Both services currently operate from MRMC's main campus at 1224 Trotwood Avenue, Columbia Maury County. The applicant proposes to move both services to the Columbia Mall at 6508 South James Campbell Boulevard, Columbia (Maury County), a distance of approximately one mile. MRMC will replace one of its existing linear accelerators. MRMC will also build shell space for a future fixed PET/CT Scanner.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

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 does not apply.

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 applicant did not evaluate renovating space on the hospital's main campus because there is not sufficient space for the expansion needed to develop the cancer center.

      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.**

      According to the HSDA Equipment Registry the applicant performed 359 PET scans and 11,604 linear accelerator treatments in 2012.

      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.

MRMC is proposing to relocate megavoltage radiation therapy services and PET services from the main hospital campus to a site in a retail shopping center, Columbia Mall, to create a full-service cancer center in a convenient location for patients. Currently available at the Columbia Mall is Family Health Group (FHG) Oncology, a group of board-certified medical oncologists; and The Outpatient Infusion Clinic at Maury Regional Cancer Center, which offers infusion services from hydration and antibiotic therapy to chemotherapy infusions. Inpatients requiring radiation therapy or PET services will be transferred by ambulance to the cancer center.

MRMC currently operates two linear accelerators on its main campus: A Varian 2100 acquired in 2001 with IMRT capability and a Varian unit acquired in 2011 with SRS, IMRT, and IGRT capability. The newer unit will relocate to the cancer center while the Varian 2100 unit will be replaced by a Varian Trilogy unit with SRS, IMRT, and IGRT capabilities.

Note to Agency members: IMRT (intensity modulated radiation therapy) is an advanced mode of radiotherapy where the intensity of the beam is computer controlled 3-dimensionally to deliver the most intense dosages to the tumor, while minimizing the intensity of the beam to surrounding tissue. IGRT (image-guided radiation therapy is the process of frequent two and three-dimensional imaging, during a course of radiation treatment, used to direct radiation therapy utilizing the imaging coordinates of the actual radiation treatment plan). SRS (stereotactic radiosurgery), or SRT (stereotactic radiotherapy), is a non-surgical procedure that delivers a high-dose of precisely-targeted radiation using a highly focused gamma-ray or x-ray beams that converge on the specific area or areas of the brain where the tumor or other abnormality resides, minimizing the amount of radiation to healthy brain tissue. SBRT (stereotactic body radiotherapy) is radiosurgery also being used to treat cancer in other parts of the body

MRMC currently leases a mobile PET scanner from Alliance Imaging one day per week. This service will transfer to the cancer center at the Columbia Mall. MRMC will shell space in the cancer center for a future fixed PET/CT scanner. The applicant anticipates that volume growth over the next 3-4 years will support the introduction of a fixed unit.

The project includes renovation of 10,736 square feet at the Columbia Mall. The construction will include selective demolition and renovation of an existing structure. Most of the work is anticipated to be on the interior. Construction

includes two linear accelerator vaults and one gamma vault using normal weight concrete.

An overview of the project is provided on pages 4-5 of the original application.

The applicant expects to begin operation of the linear accelerators and the mobile PET service at the Columbia Mall in August 2014.

Need

- There is not enough space on the main campus of MRMC to create a full-service cancer center.
- Relocation will allow MRMC to provide cancer patients with a full-service cancer center, including radiation therapy, chemotherapy, and diagnostic PET.
- Patients who require lengthy chemotherapy infusions will be able to receive their radiation treatment while their chemotherapy is being infused, which will save time and improve the overall patient experience.
- The Columbia Mall location will have more space, privacy, and easier parking for patients.

Ownership

MRMC is a two hundred fifty-five (255) licensed bed not-for-profit hospital created by Private Act in 1949 and owned by Maury County. MRMC also owns and operates Marshall Medical Center (25 beds) in Marshall County and manages Wayne Medical Center (80 beds) in Wayne County. MRMC is also a member of the Vanderbilt Health Affiliated Network.

Facility Information

- The radiation therapy service and mobile PET service currently operating on the main campus of MRMC is proposing to relocate a distance of one mile to the Columbia Mall; a retail center that includes retailers such as Hibbit Sports, J.C. Penny's, and Goody's; for the purpose of developing a full service cancer center. The mall currently houses a large medical oncology group and the MRMC's outpatient infusion clinic. A floor plan drawing is included as Attachment B.IV. - Floor Plan to the original application.
- The Joint Annual Report for 2012-Provisional indicates that MRMC is licensed for 255 beds and staffed 215 beds. Licensed bed occupancy was 43.9% and staffed bed occupancy was 54.1%.

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.*

Service Area Demographics

MRMC's declared service area includes Giles, Hickman, Lawrence, Lewis, Marshall, Maury, Perry, Wayne, and Williamson Counties.

- The total population of the service area is estimated at 444,200 residents in calendar year (CY) 2013 increasing by approximately 5.4% to 466,164 in CY 2017.
- The range of growth is -0.8% in Wayne County to 10.1% in Williamson County.
- Williamson County is projected to have the largest population (218,093 or 46.8% of total service area population) of the service area counties followed by Maury County (82,991 or 17.8% of total)
- The overall statewide population is projected to grow by 3.7% from 2013 to 2017.
- The latest 2013 percentage of the proposed service area population enrolled in the TennCare program is approximately 12.2%. When eliminating Williamson County, the overall TennCare percentage for the remaining counties is 18.8%. The statewide enrollment proportion is 18.4%.

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.

Service Area Historical Utilization

PET Utilization Trends by Provider in the Service Area

				2010	2011	2012	'10-'12	2012
County	**Provider**	**Fixed Units**	**Mobile units (days/wk.)**	**Procs.**	**Procs.**	**Procs.**	**% change**	**% of Standard***
Maury	Maury Regional Medical Center	0	1 (1)	307	331	359	+16.9%	89.8%
Williamson	Williamson Medical Center	0	1 (0.5)	89	108	109	+22.5%	54.5%
TOTAL		**0**	**2 (1.5)**	**396**	**439**	**468**	**+18.2%**	**78%**

**The State Health Plan Certificate of Need PET Standards and Criteria states that "A need likely exists for one additional stationary PET unit in a service area when the combined average utilization of existing PET service providers is at or above 80% of the total capacity of *2,000 procedures during the most recent twelve-month period reflected in the provider medical equipment report maintained by the HSDA". (*400 procedures for each day/week that mobile unit is in operation)*

- The chart above indicates that PET services are available 1.5 days per week.
- The existing mobile services combined increased 18.2% between 2010 and 2012.
- The existing PET services in the service area combined were at 78% of the State Health Plan's standard for PET utilization in 2012.

Linear Accelerator Utilization Trends by Provider in the Service Area

			2010	2011	2012	'10-'12	2012
County	**Provider**	**Units**	**Treatments**	**Treatments**	**Treatments**	**% change**	**% of Standard***
Maury	Maury Regional Medical Center	2	12,386	12,556	11,604	-6.3%	96.7%
Williamson	Vanderbilt Ingram Cancer Center at Franklin	1	6,085	5,753	5,975	-1.8%	99.6%
TOTAL		**3**	**18,471**	**18,309**	**17,579**	**-4.8%**	**97.7%**

**The State Health Plan Certificate of Need Megavoltage Radiation Therapy Service Standards and Criteria states that For Linear Accelerators not dedicated solely to performing SRT and/or SBRT procedures, need for a new Linear Accelerator in a proposed Service Area shall be demonstrated if the average annual number of Linear Accelerator procedures performed by existing Linear Accelerators in the proposed Service Area exceeds 6,000.*

- The chart above indicates that there are 3 linear accelerators operating in the service area.
- The existing services combined declined 4.8% between 2010 and 2012. The applicant's linear accelerators' utilization declined by 6.3% during this timeframe.
- The existing services were within a few percentage points of meeting the State Health Plan's minimum utilization standard of 6,000 treatments annually for existing linear accelerators in 2012.

Note to Agency members: Recently implemented is CN1012-053, Vanderbilt Health Services d/b/a as Vanderbilt Maury Radiation Oncology, LLC for an ambulatory surgical treatment center (ASTC) in Spring Hill (Maury County) limited to the initiation of megavoltage radiation therapy services and the acquisition of a linear accelerator. The project was completed and operating in July 2013. When the

application was filed in December 2012, the LLC was owned by Vanderbilt University Medical Center (VUMC). Being within a limited liability company structure allows for joint venture partner participation. The applicant stated in the application that the ultimate ownership is expected to be a 50%/50% joint venture between VUMC and Maury Regional Hospital (MRH). On July 25, 2012 the Agency approved a modification request for a change of control for the owner by decreasing VUMC's ownership from 50% to 40% and increasing MRMC's ownership from 50% to 60%.

Applicant's Projected Utilization

- As noted above the applicant's linear accelerator utilization declined between 2010 and 2012 by 6.3% to 11,604 treatments.
- The applicant expects the utilization to increase 2% from 2012 to 2015 performing 11,836 linear accelerator treatments and 2% again in 2016 reaching 12,072 treatments.
- As noted above the applicant's PET service performed 359 scans in 2012.
- The applicant projected moderate growth to 364 scans in 2016.

Project Cost

Major costs are:

- The largest cost of the proposed project is the acquisition of the replacement linear accelerator and accessories at $3,200,000 or 41.3% of total project cost.
- The next largest cost is $2,500,000 for the renovation costs at the Columbia Mall or 32.3% of total project cost.
- Another major cost is $1,532,850 for the lease of the space at the Columbia Mall or 19.8% of total cost.
- For other details on Project Cost, see the Project Cost Chart on page 15 of the original application
- The applicant expects the renovation cost per square foot to be $232.86. This falls between the median and 3rd quartile for hospital renovation for projects previously approved between 2010 and 2012.

Historical Data Chart

- According to the Historical Data Chart, MRMC reported net operating income in each of the three past years: $1,716,195 for 2010; $6,650,367 for 2011; and $7,895,264 for 2012.

Projected Data Chart

PET

The Projected Data Chart for the PET service reflects $1,886,701 in total gross revenue on 354 procedures during the first year of operation and $1,943,302 on 364 procedures in Year Two. The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal $184,640 in Year One increasing to $190,295 in Year Two.
- Net operating revenue after bad debt, charity care, and contractual adjustments is expected to reach $520,918 or approximately 27.6% of total gross revenue in Year One and $536,546 or approximately 27.6% of gross revenue in Year 2.
- Gross operating margin is expected to be 9.8% in both Year 1 and Year 2.

Radiation Therapy

The Projected Data Chart for the linear accelerators reflects $30,614,023 in total gross revenue on 11,836 treatments during the first year of operation and $31,226,303 on 12,072.

Note to Agency members: The applicant used volumes in the Projected Data Chart that reflected all radiation therapy procedures, not just linear accelerator treatments. This analysis just considers the linear accelerator treatments.

The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal ($869,304) in Year One increasing to positive net income of $5,251,777 in Year Two.
- Net operating revenue after bad debt, charity care, and contractual adjustments is expected to reach $9,631,172 or approximately 31.5% of total gross revenue in Year One and $9,823,795 or approximately 31.5% of gross revenue in Year 2.
- Gross operating margin is expected to be unfavorable in Year 1 and 16.8% in Year 2.

Charges

In Year One of the proposed project, the average charge per procedure information is as follows:

- The proposed average gross charge per PET procedure is $5,335.32; however the net charge per procedure is $1,473.08.

- The proposed average gross charge per linear accelerator treatment is $995.28; however the net charge per treatment is $313.12.

Medicare/TennCare Payor Mix

- The expected payor mix for radiation therapy in Year 1 includes 60% for Medicare and 8.5% for TennCare
- The expected payor mix for PET in Year 1 includes 59% for Medicare and 11% for TennCare
- MRMC contracts with all TennCare MCOs in the service area: AmeriGroup Community Care, United Healthcare (AmeriChoice), and BlueCare.

Financing

A July 9, 2013 letter from Nick A. Swift, Senior Vice President and Chief Financial Officer of MRMC confirms the applicant has sufficient cash reserves to finance 100% of the proposed project.

MRMC's audited financial statements dated June 30, 2012 reported $29,233,252 in cash and cash equivalents, total current assets of $72,539,639, total current liabilities of $34,153,178 and a current ratio of 2.12:1.

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

Staffing

Radiation Therapy

The proposed staffing for the Radiation Therapy service is displayed in the table below:

Position Type	FTEs
Registered Nurse	2.5
Radiation Therapist	7.0
PRN Radiation Therapist	4.0
Physicist	2.0
Dosimetrist	2.0
CT Simulation Tech	1.5
PRN CT Simulation Tech	1.0

PET

The proposed staffing for PET is 1.0 FTE nuclear medicine technologist.

Licensure/Accreditation
MRMC is licensed by the Tennessee Department of Health, Division of Health Care Facilities. The applicant provided a letter dated July 12, 2011 from the Department of Health stating that the facility had demonstrated compliance with deficiencies cited on the licensure survey completed on April 27, 2011.

MRMC is accredited by The Joint Commission.

Corporate documentation, real estate deed information, equipment quotes, FDA Approval Letter, and detailed demographic information are on file at the Agency office and will be available at the Agency meeting.

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

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent or denied applications for this applicant.

Pending Applications

NHC/Maury Regional Transitional Care Center, CN1307-025A, has a pending application scheduled to be heard at the Agency's October 23, 2013 meeting. The proposed project is for establishment of a one hundred twelve (112) bed nursing home pursuant to TCA §68-11-1627 which permits the replacement of one or more currently licensed nursing homes with one single nursing home. The new facility will be created by relocating and replacing the ninety-two (92) bed NHC Healthcare, Hillview and the twenty (20) bed Maury Regional Hospital Skilled Nursing Unit to an 11 acre site at 5004 Trotwood Avenue, Columbia (Maury County). These beds are not subject to the 2013-2014 Nursing Home Bed Pool. The estimated project cost is **$18,161,672.00.**

Outstanding Certificates of Need

Maury Regional Ambulatory Surgery Center, LLC, CN1111-046, has an outstanding Certificate of Need which will expire on June 1, 2014. It was

approved at the April 25, 2012 Agency meeting for the establishment of a multi-specialty ambulatory surgical treatment center (ASTC) on the second floor of a three story, 62,365 SF medical office building to be constructed on a 4.1 acre unaddressed site at the intersection of Saturn Parkway and Port Royal Road in Spring Hill (Maury County), Tennessee. The new 13,080 square foot facility will include two operating rooms (475 & 430 SF) and two procedure rooms (294 & 276 SF), 4 pre-op stations, 8 post–op stage-one stations and 4 post-op stage-two stations along with the requisite clinical, personnel, administrative and patient support areas. The estimated project cost is **$7,894,178.00.** *Project Status: According to a 10/2/13 email from a representative of Maury Regional, construction on the surgery center is 80% complete. The scheduled construction completion date is December 1, 2013.*

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

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

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF 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.

MAF
10/7/2013

LETTER OF INTENT

2013 JUL 8 AM 10 17

LETTER OF INTENT
TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Columbia Daily Herald, which is a newspaper of general circulation in Maury County, Tennessee, on or before July 8, 2013, for one day.

This is to provide official notice to the Tennessee Health Services and Development Agency ("Agency") and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Agency, that Maury Regional Hospital d/b/a Maury Regional Medical Center, a hospital owned by Maury County, TN, intends to file an application for a Certificate of Need to relocate two linear accelerators and a mobile positron emission tomography scanner from the main hospital campus to Maury Regional Cancer Center, at 808 South James Campbell Boulevard, Columbia, TN, 38401. Maury Regional Medical Center will also replace one of the linear accelerators. The project will require approximately 10,736 square feet of renovation construction. The project will not result in an increase of licensed hospital beds or the initiation of any service requiring certificate of need. The total project cost is estimated to be $7,742,231. Maury Regional Medical Center is located at 1224 Trotwood Avenue, Columbia, TN, 38401.

The anticipated date of filing the application is July 12, 2013. The contact person for this project is David Thomas, who may be reached at Maury Regional Medical Center, 1224 Trotwood Avenue, Columbia, TN, 38401, (931) 380-4057.

David Thomas July 8, 2013 dthomas@mauryregional.com

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

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.

ORIGINAL APPLICATION

1. ***Name of Facility, Agency, or Institution***

2013 JUL 12 PM 2 17

Maury Regional Hospital d/b/a Maury Regional Medical Center
Name

1224 Trotwood Avenue — Maury
Street or Route — County

Columbia — TN — 38401
City — State — Zip Code

2. ***Contact Person Available for Responses to Questions***

David Thomas — Director, Cancer Center
Name — Title

Maury Regional Medical Center — dthomas@mauryregional.com
Company Name — Email address

1224 Trotwood Avenue — Columbia — TN — 38401
Street or Route — City — State — Zip Code

employee — 931-380-4057 — 931-540-4224
Association with Owner — Phone Number — Fax Number

3. ***Owner of the Facility, Agency or Institution***

Maury County — 931-380-4057
Name — Phone Number

1224 Trotwood Avenue — Maury
Street or Route — County

Columbia — TN — 38401
City — State — Zip Code

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

A. Sole Proprietorship _____
B. Partnership _____
C. Limited Partnership _____
D. Corporation (For Profit) _____
E. Corporation (Not-for-Profit) _____
Private Act at Attachment A.4.

F. Government (State of TN or Political Subdivision) ___X___
G. Joint Venture _____
H. Limited Liability Company _____
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)***

n/a
Name

Street or Route

County

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 _____
B. Option to Purchase _____
C. Lease of 10 Years __X__
D. Option to Lease _____
E. Other (Specify) _____ _____

Lease at Attachment A.6.

PUT ALL ATTACHMENTS AT THE BACK 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) acute care __X__
B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____
C. ASTC, Single Specialty _____
D. Home Health Agency _____
E. Hospice _____
F. Mental Health Hospital _____
G. Mental Health Residential Treatment Facility _____
H. Mental Retardation Institutional Habilitation Facility (ICF/MR) _____
I. Nursing Home _____
J. Outpatient Diagnostic Center _____
K. Recuperation Center _____
L. Rehabilitation Facility _____
M. Residential Hospice _____
N. Non-Residential Methadone Facility _____
O. Birthing Center _____
P. Other Outpatient Facility (Specify) _____ _____
Q. Other (Specify) _____ _____

8. ***Purpose of Review*** ***(Check as appropriate--more than one response may apply)***

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

9. ***Bed Complement Data***

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

	Current Beds Licensed	Current Beds *CON	Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A. Medical	127	0	95	0	127
B. Surgical	53	0	52	0	53
C. Long-Term Care Hospital					
D. Obstetrical	26	0	24	0	26
E. ICU/CCU	24	0	24	0	24
F. Neonatal	8	0	8	0	8
G. Pediatric	17	0	12	0	17
H. Adult Psychiatric					
I. Geriatric Psychiatric					
J. Child/Adolescent Psychiatric					
K. Rehabilitation					
L. Nursing Facility (non-Medicaid Certified)	20	0	19	0	20
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	275	0	234	0	275

*CON-Beds approved but not yet in service

10. **Medicare Provider Number** 044-0073

Certification Type Acute Care Hospital

11. **Medicaid Provider Number** 044-0073

Certification Type Acute Care Hospital

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

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.***

AmeriGroup Community Care, United Healthcare (AmeriChoice), and BlueCare are the TennCare MCOs operating in the area. The applicant is contracted with all three.

Discuss any out-of-network relationships in place with 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: Maury Regional Medical Center proposes to relocate its radiation therapy and mobile PET/CT services from the main hospital campus to a site in a retail shopping center at which it already provides cancer services, including outpatient infusion and physician offices. This move will create a full-service cancer center in a convenient location for patients. As part of this project, MRMC will replace one of its linear accelerators. Additionally, MRMC will shell space for a future fixed PET/CT scanner.

Applicant Background: MRMC is a governmental, not-for-profit hospital created by private act in 1949. MRMC operates Marshall Medical Center, Wayne Medical Center, and Lewis Health Center. In addition, MRMC is a member of the Vanderbilt Health Affiliated Network. MRMC's primary service area is Giles, Hickman, Lawrence, Lewis, Marshall, Maury, Perry, Wayne, and Williamson Counties.

MRMC Radiation Therapy Services: MRMC provides external beam radiation therapy including Intensity Modulated Radiation Therapy (IMRT), 3D conformal therapy, Stereotactic Body Radiation Therapy (SBRT), and Stereotactic Radiosurgery (SRS). MRMC also provides High Dose Rate brachytherapy (HDR) as well as radioactive seed implantation for the treatment of prostate cancer. MRMC utilizes low dose image guidance, including cone beam CT (CBCT) in order to more precisely target the tumor during treatment and utilizes respiratory gating during the simulation process to better target lung tumors that move during respiration.

Need: MRMC cannot create a full-service cancer center on the main hospital campus because there is not enough space. Relocation will allow MRMC to provide cancer patients with a full-service cancer center, including radiation therapy, chemotherapy, and diagnostic CT/PET. Patients who require lengthy chemotherapy infusions will be able to receive their radiation treatment while their chemotherapy is being infused, which will save time and improve the overall patient experience. Patients will have more space and privacy at the cancer center. Also, the new location will provide easier parking for the patients.

Project Cost: The project cost is $7,742,231. The project will be funded by the cash reserves of MRMC. A letter from MRMC's CFO, Nick Swift, is attached as Attachment C. Economic Feasibility. 2.

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.

MRMC will create a full-service cancer center by relocating radiation therapy and PET/CT services from the main hospital campus to its existing cancer center at the Columbia Mall. As part of the proposed project, MRMC will replace one of its linear accelerators. MRMC will shell space for a future fixed PET/CT scanner; this cost is included in the project cost. The project includes renovation of 10,736 square feet at the Columbia Mall. The renovation cost is approximately $232.86 per square foot.

Maury Regional Cancer Center ("MRCC") is currently home to Family Health Group (FHG) Oncology, Outpatient Infusion Clinic, and the American Cancer Society Cancer Resource Center. FHG Oncology is a group of board-certified medical oncologists with more than 60 years of combined experience in treating oncology patients. They work closely with surgeons and radiation oncologists to provide a comprehensive treatment plan for each patient. The Outpatient Infusion Clinic at Maury Regional Cancer Center offers an extensive array of parenteral therapy services for patients, delivered by a highly skilled medical team. The Infusion Center registered nurses are certified to deliver bio-chemotherapy. MRCC has an on-site pharmacy where a pharmacist insures precise dosing and mixing of chemotherapy. The Infusion Clinic is also backed by an accredited laboratory and blood bank that is Joint Commission certified. Services include:

- *Biological response modifiers*
- *Central line catheter care*
- *Chemotherapy*
- *Hydration therapy*
- *Intravenous antibiotics*
- *IV anti-emetic care*
- *IV immune globulin*
- *Intramuscular and subcutaneous injections*

- *Monoclonal antibodies*
- *Therapeutic phlebotomy*
- *Transfusion of blood products.*

Maury Regional Cancer Center will utilize Healthcare Provider Basic Life Support (BLS) for emergencies. All registered nurses and nurse technicians will be trained in Healthcare Provider BLS per American Heart Association protocol. An AED is available in the Cancer Center and is used as part of this protocol. Emergency Medical Services will be activated as part of the BLS protocol for Advanced Cardiac Life Support and will provide ambulance transportation to Maury Regional Medical Center Emergency Room as needed.

Inpatients who require radiation therapy services and/or PET services will be transported to the Cancer Center via ambulance. Coordination of care during the patient's visit at the Cancer Center will take place between the nursing staff at the Cancer Center and the responsible charge nurse at the hospital.

There are no set plans for the space that is to be vacated at MRMC. Possible uses for that space are being evaluated.

