HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
SEPTEMBER 24, 2014
APPLICATION SUMMARY

NAME OF PROJECT: Baby + Company Nashville

PROJECT NUMBER: CN1406-022

ADDRESS: 2106 21st Avenue
Nashville (Davidson County), Tennessee 37212

LEGAL OWNER: Baby + Company Nashville 1 LLC
5302 Village Parkway, #3
Rogers, Arkansas 72758

OPERATING ENTITY: Not Applicable

CONTACT PERSON: Dan Elrod, Attorney
(615) 651-6702

DATE FILED: June 13, 2014

PROJECT COST: $1,883,161.86

FINANCING: Combination of Cash Reserves and Building Lease

PURPOSE OF REVIEW: Establishment of Birthing Center

DESCRIPTION:

Baby + Company Nashville (BCN), a for-profit Delaware Corporation formed in May 2014 and a wholly owned subsidiary of Maternity Centers of America, LLC (MCA), is seeking approval for the establishment of a birthing center. As with other facilities operated or under development by MCA in Arkansas, Colorado and North Carolina, the applicant states that the proposed birthing center in Nashville will be based on a concept that childbearing is a normal process and that mothers with low risk of complications can safely deliver in a home-like setting on an outpatient basis. If approved, the applicant will join only 3 other birthing centers in Tennessee, including locations in Cookeville, Knoxville, and Madisonville that hold active licenses issued by the Tennessee Department of Health.

The proposed facility will include approximately 4,350 square feet of leased space in an existing 2-story building that will be renovated to accommodate 5 birthing suites, 3

examination rooms, a laboratory, classroom, family room/kitchen and additional support space necessary to meet licensure standards for laboratory, food service and sterilization of instruments and equipment. There is no new construction, acquisition of major medical equipment cost associated with the project.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

BIRTHING CENTERS

1. The approval of a birthing center will be made only when it is demonstrated that the accessibility to adequate obstetrical and gynecological services in the applicant's geographical service are limited and/or there are special circumstances which require additional services.

   The applicant states that the proposed birthing center offers a unique opportunity to introduce a birthing center model that focuses on services to low risk mothers. Further, the applicant plans to participate in TennCare, provide services to low income residents, including individuals below the poverty level, and will provide charity care as appropriate. The proposed facility will provide a completely different, lower cost alternative to existing obstetrical programs at hospitals in Davidson County, including several that care for patients from a broad region with complicated, high risk pregnancies.

   It appears that the applicant will partially meet this criterion.

2. A specific service area should be identified and all existing providers of obstetrical services in that service area should be identified. Service area shall mean the county or counties represented by the applicant as the reasonable area to which the facility intends to provide services and/or in which the majority of the service recipients reside. The service area should be based on an optimal balance between population density and service proximity.

   The applicant expects 80% or higher of its patients to be Davidson County residents equating to approximately 276 of 345 total projected patients in Year 1. Females of this age group delivered 15,424 babies in CY2013.
   As noted in the 2013 Joint Annual Report maintained by TDH, the existing hospitals with obstetrical services (OB) located in Davidson County include: TriStar Centennial Medical Center, TriStar Summit Medical Center, Nashville General Hospital, St. Thomas Midtown and Vanderbilt University Medical Center.

   It appears the applicant meets this criterion.

3. The female population aged 15-44 in the service area should be identified. The current year's population and the population four years hence should be used.

   Using information provided by TDH, the applicant notes that Davidson County has a current population of 148,724 females ages 15-44 who comprise approximately 44% of the service area's total female population in calendar year (CY) 2014. Although the age group should remain relatively unchanged at 148,342 residents in calendar year (CY) 2018, it appears that the cohort may decrease from 44% in CY2014 to 42.3% of the total female population by 2018.

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

   The applicant is projecting a TennCare payor mix of 30% through contracts with all TennCare MCOs in the market whose networks include the 3 existing birthing centers noted previously in this summary. As such, with the lack of a birthing center in the service area and the contractual participation of Vanderbilt University Medical Center in the clinical operations of the facility, the applicant expects the facility will be well received by the Bureau of TennCare and TennCare recipients. Other factors include the provision of charity care to individuals that qualify. This payor group is estimated at 13% of BCN's total patients in Year 1 and equates to services valued at approximately $280,464 in Year 1 increasing by 39% to $390,210 in Year 2.

   It appears that the applicant meets this criterion.

5. The applicant must identify the existing facilities providing obstetrical services in the service area and their utilization.

   As noted, the existing providers of obstetrical services include 5 hospitals with OB services in Davidson County. The applicant provided data on births for each hospital in the service area for a 3 year period. However, information for 2 of the 5 hospitals with OB services was not available from the 2013 JAR. During preparation of this summary, HSDA staff was able to identify data for the 2 hospitals. The utilization of hospitals providing OB services in Davidson County is shown in the table below.

Live Births at Davidson County Hospitals, 2011-2013

Hospital	*2013 Births*	*2012 Births*	*2011 Births*	*% Change 11'-13'*
St Thomas Midtown	*5,990*	*6,522*	*6,879*	*-13%*
Nashville General	*549*	*689*	*680*	*-19%*
VUMC	*4,479*	*4,246*	*3,843*	*+17%*
Centennial	*3,212*	*2,998*	*2,613*	*+23%*
Summit	*1,194*	*1,112*	*1,192*	*No Change*
Total	***15,424***	***15,567***	***15,207***	***+1.4%***

It appears that the applicant meets this criterion.

6. The applicant must indicate the distance and approximate travel time that patients in need of emergency obstetrical services would have to travel to the nearest acute care facility to receive emergency care.

   As noted in the map provided in Attachment F of the 7/27/14 supplemental response, the proposed birthing center will be located approximately 0.6 mile from Vanderbilt University Medical Center. Travel time is expected to be approximately 2 minutes under normal traffic circumstances.

7. The applicant must indicate the modes of transportation that will be used by obstetrical patients for emergency transfer. The applicant must have written protocols, procedures, and transfer agreements for the appropriate transfer of patients to a nearby acute care facility offering obstetrical services for emergency care.

   The birthing center has been in contact with MooreCare Ambulance Service to discuss an appropriate arrangement. It appears that the ambulance service may have no reservations about serving the emergency transportation needs of the facility (please see page 5 of the 6/27/14 supplemental response).Emergency protocols were provided in Attachment 1.b.8 of the application.

   It appears that the criterion will be met.

8. The charges for obstetrical services for the proposed facility should be indicated and compared to those of existing obstetrical service providers in the proposed service area.

   The applicant is proposing an all-inclusive, global charge of $7,500 in year 1 and Year 2. As noted in the table provided in the response on page 6 of Supplemental 1, the charges of the 5 Davidson County Hospitals for low risk, vaginal deliveries are different from the applicant since they do not include professional fees and newborn charges. The charges for each hospital pertaining to vaginal deliveries (DRG-540) as documented in the 2012 Tennessee Hospital Charge Report are as

follows: Nashville General Hospital-$5,836, St. Thomas Midtown Hospital-$12,885, Vanderbilt University Medical Center-$10,548, TriStar Centennial Medical Center-$16,188 and TriStar Summit Medical Center-$12,976

It appears that the applicant will meet this criterion.

9. The applicant must document the availability of adequate professional staff to provide services 24 hours a day, seven days a week, as per licensing requirements; to deliver all designated obstetrical services in the proposal. The governing body of the birthing center must appoint a medical director who is board certified in obstetrics/gynecology or family practice. Each physician practicing or consulting in the birthing center shall have admitting privileges at a designated back-up hospital.

   The applicant plans to negotiate staffing support for professional and clinical (nurse midwife) services with Vanderbilt University Medical Center at a total cost of approximately $646,375 annually in Years 1 and 2. A letter dated June 10, 2014 from the CEO of the Vanderbilt Health System that attests to the arrangement is included in the application.
   The number of Nurse Midwifes will total approximately 3.4 full time equivalents. The medical director will have admission privileges at VUMC.

   It appears that the applicant will meet this criterion.

10. The applicant must demonstrate that the proposed obstetrical services will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

    A letter dated June 4, 2014 from a representative of SGA design Group, Inc. of Tulsa, Oklahoma was provided in the application that attests to the renovation plans for the proposed facility and compliance with the most recent AIA Guidelines for Design and Construction of Healthcare Facilities and all applicable licensing standards.

    It appears that the applicant will meet this criterion.