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. *n/a*

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		
					Renovated	New	Total	Renovated	New	Total
Gamma Vault	hospital	176	n/a	395	395	n/a	395	$464.25	n/a	$464.25
PET/CT Room	mobile	n/a	n/a	416	416	n/a	416	$240.38	n/a	$240.38
CT Sim. Room	hospital	400	n/a	347	347	n/a	347	$288.18	n/a	$288.18
Linear Accelerator Vaults	hospital	1,164	n/a	2,154	2,154	n/a	2,154	$464.25	n/a	464.25
Total Support Areas	hospital	5,260	n/a	3,760	3,760	n/a	3,760	$150.41	n/a	$150.41
Total Exam Areas	hospital	462	n/a	350	350	n/a	350	$150.41	n/a	$150.41
B. Unit/Depart. GSF Sub-Total	n/a	7,462	n/a	7,422	7,422	n/a	7,422			
C. Mechanical/ Electrical GSF	n/a	n/a	n/a	Rooftop	Rooftop	n/a	Rooftop			
D. Circulation /Structure GSF	n/a	n/a	n/a	3,314	3,314	n/a	3,314	$150.41	n/a	$150.41
E. Total GSF	n/a	7,462	n/a	10,735	10,736	n/a	10,736	$232.86	n/a	$232.86

C. As the applicant, describe your need to provide the following health care services (if applicable to this application): *n/a. MRMC is not initiating any service.*

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

D. Describe the need to change location or replace an existing facility.

MRMC will create a full-service cancer center at Columbia Mall. Relocation will allow cancer patients to access radiation therapy, chemotherapy, and diagnostic CT/PET in the same location. Patients will be able to receive their chemotherapy and radiation treatments concurrently. Care givers will have immediate access to radiation oncology and medical oncology, which will enhance coordination of care. Patients will benefit from an increased number of exam rooms, a family counseling room, larger waiting rooms, and a more private setting for cancer care discussions and financial counseling. Also, the new location will provide easier parking for the patients and minimize the distance that patients and their families must walk to access the building.

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 $2.0 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:

n/a. MRMC is not acquiring any new major medical equipment. It is simply relocating and replacing existing equipment.

1. For fixed-site major medical equipment (not replacing existing equipment):
   a. Describe the new equipment, including:
      1. Total cost; (As defined by Agency Rule).

2. Expected useful life;
3. List of clinical applications to be provided; and
4. Documentation of FDA approval.

b. Provide current and proposed schedules of operations.

2. For mobile major medical equipment:

a. List all sites that will be served;

b. Provide current and/or proposed schedule of operations;

c. Provide the lease or contract cost.

d. Provide the fair market value of the equipment; and

e. List the owner for the equipment.

3. Indicate applicant's legal interest in equipment (*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.

MRMC is only replacing existing equipment; however, in an effort to provide the Agency with complete information, the applicant has included the vendor quotation for the replacement linear accelerator and the lease for the mobile PET/CT. These are attached as Attachment B.II.E.3.

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.

Patients will be able to access the proposed location by exiting James Campbell Blvd. onto either Shady Brook Street or Brookmeade Drive. The center is adjacent to the Columbia Mall and is easily accessed by vehicles. Parking is abundant, and the center has a covered drive-through, allowing patients to be dropped off at or near the front entrance of the building without being exposed to adverse weather conditions.

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.

The floor plan is attached at 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.

n/a

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.

   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.

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

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

   The cost of the proposed relocation is $7,742,231. MRMC did not evaluate the cost of renovation because renovation is not feasible. There is not sufficient room on the hospital campus to create the cancer center that is proposed for the Columbia Mall site. Need for the project exists, as evidenced by MRMC's historical utilization. Most of the patients are expected to be patients who would otherwise receive cancer treatment on MRMC's main campus, so this project will not have an impact on other providers. (Williamson Medical Center is the only other provider of PET services in the area, and Vanderbilt Ingram Cancer Center at Franklin is the only other provider of radiation therapy services in the service area.)

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

   This project does not include the change of site for a health care institution; it simply relocates certain services and equipment to an existing outpatient campus of the hospital.

STATE HEALTH PLAN –
FIVE PRINCIPALS FOR ACHIEVING BETTER HEALTH

- *Healthy Lives. The project will improve the health of patients because it will provide better access to comprehensive cancer care.*
- *Access to Care. The applicant participates in all TennCare MCOs that operate in the area and has a history of serving low-income patients.*
- *Economic Efficiencies. This project does not add any new services but simply upgrades equipment and relocates services to a more convenient location.*
- *Quality of Care. MRMC has a history of providing excellent care to its patients. MRMC has received numerous awards for quality in the last several years, including:*

- *Top 100 Hospital (Truven) – 1994, 2008, 2010, and 2013*
- *100 Great Community Hospitals (Becker's Hospital Review) - 2013*
- *Top Health System (Truven) – 2011 and 2012*
- *Cardiac Surgery Excellence Award (Healthgrades) – 2011*
- *Top Cardiovascular Hospital (Truven) - 2013*
- *Orthopedic Surgery Excellence Award (Healthgrades) – 2012*
- *Everest Award (Truven) – 2013*

- *Health Care Workforce. MRMC partners with numerous schools in and around the service area to train nurses, therapists, technicians, pharmacists, and physician assistants.*

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

MRMC continues to work to provide convenient, high-quality care to its patients. The Cancer Center is a component of that effort, and consolidating all cancer services at MRCC will provide the best, most convenient services for patients.

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 service area is Giles, Hickman, Lawrence, Lewis, Marshall, Maury, Perry, Wayne, and Williamson Counties. A service area map is attached as Attachment C.Need.3. Approximately 98% of MRMC's patients are from these counties.

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

Demographic data for each county in the service area is attached as Attachment C.Need 4.

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

Accessing services at the Columbia Mall site will be easier for patients than accessing services at the main hospital campus. MRMC has a strong history of fulfilling the needs of the service area population, including providing access for poor and elderly patients.

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.

Williamson Medical Center is the only other PET (mobile, ½ day per week) provider in the service area, and Vanderbilt Ingram Cancer Center at Franklin is the only other radiation therapy provider in the service area.

	2010	2011	2012
Vanderbilt Ingram Cancer Center at Franklin – Linear Accelerator (treatments)	6085	5753	5975
Williamson Medical Center – PET (scans)	89	108	109

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.

	2010	2011	2012	2015	2016
PET (scans)	314	309	345	354	364
Linear Accelerator (treatments)	30,844	29,997	30,156	30,759	31,374

Projected utilization is based on historical utilization. Over the last 4-5 years, linear accelerator utilization has increased by an average of 2% per year, and PET utilization has increased by an average of 2.5% per year. It is expected that this moderate growth rate will continue.

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

   - All projects should have a project cost of at least $3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)

   - The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine

the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

The cost of the lease is based on the aggregate amount of the lease payments, which is $1,532,580. The fair market value of the space is $880,000. A letter regarding the fair market value of the space is attached as Attachment C. Economic Feasibility. 1.

- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

- For projects that include new construction, modification, and/or renovation; **documentation must be** provided from a contractor and/or architect that support the estimated construction costs.

  Documentation from Hart, Freeland, and Roberts is attached as Attachment Attachment C. Economic Feasibility. 1.

PROJECT COSTS CHART

2013 JUL 12 PM 2 17

A.	Construction and equipment acquired by purchase:		
	1.	Architectural and Engineering Fees	$ 225,000
	2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	$ 25,000
	3.	Acquisition of Site	$ 0
	4.	Preparation of Site	$ 75,000
	5.	Construction Costs	$ 2,500,000
	6.	Contingency Fund	$ 125,000
	7.	Fixed Equipment (Not included in Construction Contract)	$ 0
	8.	Moveable Equipment (linear accelerator and planning system)	$ 3,200,000
	9.	Other (Specify) IT equipment	$ 42,000
B.	Acquisition by gift, donation, or lease:		
	1.	Facility (inclusive of building and land)	$ 1,532,850
	2.	Building only	$ 0
	3.	Land only	$ 0
	4.	Equipment (Specify) _____	$ 0
	5.	Other (Specify) _____	$ 0
C.	Financing Costs and Fees:		
	1.	Interim Financing	$ 0
	2.	Underwriting Costs	$ 0
	3.	Reserve for One Year's Debt Service	$ 0
	4.	Other (Specify) _____	$ 0
D.	Estimated Project Cost (A+B+C)		$ 7,724,850
E.	CON Filing Fee		$ 17,381
F.	Total Estimated Project Cost (D+E)		$ 7,742,231
		TOTAL	**$ 7,742,231**

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;

☐ 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

☒ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.

Letter attached as 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.

As noted in the letter from Hart, Freeland, and Roberts, the project costs are reasonable. Further, the average cost per square foot ($232.86) is in line with other hospital projects that have recently been approved by the Agency.

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).

SUPPLEMENTAL

REVISED HISTORICAL DATA CHART

32

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

	Year 2012	Year 2011	Year 2010
A. Utilization Data (*patient days*)	49,532	54,424	56,401
B. Revenue from Services to Patients			
1. Inpatient Services	$246,286,860	$256,190,608	$252,883,954
2. Outpatient Services	$354,693,037	$304,888,933	$279,336,434
3. Emergency Services	$47,793,056	$37,187,162	$21,264,121
4. Other Operating Revenue (Specify) *see chart below*	$8,994,229	$8,872,019	$7,461,422
Gross Operating Revenue	$657,767,182	$607,138,722	$560,945,931
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	$380,521,119	$345,440,628	$313,233,607
2. Provision for Charity Care	$11,717,923	$12,852,150	$12,053,903
3. Provisions for Bad Debt	$25,946,254	$23,212,355	$24,963,079
Total Deductions	$418,185,296	$381,505,133	$350,250,615
NET OPERATING REVENUE	$239,581,886	$225,633,590	$210,695,316
D. Operating Expenses			
1. Salaries and Wages	$119,474,327	$113,904,765	$111,205,121
2. Physician's Salaries and Wages	$9,729,973	$7,466,814	$5,825,031
3. Supplies	$47,480,886	$44,107,074	$40,194,049
4. Taxes	$120,190	$121,850	$131,993
5. Depreciation	$14,677,968	$15,662,303	$14,527,462
6. Rent	$3,012,130	$3,024,838	$2,967,269
7. Interest, other than Capital	n/a	n/a	n/a
8. Management Fees:			
a. Fees to Affiliates	n/a	n/a	n/a
b. Fees to Non-Affiliates	n/a	n/a	n/a
9. Other Expenses (Specify) *see chart below*	$29,602,104	$27,620,284	$25,026,928
Total Operating Expenses	$224,097,578	$211,907,928	$199,877,852
E. Other Revenue (Expenses) – Net (Specify) *See chart below*	$(2,961,526)	$(2,235,528)	$(2,404,013)
NET OPERATING INCOME (LOSS)	$12,522,782	$11,490,134	$8,413,452
F. Capital Expenditures			
1. Retirement of Principal	$3,910,000	$3,845,000	$5,330,000
2. Interest	$717,518	$994,767	$1,367,257
Total Capital Expenditures	$4,627,518	$4,839,767	$6,697,257
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	$7,895,264	$6,650,367	$1,716,195

Other Operating Revenue

	FY2012	FY2011	FY2010
Management Fees Charged to Affiliates	$1,495,755	$1,191,036	$619,356
Factory Employee Health Revenues	$540,635	$533,403	$704,434
Sale of Meals	$1,079,715	$1,016,763	$1,018,552
Medical Records Fees	$7,811	$5,627	$4,886
Purchasing Discounts	$82,115	$115,234	$106,492
Pharmacy Sales	$2,081,912	$1,509,318	$1,426,349
Office Building Rental Income	$2,446,337	$2,340,832	$2,446,677
Essential Access Funds	$952,894	$1,990,104	$1,007,413
Other Income	$307,055	$169,702	$127,264

Other Expenses

	FY2012	FY2011	FY2010
Advertising	$634,315	$607,764	$697,856
Consulting Fees	$283,373	$61,306	$191,257
Legal and Audit Fees	$654,509	$311,086	$355,778
Software Support	$2,620,259	$1,732,105	$1,540,345
Machine Services Contracts	$3,146,777	$3,407,655	$3,163,435
Collection Agency Fees	$1,389,631	$1,295,273	$1,222,082
Contracted Services to Others*	$8,908,834	$8,192,216	$6,473,030
Engineering Biomed Services	$179,315	$243,906	$311,380

Repairs and Maintenance	$2,555,208	$2,584,993	$2,259,655
Insurance	$891,122	$1,038,944	$1,021,969
Other Operating Expenses**	$1,712,816	$2,371,766	$2,035,616
License Fees	$1,191,563	$825,845	$1,039,405
Contributions to Maury County and community charities	$1,193,543	$1,114,047	$1,002,155
Utilities	$4,240,839	$4,311,658	$4,007,176

**includes dialysis management, dietary management, endoscopy management, reference lab, physicist, wound care management, mobile MRI/PET, laundry management, chart reviews, etc.*

***includes professional development, physician recruitment, travel expenses, communications expenses, postage and shipping fees, etc.*

Other Revenue (Expense) – Net

	FY2012	FY2011	FY2010
Losses on Affiliate Physician Practices	($3,868,006)	($3,010,894)	($3,100,223)
Interest/Investment Income	$906,480	$775,366	$696,211

REVISED PROJECTED DATA CHART (Radiation Therapy)

35

SUPPLEMENTAL

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in *July*.

		Year 2015	Year 2016
A.	Utilization Data (treatments)	30,759	31,374
B.	Revenue from Services to Patients		
1.	Inpatient Services	$833,587	$850,259
2.	Outpatient Services	$29,780,436	$30,376,045
3.	Emergency Services	n/a	n/a
4.	Other Operating Revenue N/A	n/a	n/a
	Gross Operating Revenue	$30,614,023	$31,226,303
C.	Deductions from Gross Operating Revenue		
1.	Contractual Adjustments	$19,176,624	$19,560,156
2.	Provision for Charity Care	$520,438	$530,847
3.	Provisions for Bad Debt	$1,285,789	$1,311,505
	Total Deductions	$20,982,851	$21,402,508
NET OPERATING REVENUE		**$9,631,172**	**$9,823,795**
D.	Operating Expenses		
1.	Salaries and Wages	$1,951,809	$1,990,845
2.	Physician's Salaries and Wages	n/a	n/a
3.	Supplies	$328,003	$334,564
4.	Taxes	n/a	n/a
5.	Depreciation	$845,110	$845,110
6.	Rent	$36,850	$36,850
7.	Interest, other than Capital	n/a	n/a
8.	Management Fees:		
	a. Fees to Affiliates	n/a	n/a
	b. Fees to Non-Affiliates	n/a	n/a
9.	Other Expenses machine contract services, software, lease/rental, maintenance & repairs, utilities, and professional development	$1,337,892	$1,364,650
	Total Operating Expenses	$4,499,664	$4,572,018
E.	Other Revenue (Expenses) – Net (Specify)	n/a	n/a
NET OPERATING INCOME (LOSS)		**$5,131,508**	**$5,251,777**
F.	Capital Expenditures	$6,000,812	n/a
1.	Retirement of Principal	n/a	n/a
2.	Interest	n/a	n/a
	Total Capital Expenditures	$6,000,812	n/a
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES		**($869,304)**	**$5,251,777**

PROJECTED DATA CHART (PET)

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in *July*.

2013 JUL 30 PM 4 01

		Year 2015	Year 2016
A.	Utilization Data (scans)	354	364
B.	Revenue from Services to Patients		
1.	Inpatient Services	$5,470	$5,635
2.	Outpatient Services	$1,881,231	$1,937,668
3.	Emergency Services	n/a	n/a
4.	Other Operating Revenue N/A	n/a	n/a
	Gross Operating Revenue	$1,886,701	$1,943,302
C.	Deductions from Gross Operating Revenue		
1.	Contractual Adjustments	$1,254,468	$1,292,102
2.	Provision for Charity Care	$32,074	$33,036
3.	Provisions for Bad Debt	$79,241	$81,619
	Total Deductions	$1,365,783	$1,406,756
NET OPERATING REVENUE		**$520,918**	**$536,546**
D.	Operating Expenses		
1.	Salaries and Wages	$23,196	$23,776
2.	Physician's Salaries and Wages	n/a	n/a
3.	Supplies	$44,718	$46,059
4.	Taxes	n/a	n/a
5.	Depreciation	n/a	n/a
6.	Rent	n/a	n/a
7.	Interest, other than Capital	n/a	n/a
8.	Management Fees:		
	a. Fees to Affiliates	n/a	n/a
	b. Fees to Non-Affiliates	n/a	n/a
9.	Other Expenses equipment lease	$268,364	$276,415
	Total Operating Expenses	$336,278	$346,250
E.	Other Revenue (Expenses) – Net (Specify)	n/a	n/a
NET OPERATING INCOME (LOSS)		**$184,640**	**$190,295**
F.	Capital Expenditures	n/a	n/a
1.	Retirement of Principal	n/a	n/a
2.	Interest	n/a	n/a
	Total Capital Expenditures	n/a	n/a
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES		**$184,640**	**$190,295**

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

Radiation Therapy

Average Gross Charge	Average Deduction	Average Net Charge
$995.28	$682.17	$313.12

PET

Average Gross Charge	Average Deduction	Average Net Charge
$5,335.32	$3,862.24	$1,473.08

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.

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).

The project will have no impact on charges. The following chart includes the charges and comparison to Medicare reimbursement.

Procedure – Radiation Therapy	**MRMC Charge**	**Medicare Reimbursement**
IMRT TX Planning – 77301	**$4,162.00**	**$984.49**
IMRT Daily TX Delivery – 77418	**$1,646.00**	**$483.70**
3D Conformal TX Plan – 77295	**$3,286.00**	**$984.49**
Daily TX MGMT: Comp 6-10 MEV - 77413	**$571.00**	**$179.52**
Daily TX MGMT: Comp 11-18 MEV – 77414	**$628.00**	**$179.52**

Procedure – PET	MRMC Charge	Medicare Reimbursement
PET Skull-Thigh – 78812	$4,797.00	$1,056.12
PET Whole Body – 78813	$4,891.00	$1,056.12
PET CT Limited – 78814	$5,047.00	$1,056.12
PET CT Skull-Thigh – 78815	$5,337.00	$1,056.12
PET CT Whole Body – 78816	$5,634.00	$1,056.12

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

   Current utilization has been sufficient to maintain cost effectiveness, and the services have been profitable.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

   The project will be profitable in Year 2. MRMC has sufficient cash reserves to support the project in Year 1.

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.

   MRMC participates in all TennCare MCOs that operate in the service area.

Radiation Therapy – Gross Charges

	Year 1 - $	*Year 1 - %*	*Year 2 - $*	*Year 2 - %*
Medicare	*$18,395,355*	*60%*	*$18,483,672*	*59%*
TennCare	*$2,615,289*	*8.5%*	*$3,455,089*	*11%*

PET – Gross Charges

	Year 1 - $	*Year 1 - %*	*Year 2 - $*	*Year 2 - %*
Medicare	*$1,104,834*	*59%*	*$1,104,518*	*57%*
TennCare	*$204,749*	*11%*	*$260,132*	*13.4%*

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.

    MRH's financial information is attached as Attachment C, Economic Feasibility – 10.

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.

    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.

    The applicant had three options with respect to radiation therapy and PET/CT services:

    1) Do nothing;

    2) Renovate space on the main hospital campus; or

    3) Relocate the services to the Columbia Mall site.

    Options 1 and 2 are not feasible because there is not sufficient space on the main hospital campus to provide the type of comprehensive cancer center that the Columbia Mall site will provide. In addition, the new site is more convenient for patients.

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.

   Other Providers:

   - *Hospice of the Highland Rim*
   - *Caris Hospice*

   Managed Care and other networks:
   - *AmeriGroup*

- *Aetna*
- *Blue Cross TN*
- *Blue Advantage*
- *Cover TN*
- *Cigna*
- *HealthSpring*
- *Humana*
- *AmeriChoice*
- *United of the River Valley, Inc.*
- *United Healthcare*
- *PHCS/MultiPlan*
- *Amish Council*
- *Hospice of the Highland Rim, Inc.*
- *TBCCEDP*
- *Valor Healthcare – VA*
- *Corrections Corp of America*
- *First Health/Affordable/Coventry*
- *Government Employees Hospital Assoc.*
- *Wayne County Jail*
- *Lewis County Jail*
- *Marshall County Jail*
- *OccuComp PT*
- *Windsor Health Plans*

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.

   This project will have only a positive impact on the health care system. It does not duplicate services; it simply relocates services to a more convenient location for patients. Additionally, the project replaces and upgrades equipment.

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.

   Radiation Therapy
   Registered Nurse – 2.5 FTE
   Radiation Therapist – 7.0 FTE
   PRN Radiation Therapist – 4 FTE
   Physicists – 2.0 FTE
   Dosimetrist – 2.0 FTE
   CT Simulation Techs – 1.5 FTE
   PRN CT Simulation Tech – 1 FTE

Registered Nurse is the only job category for which the Tennessee Department of Labor & Workforce Development publishes wages. MRMC's average hourly wage for a registered nurse is $24; the area average per TDLWD is $27.77.

PET
Nuclear Medicine Tech – 1 FTE

MRMC's average hourly wage for a nuclear medicine tech is $34; the area average per TDLWD is $26.98.

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.

   MRMC has not had trouble recruiting staff. For this project most staff members will relocate from the main hospital campus to the new location.

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.

   MRMC has reviewed and understands all applicable requirements.

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.).

   Promoting learning and higher education is part of MRMC's role in the community. MRMC has numerous school affiliations and contracts. For the allied health care areas the affiliations include the technical centers, community college, state and private colleges and universities, particularly Columbia State Community College, Martin Methodist College, the University of Alabama Huntsville, Vanderbilt University, Trevecca University, and the University of North Alabama. The clinical areas include nursing (licensed practical nurse, registered nurse, advanced practice including nurse anesthetist), speech, respiratory, therapy, physical therapy, radiology technology, physician assistant, pharmacy and health information management. The number of clinical students during the fall and spring school semesters averages 300 per semester. Non-clinical areas include healthcare management and information technology.

   Additionally, MRMC is an identified Training Center for the American Heart Association and an approved provider of continuing nursing education by the Tennessee Nurses Association.

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.

MRMC has reviewed and understands all applicable 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*

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.

MRMC is currently licensed by the Tennessee Department of Health. A copy of the license is attached as Attachment C. Contribution to the Orderly Development of Healthcare. 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.

All the deficiencies cited in the last inspection have been corrected. The most recent survey and plan of correction is attached as Attachment C. Contribution to the Orderly Development of Healthcare. 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. *n/a*

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. *n/a*

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.

MRMC will provide the Tennessee Health Services and Development Agency with all required data.

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

2013 JUL 12 PM 2 18

STATE OF TENNESSEE

COUNTY OF MAURY

PROOF OF PUBLICATION

Before me, Vickie L. Woody, of the county and state aforesaid, Personally appeared Mark Palmer with whom I am personally Acquainted and who upon oath acknowledged herself to be the Bookkeeper of ***THE DAILY HERALD,*** a newspaper published in the City of Columbia, in said county and state, who, on oath, deposes And says that the publication of which the annexed slip is a true Copy, was published in said newspaper as follows:

DATE	SIZE
JUNE 8, 2013	17.00"

PUBLISHER

Subscribed and sworn to before me, this 10th day of July, 2013

NOTARY PUBLIC

MY COMMISSION EXPIRES:
6/25/2017

VICKIE L. WOODY
STATE OF TENNESSEE NOTARY PUBLIC

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WAREHOUSE FOR RENT. 3,250sq.ft. (931)698-1760.

850 Auctions

865 Commercial Prop. For Sale

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870 Homes For Sale

1628 ROBERT ROAD. Owner financing is available on this adorable 3 bedroom, 2 bathroom home. Privacy fence, 2 car garage, brand new wood laminate flooring throughout the main living areas, and brand new tile in bathrooms. $119,900. (256)810-9452. anwallace06@gmail.com

5 bedroom, 2.5 bath, 1929 2 story, grand home on Hillcrest Ave. CHA, hardwood floors, $1,200 monthly or option to buy for $199,000. (931)446-0031.

NEW HOMES FOR SALE in Summertown 3 Bedroom, 2 Bath. 100% Financing. BOBBY GOBBLE REALTY, (931)766-7981.