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.

Ownership

The applicant is owned by Baby + Company Nashville, LLC, a Delaware for-profit corporation formed in May 2014. Highlights of the applicant LLC are provided as follows:

- Applicant is a wholly owned subsidiary of Maternity Centers of America (MCA) based in Rogers, Arkansas.
- MCA birthing centers include an existing facility in Rogers, Arkansas and facilities under development in Denver, Colorado and Cary, North Carolina.
- Per the organizational chart, MCA has an investor/ownership relationship with Fortress Equity Partners, L.P.
- As confirmed in the June 27, 2014 supplemental response, Baby + Company Nashville was registered with the Tennessee Secretary of State's office in June 2014.
- The applicant LLC will have a governing body whose members include representatives of both MCA and Vanderbilt University Medical Center (*please see resumes of the 3 governing body members in Attachment B of the 6/27/14 supplemental response*).

Facility Profile

The applicant has plans to lease approximately 4,350 square feet in an existing 2-story building located at 2106 21st Avenue in Nashville over a period of 10 years at a total cost of approximately $1,255,187.86 (*please note: the lease cost was clarified in the 6/27/14 supplemental response with revised Project Costs Chart*). Features of the proposed facility include the following:

- Staffed by nurse midwifes and a medical director through a professional services agreement with Vanderbilt University Medical Center (VUMC).
- Will include 5 birthing suites equipped with birthing tubs, support space for laboratory, sterilization of equipment, and a family room and kitchen.
- Estimated renovation cost of approximately $449,083 or $103.24 per square foot.
- Will focus on a home-like and comfortable atmosphere for patients and their families.
- Will be approximately 1 mile from VUMC. The medical center will provide both staffing support and emergency transfer services.
- Will provide an array of supporting services such as counseling, exams, new baby care and educational classes.

Need

The applicant believes that the proposal for a birthing center option in Davidson County promotes maternal and newborn health by providing a safe, cost effective option for low risk mothers. Key highlights of the need for the facility are summarized in the TDH report from the application. Additional clarification

was provided in Items 4 and 5 of the 6/27/14 supplemental response. Key highlights addressed by the applicant are as follows:

- Unmet demand in Davidson County for a safe, cost effective birthing center as an alternative to hospital obstetrical care for low-risk mothers.
- Closest birthing center of 3 in Tennessee is located approximately 75 miles away in Cookeville.
- High likehood of participation in TennCare managed care plan networks in light of (a) no birthing center in Davidson County and (b) Medicaid reimbursement for licensed birthing center services authorized under Section 2301 of the Patient Protection and Affordable Care Act.
- As noted on page 5 of the application, favorable medical research findings through survey conducted in 2013 of 79 birthing centers in 33 states – findings included low transfer rates to hospitals for cesarean section deliveries (6%) or emergencies (1.9%).
- Lower cost option to hospital obstetrical care services for economically disadvantaged in Davidson County.

As noted, the plans for staffing support by VUMC were confirmed in the application with a letter from the CEO of the Vanderbilt Health System dated June 10, 2014. In addition to this support, the applicant stated in Item 6 of the 6/27/14 supplemental response that it anticipates support from community and political leadership and expects to work collaboratively with primary care physicians, health department sites and women's health advocates to promote understanding and awareness of the birthing center option.

Service Area Demographics

Baby + Company's service area is Davidson County. The applicant's target population is females ages 15-44 who are expected to account for 80% or more of the 345 projected births in the first year of the project.

- According to the Department of Health report, the Age 15-44 female population in Davison County is estimated at 148,724 in calendar year (CY) 2014 and comprises approximately 44% of the county's total female population.
- The 15-44 female population is expected to decrease slightly to approximately 148,146 residents between CY2014 to CY2018.
- The overall statewide Age 15-44 female population is projected to grow by 1.9% from 2014 to 2018.
- The total population of Davidson County is expected to grow at a higher pace from 2014 to 2018 (3.95%) than that of the state as a whole (3.7%).
- Approximately 18.37% of primary service area residents were enrolled in TennCare as of January 2014 compared to an 18.33% statewide average.

- Approximately 18.5% of the service area residents were below the federal poverty level from 2008 to 2012 compared to 17.3% statewide.

Sources: TDH Population Projection Data Files, Tenncare Bureau website; Census Bureau Quickfacts.

The number of births by female residents, ages 15-44, of Davidson County for the past 4 years is summarized in the table below.

Births by Female Residents of Davidson County, 2010-2012

Year	Female population ages 15-44	Births to female residents, ages 15-44
2010	147,746	9,557
2011	148,719	9,601
2012	148,795	9,721

The table above reflects an increase of slightly less than one percent in the female population from CY2010 to CY2013. There was a 1.7% increase in births by female residents from CY2010 – CY2012.

Service Area Historical Utilization

Total births by all female residents (ages 15-44) of Davidson County grew by approximately 1.7% from 9,557 births in calendar year (CY) 2010 to 9,721 total births in CY2012. There are 5 hospitals with OB services located in Davidson County. Review of their Joint Annual Reports maintained by the Department of Health revealed 15,424 total births at the 5 hospitals in CY2013, 15,567 births in CY2012 and 15,207 in CY2011, an increase of approximately 1.4% between CY2011 to CY2013. Of the 15,424 births at these hospitals in CY2013, approximately 9,724 or 63% were classified as vaginal deliveries - the low-risk target group of the applicant's proposal.

Birth trends in the service area hospitals between CY2011 and CY2013 are displayed in the tables below:

Table 1 - Utilization of Hospital OB Services in Davidson County, 2011-2013

Variable	St Thomas Midtown	Nashville General	VUMC	Centennial	Summit	Total
Deliveries-2013	5,990	549	4,479	3,212	1,194	15,424
Deliveries-2012	6,522	689	4,246	2,998	1,112	15,567
Deliveries-2011	6,879	680	3,843	2,613	1,192	15,207
% Change '11-'13	-12.9%	-19.3%	+16.5%	+22.9%	No change	+1.4%

Sources: JAR and DOH Report, (table - Item 8, 6/27/14 Supplemental Response)

Table 2 - Hospital OB Capacity and Utilization, 2010-2012

	2012	2011	2010	% Change '10-'12
# births by female residents of county age 15-44	9,721	9,601	9,557	1.7%
Total # births reported by Davidson County hospitals (JAR)	15,567	15,207	15,042	3.5%
# births at hospitals classified as vaginal deliveries	9,766	9,365	9,102	7.3%
Total hospital OB beds set up and staffed	167	167	149	12%
OB Bed occupancy *	83%	82%	95%	-2.1%

Notes: data for 2013 was unavailable from the provider JAR for 2 of the 5 hospitals during initial review of the application. OB bed occupancy as based on patient days for MDC 14 in Schedule G of Joint Annual Report. Sources: TDH, Joint Annual Reports 2010-2012, Item 8, 6/27/14Supplemental response

- The above charts reflect growth in total births at the 5 hospitals with OB services in Davidson County from CY2011 to CY2013 (1.4%). The largest increase was Centennial (22.9%); the largest decrease was Nashville General (-19.3%).
- The applicant's target population - low risk females (represented by the vaginal delivery classification in the table), increased by 7.3% during the period.
- Although the hospital OB service beds increased, overall occupancy of the services decreased slightly by approximately 2.1%.
- As noted, there were no birthing centers operating in Davidson County during the period.

Projected Utilization

- The applicant is projecting 345 births at the proposed facility in Year 1 increasing to 480 births in Year 2.
- The projected payor mix is 30% TennCare, 46% Commercial, and 11% Self-Pay.
- The applicant will provide charity care to patients that qualify. The applicant estimates a 13% payor mix for charity and bad debt.
- The applicant states that birthing centers do not rely on referrals from physicians and other providers; instead patients "self-refer" based on their desire to experience the benefits of the model (*please see explanation in Items 6 and 9 of the 6/27/14 supplemental response*).

Project Cost

- The total project cost reflected in the 6/27/14 revised Project Costs Chart is $1,883,161.86.
- The major costs are the $1,255,187 property lease (67%) and the construction cost to renovate the facility to comply with all licensure requirements and building codes (24%).
- For details of the project cost for the proposed birthing center, please see the revised Project Cost Chart on page 17-R of the application.

Historical Data Chart

As a newly formed corporation, the applicant LLC has no prior record of birthing center fiscal operations.