Taking offers to buy. No owner financing or rent. 3 bed/ 2 bath. 918 Pickens Lane. (662)419-4579.

875 Mobile Homes For Sale

16X80 USED MOBILE home. Only one in stock. Call Ron (931)388-3788, Baker Homes, Columbia.

4 MOBILE HOMES already set up and ready to move into. Owner financing available. (931)381-3873.

SOUTHERN ESTATES. NEW Doublewide. Discounted below invoice. This is one of the most quality-built homes Baker Homes has. 37 years in business. We will not be undersold. (931)388-3788. Call Bill.

875 Mobile Homes For Sale

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WE BUY USED Mobile Homes. Will Pay Cash. (931)446-0944.

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2013 JUL 12 PM

SANDRA H. DEMENT, State Bar No: 226694
LAW OFFICE OF SANDRA H. DEMENT
99 Almaden Blvd., Ste. 740
San Jose, California 95113
Telephone: (408) 998-1444

Attorney for Petitioners
MICHAEL DIRK RISCH
AILYN FEIR RISCH

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF SONOMA

In the Matter of the Petition Of MICHAEL DIRK RISCH and AILYN FEIR RISCH to Declare MAKAYLA FEIR MINCH, a Minor, to Be Free from the Custody and Control of BRYAN MINCH	))))))	CASE NO.: SFL 63431 CITATION TO PARENT

THE PEOPLE OF THE STATE OF CALIFORNIA
TO BRYAN MINCH:

By order of this court you are hereby advised that you may appear before the judge presiding in Department 23 of this court located at 3055 Cleveland Avenue, Santa Rosa, CA 95403 on July 31, 2013, at 8:30 a.m., then and there to show cause, if any you have, why MAKAYLA ADRIAN FEIR MINCH should not be declared free from your custody and control for the purpose of freeing MAKAYLA ADRIAN FEIR MINCH for placement for adoption. At this hearing you are required to give any legal reason why the relief described in the verified application attached to and served with this citation, and filed with this court, should not be granted.

The following information concerns rights and procedures that relate to this proceeding for the termination of custody and control of MAKAYLA ADRIAN FEIR MINCH as set forth in Family Code Section 7860 et seq.:

1. At the beginning of the proceeding the court will consider whether or not the interests MAKAYLA ADRIAN FEIR MINCH do require such protection, the court will appoint counsel to represent her, whether or not she is able to afford counsel.

2. If a parent of MAKAYLA ADRIAN FEIR MINCH appears without counsel and is unable to afford counsel, the court must appoint counsel for the parent, unless the parent knowingly and intelligently waives the right to be represented by counsel. The court will not appoint the same counsel to represent both MAKAYLA ADRIAN FEIR MINCH and her parent.

3. The court may appoint either the public defender or private counsel. If private counsel is appointed, he or she will receive a reasonable sum for compensation and expenses, the amount of which will be determined by the court. That amount must be paid by the real parties in interest, but not by the minor, in such proportions as the court believes to be just. If, however, the court finds that any of the real parties in interest cannot afford counsel, the amount will be paid by the county.

4. The court may continue the proceeding for not more than 30 days as necessary to appoint counsel and to enable counsel to become acquainted with the case.

Dated: June 21, 2013.

JOSE O. GUILLEN
Clerk

July 2, 8, 14, 19 4tp

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Tennessee Health Services and Development Agency ("Agency") and all interested parties, in accordance with T.C.A. Sec 68-11-1601 et seq., and the Rules of the Agency, that Maury Regional Hospital d/b/a Maury Regional Medical Center, a hospital owned by Maury County, TN, intends to file an application for a Certificate of Need to relocate two linear accelerators and a mobile positron emission tomography scanner from the main hospital campus to Maury Regional Cancer Center, at 808 South James Campbell Boulevard, Columbia, TN, 38401. Maury Regional Medical Center will also replace one of the linear accelerators. The project will require approximately 10,736 square feet of renovation construction. The project will not result in an increase of licensed hospital beds or the initiation of any service requiring certificate of need. The total project cost is estimated to be $7,742,231. Maury Regional Medical Center is located at 1224 Trotwood Avenue, Columbia, TN, 38401.

The anticipated date of filing the application is July 12, 2013. The contact person for this project is David Thomas, who may be reached at Maury Regional Medical Center, 1224 Trotwood Avenue, Columbia, TN, 38401, (931) 380-4057.

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

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

Pursuant to TCA Sec. 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.

July 8 1tc

COLUMBIA REGIONAL PLANNING COMMISSION
July 10, 2013 MEETING

The Columbia Planning Commission will meet on Wednesday, July 10th, 2013 at 4:00 P.M. in the Council Chambers at City Hall to consider the following:

AGENDA

Call to Order.....Eddie Campbell
Roll Call.....Secretary
Approval of Minutes..Commission Members
Welcome of Visitors.....Eddie Campbell

1. Review of Bonds and/or Letters of Credit
2. Acknowledgement of Official Communications:
a. Actions of the Maury County Regional Planning Commission within the Columbia Planning Region.
b. Review any Actions of the Columbia City Council on annexation and zoning.
3. Request from Webb Engineering for Sketch Plat approval of eight lots located at 988 Baker Road.
4. Other Business: Tabled Zoning Ordinance question and answer.

Anyone requesting accommodations due to disabilities should contact Norman Wright at 931-560-1560 prior to the meeting.

June 28, July 8 2tc

"PUBLIC NOTICE: Cellco Partnership and its controlled affiliates doing business as Verizon Wireless (Verizon Wireless) are proposing to build a 310-foot Self-Support Telecommunications Tower. Anticipated lighting application is medium intensity dual red/white strobes. The site location is 3909 Williamsport Pike, Columbus, Maury County, TN 38487 (35° 42' 23.84" North and 87° 13' 51.49" West). The Federal Communications Commission (FCC) Antenna Structure Registration (ASR, Form 854) filing number is A0841445.

ENVIRONMENTAL EFFECTS – Interested persons may review the application (www.fcc.gov/asr/applications) by entering the filing number. Environmental concerns may be raised by filing a Request for Environmental Review (www.fcc.gov/asr/environmentalrequest) and online filings are strongly encouraged. The mailing address to file a paper copy is: FCC Requests for Environmental Review, Attn: Ramon Williams, 445 12th Street SW, Washington, DC 20554. HISTORIC PROPERTIES EFFECTS – Public comments regarding potential effects on historic properties may be submitted within 30 days from the date of this publication to: E. York, Terracon, 2855 Premiere Parkway, Suite C, Duluth, GA 30097; 770-623-0755; eyork@terracon.com."

July 8 1tp

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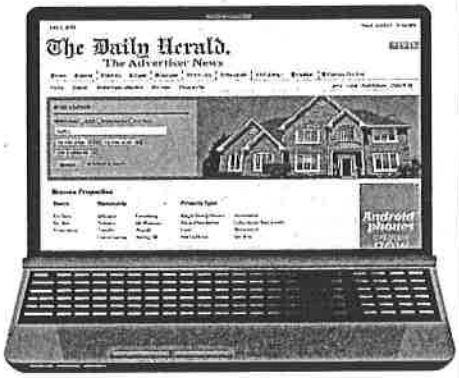

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Property Type - Community - Zip Code - Price
Number of Bedrooms - Number of Bathrooms
Number of Square Footage
• Look For a Real Estate Agent

NOTICE OF TRUSTEE'S SALE

WHEREAS, default has occurred in the performance of the covenants, terms, and conditions of a Deed of Trust Note dated August 29, 2001, and the Deed of Trust of even date securing the same, recorded September 4, 2001, at Book R1562, Page 197 and modified on January 11, 2002, at Book R1592, Page 606 in Office of the Register of Deeds for Maury County, Tennessee, executed by Reginia A. Bizzell and Regina A. Bizzell, conveying certain property therein described to Mark A. Hayes and/or Edwin D. Moore as Trustee for First National Bank of Pulaski; and the undersigned, Wilson & Associates, P.L.L.C., having been appointed Successor Trustee.

NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable; and that an agent of Wilson & Associates, P.L.L.C., as Successor Trustee, by virtue of the power, duty, and authority vested in and imposed upon said Successor Trustee will, on **July 15, 2013 on or about 10:00 A.M., at the Maury County Courthouse, Columbia, Tennessee,** offer for sale certain property hereinafter described to the highest bidder FOR CASH, free from the statutory right of redemption, homestead, dower, and all other exemptions which are expressly waived in the Deed of Trust, said property being real estate situated in Maury County, Tennessee, and being more particularly described as follows:

Being a tract or parcel of land, lying and being situated in Columbia, Maury County, State of Tennessee, more particularly described as follows:

All that certain parcel of land situated in the County of Maury, State of Tennessee, described as follows, to wit: Land in Maury County, Tennessee, being Lot Number 3 of the Plan of Keith Baker Homes, Inc., as shown on plat of record in Plat Book 10, Page 372, and Plat Book 11, Page 47, in the Register's Office of Maury County, Tennessee, to which plat reference is hereby made for a more particular description.

ALSO KNOWN AS: 202 East 15th Street, Columbia, Tennessee 38401

This sale is subject to all matters shown on any applicable recorded plat; any unpaid taxes; any restrictive covenants, easements, or setback lines that may be applicable; any statutory rights of redemption of any governmental agency, state or federal; any prior liens or encumbrances as well as any priority created by a fixture filing; and to any matter that an accurate survey of the premises might disclose. In addition, the following parties may claim an interest in the above-referenced property: **Reginia A. Bizzell; Regina A. Bizzell**

The sale held pursuant to this Notice may be rescinded at the Successor Trustee's option at any time. The right is reserved to adjourn the day of the sale to another day, time, and place certain without further publication, upon announcement at the time and place for the sale set forth above. **W&A No. 700-76018**

DATED June 17, 2013
WILSON & ASSOCIATES, P.L.L.C.,
Successor Trustee
FOR SALE INFORMATION,
VISIT WWW.MYFIR.COM
and WWW.REALTYTRAC.COM

June 24, July 1, 8 3tc

PROJECT COMPLETION FORECAST CHART

2013 JUL 12 PM 2 10

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): October 23, 2013

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	11/13
2.	Construction documents approved by the Tennessee Department of Health	20	12/13
3.	Construction contract signed	11	12/13
4.	Building permit secured	10	01/14
5.	Site preparation completed	30	02/14
6.	Building construction commenced	15	02/14
7.	Construction 40% complete	60	04/14
8.	Construction 80% complete	60	06/14
9.	Construction 100% complete (approved for occupancy)	60	08/14
10.	*Issuance of license	n/a	n/a
11.	*Initiation of service	5	08/14
12.	Final Architectural Certification of Payment	10	08/14
13.	Final Project Report Form (HF0055)	10	08/14

*** 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

2013 JUL 12 PM 2 18

STATE OF Tennessee

COUNTY OF Maury

David Thomas, being first duly sworn, says that he is the representative for the applicant and, based on his knowledge, information and belief, 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.

David Thomas
SIGNATURE/TITLE

Sworn to and subscribed before me this 3rd day of July (Month), 2013 (Year) a Notary Public in and for the County/State of Tennessee.

Kaye Marlin
NOTARY PUBLIC

My commission expires May 24 (Month/Day), 2017 (Year).

KAYE MARLIN
STATE OF TENNESSEE NOTARY PUBLIC
MAURY COUNTY, TENN.

ATTACHMENTS

Attachment A.4 – Private Act

Attachment A.6 – Lease

Attachment B.II.E.3 – Linear Accelerator Quotation and Mobile PET Lease

Attachment B.III.A – Plot Plan

Attachment B. IV – Floor Plan

Attachment C – Need 3 – Service area map

Attachment C – Need 4 – Demographic Data

Attachment C – Economic Feasibility – 1 – Appraisal Letter & Architect Letter

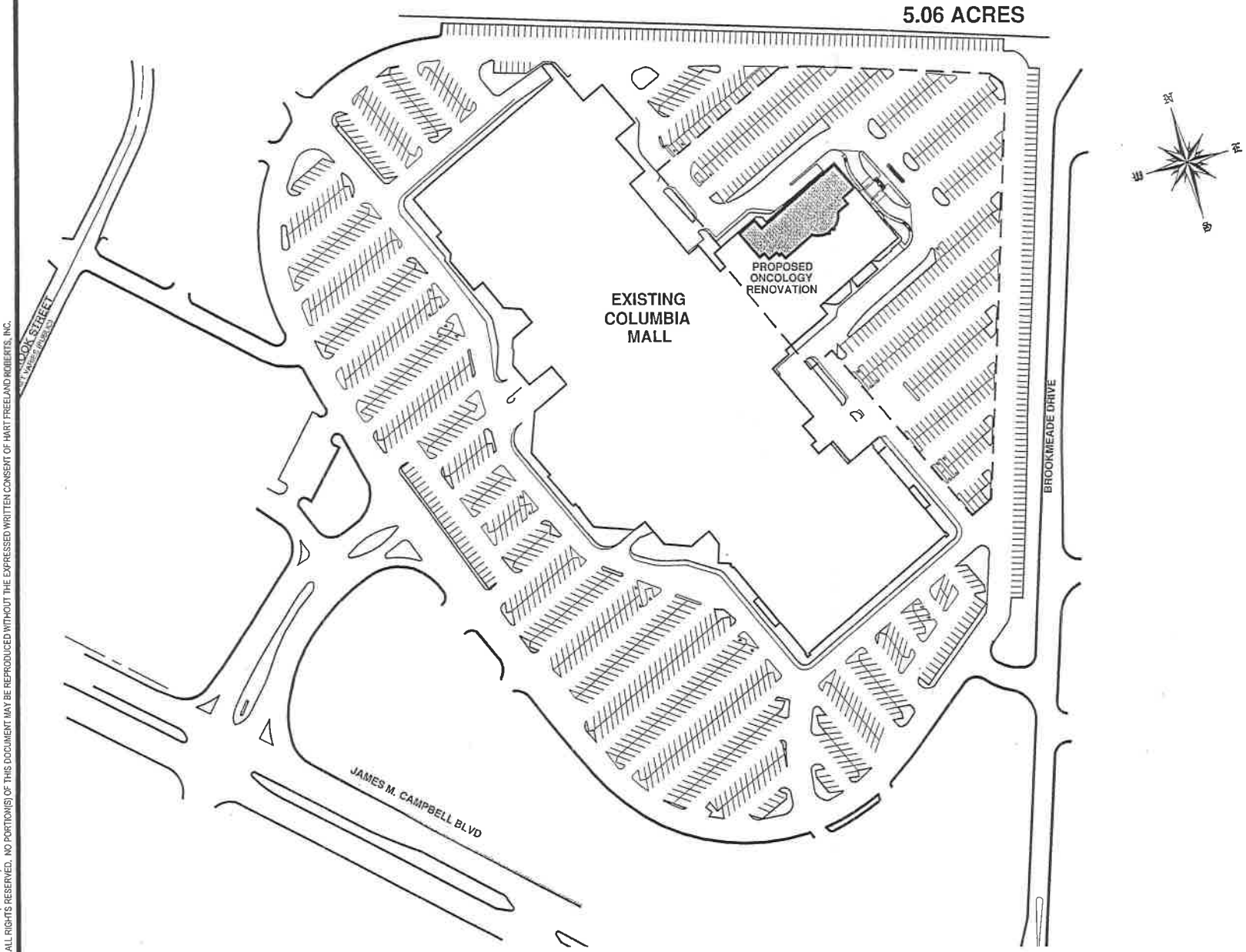
Attachment C – Economic Feasibility - 2 – Funding Letter

Attachment C – Economic Feasibility – 10 – Financial Information

Attachment C – Contribution to Orderly Development 7(c) – License

Attachment C – Contribution to Orderly Development 7(d) – Survey and Plan of Correction

Attachment B.III.(A) – Plot Plan



SITE PLAN

NOT TO SCALE

HFR DESIGN
1910
ARCHITECTURE
ENGINEERING
PLANNING
INTERIORS

HART FREELAND ROBERTS, INC.
7101 Executive Center Drive
Suite 300
Brentwood, TN 37027

615.370.8500 phone
615.370.8530 fax
www.hfrdesign.com web

Nashville, Tennessee
Jackson, Tennessee
Kansas City, Missouri
Louisville, Kentucky

MRMC ONCOLOGY AT COLUMBIA MALL

MAURY REGIONAL MEDICAL CENTER
COLUMBIA, TENNESSEE

50

PROJ NUMBER: 2013064

DATE: JUNE 12, 2013

SITE PLAN

C
1.00

1 DATE: 6/27/2013 9:35:36 AM (KLAUDLE)
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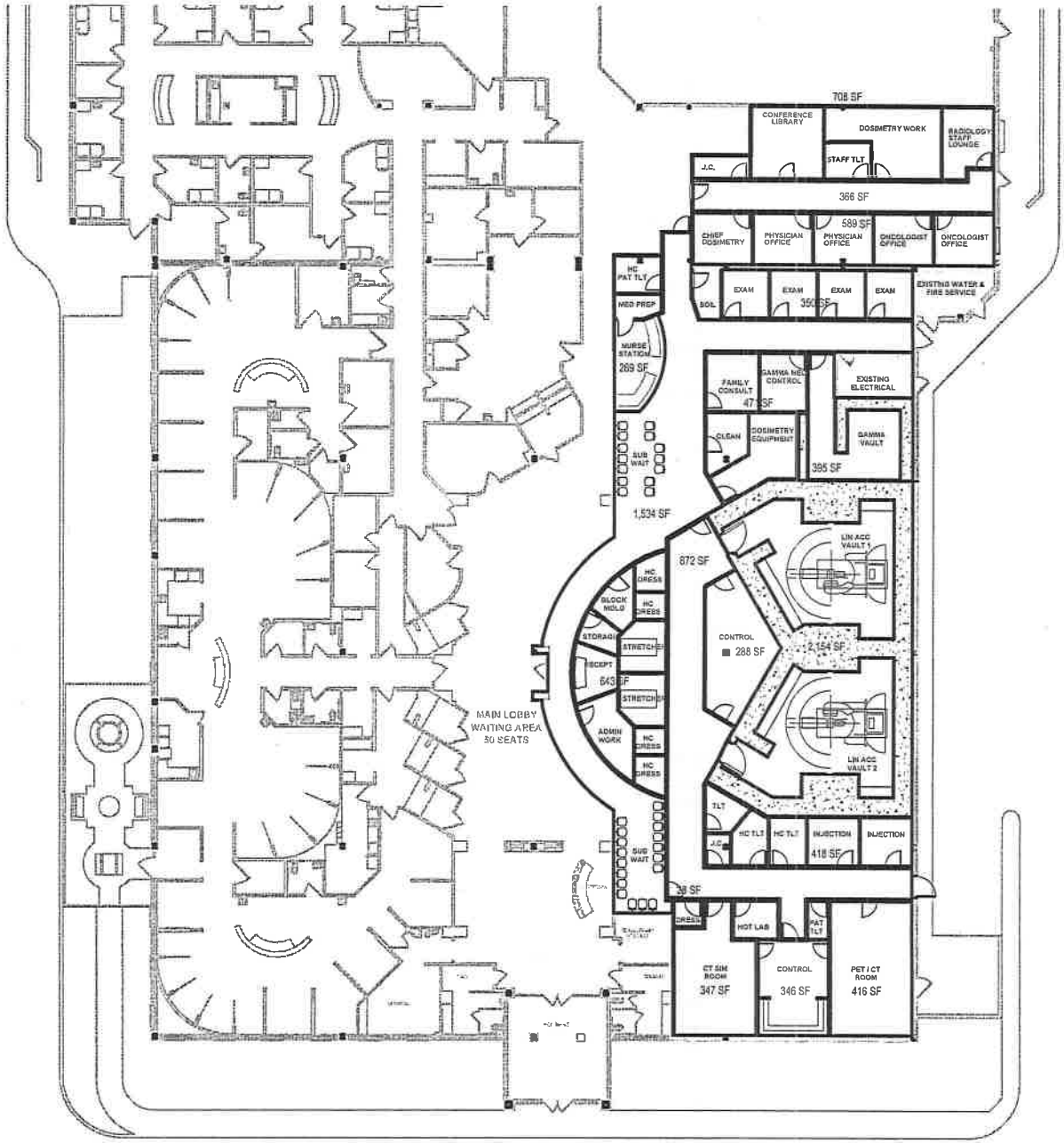
Attachment B.IV – Floor Plan



FLOOR PLAN

10,736 SF TOTAL

0 8' 16' 24' 48'

1/32" = 1'-0"

HFR DESIGN

1 9 1 0

ARCHITECTURE
ENGINEERING
PLANNING
INTERIORS

HART FREELAND ROBERTS, INC.
7101 Executive Center Drive
Suite 300
Brentwood, TN 37027

615.370.8500 phone
615.370.8530 fax
www.hfrdesign.com web

Nashville, Tennessee
Jackson, Tennessee
Kansas City, Missouri
Louisville, Kentucky

MRMC ONCOLOGY
AT COLUMBIA MALL
MAURY REGIONAL MEDICAL CENTER
COLUMBIA, TN

52

PROJ NUMBER: 2013064

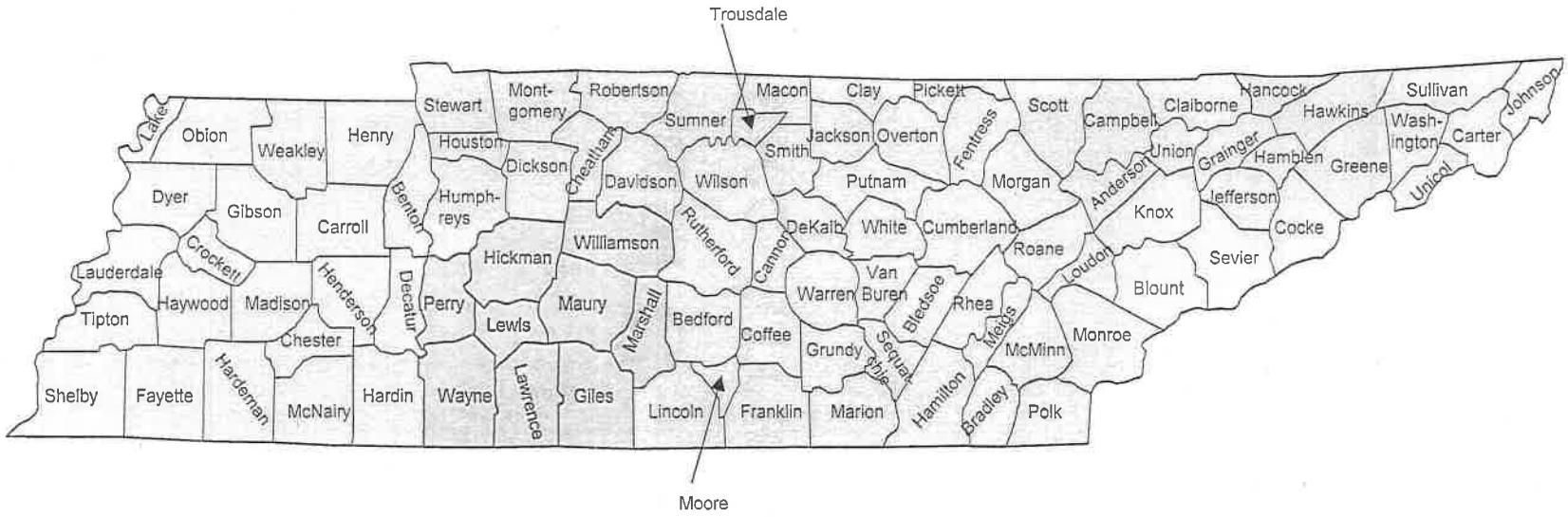
DATE: JUNE 12, 2013

FLOOR PLAN

A
1.00

Attachment C – Need 3 – Service Area Map

TENNESSEE


Trousdale
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Lake
Obion
Weakley
Henry
Stewart
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Robertson
Sumner
Macon
Clay
Pickett
Scott
Campbell
Claiborne
Hancock
Hawkins
Sullivan
Johnson
Houston
Dickson
Cheatham
Davidson
Wilson
Smith
Jackson
Overton
Fentress
Putnam
Morgan
Anderson
Union
Grainger
Hamblen
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Carroll
Benton
Humph-
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Williamson
Rutherford
Cannon
DeKalb
White
Cumberland
Roane
Knox
Jefferson
Cocke
Sevier
Lauderdale
Crockett
Hickman
Haywood
Madison
Henderson
Decatur
Perry
Maury
Marshall
Bedford
Coffee
Warren
Van
Buren
Bledsoe
Rhea
Loudon
Blount
Tipton
Chester
Lewis
Grundy
Sequatchie
Meigs
McMinn
Monroe
Shelby
Fayette
Hardeman
McNairy
Hardin
Wayne
Lawrence
Giles
Lincoln
Franklin
Marion
Hamilton
Bradley
Polk

Attachment C – Economic Feasibility 1 – Appraisal Letter and Architect Letter

2013 JUL 12 PM 2 19

RealtyCorp

Jim Parks, CCIM, CPM

219 West Seventh Street
P.O. Box 1732
Columbia, TN 38402-1732
Phone: 931.388.9100
Cell: 931.619.9100
Fax: 931.388.0154
e-mail: jparks@ccim.net

July 3, 2013

Ms. Sarah Lodge Talley
Butler/Snow
Suite 1600
The Pinnacle at Symphony Place
150 3rd Avenue South
Nashville, TN 37201

Re: Columbia, TN

Dear Ms. Talley:

This letter is in response to your request regarding the potential fair market value of an existing 11,000 square feet of commercial space located at the Columbia Mall. Generally, this trade area has a historical trend of being the predominant retail and medical district serving a trade area of approximately 7 south central counties. In regards to the subject 11,000 square feet of existing improvements, I would feel comfortable estimating the fair market value to be in the $880,000 range. This potential value is based on the subject property's location, size and age while also taking into consideration comparable sales of other commercial use properties within this trade area.

Please advise of any questions concerning my opinion statements indicated above or of any further assistance required.

Sincerely,

Jim Parks, CCIM

HFR Design, Inc. 7101 Executive Center Drive, Suite 300 Brentwood, TN 37027 615.370.8500 615.370.8530 fax email@hfrdesign.com

June 13, 2013

Mr. John Collier
Maury Regional Medical Center
1224 Trotwood Avenue
Columbia, TN 38401

RE: Maury Regional Medical Center Oncology Build Out at the Columbia Mall

Dear John:

With regards to the proposed CON for The Maury Regional Medical Center (MRMC) Oncology Build Out at Columbia Mall project, we will prepare plans for the build out in the shelled mall space designated for this work which will consist of 2 linear accelerator vaults and associated support space; a PET CT, a CT Simulator room and associated support space; a gamma vault, exam rooms and physician offices. The overall project area will be approximately 10,700 SF.

HFR DESIGN

We have reviewed the Square Footage and Cost Per Square Footage Chart that has been prepared for the Certificate of Need (CON) to the State of Tennessee for the Maury Regional Medical Center Oncology Build Out at the Columbia Mall in Columbia, Tennessee. The proposed construction cost of $2,500,000 or an average of $232.86/SF for a 10,736 square foot project built out in existing space appears reasonable and accurate in today's construction market.

To the best of my knowledge and belief, the expanded facility will meet the Guidelines for Design and Construction of Health Care Facilities and applicable local, state and federal standards.

We have reviewed the codes proposed for the MRMC Oncology Build Out at the Columbia Mall. The following codes are adopted by the reviewing authorities:

Applicable Local codes – City of Columbia
INTERNATIONAL BUILDING CODE - Edition: 2006

INTENATIONAL ENERGY CONSERVATION CODE - Edition: 2006

INTERNATIONAL PLUMBING CODE - Edition: 2006

INTERNATIONAL MECHANICAL CODE - Edition: 2006

INTERNATIONAL FUEL GAS CODE - Edition: 2006

NATIONAL ELECTRIC CODE - Contact: Columbia Power System

HFR DESIGN

To: John Collier
June 13, 2013
Page: 2 of 2

NORTH CAROLINA ACCESSIBILITY CODE - Edition: 2002 with 2004 revisions

INTERNATIONAL FIRE CODE - Edition: 2006 (Code Source: International Code Council)

Applicable State Codes – State of Tennessee

2006 IBC INTERNATIONAL BUILDING CODE

2006 IMC INTERNATIONAL MECHANICAL CODE

2006 IFGC INTERNATIONAL FUEL GAS CODE

2006 IPC INTERNATIONAL PLUMBING CODE

2006 IECC INTERNATIONAL ENERGY CONSERVATION CODE

2005 NEC NATIONAL ELECTRIC CODE

2006 NFPA 101 LIFE SAFETY CODE

2010 ADA STANDARDS

2008 NATIONAL ELECTRIC CODE (REVIEW BY MIDDLE TENNESSEE ELECTRIC)

2010 FGI GUIDELINES

Building Classification:

Occupancy - Business
Construction Type - IIB, Fully Sprinklered

If you have any further questions, please do not hesitate to contact us.

Sincerely,

HFR Design, Inc.

Ronald L. Franks, AIA
Chairman

RLF:ef

Attachment C – Economic Feasibility – 2 – Funding Letter

MAURY REGIONAL
MEDICAL CENTER

July 9, 2013

Ms. Melanie Hill, Executive Director
Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

Re: Adequate Funding for Maury Regional Medical Center – Certificate of Need

Dear Ms. Hill,

Maury Regional Medical Center has sufficient cash reserves to fund 100% of the proposed project described in the Certificate of Need application. The estimated total cost for certificate of need purposes is $7,742,231.

Respectfully,

Nick A. Swift
SVP/Chief Financial Officer

NAS/sf

Attachment C – Economic Feasibility -10 – Financial Information

MAURY REGIONAL MEDICAL CENTER

BALANCE SHEET

2013 JUL 12 PM 2 19

May 31, 2013

	ASSETS	5/31/2013	4/30/2013	5/31/2012
1	CASH & INVESTMENTS	$20,745,689	$24,653,482	$21,197,215
	ACCOUNTS RECEIVABLE			
2	NET PATIENT ACCOUNTS RECEIVABLE	$25,490,594	$27,247,666	$25,612,180
3	ACCOUNTS RECEIVABLE OTHER	$716,645	$862,249	$993,179
4	INTEREST RECEIVABLE	$112,999	$103,259	$104,030
5	INTERCOMPANY RECEIVABLES	$1,403,918	$1,373,179	$988,378
6	TOTAL ACCOUNTS RECEIVABLE	$27,724,156	$29,586,353	$27,697,767
7	INVENTORIES	$4,439,848	$4,402,296	$4,662,842
8	PREPAID EXPENSES	$2,264,973	$2,447,892	$2,093,609
	PROPERTY, PLANT & EQUIP			
9	LAND, BUILDING, & EQUIPMENT	$330,769,760	$330,195,844	$314,920,773
10	LESS: ACCUMULATED DEPRECIATION	$215,853,399	$214,630,229	$201,161,794
11	NET PROPERTY PLANT & EQUIPMENT	$114,916,361	$115,565,615	$113,758,979
	NON-CURRENT ASSETS			
12	ASSETS WHOSE USE IS LIMITED	$34,244,081	$34,378,745	$34,085,006
13	NET INTANGIBLES	$71,591	$79,545	$167,044
14	LONG-TERM RECEIVABLES	$876,845	$893,415	$539,289
15	INVESTMENT IN AFFILIATES	$13,792,671	$11,262,773	$11,458,010
16	TOTAL ASSETS	$219,076,215	$223,270,116	$215,659,761

MAURY REGIONAL MEDICAL CENTER

BALANCE SHEET

May 31, 2013

	LIABILITIES & EQUITY	5/31/2013	4/30/2013	5/31/2012
	LIABILITIES & DEFERRED CREDITS			
17	ACCOUNTS PAYABLE	$5,104,842	$6,580,708	$5,602,269
18	PENSION FUND LIABILITY	$51,182	($19,569)	$60,667
19	INTERCOMPANY PAYABLES	$570	$1,277	$665
20	OTHER CURRENT LIABILITIES	$0	$0	$700,435
21	ACCRUED SALARIES & WAGES	$3,345,792	$2,543,943	$3,053,870
22	ACCRUED PTO PAY	$4,267,178	$4,167,867	$4,070,096
23	ACCRUED PAYROLL TAXES	$185,548	$132,480	$140,768
24	OTHER PAYROLL DEDUCTIONS	($15,991)	($13,764)	($36,395)
25	ACCRUED INTEREST PAYABLE	($1,168)	$280,205	($1,909)
26	BONDS PAYABLE - SHORT TERM	$4,205,000	$4,435,000	$4,035,000
27	NOTES PAYABLE - SHORT TERM	$849,515	$895,921	$81,400
28	LIABILITIES & DEFERRED CREDITS	$17,992,468	$19,004,068	$17,706,866
29	LONG TERM RESERVES	$9,912,967	$10,689,230	$11,494,651
30	OPERATING FUND BALANCE	$177,150,004	$176,820,727	$169,869,392
31	TOTAL LIABILITIES & OPER FUND BALANCE	$205,055,439	$206,514,025	$199,070,909
32	BONDS PAYABLE - LONG TERM	$14,020,776	$16,756,091	$16,588,852
33	TOTAL LIABILITIES & FUND BALANCE	$219,076,215	$223,270,116	$215,659,761

MAURY REGIONAL MEDICAL CENTER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FISCAL YEAR 2013

	CURRENT MONTH 5/31/2013	%	BUDGET MONTH 5/31/2013	%	SAME MONTH LAST YEAR 5/31/2012	%		CURRENT YTD 5/31/2013	%	BUDGET YTD 5/31/2013	%	PRIOR YTD 5/31/2012	%
1	$3,527,483	6.06%	$3,529,750	6.40%	$3,160,791	5.51%	I/P REVENUE - ROUTINE	$38,287,387	5.99%	$37,870,309	6.11%	$32,988,611	5.56%
2	$19,504,120	33.49%	$18,686,105	33.87%	$18,875,203	32.91%	I/P REVENUE - ANCILLARY	$205,589,092	32.16%	$196,622,009	31.73%	$192,494,353	32.47%
3	$23,031,603	39.55%	$22,215,855	40.27%	$22,035,994	38.42%	TOTAL I/P REVENUE	$243,876,479	38.15%	$234,492,318	37.84%	$225,482,964	38.03%
4	$35,205,610	60.45%	$32,946,605	59.73%	$35,315,763	61.58%	TOTAL O/P REVENUE	$395,430,121	61.85%	$385,199,287	62.16%	$367,420,868	61.97%
5	$58,237,213	100.00%	$55,162,460	100.00%	$57,351,757	100.00%	TOTAL GROSS PATIENT REVENUE	$639,306,600	100.00%	$619,691,605	100.00%	$592,903,833	100.00%
							DEDUCTIONS FROM REVENUE:						
6	$35,637,671	61.19%	$32,577,337	59.06%	$32,940,977	57.44%	CONTRACTUAL ALLOWANCES	$386,828,164	60.51%	$366,155,622	59.09%	$345,039,607	58.19%
7	$899,365	1.54%	$999,117	1.81%	$1,359,253	2.37%	CHARITY DISCOUNTS	$10,714,353	1.68%	$11,229,648	1.81%	$10,450,540	1.76%
8	($32,836)	-0.06%	$238,057	0.43%	$147,000	0.26%	RAC EXPENSES	$1,751,164	0.27%	$2,675,658	0.43%	$3,883,000	0.65%
9	$2,360,818	4.05%	$2,205,852	4.00%	$2,260,439	3.94%	PROVISION FOR UNCOLLECTIBLES	$26,737,342	4.18%	$24,792,845	4.00%	$23,731,550	4.00%
10	$38,865,019	66.74%	$36,020,363	65.30%	$36,707,669	64.00%	TOTAL DEDUCTIONS	$426,031,024	66.64%	$404,853,773	65.33%	$383,104,697	64.61%
11	$19,372,194	33.26%	$19,142,097	34.70%	$20,644,088	36.00%	NET PATIENT REVENUE	$213,275,576	33.36%	$214,837,832	34.67%	$209,799,136	35.39%
12	$884,732	4.57%	$735,549	3.84%	$752,981	3.65%	OTHER OPERATING REVENUE:	$8,881,753	4.16%	$8,091,039	3.77%	$8,233,606	3.92%
13	$20,256,927	104.57%	$19,877,646	103.84%	$21,397,068	103.65%	NET OPERATING REVENUE	$222,157,330	104.16%	$222,928,871	103.77%	$218,032,742	103.92%
							OPERATING EXPENSE SUMMARY:						
14	$8,126,044	41.95%	$8,270,234	43.20%	$8,022,482	38.86%	SALARIES & WAGES	$89,327,369	41.88%	$88,696,818	41.29%	$87,018,686	41.48%
15	$2,035,740	10.51%	$2,244,882	11.73%	$2,008,161	9.73%	BENEFITS	$23,912,027	11.21%	$24,128,576	11.23%	$22,493,337	10.72%
16	$3,948,123	20.38%	$3,779,047	19.74%	$3,865,399	18.72%	SUPPLIES	$43,905,397	20.59%	$43,653,281	20.32%	$42,902,392	20.45%
17	$68,332	0.35%	$60,789	0.32%	$84,876	0.41%	ADVERTISING	$549,890	0.26%	$684,345	0.32%	$536,084	0.26%
18	$168,441	0.87%	$294,299	1.54%	$232,341	1.13%	RENTAL/LEASE EXPENSE	$3,378,643	1.58%	$3,095,466	1.44%	$2,747,055	1.31%
19	$1,562,343	8.06%	$1,400,669	7.32%	$1,300,205	6.30%	PURCHASED SERVICES	$15,875,698	7.44%	$15,733,224	7.32%	$15,347,701	7.32%
20	$169,616	0.88%	$248,361	1.30%	$200,812	0.97%	REPAIRS & MAINTENANCE	$2,254,358	1.06%	$2,527,778	1.18%	$2,343,457	1.12%
21	$162,835	0.84%	$94,750	0.49%	$89,849	0.44%	INSURANCE	$691,813	0.32%	$1,042,250	0.49%	$789,264	0.38%
22	$428,854	2.21%	$368,973	1.93%	$295,630	1.43%	OTHER OPERATING EXPENSES	$3,892,413	1.83%	$4,475,847	2.08%	$3,707,566	1.77%
23	$333,323	1.72%	$340,551	1.78%	$421,802	2.04%	UTILITIES	$3,716,939	1.74%	$3,903,627	1.82%	$3,884,612	1.85%
24	$1,122,401	5.79%	$875,172	4.57%	$931,912	4.51%	PROFESSIONAL FEES	$11,399,647	5.35%	$9,907,814	4.61%	$8,804,623	4.20%
25	$0	0.00%	$0	0.00%	$0	0.00%	MANAGEMENT FEES	$0	0.00%	$0	0.00%	$0	0.00%
26	$18,126,052	93.57%	$17,977,727	93.92%	$17,453,470	84.54%	TOTAL OPERATING EXPENSES	$198,904,192	93.26%	$197,849,026	92.09%	$190,574,776	90.84%
27	$2,130,875	11.00%	$1,899,919	9.93%	$3,943,598	19.10%	NET OPERATING INCOME (LOSS)	$23,253,137	10.90%	$25,079,845	11.67%	$27,457,965	13.09%
							NONOPERATING INCOME (EXPENSE):						
28	$58,206	0.30%	$13,364	0.07%	$2,254	0.01%	GENERAL CONTRIBUTIONS	$572,259	0.27%	$405,786	0.19%	$333,199	0.16%
29	($3,599)	-0.02%	$0	0.00%	($9,622)	-0.05%	GAIN (LOSS) ON ASSET DISPOSAL	($16,696)	-0.01%	$0	0.00%	($68,728)	-0.03%
30	($416,686)	-2.15%	($208,290)	-1.09%	($291,637)	-1.41%	GAIN (LOSS) ON OTHER INVESTMENTS	($3,411,531)	-1.60%	($2,291,190)	-1.07%	($3,860,195)	-1.84%
31	($362,079)	-1.87%	($194,926)	-1.02%	($299,005)	-1.45%	TOTAL NONOPERATING INCOME (EXPENSE)	($2,855,969)	-1.34%	($1,885,404)	-0.88%	($3,595,724)	-1.71%
32	$1,768,796	9.13%	$1,704,993	8.91%	$3,644,593	17.65%	EBIDTA	$20,397,169	9.56%	$23,194,441	10.80%	$23,862,242	11.37%
33	$16,591	0.09%	$18,042	0.09%	$14,279	0.07%	INTEREST INCOME	$169,473	0.08%	$198,462	0.09%	$349,227	0.17%
34	($124,924)	-0.64%	$58,333	0.30%	$27,405	0.13%	INVESTMENT INCOME	$172,694	0.08%	$641,663	0.30%	$572,749	0.27%
35	$83,266	0.43%	$54,156	0.28%	$76,801	0.37%	INTEREST EXPENSE	$725,045	0.34%	$595,716	0.28%	$868,167	0.41%
36	$1,239,961	6.40%	$1,202,755	6.28%	$1,262,515	6.12%	DEPRECIATION EXPENSE	$13,628,783	6.39%	$13,287,090	6.18%	$13,005,899	6.20%
37	$7,954	0.04%	$7,954	0.04%	$7,954	0.04%	AMORTIZATION EXPENSE	$87,499	0.04%	$87,494	0.04%	$87,499	0.04%
38	$329,282	1.70%	$516,503	2.70%	$2,339,006	11.33%	NET MARGIN	$6,298,008	2.95%	$10,064,266	4.68%	$10,822,652	5.16%

MAURY REGIONAL HOSPITAL

Audited Combined Financial Statements (and Other Information)

Years Ended June 30, 2012 and 2011

PYA

Certified Public Accountants

MAURY REGIONAL HOSPITAL

Audited Combined Financial Statements (and Other Information)

Years Ended June 30, 2012 and 2011

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Maury Regional Hospital:

We have audited the accompanying combined balance sheets of Maury Regional Hospital (the Hospital), a part of the primary government of Maury County, Tennessee, as of June 30, 2012 and 2011 and the related combined statements of revenue, expenses and changes in net assets and cash flows for the years then ended. These combined financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal controls over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Maury Regional Hospital as of June 30, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Maury Regional Hospital has omitted a Management Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. The MD&A, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical contest. Our opinion on the basic financial statements is not affected by this missing information.

In accordance with *Government Auditing Standards,* we have also issued our report dated October 10, 2012 on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Pershing Yoakley: Associates PC

Knoxville, Tennessee
October 10, 2012

MAURY REGIONAL HOSPITAL

Combined Balance Sheets

	June 30, 2012	June 30, 2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ **29,233,252**	$ 15,219,864
Certificates of deposit	**631,538**	3,624,301
Investments	**594,982**	514,529
Patient accounts receivable, net of estimated allowance for doubtful accounts of approximately $29,800,000 in 2012 and $28,700,000 in 2011	**33,098,787**	32,677,216
Inventories	**5,207,222**	5,046,752
Prepaid expenses	**2,497,302**	3,490,160
Other receivables	**1,276,556**	1,118,346
TOTAL CURRENT ASSETS	**72,539,639**	61,691,168
ASSETS LIMITED AS TO USE	**34,063,511**	32,767,160
PROPERTY, PLANT AND EQUIPMENT, net	**121,859,610**	118,048,697
OTHER ASSETS		
Debt issue costs, net of accumulated amortization of $102,839 in 2012 and $255,765 in 2011	**130,823**	214,088
Other	**1,083,998**	1,105,390
TOTAL OTHER ASSETS	**1,214,821**	1,319,478
TOTAL ASSETS	$ **229,677,581**	$ 213,826,503

	June 30, 2012	June 30, 2011
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 4,635,143	$ 4,905,385
Accounts payable and accrued expenses	11,242,749	6,845,552
Accrued salaries and wages	5,162,984	4,107,816
Accrued compensated absences	5,003,612	4,598,316
Accrued workers' compensation	3,679,238	3,848,982
Estimated amounts due to third party payors, net	4,365,750	4,166,103
Interest payable	63,702	111,781
TOTAL CURRENT LIABILITIES	34,153,178	28,583,935
OTHER LONG-TERM LIABILITIES, including estimated amounts due to third party payors and retirement benefits	7,932,249	7,789,688
LONG-TERM DEBT		
Bonds payable	20,525,913	24,624,668
Other long-term debt	1,198,283	1,086,967
	21,724,196	25,711,635
Less current portion	(4,635,143)	(4,905,385)
TOTAL LONG-TERM DEBT	17,089,053	20,806,250
COMMITMENTS AND CONTINGENCIES - Note J		
NET ASSETS		
Invested in capital assets, net of related debt	100,135,414	92,337,062
Unrestricted	70,367,687	64,309,568
TOTAL NET ASSETS	170,503,101	156,646,630
TOTAL LIABILITIES AND NET ASSETS	$ 229,677,581	$ 213,826,503

See notes to combined financial statements.

MAURY REGIONAL HOSPITAL

Combined Statements of Revenue, Expenses and Changes in Net Assets

	Year Ended June 30, 2012	2011
OPERATING REVENUE		
Net patient service revenue, net of estimated provision for bad debts of approximately $31,200,000 in 2012 and $28,700,000 in 2011	$ **272,940,381**	$ 265,048,059
Other operating revenue	**10,333,743**	5,688,257
TOTAL OPERATING REVENUE	**283,274,124**	270,736,316
OPERATING EXPENSES		
Salaries, employee benefits and contract labor	**156,099,001**	148,144,914
Supplies	**50,565,033**	47,438,501
Purchased services	**21,664,436**	18,880,640
Professional fees	**5,858,446**	7,454,792
Repairs and maintenance	**3,136,989**	3,121,029
Utilities	**5,010,260**	5,198,079
Leases	**3,907,424**	4,230,939
Insurance	**1,338,799**	1,634,243
Other expenses	**6,362,469**	6,224,790
Depreciation and amortization	**16,396,008**	17,463,032
TOTAL OPERATING EXPENSES	**270,338,865**	259,790,959
INCOME FROM OPERATIONS	**12,935,259**	10,945,357
NONOPERATING REVENUE (EXPENSES)		
Contributions and grants	**856,916**	676,871
Investment income	**802,254**	697,704
Interest expense	**(818,691)**	(1,087,502)
Other	**(78,715)**	20,665
TOTAL NONOPERATING REVENUE, NET	**761,764**	307,738
EXCESS OF REVENUE OVER EXPENSES	**13,697,023**	11,253,095
Minority interest in losses of subsidiaries	**159,448**	95,921
CHANGE IN NET ASSETS	**13,856,471**	11,349,016
NET ASSETS, BEGINNING OF YEAR	**156,646,630**	145,297,614
NET ASSETS, END OF YEAR	$ **170,503,101**	$ 156,646,630

See notes to combined financial statements.