Projected Data Chart

The applicant provided a revised Projected Data Chart in the 6/27/14 supplemental response with a correction for professional services expenses related to the applicant's contractual agreement with VUMC for staffing by nurse midwifes and a physician medical director. Key financial performance highlights of the revised Projected Data Chart include the following:

- Net Operating Revenue of $2,587,500 in Year 1 on 345 births increasing by approximately 40.3% to $3,960,534 on 480 births in Year 2.
- Deductions for contractual allowances amount to approximately $785,298 in Year 1 or $2,280 per birth.
- Charity Care is valued at $280,464 in Year 1, an amount that equates to services for approximately 37 total births ($280,464/$7,500 per birth). The applicant expects charity care to increase to $360,534 in Year 2.
- Net operating revenue is $1,701,587 in Year 1 ($4,930 per birth) and $2,399,694 ($5,000 per birth) in Year 2.
- The birthing center expects favorable net operating income of $221,466 in Year 1 increasing by 230% to $734,000 in Year 2 largely, in part, as a result of gains in utilization, spreading fixed costs over more births and less time devoted to costs related to the initiation of services such as time required for training and education.

Charges

The applicant states that it intends to bill a global or all-inclusive charge of $7,500 per delivery in Year 1 increasing by approximately 10% to $8,251 per birth in Year 2 of the project. A comparison of the applicant's charges to other hospital charges, excluding professional fees, is shown in the table below provided in the 6/27/14 supplemental response. Hospital charges are classified by diagnostic related groups (DRG) according to severity of clinical condition in the Tennessee Hospital Charges Report found on the TDH website. The DRG classification that

provides the closest comparison to the applicant's low-risk target population is shown in the table below as DRG-540 – lowest clinical severity.

Delivery Charges of Davidson County Hospitals, DRG 540

Hospitals in Service Area	Vaginal Deliveries - DRG540 Lowest Clinical Severity
Nashville General	$5,836
St Thomas Midtown	$12,885
VUMC	$10,548
Centennial	$16,188
Summit	$12,976

Medicare/TennCare Payor Mix

As noted, the applicant states that TennCare is contracted with all 3 licensed birthing centers in Tennessee. Further, the applicant notes that birthing centers are covered under provisions of the Affordable Care Act. If the proposed project is approved, the applicant expects a 30% TennCare payor mix with gross revenues estimated at approximately $776,250 in Year 1 increasing by 39% to $1,080,000 in Year 2.

Financing

The applicant states that approximately $754,974 in start-up costs will be funded from cash reserves of MCA and its investor/owner, Fortress Equity Partners (FEP), a subsidiary of Fortress Investment Group, LLC (FIG). Letters from representatives of both entities were provided in the application confirming their interest and ability to provide the amount needed for the project.

Review of MCA's Consolidated Balance Sheet for the period ending May 2014 indicates $322,874 in cash, total current assets of $457,733, total current liabilities, excluding a Loan Payable, of $288,690 and a current ratio of 1.58 to 1.0. Due to the balance of funding support required for the project, financial information for both FEP and its parent company (FIG) was requested by HSDA staff and was provided in the 6/27/14 supplemental response. Review of the financial information of the parties revealed that Fortress Equity Partners had approximately $140,000 in cash and cash equivalents as of May 31, 2014 while Fortress Investment Group had approximately $364,583,000 in cash and cash equivalents for the period ending December 31, 2013. As a result, it appears that the applicant has sufficient funding to support the project through multiple corporate resources.

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

Staffing

Staffing for the proposed birthing center will be provided through a professional services agreement with VUMC. Estimated needs for the proposed facility in Year 1 include a physician medical director, 1 full time equivalent registered nurse and 2.4 FTE on-call RNs who will work as needed. For budgeting purposes, the cost of the on-call RN staff was estimated using an average of approximately 32 hours per RN per week.

As noted in the 6/27/14 supplemental response, the total estimated annual cost of professional support services provided by VUMC is approximately $634,375 for the nurse midwifes and $12,000 for the medical director.

Licensure/Accreditation

If approved, the applicant will be licensed by the Department of Health and will apply for accreditation by the Commission on the Accreditation of Birth Centers. If approved, Baby + Company Nashville hopes to initiate services on or before March 2015.

Corporate documentation is on file at the Agency office and will be available at the Agency meeting.

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

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

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

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

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

Pending Certificate of Need Applications

Vanderbilt University Hospitals, CN1406-021, has a pending application that will be heard at the September 24, 2014 HSDA meeting for the relocation of the obstetrical program, the newborn nursery, and the neonatal unit from Vanderbilt University Hospital to Monroe Carell Jr. Children's Hospital, the addition of 23 obstetrical beds and 24 neonatal/pediatric critical care beds, the addition of 61 adult acute care beds, the renovation of 79,873 square feet and new construction of 126,686 square feet. The estimated total project cost is **$118,276,950.00.**

Outstanding Certificates of Need

Monroe Carell Jr, Children's Hospital at Vanderbilt, CN0710-075AME, has an outstanding Certificate of Need that will expire on March 1, 2018. The project was approved at the January 23, 2008 Agency meeting for the expansion of The Monroe Carell Jr. Children's Hospital to include the construction of a new building and the net increase of 105 licensed beds. The estimated project cost is **$120,000,000.00.** *Project Status Update: Approval was granted at the January 22, 2014 Agency meeting to extend the expiration date to March 1, 2018 and change the total project cost from $248,326,286 to $120,000,000.00. Per the 4/2014 Annual Progress Report, no other developments were identified.*

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.

PJG
9/08/14

LETTER OF INTENT

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

LETTER OF INTENT

The Publication of Intent is to be published in the *The Tennessean* (Name of Newspaper) which is a newspaper of general circulation in Davidson (County), Tennessee, on or before June 10 (Month / day), 2014 (Year), for one day.

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Baby + Company Nashville (Name of Applicant), a proposed Birthing Center (Facility Type-Existing)

owned by: Baby + Company Nashville 1 LLC with an ownership type of limited liability company

intends to file an application for a Certificate of Need to establish a Birthing Center in leased space at 2106 21st Avenue, Nashville, TN 37212. The facility will include 5 birthing suites, 3 examination rooms, and various support areas. The facility will occupy approximately 4, 350 sq. ft. The project does not involve licensed beds, the acquisition of major medical equipment or the initiation of a health care service for which a certificate of need is required. The total project cost is $2,536,436.65.

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

The contact person for this project is Dan Elrod (Contact Name) Attorney (Title)

who may be reached at: Butler Snow LLP (Company Name) 150 3rd Avenue South, Suite 1600 (Address)

Nashville (City) TN (State) 37201 (Zip Code) 615 / 651-6702 (Area Code / Phone Number)

(Signature) 6/10/2014 (Date) Dan.Elrod@butlersnow.com (E-mail Address)

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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, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

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(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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COPY

Baby + Company

CN1406-022

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Certificate of Need Application

Submitted to the Tennessee Health Services and Development Agency by

Baby + Company Nashville

June 13, 2014

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

Baby + Company Nashville
Name

2106 21st Avenue — Davidson
Street or Route — County

Nashville — Tennessee — 37212
City — State — Zip Code

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

Dan Elrod — Attorney
Name — Title

Butler Snow LLP — dan.elrod@butlersnow.com
Company Name — Email address

150 3rd Avenue South, Suite 1600 — Nashville — TN — 37201
Street or Route — City — State — Zip Code

Attorney — (615) 651-6702 — (615) 651-6701
Association with Owner — Phone Number — Fax Number

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

Baby + Company Nashville 1 LLC — (479) 877-9579
Name — Phone Number

5302 Village Parkway, #3 — Benton
Street or Route — County

Rogers — AR — 72758
City — State — Zip Code

See Attachment A, Item 3

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) _____
F. Government (State of TN or Political Subdivision) _____
G. Joint Venture _____
H. Limited Liability Company X
I. Other (Specify)_____ _____

See Attachment A, Item 4

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)***

_____
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 _____ Years _____
D. Option to Lease _____
E. Other (Specify) LOI to lease X

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

See Attachment A, Item 6

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

A. Hospital (Specify) _____ _____
B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____
C. ASTC, Single Specialty _____
D. Home Health Agency _____
E. Hospice _____
F. Mental Health Hospital _____
G. Intellectual Disability Institutional Habilitation Facility (IDIHF) (ICF/IID formerly (ICF/MR) _____
H. Nursing Home _____
I. Outpatient Diagnostic Center _____
J. Rehabilitation Facility _____
K. Residential Hospice _____
L. Nonresidential Substitution-Based Treatment Center for Opiate Addiction _____
M. Birthing Center X
N. Other Outpatient Facility _____
O. Other (Specify) _____ _____