MAURY REGIONAL HOSPITAL

Combined Statements of Cash Flows

	Year Ended June 30,	
	2012	*2011*
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from patients and insurance programs	**$ 273,600,091**	$ 265,230,389
Payments to vendors for supplies and other	**(92,614,271)**	(96,911,134)
Payments to and on behalf of employees	**(155,547,354)**	(146,965,732)
Other receipts	**9,761,405**	5,238,454
NET CASH PROVIDED BY OPERATING ACTIVITIES	**35,199,871**	26,591,977
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES:		
Contributions and grants	**856,916**	676,871
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of property, plant and equipment	**(20,240,995)**	(14,579,937)
Proceeds from sale of equipment	**257,777**	666,367
Proceeds from issuance of long-term debt	**4,983,670**	266,400
Payments on long-term debt	**(8,718,259)**	(4,841,566)
Interest paid on long-term debt	**(1,035,261)**	(1,296,584)
Payment of debt issue costs	**(42,622)**	-
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	**(24,795,690)**	(19,785,320)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income received on cash and investments	**802,254**	697,704
Proceeds from maturities of certificates of deposit	**4,255,839**	8,611,512
Purchase of certificates of deposit	**(1,263,076)**	(7,248,602)
Purchases of investments	**(8,782,141)**	(21,365,773)
Investment in joint venture	**-**	(400,000)
Contribution from minority shareholder	**334,078**	-
NET CASH USED IN INVESTING ACTIVITIES	**(4,653,046)**	(19,705,159)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**6,608,051**	(12,221,631)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**22,625,201**	34,846,832
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 29,233,252**	$ 22,625,201

	Year Ended June 30, 2012	Year Ended June 30, 2011
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED BALANCE SHEET CLASSIFICATIONS		
Cash and cash equivalents	$ 29,233,252	$ 15,219,864
Assets limited as to use	-	7,405,337
	$ 29,233,252	$ 22,625,201
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Income from operations	$ 12,935,259	$ 10,945,357
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation and amortization	16,396,008	17,463,032
Estimated provision for uncollectible accounts	31,190,961	28,721,811
Changes in:		
Patient accounts receivable	(31,612,532)	(32,593,971)
Inventories	(160,470)	58,699
Prepaid expenses	992,858	(311,150)
Estimated amounts due to third party payors	199,647	(213,849)
Other assets	(572,338)	(449,803)
Accounts payable and accrued expenses	4,397,197	(2,475,670)
Accrued salaries and wages	1,055,168	(449,902)
Accrued compensated absences	405,296	284,972
Accrued workers' compensation	(169,744)	6,190
Other long-term liabilities	142,561	5,606,261
TOTAL ADJUSTMENTS	22,264,612	15,646,620
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 35,199,871	$ 26,591,977

See notes to combined financial statements.

MAURY REGIONAL HOSPITAL

Notes to Combined Financial Statements

Years Ended June 30, 2012 and 2011

NOTE A--ORGANIZATION

Maury Regional Hospital (the Hospital) is operated and maintained by Maury County, Tennessee, under authority of and in compliance with the provisions of Chapter 125 of the Tennessee Private Acts of 1996. The federal, state, and local governments participated in the cost of constructing and equipping the Hospital under the Hill-Burton Act. For financial reporting purposes, the Hospital is considered an enterprise fund of Maury County, Tennessee (the County).

The Hospital's primary mission is to provide healthcare services to the residents of southern and middle Tennessee, including Giles, Hickman, Lawrence, Lewis, Marshall, Maury, Perry, Wayne, and Williamson counties.

The combined financial statements include the accounts of the following operating entities:

Maury Regional Medical Center (MRMC), located in Columbia, Tennessee, has been in operation since 1953 and presently has a 275-bed capacity with 20 beds designated for skilled nursing care, and also includes five medical office buildings in its service area.

Marshall Medical Center is an acute care hospital, located in Lewisburg, Tennessee, which was acquired by the Hospital in 1995 and, effective January 1, 2005, was designated a Critical Access Hospital with 25 licensed beds.

Wayne Medical Center is an acute care hospital with an 80-bed capacity located in Waynesboro, Tennessee, and has been leased by the Hospital since 1995 (see Note I).

Additionally, the combined financial statements include the following blended component units that provide healthcare services that support the Hospital's mission:

Family Health Group (FHG) is a nonprofit corporation which acquires, owns, operates, and manages physician practices in the Hospital's service area. The Hospital is the sole member of FHG.

Pulmonary and Critical Care Associates, Inc. (PCCA) was a taxable nonprofit corporation that operated a physician practice in the Hospital's service area. The Hospital was the sole member of PCCA. During 2012, PCCA was dissolved and became a division of FHG.

Maury Regional Ambulatory Care Center, Inc. (the Ambulatory Care Center) was a nonprofit corporation that provided medical care to non-emergent patients in the Hospital's service area. The Hospital was the sole member of the Ambulatory Care Center. During 2012, the Ambulatory Care Center was dissolved and became a division of FHG.

NOTE A--ORGANIZATION - Continued

Spring Hill Imaging Center, LLC (the Imaging Center) owns and operates an outpatient center that provides diagnostic and radiology services to patients in the Hospital's service area. The Imaging Center is owned 51% by the Hospital and a minority interest in the cumulative losses has been recognized as a receivable in the accompanying Combined Balance Sheets which represents the interests of physicians and other investors.

Maury Regional Healthcare Foundation is a not-for-profit organization formed in 2007 to coordinate the fundraising activities of the Hospital.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting: The Hospital utilizes the enterprise fund method of accounting. Revenue and expenses are recorded on the accrual basis. In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) Pronouncements.* This Statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure. This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting.* The Hospital adopted the provisions of this Statement during fiscal year 2011. The adoption did not have a material impact on the combined financial statements.

Recently Issued or Effective Accounting Pronouncements: In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus.* The Statement is effective for financial statement periods beginning after June 15, 2012 and amends Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis - for State and Local Governments.* This Statement modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Management of the Hospital is evaluating the impact of this Statement on the combined financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This Statement amends the net asset reporting requirements of GASB Statement No. 34 and other pronouncements by incorporating deferred outflows and inflows of resources into the definitions of the required components of the

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

residual measure and renaming that measure as net position, rather than net assets. This Statement will be effective in fiscal year 2013 for the Hospital and is not expected to materially impact the combined financial statements.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 65 establishes reporting standards that reclassifying items previously reported as assets or liabilities as deferred inflows or outflows. This Statement will be effective for the Hospital in 2014 and management is currently evaluating its impact on the combined financial statements.

In August 2010, FASB issued Accounting Standard Update 2010-23, *Measuring Charity Care for Disclosure*, that amends Topic 954, *Health Care Entities*. This Update provides amendments that require cost to be used as the measurement basis for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing the charity care. The amendments in this Update also require disclosure of the method used to identify or determine such costs. This Update was effective for the 2012 fiscal year and was applied retrospectively to 2011. Adoption of this Update by the Hospital required additional disclosure in the combined financial statements (see Note C).

Also, in August 2010, FASB issued Accounting Standard Update 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries,* which provides amendments that clarify that a healthcare entity should not net insurance recoveries against a related claim liability. Additionally, the amount of the claim liability should be determined without consideration of insurance recoveries. Prior to this Update, healthcare entities were permitted to net insurance recoveries against the accrual of malpractice claims or similar liabilities. This Update was adopted in 2012 by the Hospital and there was no significant impact upon adoption.

Estimates: The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America 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 combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: Cash and cash equivalents includes cash on hand, deposits in banks and investments with a maturity of three months or less when purchased, excluding any amounts whose use is limited by Board designation.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Inventories: Inventories consist principally of medical and surgical supplies and are reported at the lower of cost or market, with cost determined by the average cost method.

Patient Accounts Receivable: Patient accounts receivable are reported net of both an estimated allowance for contractual adjustments and an estimated allowance for uncollectible accounts. The contractual allowance represents the difference between established billing rates and estimated reimbursement from Medicare, TennCare and other third party payor programs. The bad debt allowance is estimated based upon the age of the account, prior experience and any unusual circumstances which affect the collectibility. The Hospital's policy does not require collateral or other security for patient accounts receivable and the Hospital routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies.

Investments and Assets Limited as to Use: Investments and assets limited as to use in debt and equity securities are reported at estimated fair value based on quoted market prices. Interest, dividends, and gains and losses (realized and unrealized) are included in investment income. The Board has designated certain assets as limited as to use for future capital improvements. Assets limited as to use consists of money market deposits, certificates of deposits, and investments.

Property, Plant and Equipment: Property, plant and equipment is reported at cost or fair value at date of gift, if donated. The Hospital has established a capitalization threshold of $1,000. Depreciation is calculated by the straight-line method to allocate the cost of the assets (other than land) over their estimated useful lives which ranges from 3 to 20 years for equipment and 10 to 40 years for buildings and land improvements. Equipment held under capital lease obligations is amortized using the straight-line method over the shorter of the estimated useful life or the lease term. This amortization is included with depreciation expense and as part of accumulated depreciation in the combined financial statements. Interest costs incurred on applicable borrowings outstanding during the construction period of capital assets is capitalized as part of the cost of acquiring the asset and is amortized on the same basis as the related capital asset. Costs of maintenance and repairs are charged to expense when incurred. The Hospital periodically reviews property, plant, and equipment for indications of potential impairment. Management does not believe any impairment exists as of June 30, 2012.

Debt Issue Costs: Debt issue costs are capitalized and amortized using the straight-line method over the life of the related obligation.

Compensated Absences: The Hospital's employees earn paid time off at varying rates depending on years of service. An accrual for paid time off is recorded in the period in which the employee earns the right to the compensation. Employees also earn sick leave benefits based on varying rates

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

depending on years of service and may accumulate sick leave up to a specified maximum. Employees are not paid for accumulated sick leave if they leave before retirement. However, employees who retire after the age of sixty may convert accumulated sick leave to termination payments. The estimated amount of sick leave which will ultimately be payable as termination payments is reported as a noncurrent liability in the combined financial statements. Due to uncertainties in this estimate, it is at least reasonably possible that management's estimate could change in 2013.

Net Assets: Net assets invested in capital assets, net of related debt consist of capital assets net of accumulated depreciation and reduced by the balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Unrestricted net assets* are remaining net assets that do not meet the definition of invested in capital assets, net of related debt.

Net Patient Service Revenue: Net patient service revenue is reported as services are rendered at estimated net realizable amounts, including estimated retroactive revenue adjustments under reimbursement agreements with third party payors. Estimated settlements under third party reimbursement agreements are accrued in the period the related services are rendered and adjusted in future periods as final settlements are determined. An estimated provision for bad debts is included in net patient service revenue.

Charity Care: The Hospital provides care without charge to patients who meet certain criteria under its charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue.

Operating Activities: The Hospital defines operating activities as reported on the Combined Statements of Revenue, Expenses and Changes in Net Assets as those that generally result from exchange transactions, such as payments for providing services and payments for goods and services received. Non-exchange transactions, including contributions and grants, as well as interest income and interest expense, are considered non-operating revenue and expenses.

Contributions and Grants: Revenues from contributions and grants are recognized when all eligibility requirements are met. Contributions and grants may be restricted for specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions, if any, are reported after nonoperating revenue and expenses.

Income Taxes: The Hospital meets the Internal Revenue Service definition of a governmental unit and is exempt from federal income taxes. Certain combined entities are taxable for federal purposes and account for income taxes in accordance with FASB ASC 740, *Income Taxes*. Due to current

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

year and prior year operating losses, no tax expense or benefit has been recognized in the accompanying combined financial statements.

Subsequent Events: The Hospital evaluated all events or transactions that occurred after June 30, 2012 through October 10, 2012, the date the combined financial statements were available to be issued. Management did not note any subsequent events that required recognition or disclosure in the combined financial statements at June 30, 2012.

NOTE C--PATIENT SERVICE REVENUE AND ACCOUNTS RECEIVABLE

The Hospital has agreements with various third party payors that provide for payments to the Hospital at amounts different from established rates. The difference between the rates charged and the estimated payments from third party payors is recorded as a reduction of gross patient service charges. Revenue for patient service charges have been adjusted to the amounts estimated to be receivable under third party payor arrangements. Amounts recorded under these contractual arrangements are subject to review and final determination by various program intermediaries. Management believes that adequate provision has been made for any adjustments which may result from such reviews. However, due to uncertainties in the estimates, it is at least reasonably possible that management's estimates will change in 2013. Net patient service revenue for the years ended June 30, 2012 and 2011 increased (decreased) by approximately ($600,000) and $900,000, respectively, due to adjustments of estimates or final settlements of prior periods.

A summary of the payment arrangements with significant third party payors follows:

Medicare: Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid primarily on a prospective basis. These rates vary according to a patient classification system that is based on clinical diagnosis, procedures utilized and other factors. The Medicare program continues to reimburse certain other services based on a per diem or on a percentage of cost up to predetermined limits. The Hospital also receives additional payments from the Medicare program for providing services to a disproportionate share of Medicaid (TennCare) and other low income patients. Approximately $11,600,000 and $9,300,000 of net patient accounts receivable are due from the Medicare program at June 30, 2012 and 2011, respectively.

TennCare: The State of Tennessee's Medicaid waiver program (TennCare) provides coverage through several managed care organizations. TennCare reimbursement for both inpatient and outpatient services is based upon prospectively determined rates and per diem amounts. Approximately $2,900,000 and $2,500,000 of net patient accounts receivable are from payors under the TennCare program at June 30, 2012 and 2011, respectively.

MAURY REGIONAL HOSPITAL

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE C--PATIENT SERVICE REVENUE AND ACCOUNTS RECEIVABLE - Continued

During 2012 and 2011, the Hospital received additional distributions under the TennCare Essential Access, federal matching and other programs totaling approximately $1,080,000 and $2,140,000, respectively. Future distributions under these programs are not guaranteed. During 2012, the Hospital received and recognized approximately $2,600,000 from Medicare and $760,000 from TennCare related to the implementation and meaningful use of electronic medical records as provided by the Health Information Technology for Economics and Clinical Health (HITECH) Act. These amounts are subject to audit and adjustment. Any future payments under this program are expected to be at a lessor amount.

Other Payors: The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates, discounts from established charges, and prospectively determined per diem amounts.

Charity Care: The Hospital provides care without charge to patients who meet certain criteria under its charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient revenue. The estimated direct and indirect cost of providing these services totaled approximately $4,230,000 and $4,260,000 in 2012 and 2011, respectively. Such costs are determined using a ratio of cost to charges analysis with indirect cost allocated under a reasonable and systematic approach.

A reconciliation of the amount of services provided to patients at established rates to net patient service revenue is as follows:

	Year Ended June 30	
	2012	*2011*
Patient service charges	$ 753,344,422	$ 695,178,988
Estimated contractual adjustments	(436,460,994)	(388,577,494)
Estimated provision for bad debts	(31,190,961)	(28,721,811)
Charity care	(12,752,086)	(12,831,624)
	$ 272,940,381	$ 265,048,059

NOTE D--CASH, CASH EQUIVALENTS, CERTIFICATES OF DEPOSIT, INVESTMENTS AND ASSETS LIMITED AS TO USE

The carrying amount of deposits and investments included in the Hospital's Combined Balance Sheets is as follows:

NOTE D--CASH, CASH EQUIVALENTS, CERTIFICATES OF DEPOSIT, INVESTMENTS AND ASSETS LIMITED AS TO USE - Continued

	2012	*2011*
Bank deposits	$ 35,842,426	$ 27,805,376
Investments	28,680,857	24,320,478
	$ 64,523,283	$ 52,125,854

These amounts are included in the combined financial statements as follows:

	2012	*2011*
Cash and cash equivalents	$ 29,233,252	$ 15,219,864
Certificates of deposit	631,538	3,624,301
Investments	594,982	514,529
Assets limited as to use	34,063,511	32,767,160
	$ 64,523,283	$ 52,125,854

The Hospital holds deposits only in banks participating in the State of Tennessee Collateral Pool, and in banks that provide collateral for all deposits or banks that are members of the Federal Deposit Insurance Corporation (FDIC). Certificates of deposit in excess of the FDIC insurance limit must be issued by a bank that is a member of the Certificate of Deposit Account Registry Service.

Additionally, the Hospital's deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

At June 30, 2012, the Hospital's bank balances for deposits totaled $38,778,457, a majority of which was insured by the FDIC or by the bank's participation in the State of Tennessee's collateral pool. Deposits totaling $6,982,467 are collateralized by securities held by the financial institution and pledged as collateral for the Hospital's deposits.

MAURY REGIONAL HOSPITAL

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE D--CASH, CASH EQUIVALENTS, CERTIFICATES OF DEPOSIT, INVESTMENTS AND ASSETS LIMITED AS TO USE - Continued

The estimated fair values and maturities for investments, all of which were held in the Hospital's name by a custodial bank that is an agent of the Hospital, are as follows:

Investment Type	*Carrying Amount*	*Investment Maturities in Years*		
		Less than 1	*1-5*	*N/A*
June 30, 2012				
Mutual funds - fixed income	$ 4,499,441	$ 4,499,441	$ -	$ -
Mutual funds - equity	371,572	-	-	371,572
Government agency bonds	18,129,575	-	18,129,575	-
Corporate bonds	5,680,269	504,950	5,175,319	-
	$ 28,680,857	$ 5,004,391	$ 23,304,894	$ 371,572
June 30, 2011				
Mutual funds - fixed income	$ 3,455,070	$ 3,455,070	$ -	$ -
Mutual funds - equity	281,998	-	-	281,998
Government agency bonds	18,572,390	-	18,572,390	-
Corporate bonds	2,011,020	-	2,011,020	-
	$ 24,320,478	$ 3,455,070	$ 20,583,410	$ 281,998

Interest Rate Risk: As a means to limiting its exposure to fair value losses by rising interest rates, the Hospital's investment policy limits investment in U.S. treasury securities, government agency bonds or notes, corporate bonds, and municipal bonds to those with maturities of less than five years.

Credit Risk: The Hospital's investment policy restricts investments in corporate bonds and municipal bonds to those with a credit rating of at least AA. Mutual fund's underlying investments must meet the same credit ratings as other investments. At June 30, 2012, all the Hospital's investments in corporate bonds were rated at least AA by Standard and Poor's.

Concentration of Credit Risk: The Hospital's investment policy limits investments in corporate bonds to 50% of total investments with no security issuer exceeding 5% of total investments and municipal bonds to 25% of total investments with no security issuer exceeding 5% of total investments. There is no limit on investments in U.S. treasury securities, government agency bonds or notes. Mutual funds containing corporate bonds should not exceed 50% of total investments and a single mutual fund should not exceed 25% of total investments.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Hospital will be able to recover the value of its investment or collateral. All investments are in the Hospital's name at a custodial bank.

MAURY REGIONAL HOSPITAL

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE E--PROPERTY, PLANT AND EQUIPMENT

A summary of changes in property, plant and equipment and related accumulated depreciation for the years ended June 30, 2012 and 2011 is as follows:

	Balance July 1, 2011	*Additions/ Transfers*	*Retirements*	*Balance June 30, 2012*
Capital assets being depreciated				
Land improvements	$ 5,556,184	$ -	$ -	$ 5,556,184
Buildings	167,858,578	4,272,457	-	172,131,035
Equipment	140,564,575	11,998,756	(3,448,175)	149,115,156
Total capital assets being depreciated	313,979,337	16,271,213	(3,448,175)	326,802,375
Less accumulated depreciation for:				
Land improvements	3,715,609	191,185	-	3,906,794
Buildings	86,497,691	7,297,984	-	93,795,675
Equipment	114,883,686	8,658,404	(3,165,666)	120,376,424
Total accumulated depreciation	205,096,986	16,147,573	(3,165,666)	218,078,893
Total capital assets being depreciated, net	108,882,351	123,640	(282,509)	108,723,482
Capital assets not being depreciated				
Land	6,265,880	1,564,483	-	7,830,363
Construction in progress	2,900,466	2,405,299	-	5,305,765
Total capital assets not being depreciated	9,166,346	3,969,782	-	13,136,128
Total capital assets, net	$ 118,048,697	$ 4,093,422	$ (282,509)	$ 121,859,610

	Balance July 1, 2010	*Additions/ Transfers*	*Retirements*	*Balance June 30, 2011*
Capital assets being depreciated				
Land improvements	$ 5,424,616	$ 131,568	$ -	$ 5,556,184
Buildings	166,452,249	1,423,641	(17,312)	167,858,578
Equipment	134,045,305	10,060,135	(3,540,865)	140,564,575
Total capital assets being depreciated	305,922,170	11,615,344	(3,558,177)	313,979,337
Less accumulated depreciation for:				
Land improvements	3,539,538	176,071	-	3,715,609
Buildings	79,331,452	7,166,239	-	86,497,691
Equipment	108,053,533	9,864,265	(3,034,112)	114,883,686
Total accumulated depreciation	190,924,523	17,206,575	(3,034,112)	205,096,986
Total capital assets being depreciated, net	114,997,647	(5,591,231)	(524,065)	108,882,351
Capital assets not being depreciated				
Land	5,098,378	1,167,502	-	6,265,880
Construction in progress	1,103,375	1,797,091	-	2,900,466
Total capital assets not being depreciated	6,201,753	2,964,593	-	9,166,346
Total capital assets, net	$ 121,199,400	$ (2,626,638)	$ (524,065)	$ 118,048,697

MAURY REGIONAL HOSPITAL

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE E--PROPERTY, PLANT AND EQUIPMENT - Continued

During 2012 and 2011, the Hospital capitalized interest expense on construction projects totaling approximately $197,000 and $78,000, respectively. Construction in progress at June 30, 2012 consists primarily of facility renovations and the total estimated costs required to complete construction in progress is approximately $1,300,000.

NOTE F--LONG-TERM DEBT

Long-term debt consists of the following as of June 30:

	2012	*2011*
Bonds Payable:		
Series 2012B, Maury County General Obligation Bond issued on behalf of the Hospital, with interest rates from 1.50% to 2.00%, maturing over a 8-year period, with the final payment due April 1, 2020.	$ 4,605,000	$ -
Series 2006B, Maury County General Obligation Bond issued on behalf of the Hospital, with an interest of 4.00%, maturing over a 7-year period, with the final payment due June 1, 2014.	$ 2,570,000	$ 3,775,000
Series 2006, Maury County General Obligation Bonds issued on behalf of the Hospital, with interest rates from 4.125% to 5.00%, maturing over a 15-year period, with the final payment due June 1, 2021.	12,680,000	14,100,000
Series 2005, Maury County General Obligation Bonds rate of 3.50%, with final payment due June 30, 2013.	280,000	2,845,000
Series 2004B, Maury County General Obligation Refunding Bonds issued on behalf of the Hospital; all outstanding principal redeemed during 2012.	-	3,225,000
Total bonds payable	20,135,000	23,945,000
Unamortized gain (loss) on refunding	107,391	(106,203)
Unamortized premiums	283,522	785,871
Total bonds payable, net of unamortized gain (loss) and premiums	20,525,913	24,624,668

NOTE F--LONG-TERM DEBT - Continued

	2012	*2011*
Other Long-term Debt:		
Notes payable with interest rates ranging from 0% to 6.29% maturing through January, 2014 and secured by equipment and property with a net book value of $1,027,441 at June 30, 2012	407,650	45,573
Line of credit with interest rate of 5.25% due in 2015, maximum available of $775,000	703,318	710,243
Capital lease obligations - see Note H	87,315	331,151
Total other long-term debt	1,198,283	1,086,967
	21,724,196	25,711,635
Less: current portion	4,635,143	4,905,385
	$ 17,089,053	$ 20,806,250

The Hospital's bonds payable are general obligation bonds of Maury County, Tennessee. The bonds were issued for the purpose of acquiring property and equipment or for the retirement of previously outstanding bonds and notes and are secured by unlimited ad valorem taxes on all taxable property within the County.

In May 2012, Maury County issued the Series 2012B General Obligation Refunding Bonds in the amount of $4,605,000. The 2012B Bonds were dated May 23, 2012 and were issued to advance refund all of the outstanding Series 2004B Bonds and the portion of the Series 2005 Bonds maturing June 1, 2014 through June 1, 2020. The 2012B Bonds bear interest at rates ranging from 1.5% to 2.0% and have annual maturities ranging from $315,000 to $1,475,000. Interest on the 2012B Bonds is payable semiannually on April 1 and October 1 of each year. The 2012B Bonds are not subject to redemption prior to maturity. The Hospital's advanced refunding resulted in a gain of $107,391 that has been deferred and reported as a component of bonds payable. The deferred gain will be recognized in operations in future years using the straight-line method.

The Series 2006 Bonds maturing on or after June 1, 2017 are subject to redemption prior to maturity at the option of the County on June 1, 2016 or thereafter, at a redemption price of par plus accrued interest.