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

A. New Institution X
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 _____
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					
B. Surgical					
C. Long-Term Care Hospital					
D. Obstetrical					
E. ICU/CCU					
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric					
I. Geriatric Psychiatric					
J. Child/Adolescent Psychiatric					
K. Rehabilitation					
L. Nursing Facility - SNF (Medicare only)					
M. Nursing Facility – NF (Medicaid only)					
N. Nursing Facility – SNF/NF (dually certified Medicaid/Medicare)					
O. Nursing Facility – Licensed (non-Certified)					
P. IDIHF					
Q. Adult Chemical Dependency					
R. Child and Adolescent Chemical Dependency					
S. Swing Beds					
T. Mental Health Residential Treatment					
U. Residential Hospice					
TOTAL					

*CON-Beds approved but not yet in service

10. **Medicare Provider Number** _____
Certification Type _____

11. **Medicaid Provider Number** Will be applied for
Certification Type Birthing Center

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

___X___ Yes – The facility will apply for Medicaid certification

_____ No

_____ NA

13. **Will this project involve the treatment of TennCare participants?** Yes; all MCOs serving Middle Tennessee. TennCare MCOs serving Nashville are United Healthcare Community Group, Amerigroup, and TennCare Select.

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, staffing, and how the project will contribute to the orderly development of adequate and effective healthcare.

Response: The applicant seeks approval to establish a birthing center in Nashville at 2106 21st Avenue in approximately 4,350 sq. ft. of leased space. The facility will be staffed by nurse midwives and a medical director through a professional services agreement with Vanderbilt University Medical Center ("VUMC"). The birthing center model is based on the concept that childbearing is a normal physiologic process, and that mothers with low risk of complications can safely deliver in home-like setting on an outpatient basis. In addition to obstetrical care, the facility will also provide pre-conception and fertility counseling, pre-natal exams and after-birth follow up. The facility will provide educational classes in subjects such as birth preparation and breastfeeding.

The facility will consist of 5 birthing suites, 3 examination rooms, a laboratory, a class room, a family room/kitchen and various support areas. Each of the birthing suites will be equipped with a birthing tub. Physical facilities and amenities will be home-like and comfortable for patients and their families. The facility will be located in close proximity (less than one mile) to VUMC, thus assuring the timely transport of the rare patients who require hospital care.

The applicant is a wholly-owned subsidiary of Maternity Centers of America ("MCA") based in Rogers, Arkansas. MCA is led by Dr. Cara Osborne. Dr. Osborne's education includes an MSN in Midwifery from the Vanderbilt School of Nursing and MS and ScD degrees in maternal and child health from Harvard. She is nationally known as an educator and leader in the fields of midwifery and birth centers.

MCA currently operates a birthing center in Rogers, AR, and it has facilities under development in Denver, CO and Cary, NC.

The service area for the facility is Davidson County. Given the outpatient nature of the service, the applicant expects that at least 80% of its patients will be Davidson County residents

The need for the project is established by the absence in of the birthing center model in Davidson County, a county whose residents gave birth to 9,712 babies in 2012. The applicant believes there is significant unmet demand in the market for the birthing center option. According to a 2013 national survey, Childbirth Connection, Listening to Mothers III, 25% of women who have given birth in the past year would prefer a birth center if available, and another 39% would consider a birth center if available. The birth center model is well-established as a safe, cost-effective alternative for low risk mothers.

There are several hospital-based obstetrical programs in Nashville, but there are no birthing centers in the area. The closet birthing center to Nashville is in Cookeville, TN, about 75 miles east of Nashville.

The total project cost is $2,536,436.65, which includes the total of lease payments over the initial term of the lease. Actual capital outlay for construction and equipment and certificate of need process is approximately $627,924. The initial capital outlay and working capital will be provided by MCA and its investor/owner.

As indicated in the Projected Data Chart, the facility will achieve a positive financial result in the first full year of operation. All midwife staffing will be provided by VUMC through a contract, and the facility will employ 3.4 RN FTEs.

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

A. For the establishment or modification of a healthcare institution describe the development of and need for the proposal. Health care institutions include:

1. Nursing home
2. Hospital
3. Ambulatory Surgical Treatment Center
4. Birthing Center
5. Mental Health Hospital
6. Intellectual Disability Institutional Habilitation Facility
7. Home Care Organization (Home Health Agency or Hospice Agency)
8. Outpatient Diagnostic Center
9. Rehabilitation Facility
10. Residential Hospice
11. Nonresidential Substitution-based Treatment Center for Opiate Addition

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. Applications with construction, modification and/or renovation costs 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.

Response: The project will require the renovation and build-out of approximately 4,350 sq. ft. of leased space. The facility include 5 birthing suites, all of which will be equipped with a birthing tub, 3 examination rooms, a laboratory, a kitchen and lounge area for families, a classroom and various support areas. The construction cost for the project is approximately $103.24 per sq. ft. A letter from the project architect at Attachment C, Economic Feasibility-1(Architect Letter) confirms the reasonableness of the project cost.

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. *Response: Not applicable.*

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
Birth Rooms				1568	1568 net		1568 net	$103		$161,504
Public Restrooms				90	90 net		90 net	117		10,530
Family Room / Kitchen				290	290 net		290 net	124		35,960
Pharmacy / Lab				130	130 net		130 net	85		11,050
Nurses Station / Office				207	207 net		207 net	85		17,595
Classroom				275	275 net		275 net	85		23,375
Storage				78	78 net		78 net	85		6,630
Exam Rooms				297	297 net		297 net	85		25,245
Utility Space				316	316 net		316 net	128.8		40,700
Net Total							3251	$102.30		$332,589
B. Unit/Depart. GSF Sub-Total				3251 GSF						
C. Mechanical/ Electrical GSF										
D. Circulation/ Structure GSF				1099 GSF				106		$116,494
E. Total GSF				4350 GSF				$103.24		$449,083

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Hospital-Based Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Burn Units
4. Cardiac Catheterization Services
5. Child and Adolescent Psychiatric Services
6. Extracorporeal Lithotripsy
7. Home Health Services
8. Hospice Services
9. Magnetic Resonance Imaging (MRI)
10. Neonatal Intensive Care Unit
11. Opiate Addiction Treatment provided through a Non-Residential Substitution-Based Treatment Center for Opiate Addiction
12. Open Heart Surgery
13. Positron Emission Tomography
14. Radiation Therapy/Linear Accelerator
15. Rehabilitation Services
16. Swing Beds
17. Discontinuation of any obstetrical or maternity service
18. Closure of a Critical Access Hospital
19. Elimination in a critical access hospital of any service for which a certificate of need is required

Response: Not applicable

D. Describe the need to change location or replace an existing facility. *Not applicable*

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of $1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For major medical equipment (not replacing existing equipment):
   a. Describe the new equipment, including:
      1. Brief description of equipment including characteristics such as fixed or mobile; expected vendor and model (if known); for MRI use descriptors such as Tesla strength, open/closed bore; for linear accelerators use descriptors such as MeV strength, IMRT/IGRT/SRS capability; etc.;
      2. Total cost (As defined by Agency Rule 0720-9-.01(13))
         a. By Purchase or
         b. By Lease;
      3. Expected useful life;
      4. List of clinical applications to be provided;
      5. Documentation of FDA approval; and

6. For mobile major medical equipment list all sites that the unit is currently serving and its current schedule of operations at those sites.

b. Provide current and proposed schedules of operations.

Response: Not applicable

2. 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 along with the fair market value of the equipment.

Response: Not applicable

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.

See 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. ***(Not applicable to home health or hospice agency applications.)***

Response: The proposed site is located on a major thoroughfare that is serviced by a Nashville Metro Transit Authority bus route that stops near the location approximately every twenty minutes. The proposed site sits approximately one-half mile north of Interstate 440 and less than one mile south of Vanderbilt University. As a result of its location on a major thoroughfare, the proposed site will be very accessible to patients and clients.

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. ***(Not applicable to home health or hospice agency applications.)***

NOTE: ***DO NOT SUBMIT BLUEPRINTS***. Simple line drawings should be submitted and need not be drawn to scale.

See 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.

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 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, if applicable.

   a. Please discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan. Please list each principle and follow it with a response.

   Response:

   Healthy Lives

   This project promotes maternal and newborn health by providing a safe, cost-effective, comfortable option for low-risk mothers. A study in 2013 based on data from 79 birthing centers in 33 states showed that only 6% of women who planned deliveries at a birth center were transferred to a hospital for a cesarean section; only 1.9% of mothers or newborns required emergent transfer during labor or after birth; and there were no maternal deaths. "Outcomes of Care in Birth Centers: Demonstration of a Durable Model," Journal of Midwifery & Women's Health, Vol.58, No.1, January/February 2013.

   Access to Care

   The birthing center model currently does not exist in Nashville, with the closet birthing center located about 75 miles away. This project will make the birthing center alternative available to low-risk mothers in the Nashville area. In addition, the applicant intends to

contract with all TennCare MCOs in the area, thus assuring access to the facility by low income mothers.

Economic Efficiencies

As demonstrated elsewhere in the application, the birthing center model is a cost-effective alternative to hospital-based care for low-risk mothers. The average charge for low-risk deliveries in 2012 at the Nashville hospitals for which the Department of Health has data was $11,687, and these charges do not include the professional services. The applicant's global charge for all services will be $7,500.

Quality of Care

Quality of care in the proposed facility is assured. Midwife staffing and the Medical Director will be provided by VUMC pursuant to a Professional Services Agreement. The facility plans to qualify for accreditation by the Commission on the Accreditation of Birth Centers, as is MCA's center in Rogers, AR.

Health Care Workforce

The facility will support the development of nurse midwives by offering a facility in which deliveries are handled by nurse midwives. In addition, the facility will enter into a clinical affiliation agreement with Vanderbilt University School of Nursing, pursuant to which the facility will be a site for clinical training.

b. 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 of the Guidelines for Growth) here.

Response: Responses to the criteria in the Guidelines for Growth applicable to Birthing Centers are as follows:

1. The approval of a birthing center will be made only when it is demonstrated that the accessibility to adequate obstetrical and gynecological services in the applicant's geographical service are limited and/or there are special circumstances which require additional services.

   Response: While there are several high-quality obstetrical programs at Nashville hospitals, the birthing center model is not currently available to low-risk mothers in the area. Vanderbilt has a nurse midwife program, but it is located inside the hospital, a tertiary referral hospital for obstetrical services, caring for patients from a broad region with complicated, high-risk pregnancies. The facility proposed by the applicant will create the option for a completely different birthing experience that is not available in Nashville. The closet birthing center to Nashville is located in Cookeville, approximately 75 miles away.

2. A specific service area should be identified and all existing providers of obstetrical services in that service area should be identified. Service area shall mean the county or counties represented by the applicant as the reasonable area to which the facility intends to provide services and/or in which the majority of the service recipients reside. The service area should be based on an optimal balance between population density and service proximity.

Response: Given the outpatient nature of the service, the applicant expects at least 80% of its patients to be Davidson County residents. The existing providers of obstetrical services are as follows: Vanderbilt University Medical Center, St. Thomas Midtown Hospital, Centennial Medical Center, Nashville General Hospital, Summit Medical Center, Skyline Medical Center and Southern Hills Medical Center.

3. *The female* population aged 15-44 in the service area should be identified. The current year's population and the population four years hence should be used.

   Response:

Davidson County – Female, Age 15-44 Population

2014	*2015*	*2016*	*2017*	*2018*
148,724	*148,468*	*148,146*	*148,162*	*148,342*

Source: TN Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics

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

   Response: The applicant plans to contract with all TennCare MCOs in the market. Given the lack of birth center options in the market and the involvement of Vanderbilt in the clinical operations of the facility, the applicant expects that its facility will be well-received by both TennCare MCOs and patients covered by TennCare. The facility otherwise will be accessible to all patients regardless of race or ethnicity.

5. The applicant must identify the existing facilities providing obstetrical services in the service area and their utilization.

   Response:

Nashville Hospitals With Obstetrical Service	**Live Births from JARs**		
	2013	**2012**	**2011**
St. Thomas Midtown	6,092	6,522	6,879
Nashville General	543	689	680
Vanderbilt	4,554	4,246	3,843
Centennial Medical Center	N/A*	2,998	2,613
Summit Medical Center	N/A*	1,112	1,192

*2013 JAR not available

6. The applicant must indicate the distance and approximate travel time that patients in need of emergency obstetrical services would have to travel to the nearest acute care facility to receive emergency care.

Response: The closest hospital to the applicant's facility will be VUMC, a distance of less than one (1) mile. The facility will have a transfer agreement with VUMC.

7. The applicant must indicate the modes of transportation that will be used by obstetrical patients for emergency transfer. The applicant must have written protocols, procedures, and transfer agreements for the appropriate transfer of patients to a nearby acute care facility offering obstetrical services for emergency care.

   Response: The applicant's protocols and procedures for emergency situations are attached under Attachment C, Need-1.b.8., which also includes a copy of a letter from VUMC confirming its intent to enter into a transfer agreement with the applicant.

8. The charges for obstetrical services for the proposed facility should be indicated and compared to those of existing obstetrical service providers in the proposed service area.

   Response: The only source that the applicant has been able to identify for obstetrical charges is the 2012 Tennessee Hospital Discharge Data Report created by the Tennessee Department of Health. This report shows charge data for various DRGs classified by severity under the categories of "minor", "moderate" and "major". In the case of Vaginal Delivery (DRG 560), the applicant believes the category of "minor" includes the low-risk birth cases that it will serve. The charge data from the Report for Nashville hospitals for DRG 560 in the minor category are as follows:

   Nashville General - $5,836
   St. Thomas Midtown (formerly Baptist) - $12,885
   Vanderbilt University Hospitals - $10,548
   TriStar Centennial Medical Center - $16,188
   TriStar Summit Medical Center - $12,976

   The applicant's proposed charge for is a delivery is $7,500. It should be noted that this is global charge, including all services provided in connection with a delivery. The hospital charges do not include physician charges or newborn charges, so an "apples-to-apples" comparison is not possible.

9. The applicant must document the availability of adequate professional staff to provide services 24 hours a day, seven days a week, as per licensing requirements; to deliver all designated obstetrical services in the proposal. The governing body of the birthing center must appoint a medical director who is board certified in obstetrics/gynecology or family practice. Each physician practicing or consulting in the birthing center shall have admitting privileges at a designated back-up hospital.

   Response: As noted elsewhere in the application, the applicant will have a contract with Vanderbilt University Medical Center to provide nurse midwife and medical director services at the facility. This contract will provide a level of staffing that meets or exceeds licensing and certification requirements.

10. The applicant must demonstrate that the proposed obstetrical services will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

Response: As confirmed by the architect's letter included at Attachment C, Economic Feasibility-1(Architect Letter), the facility will comply will all applicable code and licensing requirements. In addition, the applicant is experienced in designing and furnishing birth centers to meet patient expectations for comfort and home-like amenities.

c. Applications that include a Change of Site for a proposed new health care institution (one having an outstanding and unimplemented CON), provide a response to General Criterion and Standards (4)(a-c) of the Guidelines for Growth.

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

Response: Maternity Centers of America has a long-range plan of providing the birthing center option for low-risk mothers in as many markets as possible in the U.S. In developing new birthing centers, MCA will seek collaboration with existing hospital-based obstetrical services, consistent with its vision that birthing centers are complementary to hospital-based services. The project proposed in this application is an example of the type of collaboration that MCA hopes to achieve in other markets.

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.).**

Response: The applicant considers Davidson County as its primary service area. In light of the outpatient nature of birthing center services, the applicant expects that at least 80% of its patients will be Davidson County residents.

See Attachment C, Need - 3.

4. A. 1) Describe the demographics of the population to be served by this proposal.

Response: The demographic characteristics of Davidson County are described on Attachment C, Need - 4.A.(1).

2) 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 each county in your proposed service area:

Response: The service area for the project is Davidson County, and the target population is Females Age 15-44.