The Hospital's scheduled principal maturities on all long-term debt as of June 30, 2012 (including the capital lease obligations and excluding unamortized premiums and gain on refunding) follows:

MAURY REGIONAL HOSPITAL

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE F--LONG-TERM DEBT - Continued

Year Ending June 30	*Principal*	*Interest*
2013	$ 4,635,143	$ 796,294
2014	4,199,822	670,371
2015	2,438,318	517,187
2016	1,735,000	402,963
2017	1,740,000	325,663
2017-2021	6,585,000	640,157
	$ 21,333,283	$ 3,352,635

A schedule of changes in long-term debt for the years ended June 30, 2012 and 2011 is as follows:

	Balance July 1, 2011	*Additions/ Amortization*	*Payments/ Maturities*	*Balance June 30, 2012*	*Amounts Due Within One Year*
Bonds payable	$ 23,945,000	$ 4,605,000	$ (8,415,000)	$ 20,135,000	$ 4,135,000
Unamortized gain (loss) on refunding	(106,203)	147,218	66,376	107,391	-
Unamortized premiums	785,871	(108,213)	(394,136)	283,522	-
Other long-term debt	1,086,967	414,575	(303,259)	1,198,283	500,143
	$ 25,711,635	$ 5,058,580	$ (9,046,019)	$ 21,724,196	$ 4,635,143

	Balance July 1, 2010	*Additions/ Amortization*	*Payments/ Maturities*	*Balance June 30, 2011*	*Amounts Due Within One Year*
Bonds payable	$ 27,790,000	$ -	$ (3,845,000)	$ 23,945,000	$ 3,910,000
Unamortized loss on refunding	(146,030)	39,827	-	(106,203)	-
Unamortized premiums	992,728	(206,857)	-	785,871	-
Other long-term debt	1,817,133	266,400	(996,566)	1,086,967	995,385
	$ 30,453,831	$ 99,370	$ (4,841,566)	$ 25,711,635	$ 4,905,385

NOTE G--EMPLOYEE BENEFIT PLANS

Defined Benefit Plan: Prior to May 1, 1997, all employees of the Hospital were eligible to participate in the Maury Regional Hospital Retirement Plan (the Plan), a single-employer public retirement system (PERS), accounted for as a separate entity from the Hospital. The purpose of the Plan is to provide retirement, death, and certain other benefits to employees as specified in the Plan.

The actuarial method generally employed to determine contributions to the Plan is the entry age normal actuarial cost method. Although it has not expressed any intention to do so, the Hospital has

NOTE G--EMPLOYEE BENEFIT PLANS - Continued

the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA.

The Plan was amended effective May 1, 1997 to stop accrual of benefit service on April 30, 1997 for participants who made an irrevocable election to participate in the Maury Regional Healthcare System 403(b) Plan on May 1, 1997. As of May 1, 2012, 113 participants are earning future service accruals. Employees hired after May 1, 1997, are not eligible to participate in the Plan.

Defined Benefit Plan Funding Policy: Voluntary contributions may not be made by participants. The Hospital's contributions are based on an actuarially determined rate. The Hospital's annual pension cost for 2012 was $728,000. The Hospital's net pension obligation to the Plan for 2012 and 2011 was zero. The annual required contribution for the current year was determined as part of the May 1, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions used included the following:

- 8.00% investment rate of return
- projected salary increases ranging from 4.0% to 7.5% per year
- amortization method - level dollar amount

Three-Year Trend Information

Fiscal Year	*Annual Required Contribution*	*Percentage Contributed*	*Pension Obligation*
April 30, 2010	785,010	100.00%	-
April 30, 2011	752,987	100.00%	-
April 30, 2012	728,000	100.00%	-

A schedule of funding progress for the Plan follows:

Actuarial Valuation Date	*Actuarial Value of Assets (a)*	*Actuarial Accrued Liability (AAL) (b)*	*Unfunded AAL (UAAL) (b-a)*	*Funded Ratio (a/b)*	*Covered Payroll (c)*	*UAAL as a % of Covered Payroll (b-a)/c*
May 1, 2010*	39,793,024	43,271,426	3,478,402	92.0%	5,423,206	64.1%
May 1, 2011*	40,609,452	43,936,214	3,326,762	92.4%	5,061,006	65.7%
May 1, 2012*	41,072,361	45,825,802	4,753,441	89.6%	5,236,422	90.8%

*Entry age normal actuarial method utilized for determining the unfunded actuarial liability.

NOTE G--EMPLOYEE BENEFIT PLANS - Continued

The unfunded actuarial accrued liability is being amortized as a level percentage of covered payroll over 30 years beginning in fiscal 2009.

Defined Contribution Plan: Effective May 1, 1997, the Hospital implemented a defined contribution plan which includes a 403(b) feature and an employer matching provision and covers substantially all hourly and salaried employees. Voluntary contributions may be made by the participants as a percentage of annual compensation not to exceed Internal Revenue Service limits. The Hospital's contribution consists of a base contribution of 3% of annual covered compensation and a matching contribution equal to 50% of the employees' first 5% of annual compensation contributed. The Hospital's total contributions for the years ended June 30, 2012 and 2011 amounted to approximately $4,270,000 and $3,930,000, respectively.

NOTE H--LEASES

Capital Leases: The Hospital leases medical equipment under various capital lease agreements with interest rates ranging from 7.03% to 15.7%. A summary of the leased equipment, which is included in property, plant and equipment, at June 30 is as follows:

	2012	*2011*
Equipment acquired under capital leases	$ 290,975	$ 2,169,151
Less accumulated amortization	(196,496)	(1,851,470)
	$ 94,479	$ 317,681

The following is a schedule of the future minimum lease payments required under capital leases as of June 30, 2012:

Year Ending June 30,	
2013	$ 83,779
2014	9,899
Total minimum lease payments	93,678
Amount representing interest	(6,363)
Present value of minimum lease payments	$ 87,315

MAURY REGIONAL HOSPITAL

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE H--LEASES - Continued

Operating Leases: The Hospital also rents office space and equipment under various non-cancelable operating lease agreements with varying terms. Rent expense under operating lease agreements totaled approximately $3,910,000 and $4,230,000 for the years ended June 30, 2012 and 2011, respectively. Future minimum lease commitments for all significant non-cancelable operating leases are as follows:

Year Ending June 30,	
2013	$ 2,469,210
2014	1,358,984
2015	1,231,141
2016	690,487
2017	65,295
	$ 5,815,117

Leases with Physicians: The Hospital leases office space in its medical office buildings to physicians under non-cancelable operating leases with varying terms. Rental income under these lease agreements totaled approximately $1,210,000 and $1,090,000 for the years ended June 30, 2012 and 2011, respectively. Future minimum lease commitments to the Hospital for all significant non-cancelable operating leases are as follows:

Year Ending June 30,	
2013	$ 879,948
2014	320,719
2015	1,764
	$ 1,202,431

NOTE I--LEASED HEALTHCARE FACILITIES

Effective July 1, 2005, the Hospital entered into the first of two 5-year renewal options provided under a lease arrangement with the Board of Trustees of Wayne County General Hospital for the operation of several Wayne County healthcare facilities, including the county hospital, nursing home, ambulance service and medical office buildings. The lease also extends to all equipment, improvements, fixtures and related personal property. The annual lease expense under the first renewal consisted of a base rent of $175,000 and an annual capital improvement commitment of $175,000. Effective July 1, 2010, the lease was amended to exclude the operations of the nursing

NOTE I--LEASED HEALTHCARE FACILITIES - Continued

home. The annual lease expense, as amended, is $150,000 for the first year only and an annual capital improvement commitment of $200,000. The amended lease provides for two five-year renewal options which occur automatically unless the Hospital provides notice of its intent to terminate the lease at least 180 days in advance.

NOTE J--COMMITMENTS AND CONTINGENCIES

General Liability Claims: The Hospital is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Hospital maintains commercial insurance coverage for each of those risks of loss. Management believes such coverage is sufficient to preclude any significant losses to the Hospital.

Malpractice Liability Claims: The Hospital is subject to claims and suits arising in the ordinary course of business from services provided to patients. Losses against the Hospital are limited by the Tennessee Governmental Tort Liability Act to $300,000 for injury or death per person and $700,000 per occurrence. However, claims against healthcare practitioners are not subject to these limits. The Hospital maintains professional liability insurance on a claims made basis with limits of $1,000,000 per occurrence with a retention of $250,000 per claim and a $3,000,000 annual aggregate with a $750,000 annual aggregate retention. The Hospital has estimated and recorded a liability for reported claims totaling approximately $640,000 and $950,000 at June 30, 2012 and 2011, respectively. In management's opinion, the Hospital is currently not a party to any proceeding, the ultimate resolution of which will have a material adverse effect on the Hospital's results of operations or financial condition. The Hospital has not estimated any liability for incurred but not reported claims.

Workers' Compensation Claims: The Hospital is covered for workers' compensation claims through an insurance policy with a deductible of $500,000 per claim. Management has recorded an accrual for the estimated liability related to claims reported as of June 30, 2012 and 2011. The Hospital has not estimated any liability for incurred but not reported claims.

Healthcare Benefits: The Hospital maintains a partially self-insured healthcare plan to provide reimbursement for covered expenses incurred as a result of illness or injury to covered employees and dependents. Stop-loss insurance is purchased for annual claims per individual exceeding $250,000 in both 2012 and 2011 with a life-time maximum per individual totaling $750,000. The Hospital has estimated and recorded a liability for healthcare claims incurred but not yet reported totaling approximately $1,600,000 at both June 30, 2012 and 2011. Employees that retire after attaining age sixty and completing twenty years of service will receive continued coverage under the Hospital's health benefit program until they attain age sixty-five or become eligible for Medicare benefits. The estimated amount of retirement health benefits payable totaled approximately

NOTE J--COMMITMENTS AND CONTINGENCIES - Continued

$250,000 and $270,000 at June 30, 2012 and 2011, respectively, and is reported as a noncurrent liability in the combined financial statements. Due to uncertainties in the estimate, it is at least reasonably possible that management's estimate could change in 2013.

Healthcare Industry: The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, Medicare fraud and abuse and under the provisions of the Health Insurance Portability and Accountability Act of 1996, patient records privacy and security. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers, such as the Medicare Recovery Audit Contractor Program. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Management believes that any amounts payable related to audits through the Medicare Recovery Audit Contractor program, or similar initiatives, have been estimated and recorded as Other Long-term Liabilities in the combined financial statements and therefore, any additional impact on the combined financial statements will not be significant. However, due to the uncertainties involved, management's estimate could change in the near future.

Healthcare Reform: In March 2010, Congress adopted comprehensive health care insurance legislation, the Patient Care Protection and Affordable Care Act and the Health Care and Education Reconciliation Act. The legislation, among other matters, is designed to expand access to health care coverage to substantially all citizens by 2019 through a combination of public program expansion and private industry health insurance. Changes to existing TennCare coverage and payments are also expected to occur as a result of this legislation. Implementing regulations are generally required as a result of such legislation over a period of several years. Accordingly, the impact of any future regulations is not determinable.

NOTE K--FAIR VALUE OF FINANCIAL INSTRUMENTS

Management believes that carrying value approximates fair value for the majority of the Hospital's financial assets and liabilities. The estimated fair value of bonds payable, which are general obligation bonds of Maury County, is $20,566,553 and $24,510,471 at June 30, 2012 and 2011, respectively.

NOTE K--FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Generally accepted accounting principles establish a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

- Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Hospital's investments are reported at fair value on a recurring basis based on Level 1 inputs at June 30, 2012 and 2011.

Other Information

PERSHING YOAKLEY & ASSOCIATES, P.C.
One Cherokee Mills, 2220 Sutherland Avenue
Knoxville, TN 37919
p: (865) 673-0844 | f: (865) 673-0173
www.pyapc.com

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Maury Regional Hospital:

We have audited the combined financial statements of Maury Regional Hospital (the Hospital) as of and for the years ended June 30, 2012 and 2011, and have issued our report thereon dated October 10, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Hospital's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's combined financial statements are free of material misstatement we performed tests of its compliance with certain

provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of combined financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees, management and the Comptroller of the Treasury, Department of Audit of the State of Tennessee, and is not intended to be and should not be used by anyone other than these specified parties.

Pearlin Yoakley & Associates PC

Knoxville, Tennessee
October 10, 2012

Attachment C – Contribution to Orderly Development 7(c) – License

Board for Licensing Health Care Facilities

State of Tennessee

0000000074

No. of Beds 0255

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to

MAURY COUNTY *to conduct and maintain a*

Hospital MAURY REGIONAL HOSPITAL

Located at 1224 TROTWOOD AVENUE, COLUMBIA

County of MAURY *, Tennessee.*

This license shall expire APRIL 16 *,* 2014 *, and is subject to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.*

In Witness Whereof, we have hereunto set our hand and seal of the State this 16TH *day of* APRIL *,* 2013 *.*

In the Distinct Category(ies) of: GENERAL HOSPITAL
PEDIATRIC BASIC HOSPITAL

By Vincent J. Davis, MPH
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By John J. Dreyzehner, MD
COMMISSIONER

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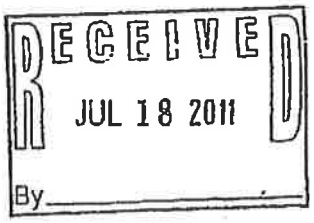
DCF011

Attachment C – Contribution to Orderly Development 7(d) – Survey and Plan of Correction

STATE OF TENNESSEE
DEPARTMENT OF HEALTH
WEST TENNESSEE HEALTH CARE FACILITIES
2975 C HIGWAY 45 BYPASS
JACKSON, TENNESSEE 38305
(731)984-9684



July 12, 2011

Administrator
Maury Regional Hospital
1224 Trotwood Avenue
Columbia, TN 38401

Dear Administrator:

On **July 7, 2011,** a surveyor from our office completed a revisit to verify that your facility had achieved and maintained compliance. Based on our revisit, we found that your facility had demonstrated compliance with deficiencies cited on the **licensure survey** completed on **April 27, 2011.**

If this office may be of any assistance to you, please call 731-984-9710.

Sincerely,

P. Diane Carter

P. Diane Carter, RN, LNCC
Public Health Nurse Consultant 2

PDC/tjw tjw

MAURY REGIONAL
MEDICAL CENTER

May 11, 2011

P. Diane Carter, RN, LNCC
State of Tennessee
Department of Health
West Tennessee Health Care Facilities
2975 C Highway 45 Bypass
Jackson, Tennessee 38305-3608

Dear Ms. Carter:

Please find enclosed the Plan of Correction in response to the survey completed at our facility on April 27, 2011.

If you have any questions, please do not hesitate to contact me at 931-381-1111 extension 2264.

Sincerely,

Beth Fleming

Beth Fleming
Director of Risk Management

enclosure

1224 Trotwood Avenue • Columbia, TN 38401 • P: 931.381.1111 • mauryregional.com

PRINTED: 04/29/2011
FORM APPROVED

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP53174	(X2) MULTIPLE CONSTRUCTION A. BUILDING ____ B. WING ____	(X3) DATE SURVEY COMPLETED 04/27/2011
NAME OF PROVIDER OR SUPPLIER MAURY REGIONAL HOSPITAL	STREET ADDRESS, CITY, STATE, ZIP CODE 1224 TROTWOOD AVE COLUMBIA, TN 38401		

(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 401	1200-8-1-.04 (1) Administration (1) The hospital must have an effective governing body legally responsible for the conduct of the hospital. If a hospital does not have an organized governing body, the persons legally responsible for the conduct of the hospital must carry out the functions specified in this chapter. This Rule is not met as evidenced by: Based on document review, medical record review and interview, the Governing Body failed to assume responsibility for 1 of 1 contracted dialysis services provided in the hospital. The findings included: Medical record review for Pt #25 documented the pt dialyzed in the hospital's acute hemodialysis unit every Monday, Wednesday and Friday. During an interview on 4/25/11 at 1:45 PM, Dialysis Nurse #1 verified the pt dialyzed in the hospital's acute dialysis unit every Monday, Wednesday and Friday. The Nurse stated the patient came to the acute unit for outpatient dialysis. The Nurse stated the acute dialysis unit was a contracted service of an outpatient dialysis facility. During an interview on 4/25/11 at 200 PM, the hospital's Quality Improvement Analysist verified the hospital contracted with an outpatient dialysis clinic to provide acute dialysis services to the hospital's patients. During an interview on 4/26/11 at 8:15 AM, the contracted dialysis clinic's Director verified the patient dialyzed in the hospital's acute dialysis unit every Monday, Wednesday and Friday. The	H 401	*H 401* 1. Correct the deficiency: Routine outpatient dialysis services were immediately stopped at time of surveyor communication of findings. Care for the patient cited was transitioned to outpatient dialysis clinic on April 29, 2011. 2. How to prevent recurrence: a. All medical staff will be educated that the facility licensure is for acute dialysis services. This education will be delivered via the Medical Briefs (physician newsletter published twice a month to be included in this week's publication, May 13, 2011). Responsibility of Chief Medical Officer. b. Admitting staff will be educated regarding facility licensure for acute dialysis (Target completion May 17, 2011). Responsibility of Patient Access Manager. c. All nursing staff will be educated that the facility licensure is for acute dialysis services via Practice Points (nursing newsletter published monthly, education will be included in the May publication. To be published by May 30, 2011). Responsibility of Service Line Administrator and the Director of Nursing Practice. d. Patients in observation status will be provided dialysis based on their medical assessment. Complete 4/29/11. Responsibility of Chief Medical Officer. 3. Date deficiency corrected: Continued....	4/29/11

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE — TITLE Chief Executive Officer — (X6) DATE 5/11/11

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H 401	Continued From page 1 Director stated the patient had been dialyzed in the hospital's acute dialysis unit since May of 2009. Review of the contract with the hospital and the contracted outpatient dialysis facility documented the outpatient dialysis facility was contracted to provide, "...acute dialysis...for patients of hospital..." There was no documentation the patient had been hospitalized in order to receive acute dialysis services.	H 401	....H401 continued 4. Monitoring of compliance: Coding to notify VP of Quality Services and Service Line Administrative Director immediately of use of Outpatient Dialysis code to monitor for patterns. Start date May 11, 2011. Responsibility of Director of Coding.	
H 630	1200-8-1-.06 (3)(a) Basic Hospital Functions (3) Infection Control. (a) The hospital must provide a sanitary environment to avoid sources and transmission of infections and communicable diseases. There must be an active performance improvement program for the prevention, control, and investigation of infections and communicable diseases. This Rule is not met as evidenced by: Based on observations and interview, it was determined the facility failed to provide a sanitary environment to avoid sources and transmission of infections and communicable diseases for 1 of 6 (Floor #4) floors toured during the survey. The findings included: 1. Observations during the initial tour of the 4th floor Mother/Baby Unit on 4/25/11 beginning at 1:00 PM revealed the following :	H 630	*H 630* 1. Correct the deficiency: (for container not labeled) All unit staff will be educated regarding the labeling of all patient food items with appropriate patient identification, date, and time. The education will be delivered during unit staff meetings on May 11, 2011 and via email to all unit staff members. Responsibility of Nurse Manager - Mother-Baby Unit. 2. How to prevent recurrence: a. The Charge Nurses will check for appropriate labeling on food items stored in the refrigerator with their daily Charge Nurse rounding. Completed May 11, 2011. Responsibility of Nurse Manager-Mother-Baby Unit. b. Signage developed and placed on the refrigerator in the pantry reminding staff and patients that the appropriate patient identification, date, and time is required on all patient food items Continued....	

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H 630	Continued From page 2 In the refrigerator in the patient nourishment room there was a clear plastic container with 4 slices of pizza inside. The container was not labeled. In the soiled utility room there was a food service cart with clean and dirty trays inside the cart. 2. During an interview in the hallway of the 4th floor near the soiled utility room on 4/25/11 at 1:20 PM the Nurse Manager verified the above findings.	H 630	....H630 continued placed in the refrigerator. Completed May 11, 2011. Responsibility of Nurse Manager - Mother-Baby Unit. 3. Date deficiency corrected: 4. Monitoring of compliance: Charge Nurses will monitor for compliance and further actions needed based on results of daily rounding checklist review. Start date May 11, 2011. Responsibility of Nurse Manager - Mother-Baby Unit.	5/11/11
H1201	1200-8-1-.12 (1)(a) Patient Rights (1) Each patient has at least the following rights: (a) To privacy in treatment and personal care; This Rule is not met as evidenced by: Based on facility policy review, observation and interview, it was determined the facility failed to ensure patient privacy by monitoring patients in their rooms with continuous video camera surveillance for 2 of 4 (Room #29 and #30) patient rooms in the Emergency Department (ED) identified as having cameras present. The findings included: 1. Review of the facility policy, Suicide Risk Assessment/Suicide Precautions in Emergency Department documented, "...When suicide precautions are implemented...The patient will be placed in ED 29 or ED 30...The person deemed responsible to observe patient will be continually station at C station in direct vision of the monitor..." 2. Observations in the hallway near the nurses	H1201	1. Correct the deficiency: (for food service cart with clean and dirty trays in the soiled utility room) It is a normal process for an extra food service cart for dirty or unused trays to be kept in the Soiled Utility Room for return to Food & Nutrition. Signage will be posted on the cart stating that the cart is for unused or dirty trays. This will be completed by May 11, 2011. Responsibility of Nurse Manager - Mother-Baby Unit. 2. How to prevent recurrence: Charge Nurses monitor for appropriate storage in the soiled utility room during daily rounds. Completed May 11, 2011. Responsibility of Nurse Manager - Mother-Baby Unit. 3. Date deficiency corrected: 4. Monitoring of compliance: Charge Nurses will monitor for compliance and further actions needed based on results of daily rounding checklist review. Start date May 11, 2011. Responsibility of Nurse Manager - Mother-Baby Unit. *H 1201* 1. Correct the deficiency: Continued....	5/11/11

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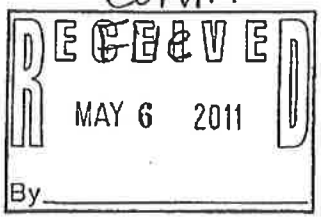
H1201	Continued From page 3 station revealed the following on the surveillance monitor : On 4/25/11 at 9:35 AM the patient in Room #29 [Patient #34] with his head covered. On 4/25/11 at 9:40 AM the patient in room #30 [Random patient #1] in bed with his family at the bedside. On 4/25/11 at 11:18 AM the patient in Room #29 sitting on the floor wearing only a gown and pulling the gown over his head exposing his body from his chest down to the floor. 3. During an interview at the nurses station in the ED on 4/26/11 at 11:18 AM, the Quality Improvement Analysist verified the monitors were visible to visitors in the hallway and at the nurses station.	H1201	....Continued The video monitor will be installed below the surface of the desk top, under a piece of glass. This will prevent patients, visitors, and other staff members from observing patients on the monitor from the hallway and nurses' station. This installation will be complete by June 1, 2011. Responsibility of the Administrative Director of Emergency Services and ED Nurse Manager. 2. How to prevent recurrence: Administrative Director of Emergency Services will ensure that any future installations of patient monitoring equipment is completed with patient privacy concerns addressed. 3. Date deficiency corrected: 4. Monitoring of compliance: Charge Nurses will monitor for patient privacy concerns during rounds conducted each shift. Any issues will be reported to the Nurse Manager on an ongoing basis. Start date May 11, 2011. Responsibility of ED Nurse Manager.	6/1/11

O- Totty
cc: Collier
Corvin



STATE OF TENNESSEE
DEPARTMENT OF HEALTH
WEST TENNESSEE HEALTH CARE FACILITIES
2975C HIGHWAY 45 BYPASS
JACKSON, TENNESSEE 38305-3608
731-984-9684

May 3, 2011

Mr. Robert Otwell, Administrator
Maury Regional Hospital
1224 Trotwood Avenue
Columbia, TN 38401

RE: Fire Safety Licensure Survey

Dear Mr. Otwell:

Enclosed is the statement of deficiencies for the fire safety licensure survey completed at your facility on **April 26, 2011**. Based upon 1200-8-1, you are asked to submit an acceptable plan of correction for achieving compliance with completion dates, and signature **10 days from the date of this letter.**

Please address each deficiency separately with positive and specific statements advising this office of a plan of correction that includes acceptable time schedule, which will lead to the correction of the cited deficiencies. Enter on the right side of the State Form, opposite the deficiencies, your planned action to correct the deficiencies and the expected completion date. The completion date can be no longer than **45 days from the day of survey.** Before the plan can be considered "acceptable," it must be signed and dated by the administrator

Your plan of correction must contain the following:

- How the deficiency will be corrected;
- How the facility will prevent the same deficiency from recurring.
- The date the deficiency will be corrected;
- How ongoing compliance will be monitored.

Please be advised that under the disclosure of survey information provisions, the Statement of Deficiencies will be available to the public.

If assistance is needed, please feel free to call me at 731-984-9710

Sincerely,

P. Diane Carter

P. Diane Carter, RN, LNCC
Public Health Consultant Nurse 2

PDC/TJW TJW

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING 02 - HOHENWALL B. WING	(X3) DATE SURVEY COMPLETED
	TNP53174		04/26/2011

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
MAURY REGIONAL HOSPITAL	1224 TROTWOOD AVE COLUMBIA, TN 38401

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H 871	1200-8-1-.08 (1) Building Standards (1) The hospital must be constructed, arranged, and maintained to ensure the safety of the patient. This Rule is not met as evidenced by: Based on observation it was determined the facility failed to comply with the Tennessee Department of Health Building Standards. The findings include: (1) Observation of the lobby men's bathroom on 4/26/11 at 1:20 PM, revealed the exhaust fan did not work. (2) Observation of the business office on 4/26/11 at 1:35 PM, revealed a water stain ceiling tile. (3) Observation of the janitor's closet by the handicapped bath room on 4/26/11 at 1:38 am, revealed no door closure installed on the door. These findings were acknowledged by the Director of Maintenance at the exit conference on 4/26/11.	H 871	1) Per WO#:135958 Attachment "B" an exhaust Fan was order and will be installed in 30 days. This will be monitored with monthly checks see Attachment "A". 5-31-11 2) Was corrected on 5-3-11 per WO# 135963 Attachment "C" Replaced ceiling tile and will monitor ceiling tiles monthly per Attachment "A" 5-3-11 3) Per WO# 135964 Attachment "D" the clousure for the Janitor's Closet was ordered and will be installed within 30 days. We will monitor this on Attachment "A" 5-31-11	
H 901	1200-8-1-.09 (1) Life Safety (1) Any hospital which complies with the required applicable building and fire safety regulations at the time the board adopts new codes or regulations will, so long as such compliance is maintained (either with or without waivers of specific provisions), be considered to be in compliance with the requirements of the new codes or regulations.	H 901		

ivision of Health Care Facilities

Faith Carr, CHFM Director of Plant Ops

TITLE (X6) DATE

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

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H 901	Continued From page 1 This Rule is not met as evidenced by: Based on observations and records review it was determined the facility failed to comply with the life safety codes. The findings include: (1) Observation of the back hall on 4/26/11 at 1:25 PM, revealed the electrical panel was blocked with a bench. (2) Observation of exam room 2 and the jungle room on 4/26/11 at 1:30 PM, revealed the electrical outlets next to the sinks were not a ground fault circuit interrupters (GFCI). (3) Observation of the corridor in the business office on 4/26/11 at 1:32 PM, revealed the fire extinguisher was mounted at 61.5 inches instead of the required 60 inches. (4) Observation of the dining room and the kitchen on 4/26/11 at 2:00 PM, revealed the doors were being held open with pegs. (5) Observation of the dining room on 4/26/11 at 2:20 PM, revealed the fire extinguisher was blocked with equipment. (6) Records review on 4/26/11 at 2:30 PM, revealed the kitchen hood system was not cleaned every 6 months as required. These findings were acknowledged by the Director of Maintenance at the exit conference on 4/26/11.	H 901	1) LACC Main hall the Electrical Panel was blocked. Chair moved per WO # 135960 Attachment "E" E-mail to employees to communicate per Attachment "F" Sign was order that will state "Do Not Block Electrical Panels" and will be install in 10 days. Monitoring per Attachment "A" monthly. 5-26-11 2) Corrected on 5-3-11 per WO# 135961 and # 135959 Attachments "G.1" & "G.2" and we will continue to monitor monthly per Attachment "A" 5-3-11 3) Will correct on 5-16-11 anchors arrive per WO# 135962 Attachment "H" and will monitor per Attachment "A" monthly. 4) Per WO# 135965 and # 135966 Attachments "I.1" and "I.2" Removed on 4-28-11 and per Attachment "F" All employees notified not to Block Doors open and this will be monitored monthly per Attachment "A". 5) The extinguisher was blocked and table was removed on 4-26-11 an the communication issue to all LACC employees on 5-12-11 not to Block extinguisher per Attachment "F" and will be monitored monthly per Attachment "A". 5-12-11 6) Per WO# 135967 Attachment "J" we call the Vendor to perform service to [illegible] kitchen hood and this was completed on 4-28-11 by Columbia Fire Equipment Co. per Attachment "K" will monitor monthly per Attachment "A". 4-28-11	

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H 871	1200-8-1-.08 (1) Building Standards (1) The hospital must be constructed, arranged, and maintained to ensure the safety of the patient. This Rule is not met as evidenced by: Based on observations it was determined the facility failed to comply with the Tennessee Department of Health Building Standards. The findings include: (1) Observations on 4/26/11 at 7:42 AM, revealed water stained ceiling tiles located in the following areas: a. Physical therapy treatment room. b. The 6th floor Southwest stairwell. c. The 5th floor treatment room. (2) Observation of the 5th floor West nurses station medicine room on 4/27/11 at 8:10 AM, revealed penetrations in the walls. (3) Observation of the mop closet by room 332 on 4/26/11 at 9:20 AM, revealed no exhaust fan installed in the closet. (4) Observation of the 2nd floor surgery area on 4/26/11 at 10:15 AM, revealed a damage wall. (5) Observation of the 2nd floor operating handicapped bathroom on 4/26/11 at 10:30 AM, revealed no strobe lights installed in the room. These findings were acknowledged by the Director of Maintenance at the exit conference on 4/26/11.	H 871	1) Per WO# 135912 Attachment "L.1" for a. & b. and per WO# 135912 Attachment "L.2" for c. Ceiling tiles replace on 4-26-11 and will be monitored monthly per Attachment "M" 2) Per WO# 135920 Attachment "N" the wall was patched and painted and will be monitored monthly per Attachment "M" 3) Per WO# 135936 Attachment "O" the exhaust fan was installed on 5-9-11 and will be monitored with Attachment "M" 4) Per WO#135943 Attachment "P.1" the wall was repaired in surgery on 5-9-11 and will be monitored per monthly Attachment "M" 5) Per WO# 135941 Attachment "P.2" the strobe has been ordered from Simplex Grinnell and will be installed within 45 days and will be monitored monthly per Attachment "M"	4-26-11 4-26-11 5-9-11 5-9-11 6-9-11

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H 901	Continued From page 1	H 901	1) Completed by staff on WO# 135918 Attachment "P.3" for (a.b.c.).and communicate to staff and will monitor monthly with Attachment "M"	4-26-11
H 901	1200-8-1-.09 (1) Life Safety (1) Any hospital which complies with the required applicable building and fire safety regulations at the time the board adopts new codes or regulations will, so long as such compliance is maintained (either with or without waivers of specific provisions), be considered to be in compliance with the requirements of the new codes or regulations. This Rule is not met as evidenced by: Based on observations it was determined the facility failed to comply with the life safety codes as required. The findings include: (1) Observations on 4/26/11 at 7:43 AM, revealed equipment stored within 18 inches of the sprinklers in the following areas: a. 6th floor physical therapy room b. 4th floor storage room by room 402 c. 1st floor rehab storage room (2) Observations on 4/26/11 at 7:45 AM, revealed the of the electrical panels were blocked with equipment in the following areas:: a, 6th floor electrical room, b. 4th floor information data room. c. 3rd floor storage rooms by rooms 356 and 387. d The operating room area. e. The open heart surgery area f. the lab storage room g. The kitchen area on 4/26/11 at 7:45 AM, revealed electrical panels were blocked with equipment.	H 901	2) Per WO Numbers: a) WO# 135926 Attachment "P.4" b) WO# 135914 Attachment "P.5" c) WO# 135922 Attachment "P.6" d) WO# 135942 Attachment "P.7" e) WO# 135945 Attachment "P.8" f) WO# 135954 Attachment "P.9" g) WO# 135949 Attachment "P.10" All blocked panels were corrected. Staff instructed and will monitor this monthly throughout facility. All Elect rooms per checklist inspection on Attachment "M"	4-26-11 4-26-11 4-26-11 4-26-11 4-26-11 4-26-11 4-26-11

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H 901	Continued From page 2 (3) Observations on 4/26/11 at 8:20 AM, revealed cylinders of oxygen stored and no precautionary signs posted on the doors in the following areas: a. 5th floor B station storage room and clean utility room b. the 3rd floor floor soiled utility room c. The transparent room d. The radiology room by the West elevator (4) Observation of the 4th floor electrical room on 4/26/11 at 8:20 AM, revealed an open space in the electrical panel. (5) Observation of the 4th floor office by room 473 on 4/26/11 at 8:30 AM, revealed 2 power strips were connected in tandem. (6) Observations on 4/26/11 at 8:20 AM, revealed the electrical outlets located in the following areas were not ground fault circuit interrupters: a 4th floor medical intensive care unit b. 3rd West B wing nurses station c. 3rd West A nurses station med room d. 3rd floor control room, e. 1st floor pre-op cath lab (7) Observation of the 4th floor nursery by the clean utility room on 4/26/11 at 8:45 AM, revealed the exit was blocked with equipment. (8) Observation of the 3rd floor area above the smoke doors by room 351 on 4/26/11 at 8:55 AM, revealed a penetration in the wall. (9) Observation of the 3rd floor utility room on 4/26/11 at 9:00 AM, revealed a cylinder of oxygen was not secured.	H 901	3) All signs installed by WO's a) WO# 135929 Attachment "Q.1" b) WO# 135927 Attachment "Q.2" c) WO# 135937 Attachment "Q.3" d) WO# 135947 Attachment "Q.4" All were corrected and will be monitored on checklists monthly per Attachment "M" 4) Was repaired per WO# 135913 Attachment "Q.5" and will monitor this monthly with checklist Attachment "M" 5) Added outlet per WO# 135915 Attachment "Q.6" so each outlet strip is plugged in separately. Will monitor this monthly per Attachment "M" 6) Replaced Outlets to GFI's a) WO# 135916 Attachment "Q.7" b) WO#135928 Attachment "Q.8" c) WO#135923 Attachment "Q.9" d) WO#135938 Attachment "Q.10" e) WO#135953 Attachment "Q.11" Will monitor on monthly check list per Attachment "M" 7) Unblocked rear door per WO# 135919 Attachment "R.1" discuss with staff and will monitor per Attachment check list monthly Attachment "M" 8) Caulked penetrations by room 351 per WO#135925 Attachment "R.2" and will monitor smoke walls per monthly checklist on Attachment "M". (Continue on next pg)	4-26-11 4-26-11 4-26-11 4-26-11 4-26-11 4-26-11 4-26-11 4-26-11 4-26-11 4-26-11 4-26-11 4-26-11 4-26-11 4-26-11

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	TNP53174	A. BUILDING 01 - MAIN BUILDING 01 B. WING _____	04/26/2011

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
MAURY REGIONAL HOSPITAL	1224 TROTWOOD AVE COLUMBIA, TN 38401

(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 901	Continued From page 3 (10) Observation of the 3rd floor corridor by room 330 and the 2nd floor decontamination room on 4/26/11 at 9:12 AM, revealed the fire extinguishers were blocked with equipment. (11) Observation of the 3rd floor corridor by room 330 and the 2nd floor central supply room on 4/26/11 at 9:15 AM, 10:12 AM, revealed the pull stations were blocked with equipment. (12) Observation of the kitchen closet by room 222 on 4/26/11 at 9:25 AM, revealer supplies stored within 18 inches of the sprinkler. (13) Observation of the 2nd floor corridor by room 231 on 4/26/11 at 10:00 AM, revealed the smoke detector was installed within 3 feet of the air diffuser. (14) Observation of the corridor in the operating room area on 4/26/11 at 10:20 AM, revealed the fire extinguisher was hidden from view. (15) Observation of the 2nd floor endoscopy room on 4/26/11 at 10:40 AM, revealed the door was being held open with a peg. (16) Observation of the 2nd floor equipment storage room and X-Ray room 6 on 4/26/11 at 11:00 AM, revealed the electrical switch plates were missing. (17) Observation of the 1st floor janitor's closet by room 155 on 4/26/11 at 11:40 AM, revealed a light cover was missing. These findings were acknowledged by the Director of Maintenance at the exit conference on 4/26/11.	H 901	9) Removed 02 tank by staff and will monitor per monthly checks per Attachment "M" 10) Per WO#135940 Attachment "R.8" Removed items by staff and communicated issue and will monitor this monthly per check list Attachment "8" 11) Per WO#135940 Attachment "R.8" moved cart by staff and have planned to educate staff at next staff meeting and will monitor monthly per Attachment "M" 12) Items removed and closet cleared per staff and will monitor this monthly per Attachment "M" 13) Per WO#135944 Attachment "R.3" Simplex Grinnell will relocate Detector within 30 days. Will monitor this monthly per Attachment "M" 14) Per WO#135939 Attachment "R.4" install directional sign to show extinguisher location and will monitor monthly per Attachment "M" 15) Removed peg per WO#135946 Attachment "R.7" Instructed staff of issue and will monitor this monthly per check list on Attachment "M"	4-26-11 4-26-11 4-26-11 4-26-11 5-31-11 5-2-11 4-26-11

Division of Health Care Facilities

2013 JUL 12 PM 2 19

PRINTED: 04/28/2011
FORM APPROVED

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP53174	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING	(X3) DATE SURVEY COMPLETED 04/26/2011
NAME OF PROVIDER OR SUPPLIER MAURY REGIONAL HOSPITAL	STREET ADDRESS, CITY, STATE, ZIP CODE 1224 TROTWOOD AVE COLUMBIA, TN 38401		

(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
			16) Per WO# 135948 Attachment "R.5" Switch plate was installed and will monitor this monthly per Attachment "M"	4-26-11
			17) Per WO#135950 Attachment "R.6" Installed tube covers on bulbs and will monitor with monthly check per Attachment "M"	4-26-11

COPY-

SUPPLEMENTAL-1

Maury Regional Medical Center

CN1307-026

SUPPLEMENTAL

July 30, 2013

2013 JUL 30 PM 4 01

VIA HAND DELIVERY

Mr. Phillip Earhart
Examiner
Tennessee Health Services and
Development Agency
Frost Building, Third Floor
161 Rosa Parks Blvd.
Nashville, TN 37243

RE: Maury Regional Medical Center – CN1307-026

Dear Mr. Earhart,

1. **Section A, Applicant Profile, Item 13**

   Please clarify if the applicant contracts with TennCare Select.

   Yes, MRMC contracts with TennCare Select.

2. **Section B, Project Description, Item II.**

   Please provide a general description of the Columbia Mall. Is the applicant the only medical service provider currently in the Columbia Mall? If not, please list other medical providers.

   The Columbia Mall is home to several retail stores including Hibbit Sports, J.C. Penny's, Goody's, Bath & Body Works, Payless Shoe Source, Claire's, RadioShack, BonWorth, & GNC. Currently MRMC operates an IV Infusion center located in the Columbia Mall which provides infusion services from hydration and antibiotic therapy to chemotherapy infusions. Also, a Medical Oncology practice operated by Family Health Group is located in the Columbia mall. The Medical Oncology practice consists of three Medical Oncologists.

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

   Please describe the construction, modification, and/or renovation of the facility including major operation area, room configuration, etc. Please also discuss and justify the cost per square foot for this project.

   The proposed Maury Regional Cancer Center construction will consist of selective demolition and renovation of an existing structure. Most of the work is anticipated to be on the interior. Demolition will include the remaining non-load bearing wall partitions from the previous retail space and concrete floor slab demolition for utility trenching. Construction includes two linear accelerator vaults and one gamma vault using normal

weight concrete. It is not anticipated that any roof work or modifications will be required except for mechanical work. The remaining build-out will be typical gypsum board/metal stud framing with new floor, wall and ceiling finishes.

The project cost is $232.86 per square foot. The cost is reasonable compared to other similar projects. A letter from Hart, Freeland, and Roberts, documenting the reasonableness of the project cost, is attached to the application as Attachment C. Economic Feasibility. 1.

4. **Section B, Project Description, Item II.A**

The applicant states that shelled space for a future fixed PET/CT is included in the project cost. The projected PET scan utilization for the proposed project in 2016 is 364 scans. According to the State Health Plan, Standards and Criteria for PET scanners, the optimal efficiency for a stationary PET unit is 80 percent of total capacity, or 1,600 procedures per year. At what point in time does the applicant expect the demand to be adequate to justify purchasing an additional PET scanner for the shelled space?

It is not possible to predict with certainty when volumes will be sufficient to justify a fixed PET scanner. MRMC anticipates that, with future marketing strategies and the change in Medicare guidelines that allow for more follow-up PET procedures, the volume will support a fixed unit three to four years from now.

This project already involves shielding space for the injection rooms and hot lab for PET services. Even though the PET scanner is mobile, shielded space within the cancer center is needed for patients both before and after their scans. It is more efficient and cost-effective to build the space while construction is being done, rather than build the space as a separate project.

5. **Section C. Need Item 1. (Specific Criteria – Construction, Renovation)**

Please list and provide a response to each of the questions in the criteria and standards for Construction and Renovation. If the response it not applicable, please list that under the applicable question.

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

   n/a. The project does not include the addition of beds, services, or medical equipment.

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 cost of the proposed relocation is $7,742,231. MRMC did not evaluate the cost of renovation because renovation is not feasible. There is not sufficient room

on the hospital campus to create the cancer center that is proposed for the Columbia Mall site.

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

Need for the project exists, as evidenced by MRMC's historical utilization. Most of the patients are expected to be patients who would otherwise receive cancer treatment on MRMC's main campus, so this project will not have an impact on other providers.

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.

Need for the project exists, as evidenced by MRMC's historical utilization.

b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

There is not sufficient room on the hospital campus to create the cancer center proposed for the Columbia Mall site. Because the cancer center is in former commercial space, renovations are needed to make the space suitable for medical use.

6. Section C. Need Item 4. (Service Area Demographics)

Your response to this item is noted. Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for your proposed service area.

The demographic data chart is attached.

7. Section C, Economic Feasibility, Item 3

Please compare the cost per square foot of construction to similar hospital projects approved by the Agency. Please refer to the applicant's toolbox located at the Health Services and Development Agency's web-site at:

http://tennessee.gov/hsda/applicants_tools/docs/Construction%20Cost%20Per%20Square%20Foot%20charts-0911.pdf

SUPPLEMENTAL

The median cost for hospital renovation projects is $177.60 per square foot; the 3rd quartile cost is $249 per square foot. The cost of this project, $232.86 per square foot, is comparable to costs of other similar projects approved by the Agency.

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

   Line D.7 under Net Operating Revenue in the Historical Data Chart appears to be a duplicate of line D.8 Other Expenses for 2010, 2011, and 2012. Please clarify.
   Line D.7 was a duplication. It is corrected on the Revised Historical Data Chart.

   Please complete revised Historical and Projected Data Charts that have fields for management fees. The revised charts are included with these supplemental questions.
   Revised charts are attached.

9. **Section C., Economic Feasibility, Item 5. Project's Average Gross Charge, Average Deduction from Gross Operating Revenue and Average Net Charge**

   Your response is noted. Please recalculate the Average Deduction from Gross Operating Revenue and Average Net Charge for PET.
   The chart on page 22 of the application is correct.

10. **Section C., Economic Feasibility, Item 6 A. and 6 B.**

    Your response is noted. Please list questions 6 A. and 6 B. and provide a response underneath each question, respectively. Please compare the proposed gross charges per Procedure/Treatment for PET and Linear Accelerator equipment by referring to The Health Services and Development Agencies' applicant's web based toolbox web located at http://tennessee.gov/hsda/applicants_tools/docs/quartile-med%20equip-2010.pdf

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.

   Charges will not change as a result of this project. MRMC's charges for the most common radiation therapy and PET procedures are listed below. The project is simply a relocation and will not affect patient charges.

   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).

The project will have no impact on charges. The following charts include comparisons of gross charges to the average gross charges from the HSDA Equipment Registry and comparisons to Medicare reimbursement.

	MRMC	Equipment Registry 1st Quartile	Equipment Registry Median	Equipment Registry 3rd Quartile
Radiation Therapy	$995.28	$887.60	$1,077.79	$1,406.21
PET	$5,335.32	$3,667.96	$4,497.71	$6,304.71

Procedure – Radiation Therapy	MRMC Charge	Medicare Reimbursement
IMRT TX Planning – 77301	$4,162.00	$984.49
IMRT Daily TX Delivery – 77418	$1,646.00	$483.70
3D Conformal TX Plan – 77295	$3,286.00	$984.49
Daily TX MGMT: Comp 6-10 MEV - 77413	$571.00	$179.52
Daily TX MGMT: Comp 11-18 MEV – 77414	$628.00	$179.52

Procedure – PET	MRMC Charge	Medicare Reimbursement
PET Skull-Thigh – 78812	$4,797.00	$1,056.12
PET Whole Body – 78813	$4,891.00	$1,056.12
PET CT Limited – 78814	$5,047.00	$1,056.12
PET CT Skull-Thigh – 78815	$5,337.00	$1,056.12
PET CT Whole Body – 78816	$5,634.00	$1,056.12

11. Section C., Economic Feasibility, Item 9

The table calculating gross charges for Radiation Therapy appears to be incorrect. Please recalculate and provide a replacement page if necessary.

The revised table is below.

Radiation Therapy – Gross Charges

	Year 1 - $	*Year 1 - %*	*Year 2 - $*	*Year 2 - %*
Medicare	$18,399,028	60.1%	$18,423,519	59.0%
TennCare	$2,602,192	8.5%	$3,434,893	11.0%

12. **Section C., Economic Feasibility, Item 11 a.**

Please provide a response to question 11 a.

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.

The applicant had three options with respect to radiation therapy and PET/CT services:

1) Do nothing;

2) Renovate space on the main hospital campus; or

3) Relocate the services to the Columbia Mall site.

Options 1 and 2 are not feasible because there is not sufficient space on the main hospital campus to provide the type of comprehensive cancer center that the Columbia Mall site will provide. In addition, the new site is more convenient for patients.

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.

This project does not involve new construction; it involves the renovation of commercial space.

13. **Section C., Contribution to Orderly Development, Item 1**

Your response is noted. Please list all existing health care providers the applicant has or plans to have contractual transfer agreements with.

MRMC currently has transfer contracts to receive patients from the following health care providers:

Marshall Medical Center
Behavioral Health Care Center

Buffalo Valley, Inc
Lincoln Medical Center
Tennessee Imaging Alliance Trauma, LLC
Surgery Center of Columbia.

MRMC currently has transfer contracts to send patients to the following:

St. Thomas Hospital
Vanderbilt Medical Center.

14. Section C., Contribution to Orderly Development, Item 3

The applicant's hourly Registered Nurse rate of $24.00 per hour is below the average Tennessee Workforce and Development agency rate of $27.77 per hour. This is equal to 15.7% below the average RN wage. Please discuss the availability of Registered Nurses that will work below the average rate per hour for the proposed project. In your response please discuss the applicant's turnover rates for RNs.