Demographic Variable/ Geographic Area	Service Area Total	State of TN Total
Total Population – Current Year	656,385	6,588,698
Total Population – Projected Year	682,330	6,833,509
Total Population - % change	3.95%	3.72%
*Target Population – Current Year (2014)	148,724	1,301,018
*Target Population – Projected Year (2016)	148,146	1,326,526

Demographic Variable/ Geographic Area	Service Area Total	State of TN Total
Target Population - % Change	(.39%)	1.96%
Target Population – Projected Year as % of Total	22.7%	19.7%
Median Age	33.9	38
Median Household Income	$46,676	$44,140
TennCare Enrollees	120,575	1,207,604
TennCare Enrollees as % of Total	18.37%	18.33%
Persons Below Poverty Level	115,935	1,097,876
Persons Below Poverty Level as % of Total	18.5%	17.3%

Sources: Department of Health Population data; Bureau of TennCare enrollee data; US Census demographic data

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.

Response: The focus of the project will be low-risk mothers. The applicant expects to be contracted with all TennCare MCOs that operated in Middle Tennessee, and the facility will be accessible to low income women.

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, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. Projects including surgery should report the number of cases and the average number of procedures per case.

Response: All current obstetrical services in Nashville are in hospitals. There follows a chart of Nashville hospitals providing obstetrical service with the number of live births reported by the hospitals in their JARs for the past 3 years.

Nashville Hospitals With Obstetrical Service	Live Births from JARs 2013	2012	2011
St. Thomas Midtown	6,092	6,522	6,879
Nashville General	543	689	680
Vanderbilt	4,554	4,246	3,843
Centennial Medical Center	N/A*	2,998	2,613
Summit Medical Center	N/A*	1,112	1,192

*2013 JAR not available

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization through 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.

Response: The applicant projects a total of 345 cases the first year of operation and 480 cases the second full year. Based on the significant unmet demand for the birth center option and the project's relationship with VUMC, these projections are easily achievable.

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.

     Response: The total lease payments over the initial 10 year term of the lease will be $1,255,187.86. Per the letter from the building owner (Attachment C, Economic Feasibility – 1(Building FMV)), the current fair market value of the entire building is $936,000, so the aggregate lease payments are used as building cost for the certificate of need application.

   - 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 licensed architect or construction professional that support the estimated construction costs. Please provide a letter that includes:

     1) a general description of the project;
     2) estimate of the cost to construct the project to provide a physical environment, according to applicable federal, state and local construction codes, standards, specifications, and requirements; and
     3) attesting that the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the most recent AIA Guidelines for Design and Construction of Hospital and Health Care Facilities.

     Response: See architect letter attached under Attachment C, Economic Feasibility – 1(Architect Letter).

SUPPLEMENTAL #1
June 27, 2014
1:20 pm

PROJECT COSTS CHART

A.	Construction and equipment acquired by purchase:		
	1.	Architectural and Engineering Fees	$28,500.00
	2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	$30,000.00
	3.	Acquisition of Site	
	4.	Preparation of Site	
	5.	Construction Costs	$449,083.00
	6.	Contingency Fund	
	7.	Fixed Equipment (Not included in Construction Contract)	$82,645.00
	8.	Moveable Equipment (List all equipment over $50,000)	$32,052.00
	9.	Other (Specify) _____	
B.	Acquisition by gift, donation, or lease:		
	1.	Facility (inclusive of building and land)	$1,255,187.86
	2.	Building only	
	3.	Land only	
	4.	Equipment (Specify) _____	
	5.	Other (Specify) _____	
C.	Financing Costs and Fees:		
	1.	Interim Financing	
	2.	Underwriting Costs	
	3.	Reserve for One Year's Debt Service	
	4.	Other (Specify) _____	
D.	Estimated Project Cost (A+B+C)		$1,877,467.86
E.	CON Filing Fee		$5,694
F.	Total Estimated Project Cost (D+E)		
		TOTAL	**$1,883,161.86**

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.

☐ F. Other—Identify and document funding from all other sources.

See funding confirmation at Attachment C, Economic Feasibility- 2.

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.

Response: The reasonableness of the construction cost is confirmed by the letter from the project architect (Attachment C, Economic Feasibility-1(Architect Letter)). The most recent birthing center project approved by the Agency was Infinity Birthing Center, CN0705-042, in Cookeville. The construction cost involved in that project was $121.50 per sq. ft., so the construction cost for the project in this application ($ 103.24 per sq. ft.) compares favorably. By way of additional comparison, the median cost for hospital renovation construction in certificate of need applications 2011-2013 is $179.00 per sq. ft.

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).

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should also include any management fees paid by agreement to third party entities not having common ownership with the applicant. Management fees should not include expense allocations for support services, e.g., finance, human resources, information technology,

legal, managed care, planning marketing, quality assurance, etc. that have been consolidated/centralized for the subsidiaries of a parent company.

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

   Response: The gross charge for labor and delivery will be $7,500, the average deduction will be $2,500 and the average net charge will be $5,000. This is a global charge and includes all services provided in connection with a labor and delivery case.

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 _____ (Month).

	Year_____	Year_____	Year_____
A. Utilization Data (Specify unit of measure)	_____	_____	_____
B. Revenue from Services to Patients			
1. Inpatient Services	$_____	$_____	$_____
2. Outpatient Services	_____	_____	_____
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____	_____
Gross Operating Revenue	$_____	$_____	$_____
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	$_____	$_____	$_____
2. Provision for Charity Care	_____	_____	_____
3. Provisions for Bad Debt	_____	_____	_____
Total Deductions	$_____	$_____	$_____
NET OPERATING REVENUE	$_____	$_____	$_____
D. Operating Expenses			
1. Salaries and Wages	$_____	$_____	$_____
2. Physician's Salaries and Wages	_____	_____	_____
3. Supplies	_____	_____	_____
4. Taxes	_____	_____	_____
5. Depreciation	_____	_____	_____
6. Rent	_____	_____	_____
7. Interest, other than Capital	_____	_____	_____
8. Management Fees:			
a. Fees to Affiliates	_____	_____	_____
b. Fees to Non-Affiliates	_____	_____	_____
9. Other Expenses – Specify on Page 23	_____	_____	_____
Total Operating Expenses	$_____	$_____	$_____
E. Other Revenue (Expenses) – Net (Specify) _____	$_____	$_____	$_____
NET OPERATING INCOME (LOSS)	$_____	$_____	$_____
F. Capital Expenditures			
1. Retirement of Principal	$_____	$_____	$_____
2. Interest	_____	_____	_____
Total Capital Expenditures	$_____	$_____	$_____
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	$_____	$_____	$_____

SUPPLEMENTAL #1
June 27, 2014
1:20 pm

PROJECTED DATA CHART

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

		Year 2016	Year 2017
A.	Utilization Data (Births @ Birth Center)	345	480
B.	Revenue from Services to Patients		
1.	Inpatient Services	$	$
2.	Outpatient Services	2,587,500	3,600,000
3.	Emergency Services		
4.	Other Operating Revenue (Specify) Retail, Class, Drug	235,942	360,534
	Gross Operating Revenue	**$ 2,823,442**	**$ 3,960,534**
C.	Deductions from Gross Operating Revenue		
1.	Contractual Adjustments	$ 785,298	$ 1,092,588
2.	Provision for Charity Care	280,464	390,210
3.	Provisions for Bad Debt	56,093	78,042
	Total Deductions	**$ 1,121,855**	**$ 1,560,840**
NET OPERATING REVENUE		**$ 1,701,587**	**$ 2,399,694**
D.	Operating Expenses		
1.	Salaries and Wages	$ 335,579	$ 364,910
2.	Physician's Salaries and Wages	0	0
3.	Supplies	234,610	389,251
4.	Taxes	0	0
5.	Depreciation	917	2,017
6.	Rent	115,688	118,338
7.	Interest, other than Capital		
8.	Management Fees		
	a. Fees to Affiliates	0	0
	b. Fees to Non-Affiliates	0	0
9.	Other Expenses – Detail on Following Page	793,327	791,177
	Total Operating Expenses	**$ 1,480,121**	**$ 1,665,693**
E.	Other Revenue (Expenses) – Net (Specify)	$	$
NET OPERATING INCOME (LOSS)		**$ 221,466**	**$ 734,001**
F.	Capital Expenditures		
1.	Retirement of Principal	$	$
2.	Interest		
	Total Capital Expenditures	**$ 0**	**$ 0**
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES		**$ 221,466**	**$ 734,001**

SUPPLEMENTAL #1
June 27, 2014
1:20 pm

HISTORAL DATA CHART – OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year _____	Year _____	Year _____
1.	$_____	$_____	$_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
Total Other Expenses	$_____	$_____	$_____

PROJECTED DATA CHART – OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year 2016	Year 2017
1. Payments to Vanderbilt for Professional Services	$ 646,375	$ 646,375
2. Payments to Vanderbilt for Clinical Management Services	44,469	43,419
3. Miscellaneous (marketing, accounting, utilities, etc.)	102,483	101,383
Total Other Expenses	**$ 793,327**	**$ 791,177**

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.