MRMC does not have trouble recruiting RNs. The average hourly rate of $24.00 per hour is specific to Radiation Therapy. The hospital wide average hourly RN rate is $25.82. Additionally, the average hourly rate given is for full-time RN staff only. The rate does not represent Part-time or PRN hourly rates.

Hospital Wide
The hospital wide RN retention rate is between 91% and 93.6%. But more important is data gathered from the National Database for Nursing Quality Indicators (NDNQI). NDNQI compares RN controllable turnover rate nationally based on unit type. Turnover is either controllable or uncontrollable. Controllable turnover includes: compensation, inability to advance, staffing or workload, dissatisfaction with or conflict with team members, dissatisfaction with work environment, and perceived lack of respect. Losing RNs for these reasons is a negative in the Database. MRMC has consistently had a controllable turnover rate of zero.

The numerous awards received by MRMC in the past several years, some of which are listed in the application, are further evidence of the quality of staff at MRMC.

MRMC recently completed a salary survey, and the feedback was that MRMC's RNs were receiving comparable wages for the market area.

Radiation Therapy
The retention rate for radiation therapy RNs over the last four years has been 100%. The current radiation therapy RN's are expected to move to the new cancer center when the proposed project is completed.

15. Section C., Contribution to Orderly Development, Items 7 and 9

Please provide a response other than "n/a" to questions 8 and 9.

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.

Not applicable. No such orders or judgments exist.

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.

Not applicable. No such orders or judgments exist.

Sincerely,

David Thomas w/perry

David Thomas
Director, Cancer Center

Variable	Giles Co.	Hickman Co.	Lawrence Co.	Lewis Co.	Marshall Co.	Maury Co.	Perry Co.	Wayne Co.	Williamson Co.	TN
2013, Age 65+	4,998	3,593	7,075	1,920	4,072	11,006	1,444	2,885	18,589	904,587
2015, Age 65+	5,227	3,789	7,383	2,052	4,314	11,760	1,501	3,053	20,689	960,158
Age 65+, % Change	4.6%	5.5%	4.4%	6.7%	5.9%	6.9%	3.9%	5.8%	11.3%	6.1%
Age 65+, % Total (2015)	17%	12.4%	16.9%	16.4%	13.5%	13.5%	19%	17.2%	10.5%	14.7%
2013, Total Population	30,229	26,100	43,007	12,306	31,287	85,130	7,842	17,524	188,259	6,414,297
2015, Total Population	30,559	27,297	43,666	12,537	32,016	87,283	7,907	17,736	196,824	6,530,459
Total Pop. % Change	1.1%	4.6%	1.5%	1.8%	2.3%	2.5%	0.8%	1.2%	4.4%	1.8%
TennCare Enrollees	5,292	5,340	8,503	2,547	5,611	14,464	1,844	2,826	8,445	1,192,483
TennCare Enrollees as a % of Total Population	17.5%	20.5%	19.8%	20.7%	17.9%	17%	23.5%	16.4%	4.5%	18.6%
Median Age	42.1	40.0	39.7	41.2	38.9	38.4	43.1	40.9	38.5	38
Median Household Income	$37,981	$43,935	$35,737	$32,337	$41,620	$46,552	$31,857	$33,630	$89,063	$43,989
Population % Below Poverty Level	17.8%	13.7%	17.2%	19.8%	16.3%	14.8%	22.9%	20.9%	5.5%	16.9%

** Age data, other than median age, from Tennessee Dept. of Health Projections.*
** Median age, median household income, and percentage of population below poverty level from Census Bureau.*
** TennCare data from TennCare Bureau.*

SUPPLEMENTAL

SUPPLEMENTAL

AFFIDAVIT

2013 JUL 30 PM 4 01

STATE OF TENNESSEE

COUNTY OF Maury

NAME OF FACILITY: Maury Regional Medical Center

I, David Thomas, 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.

David Thomas
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 29 day of July, 2013 witness my hand at office in the County of Maury, State of Tennessee.

Kaye Marlin
NOTARY PUBLIC

My commission expires May 24, 2017.

HF-0043

Revised 7/02

KAYE MARLIN
STATE OF TENNESSEE NOTARY PUBLIC
MAURY COUNTY, TENN.

COPY-

Additional Information

Maury Regional Med. Ctr.

CN1307-026

BUTLER | SNOW

2013 JUL 31 PM 1 28

July 31, 2013

VIA HAND DELIVERY

Mr. Phillip Earhart, Examiner
Tennessee Health Services and
Development Agency
Frost Building, 3rd Floor
161 Rosa Parks Blvd.
Nashville, TN 37243

Re: Maury Regional

Dear Mr. Earhart:

Enclosed please find the full-page newspaper notice for Maury Regional Medical Center.

Very truly yours,

BUTLER, SNOW, O'MARA, STEVENS
AND CANNADA, PLLC

Sarah L. Tally

Sarah L. Tally

Enclosure

17189599ButlerSnow

The Pinnacle at Symphony Place
150 3rd Avenue South, Suite 1600
Nashville, TN 37201

SARAH LODGE TALLY
615.651.6735
sarah.tally@butlersnow.com

T 615.651.6700
F 615.651.6701
www.butlersnow.com

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FOR ALL YOUR CLASSIFIED NEEDS CALL 388-6464

T - State Bar No: 226694
NDRA H. DEMENT
, 740
5113
-1444

s
CH

R COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SONOMA

tition Of	)	CASE NO.: SFL 63431
CH and	)	
to Declare	)	
NCH, a Minor, to Be	)	CITATION TO PARENT
and Control	)	
	)	

E STATE OF CALIFORNIA
H:
urt you are hereby advised that you may appear be-
ng in Department 23 of this court located at 3055
nta Rosa, CA 95403 on July 31, 2013, at 8:30 a.m.,
cause, if any you have, why MAKAYLA ADRIAN
not be declared free from your custody and control
ing MAKAYLA ADRIAN FEIR MINCH for place-
this hearing you are required to give any legal reason
ed in the verified application attached to and served
filed with this court, should not be granted.
rmation concerns rights and procedures that relate to
termination of custody and control of MAKAYLA
H as set forth in Family Code Section 7860 et seq.:
g of the proceeding the court will consider whether
AKAYLA ADRIAN FEIR MINCH do require such
vill appoint counsel to represent her, whether or not
unsel.
AKAYLA ADRIAN FEIR MINCH appears without
to afford counsel, the court must appoint counsel for
arent knowingly and intelligently waives the right to
nsel. The court will not appoint the same counsel to
YLA ADRIAN FEIR MINCH and her parent.
ppoint either the public defender or private counsel.
ppointed, he or she will receive a reasonable sum for
enses, the amount of which will be determined by the
ust be paid by the real parties in interest, but not by
portions as the court believes to be just. If, however,
of the real parties in interest cannot afford counsel,
d by the county.
continue the proceeding for not more than 30 days as
ounsel and to enable counsel to become acquainted

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Tennessee Health Services and Development Agency ("Agency") and all interested parties, in accordance with T.C.A. See 68-11-1601 et seq., and the Rules of the Agency, that Maury Regional Hospital d/b/a Maury Regional Medical Center, a hospital owned by Maury County, TN, intends to file an application for a Certificate of Need to relocate two linear accelerators and a mobile positron emission tomography scanner from the main hospital campus to Maury Regional Cancer Center, at 808 South James Campbell Boulevard, Columbia, TN, 38401. Maury Regional Medical Center will also replace one of the linear accelerators. The project will require approximately 10,736 square feet of renovation construction. The project will not result in an increase of licensed hospital beds or the initiation of any service requiring certificate of need. The total project cost is estimated to be $7,742,231. Maury Regional Medical Center is located at 1224 Trotwood Avenue, Columbia, TN, 38401.

The anticipated date of filing the application is July 12, 2013. The contact person for this project is David Thomas, who may be reached at Maury Regional Medical Center, 1224 Trotwood Avenue, Columbia, TN, 38401, (931) 380-4057.

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

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

Pursuant to TCA Sec. 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.

July 8 1tc

RE: CN1307-026, Maury Regional-Utilization Reporting

Thomas, David [Dthomas@mauryregional.com]
Sent: Friday, October 04, 2013 12:11 PM
To: Mark Farber
Cc: Sarah Tally [Sarah.Tally@butlersnow.com]; Phillip M. Earhart

2015 would be 11,836 and 2016 would be 12,072. This would represent an increase of 2% annually.
Thanks,

David Thomas, B.A., R.T.(R)(T), C.M.D.
Director, Cancer Center
Maury Regional Medical Center

From: Mark Farber [mailto:Mark.Farber@tn.gov]
Sent: Friday, October 04, 2013 10:46 AM
To: Thomas, David
Cc: Sarah Tally; Phillip M. Earhart
Subject: RE: CN1307-026, Maury Regional-Utilization Reporting

David,

Thanks for the clarification.

One follow-up question. What would be the correct projected utilization of the linear accelerators for Years 2015 and 2016?

Thanks.

Mark

Mark Farber
Deputy Director
Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, TN 37243

615-741-2364 (office)
615-741-9884 (fax)

Mark.Farber@tn.gov (email)

www.tn.gov/hsda (website)

From: Thomas, David [Dthomas@mauryregional.com]
Sent: Friday, October 04, 2013 10:15 AM

To: Mark Farber
Cc: Sarah Tally
Subject: RE: CN1307-026, Maury Regional-Utilization Reporting

Mark,
The treatment numbers that were reported to the Equipment Registry of 12,386, 12,556, and 11,604 were correct. The numbers that were reported on the application of 30,844, 29,997, and 30,156 were incorrect because those numbers reflect all procedures that were done each year including treatments. This was an error in pulling the data and only those codes that are treatment related should have been pulled. I apologize for the trouble that this has caused.

You are correct that we will be replacing the 2100 linac at the time of relocation. We intend to replace that accelerator with a Varian Trilogy that is capable of IMRT, IGRT, and SRS. We intend for the new Trilogy accelerator to have 6Mev and 18Mev capabilities.

The PET portion of the project will be to relocate the address of the mobile PET/CT service that we currently provide. This service will not have CT capability. We should have phrased this differently in our application.

Please let me know if you need further clarification.
Thanks,

David Thomas, B.A., R.T.(R)(T), C.M.D.
Director, Cancer Center
Maury Regional Medical Center

From: Mark Farber [mailto:Mark.Farber@tn.gov]
Sent: Friday, October 04, 2013 9:38 AM
To: Thomas, David
Cc: sarah.tally@butlersnow.com; Melanie Hill; Elrod, Dan; Phillip M. Earhart; Alecia L. Craighead
Subject: RE: CN1307-026, Maury Regional-Utilization Reporting

Mr. Thomas,

I have a few additional questions.

Is it correct that you will be replacing the Varian 2100 linac that was acquired in 2001?

You reference in the application a mobile PET/CT service. According to our records you are leasing a PET scanner with no CT capability. Please address this discrepancy.

Please describe the linear accelerator that will be replacing the older unit, ie, what capabilities will it have IMRT, IGRT, SRS, etc. MeV?

Thank you.

From: Mark Farber
Sent: Thursday, October 03, 2013 4:22 PM
To: dthomas@mauryregional.com
Cc: sarah.tally@butlersnow.com; Melanie Hill; Elrod, Dan; Phillip M. Earhart; Alecia L. Craighead
Subject: CN1307-026, Maury Regional-Utilization Reporting

Mr. Thomas,

I am working on the staff summary for this application and found some discrepancies in what you reported and what is reported in our Equipment Registry.

You reported PET volumes of 314, 309, and 345 in Years 2010-2012, respectively. The Equipment Registry reports 307, 331, 359 for the same years. Both reports are pretty close.

My concern is with the linear accelerator treatments. In the application you report treatments of 30,844, 29,997, and 30,156 from 2010-2012. The Equipment Registry reports 12,386, 12,556, 11,604.

We are trying to complete our reports and mail them out early next week as we are moving offices at the end of that week. I would appreciate it if you could help us resolve these discrepancies as soon as possible.

Thank you for your attention to this matter.

Mark Farber
Deputy Director
Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, TN 37243

615-741-2364 (office)
615-741-9884 (fax)

Mark.Farber@tn.gov (email)

www.tn.gov/hsda (website)

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LETTER OF INTENT
TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Columbia Daily Herald, which is a newspaper of general circulation in Maury County, Tennessee, on or before July 8, 2013, for one day.

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This is to provide official notice to the Tennessee Health Services and Development Agency ("Agency") and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Agency, that Maury Regional Hospital d/b/a Maury Regional Medical Center, a hospital owned by Maury County, TN, intends to file an application for a Certificate of Need to relocate two linear accelerators and a mobile positron emission tomography scanner from the main hospital campus to Maury Regional Cancer Center, at 808 South James Campbell Boulevard, Columbia, TN, 38401. Maury Regional Medical Center will also replace one of the linear accelerators. The project will require approximately 10,736 square feet of renovation construction. The project will not result in an increase of licensed hospital beds or the initiation of any service requiring certificate of need. The total project cost is estimated to be $7,742,231. Maury Regional Medical Center is located at 1224 Trotwood Avenue, Columbia, TN, 38401.

The anticipated date of filing the application is July 12, 2013. The contact person for this project is David Thomas, who may be reached at Maury Regional Medical Center, 1224 Trotwood Avenue, Columbia, TN, 38401, (931) 380-4057.

David Thomas July 8, 2013 dthomas@mauryregional.com

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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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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.

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CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING, AND ASSESSMENT
OFFICE OF HEALTH STATISTICS
615-741-1954

DATE: September 3, 2013

APPLICANT: Maury Regional Medical Center
808 South James Campbell Boulevard
Columbia, Tennessee 38401

CON#1307-026

CONTACT PERSON: David Thomas
Maury Regional Medical Center
Director, Cancer Center
1224 Trotwood Avenue
Columbia, TN 38401

COST: $7,742,231

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, Maury Regional Medical Center (MRMC) located in Columbia (Maury County) Tennessee, seeks Certificate of Need (CON) approval for the relocation of two (2) linear accelerators and a mobile positron emission tomography (PET) scanner from the Maury Regional Medical Center campus at 1224 Trotwood Avenue, Columbia (Maury County,) Tennessee to Maury Regional Cancer Center located at 808 South James Campbell Boulevard, Columbia (Maury County,) Tennessee. Additionally, MRMC will replace one of its linear accelerators. This project involves the renovation of 10,736 square feet at the existing cancer center in the Columbia Mall at a cost of $232.86 per square foot.

Maury Regional Medical Center (MRMC) is a not-for-profit, private act hospital owned by Maury County, whose primary service area is Giles, Hickman, Lawrence, Lewis, Marshall, Maury, Perry, Wayne and Williamson counties. MRMC operates the existing Maury Regional Cancer Center (MRCC) located at the Columbia Mall. MRCC is currently home to Family Health Group Oncology (FGH), Outpatient Infusion Clinic, and the American Cancer Society Cancer Resource Center. FGH Oncology is a group of board certified medical oncologists with more than sixty years of combined experience in treating oncology patients.

This project will create a full complement of cancer services including radiation therapy with Intensity Modulated Radiation Therapy, 3D Conformal Therapy, Stereotactic Body Radiation Therapy, Stereotactic Radiosurgery, High Dose Rate Brachytherapy, radioactive seed implantation, chemotherapy and diagnostic CT/PET.

The total project cost, per the Project Cost Chart, of $7,742,231 will be funded by cash reserves of MRMC as outlined in Attachment C, Economic Feasibility 2.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in Tennessee's State Health Plan.

NEED:
The applicant's primary service area includes Giles, Hickman, Lawrence, Lewis, Marshall, Maury, Perry, Wayne and Williamson counties. The following chart illustrates the 2013 and 2017 total population projections for the applicant's service area. A map of the service is provided in Attachment C, Need 3, Service Area Map.

Service Area Population Projections for 2013 and 2017

County	2013 Population	2017 Population	% Increase/ (Decrease)
Giles	29,325	29,282	-0.1%
Hickman	24,393	24,608	0.9%
Lawrence	42,280	42,398	0.3%
Lewis	12,111	12,178	0.6%
Marshall	31,159	31,783	2.0%
Maury	82,029	82,991	1.2%
Perry	7,971	8,083	1.4%
Wayne	16,887	16,748	-0.8%
Williamson	198,045	218,093	10.1%
Total	**444,200**	**466,164**	**5.4%**

Source: *Tennessee Population Projections 2000-2020, June 2013 Revision, Tennessee Department of Health, Division of Policy, Planning, and Assessment*

MRMC plans to create a full service cancer center at its existing Maury Regional Cancer Center (MRCC) at Columbia Mall. MRCC provides a majority of cancer treatments except for PET and radiation therapy, which are currently being performed on the MRMC main campus. Due to space constraints, MRMC cannot create a full service cancer center on the main campus, and plans to move one of its linear accelerators and mobile PET units to the MRCC site, and replace the other linear accelerator with a new Varian Trilogy Radiotherapy unit. The plan also includes the build out of a shelled space for the future purchase of a fixed PET scanner. Currently, the applicant uses a mobile PET unit one day per week.

Relocation will allow cancer patients easier access to radiation therapy, chemotherapy and PET services at the same location. Patients who require lengthy chemotherapy infusions will be able to receive their radiation treatment while their chemotherapy is being infused, enhancing access and coordination of care. The MRCC location also offers improved parking to minimize the distance patients and families must walk to enter the building.

Inpatients that require radiation therapy and/or PET services will be transported to MRCC by ambulance. Coordination of care during a patient's treatment at MRCC will be conducted between the nursing staff at MRCC and the designated charge nurse at MRMC.

There is one other PET provider in the service area, Williamson Medical Center (Williamson county), which provides mobile service one half day per week. According to the 2012 HSDA Equipment Registry for years 2010, 2011 and 2012, Williamson Medical Center performed 89, 108 and 109 Pet scans respectively.

Vanderbilt Ingram Cancer Center at Franklin (Williamson County), is the only other provider of Linear Accelerator/radiation therapy in the service area. According to the 2013 HSDA Equipment Registry for years 2010, 2011 and 2012, Vanderbilt Ingram Cancer Center performed 6085, 5753 and 5975 treatments respectively.

The applicant stated they performed 345 PET exams in 2012, with projections of 354 exams in 2015 and 364 exams in 2016, which constituents a 2.5% average growth rate. MRMC anticipates that future marketing strategies and the change in Medicare guidelines that allow for more follow up PET procedures, the volume will support a fixed unit three to four years from now.

The applicant reports they performed 30,156 linear accelerator treatments in 2012, with projections of 30,759 treatments for 2015, and 31,374 treatments for 2016, with an average growth rate of 2%.

Note to Agency Members: Upon an inquiry from the Division of Policy, Planning and Assessment, the applicant stated these numbers for the linear accelerators include procedure and positioning codes other than just treatments.

According to the 2013 HSDA Equipment Registry, the applicant performed 11,604 linear accelerator treatments for 2012.

TENNCARE/MEDICARE ACCESS:
The applicant will participate in the TennCare and Medicare programs.

The applicant's Medicare gross charges for PET services for the first year of operation are projected to be $1,104.834, or 59% of total gross charges, and $1,104,518, or 57% of total gross charges for year two.

The applicant's projected TennCare gross charges for PET services are $207,749 for year one and $260,132 for year two, or 11% and 13.4% of gross total charges, respectively.

The Medicare gross charges for Radiation Therapy are projected to be $18,395,355 for year one and $18,483,672 for year two, or 60% and 59% of total gross charges, respectively

The TennCare gross charges for Radiation Therapy are projected to be $2,615,289 for year one and $3,455,089 for year two, or 8.5% and 11% of total gross charges, respectively.

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 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 on page 15 of the application. The total estimated projected cost is $7,742,231.

Historical Data Chart: The applicant provides a Historical Data Chart on page 17 of the application. For 2010, 2011 and 2012, the applicant reports a net operating income of $1,716,195, $6,650,367, and $7,895,264 each year, respectively.

Projected Data Chart: The Projected Data Chart for Radiation Therapy is located on page 20 of the application. The applicant projects 30,759 treatments in 2015, and 31,374 treatments in 2016 with a net operating income of ($869,304) and $5,251,777 each year, respectively.

Note to Agency Members: Upon an inquiry from the Division of Policy, Planning and Assessment, the applicant stated these numbers for the linear accelerators include procedure and positioning codes other than just treatments.

The Projected Data Chart for PET is located on page 21 of the application. The applicant projects of 354 exams in 2015, and 364 exam in 2016 with a net operating income of $184,640 and $190,295 each year, respectively.

For Radiation Therapy, the average gross charge is estimated to be $995.28, with an average deduction of $682.17, resulting in an average net charge of $313.12.

For PET, the average gross charge is estimated to be $5,335.32, with an average deduction of $3,862.24, resulting in an average net charge of $1,473.08.

According to the applicant, there are no feasible alternative due to the space constraints on the MRMC main campus. Currently, patients must travel to either the main MRMC campus or to the MRCC location to receive certain cancer services. By creating a full service cancer center at the Columbia Mall location, patients can receive all their cancer services at one easily accessible location. Inpatients that require radiation therapy and/or PET services will be transported to MRCC by ambulance. Coordination of care during a patient's treatment at MRCC will be conducted between the nursing staff at MRCC and the designated charge nurse at MRMC.

Hospital Construction Cost Per Square Foot

Years: 2010 – 2012	**Renovated Construction**	**New Construction**	**Total Construction**
1st Quartile	$99.12/sq. ft.	$234.64/sq. ft.	$167.99/sq. ft.
Median	$177.60/sq. ft.	$259.66/sq. ft.	$235.00/sq. ft.
3rd Quartile	$249.00/sq. ft.	$307.80/sq. ft.	$274.63/sq. ft.

Source: CON approved applications years 2010 through 2012, per HSDA website.

The median hospital total construction costs is $235.00/sq. ft. The cost of this project, $232.86/sq. ft., is comparable to other similar projects.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant lists all healthcare providers, MCOs, and/or networks with which they currently have or plan to have contractual and/or working relationships for healthcare services on page 24 of the application.

MRMC currently has transfer agreements to send patients to Saint Thomas Hospital and Vanderbilt Medical Center.

According to the applicant, most of the patients are expected to be patients who would otherwise receive cancer treatment on MRMC's main campus, so this project will not have an impact on other providers. Williamson Medical Center is the only other provider of PET services in the area, and Vanderbilt Ingram Cancer Center at Franklin is the only other provider of radiation therapy services in the service area. This project does not add or duplicate services, but relocates services to a more accessible location, upgrades equipment, and provides cancer services in one location.

This project calls for the staffing of Registered Nurse, Radiation Therapist, Physicist, Dosimetrist, CT technologist and Nuclear Medicine Technologist. Most of the staff will be relocated from the main hospital campus to the new location. A complete staffing break out by FTE is provided on pages 25 and 26 of the application.

MRMC promotes higher education and is affiliated with numerous allied care and nursing programs, including Columbia State Community College, Martin Methodist College, University of Alabama Huntsville, Vanderbilt University, Trevecca University, and the University of North Alabama.

MRMC is currently licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities and accredited by the Joint Commission on Accreditation of Healthcare Organizations. The most recent state survey was conducted on 4/27/11 where deficiencies were noted. A revisit was performed on 7/7/11 at which time the applicant demonstrated compliance with the deficiencies previously noted.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in 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 applicant plans to move the existing services of PET and Radiation Therapy from their current location at the MRMC main campus and relocate them at the MRCC location in Columbia Mall, creating a full service cancer center. The total estimated projected cost is $7,742,231. Due to space constraints at the main hospital campus, creating a full service cancer center is not possible. By moving the PET and Radiation Therapy services, patients can have their treatments performed at a single location that is easily accessible.

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

      According to the applicant, most of the patients are expected to be patients who would otherwise receive cancer treatment on MRMC's main campus.

      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.

      MRCC currently performs several cancer services at their Columbia Mall location, except for PET and Radiation Therapy. This project calls for the relocation of the PET and Radiation Therapy services from the MRMC main campus to the Columbia Mall location, thus a establishing a full service cancer center.

b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

Due to space constraints at the main hospital campus, creating a full service cancer center is not possible