Response: The applicant's proposed charge for a labor and delivery case will be $7,500, which will cover all services provided in connection with a delivery.

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).

Response: The only source that the applicant has been able to identify for obstetrical charges is the 2012 Tennessee Hospital Discharge Data Report created by the Tennessee Department of Health. This report shows charge data for various DRGs classified by severity under the categories of "minor", "moderate" and "major". In the case of Vaginal Delivery (DRG 560), the applicant believes the category of "minor" includes the low-risk birth cases that it will serve. The charge data from the Report for Nashville hospitals for DRG 560 in the minor category are as follows:

Nashville General - $5,836
St. Thomas Midtown - $12,885
Vanderbilt University Hospital - $10,548
TriStar Centennial Medical Center - $16,188
TriStar Summit Medical Center - $12,976

The applicant's proposed charge for is a delivery is $7,500. It should be noted that this is global charge, including services provided in connection with a delivery. The hospital charges do not include professional charges or newborn charges, so an "apples-to-apples" comparison is not possible.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness; how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

Response: As indicated in the Projected Data Chart, the project will achieve positive financial results in the first full year, and the applicant has the resources to sustain the facility until results are positive.

8. 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.

Response: The facility will contract with all TennCare MCOs serving Middle Tennessee. The projected TennCare gross revenue in year 1 is $776,250 and in year 2, $1,080,000. In light of the services to be provided, the facility will not serve Medicare patients.

9. 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-9.

   Response: The applicant has just been created and has no financial history. Maternity Centers of America does not have an audited financial statement, but its balance sheet and income statement as of May 31, 2014, is at Attachment C, Economic Feasibility -9.

10. 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.

       Response: There is not alternative to provide the benefits of a birthing center other than to establish such a facility as proposed by this application.

    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.

       Response: The use of leased space for the project is the most cost-effective alternative for a birthing center in close proximity to VUMC, which the applicant believes is advantageous. The collaboration with VUMC with regard to midwife staffing and medical directorship, in the applicant's judgment, is clearly superior to the alternative of the applicant attempting to employ its own midwives and identify a medical director.

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.

   Response: The applicant will have an agreement with VUMC under which VUMC will provide nurse midwife staffing and a medical director. See Attachment C, Need-1.b.8. In addition, the applicant will have a transfer agreement with VUMC. The applicant will enter into a clinical affiliation agreement with Vanderbilt University regarding clinical training and instruction of nursing students. The applicant plans to contract with all TennCare MCOs serving Middle Tennessee, i.e., United Healthcare Community Group, Amerigroup, and TennCare Select. The applicant will also seek contracts with major commercial insurers, including BlueCross BlueShield of Tennessee, Cigna, United Healthcare, Aetna and Humana.

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.

Response: The project will have positive effects on the health care system, because it will provide a birthing center option for low-risk mothers in Nashville. The only obstetrical provider in Nashville with a nurse midwife program is VUMC, but that hospital-based program is not the birthing center model. The project will not materially affect VUMC. As stated in the letter from VUMC under Attachment C, Need-1.b.8, VUMC views the project as complementary to its obstetrics program and it supports the project.

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.

   Response: The nurse midwife staff will be provided by VUMC under the contract previously described. The only clinical staff that will be employed are nurses. In the first year, the project will require a nursing staff of 1 full-time RN, and 2.4 RNs who will be on call to work as needed. Projected salaries and prevailing wages are as follows:1 full-time nurse at $46,000 per year and 2.4 nurses FTEs with each such nurse working an average of 32 hours per week at $30/hour and $5 per hour for time spent on call. The salary range for nurses in the service area is $44,710 to $68,600.

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 Substance Abuse Services, and/or the Department of Intellectual and Developmental Disabilities licensing requirements.

   Response: The applicant's ability to obtain and maintain the midwife staff is assured through the professional services contract with VUMC. The nursing staff that is readily accessible in the local market.

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.*

   Response: The applicant has reviewed and understands all applicable licensing and certification requirements for professional staff.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (*e.g.,* internships, residencies, etc.).

   Response: The applicant plans to enter into a Clinical Affiliation Agreement with Vanderbilt University, so that the applicant's facility will be a site for the clinical training and instruction of students at the Vanderbilt School of Nursing.

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 Substance Abuse Services, the Department of Intellectual and Developmental Disabilities, and/or any applicable Medicare requirements.

Response: The applicant has reviewed and understands the licensure requirements of the Department of Health for Birthing Centers.

(b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: *Response: Tennessee Department of Health*

Accreditation: *Response: Commission on the Accreditation of Birth Centers*

(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.

Response: Not applicable.

(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. Please also discuss what measures the applicant has or will put in place to avoid being cited for similar deficiencies in the future.

Response: Not applicable.

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.

Response: Not applicable.

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.

Response: Not applicable.

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.

Response: The applicant will provide the Agency and the Department of Health with requested information regarding number of patients, number and types of procedures and other data as required.

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.

Response: A full page from The Tennessean dated June 10, 2014, is attached immediately following this page.

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

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

Please provide this documentation.

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.

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Service

To Advertise in the Service Directory, Call Donna Smith at 615.881.7905 or 615.242.7253 or email dfsmith@tennessean.com for more details.

ALL CLASSIFIED ADS are subject to the applicable rate card, copies of which are available from our Advertising Dept. All ads are subject to approval before publication. The Tennessean reserves the right to edit, refuse, reject, classify or cancel any ad at any time. Errors must be reported in the first day of publication. The Tennessean shall not be liable for any loss or expense that results from an error in or omission of an advertisement. No refunds for early cancellation of order.

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0101744243

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that:

Baby + Company Nashville, a proposed Birthing Center owned by: Baby + Company Nashville 1 LLC with an ownership type of limited liability company intends to file an application for a Certificate of Need to establish a Birthing Center in leased space at 2106 21st Avenue, Nashville, TN 37212. The facility will include 5 birthing suites, 3 examination rooms, and various support areas. The facility will occupy approximately 4,350 sq. ft. The project does not involve licensed beds, the acquisition of major medical equipment or the initiation of a health care service for which a certificate of need is required. The total project cost is $2,536,436.65.

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

The contact person for this project is Dan Elrod, Attorney, who may be reached at: Butler Snow LLP, 150 3rd Avenue South, Suite 1600, Nashville, TN, 37201 615 / 651-6702.

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

Health Services and Development Agency
Andrew Jackson Building, 9th floor
502 Deaderick Street
Nashville, Tennessee 37243

(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.

0101744255

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that TriStar Skyline Medical Center (a hospital), owned and managed by HTI Memorial Hospital Corporation (a corporation), intends to file an application for a Certificate of Need to increase its medical-surgical and intensive care bed capacity at its main campus at 3441 Dickerson Pike, Nashville, TN 37207 by a net of ten (10) beds, by renovation of existing spaces, at a capital cost estimated at approximately $4,000,000. Simultaneously ten (10) licensed beds will be closed at TriStar Skyline's satellite campus in Davidson County.

TriStar Skyline Medical Center is currently licensed as an acute care hospital by

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 08/01/2012
Previous Forms are obsolete

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): 9/24/2014

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	10/2014
2.	Construction documents approved by the Tennessee Department of Health	60	11/2014
3.	Construction contract signed	60	11/2014
4.	Building permit secured	90	12/2014
5.	Site preparation completed	90	12/2014
6.	Building construction commenced	90	12/2014
7.	Construction 40% complete	120	1/2015
8.	Construction 80% complete	150	2/2015
9.	Construction 100% complete (approved for occupancy)	180	3/2015
10.	*Issuance of license	180	3/2015
11.	*Initiation of service	180	3/2015
12.	Final Architectural Certification of Payment	210	4/2015
13.	Final Project Report Form (HF0055)	210	4/2015

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

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

AFFIDAVIT

STATE OF Tennessee

COUNTY OF Davidson

Dan H Elrod, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

SIGNATURE/TITLE

Sworn to and subscribed before me this 13th day of June (Month), 2014 (Year) a Notary Public in and for the County/State of Davidson County Tennessee

Sharron C. Couch
NOTARY PUBLIC

SHARRON C. COUCH STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY, TENN.
My Commission Expires MAR. 8, 2016

My commission expires March 8 (Month/Day), 2016 (Year).

Attachment A, Item 3

Organizational Documents

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "BABY+COMPANY NASHVILLE 1 LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SECOND DAY OF JUNE, A.D. 2014.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE NOT BEEN ASSESSED TO DATE.

Jeffrey W. Bullock, Secretary of State

5542274 8300

AUTHENTICATION: 1415797

140782826

DATE: 06-02-14

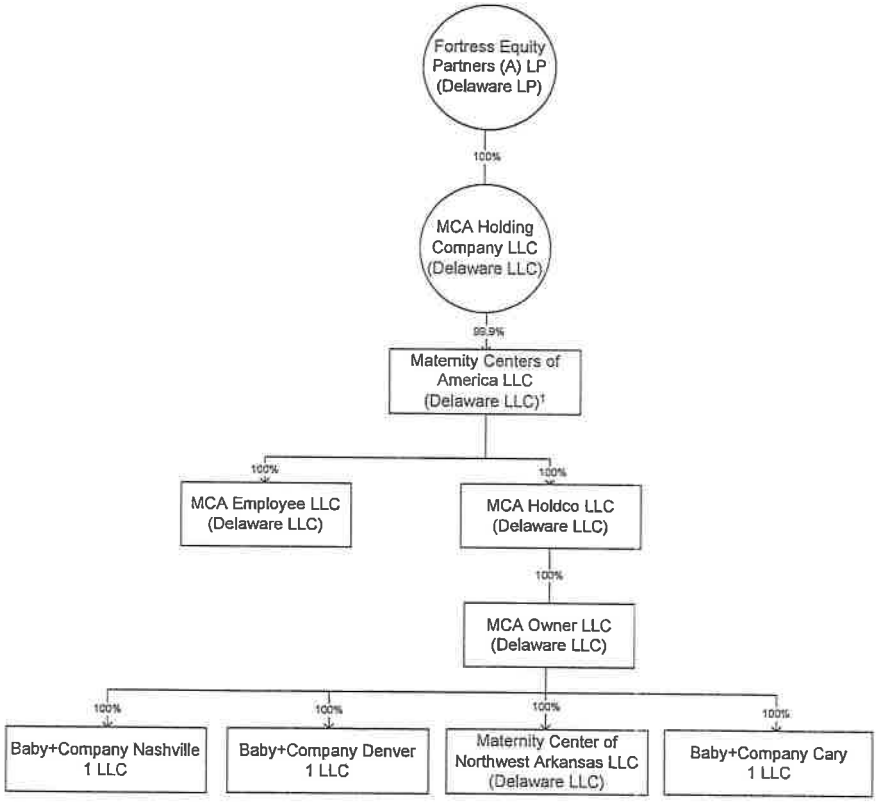
You may verify this certificate online at corp.delaware.gov/authver.shtml

Attachment A, Item 4

Organizational Chart

BABYCO

CONFIDENTIAL



JUN 13 '14 AM 11:0

[1] .01% owned by director

Attachment A, Item 6

Lease LOI

The Tenant's Advantage
cresa.com

June 5, 2014

Dan Bauchiero
Eakin Partners
1600 Division Street, Suite 600
Nashville, TN 37203

RE: Letter of Intent for the proposed lease between Baby+Company Nashville 1 LLC ("Tenant") and David Horowitz ("Landlord") at 2106 21st Ave.

Dear Dan:

This Letter of Intent is intended to outline the terms and conditions under which Tenant would enter into negotiations with Landlord to lease space at 2106 21st Ave (the "Building"). This Letter of Intent is expressly contingent upon final corporate approval by Tenant and the negotiation and execution of a mutually agreeable lease document.

LOCATION:
2106 21st Ave S
Nashville, TN 37212

PREMISES:
Approximately 9,200 rentable square feet on the 1st 2nd and 3rd floors

POSSESSION DATE:
October 1, 2014

LEASE COMMENCEMENT:
January 1, 2015

TERM OF LEASE:
123 Months

FREE RENT:
3 Months

BASE RENTAL:

Years 1-3	$120,000 annually
Years 4-5	$149,000 annually
Years 6-10	$179,000 annually

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JUN 18 '14 AM 11:02

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June 5, 2014

ESCALATION:
2% annual escalations
TENANT IMPROVEMENT ALLOWANCE:
None

EXISTING CONDITION:
Landlord will deliver the Premises in "as-is" and "where-is" condition, however, Landlord shall be responsible to deliver the he Premises demised, Building structural systems; roof system; plumbing systems (to include all connections and distribution of plumbing to existing internal appliances); window systems; window covering; elevator systems; restrooms; the base building HVAC mechanical systems; the base building electrical systems; the fire and life safety systems; the floor and the ceiling free from latent and structural defects, in good and proper working order and in full compliance with all laws, building codes and ordinances which govern the use and occupancy of office buildings.

TENANT IMPROVEMENT CONSTRUCTION:
Tenant shall self-manage the construction using appropriately licensed architects, general contractors, sub-contractors, and other vendors. Landlord agrees to coordinate and work with Tenant to select and approve the architect, general contractor, sub-contractors, and other vendors necessary to complete the process of tenant improvement and relocation. Tenant agrees to perform the construction management within the reasonable guidelines of the building rules and regulations and agrees to coordinate in kind with Landlord to select and approve the General Contractor, Sub Contractors, and other vendors necessary to complete the process of tenant improvement and relocation.

RIGHT OF FIRST REFUSAL:
Landlord shall provide a Right of First Refusal for the 4,650 SF on the 2nd floor

SECURITY DEPOSIT:
Tenant shall provide security deposit equal to One Month's Base Rent, TBD based on review of financials.

SIGNAGE:
Tenant shall be permitted, at its sole cost, to install signage on the Building Monument sign as well as the Building provided it meets Landlord approval and all city/governmental signage codes.

ASSIGNMENT/SUBLEASE:
Tenant may assign the Lease or sublet all or a portion of the Premises with Landlord's prior written consent, which will not be unreasonably withheld.

PARKING:
Tenant shall have three dedicated parking spaces located immediately adjacent to the entrance to the building. One (1) dedicated parking space shall be reserved and identified as an AMBULANCE space, no parking anytime and two (2) dedicated spaces shall be reserved for "Maternity Center Clients Only". In addition to the reserved parking spaces, Tenant shall have the right on non-exclusive use, in common with others, of the outdoor, ground level automobile parking.

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June 5, 2014

OPTION TO TERMINATE:
Tenant shall have the right to terminate with six (6) months advance written notice after the fifth (5th) year of the lease. As penalty, Tenant shall pay all unamortized costs of leasing (i.e. tenant improvements, free rent, brokerage commission and legal fees) plus four (4) month's rent penalty. Leasing costs shall be determined by aggregating the entire amount creating an amortization schedule over 120 months at 8% per annum.

EXCLUSTIVITY:
Landlord shall not lease space in the Building to any competing birthing centers, doulas, lactation, or midwifery unless the Tenant has subleased 50% or more of its original Premises.

BROKERAGE:
Landlord acknowledges Cresa as Tenant's broker and shall pay a commission pursuant to a separate agreement.

CONTINGENCEIS:
This Letter of Intent is contingent upon the approval of Tenant's Board of Directors, a mutually agreed upon space plan and pricing as well as the receipt of a certificate of need from the Tennessee Health Services and Development Agency.

We look forward to completing a transaction with you as soon as possible.

Thank you, Dan, for your time and consideration.

Respectfully,

Peter J. Hoselton
Senior Advisor
phoselton@cresa.com
(303) 302 - 1627

Sewell cresa
Partners in Global Real Estate

cresa

The Tenant's Advantage
cresa.com

June 5, 2014

Tenant: Baby+Company Nashville 1 LLC

Agreed and accepted this _____ day of June, 2014.

By: _____

Name: Cara Osborne

Title: EVP-clinical

Landlord: David Horowitz

Agreed and accepted this 9th day of June, 2014.

By: DAVID HOROWITZ

Name: _____

Title: M.D.

savills cresa

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Attachment B, III(A)

Plot Plan

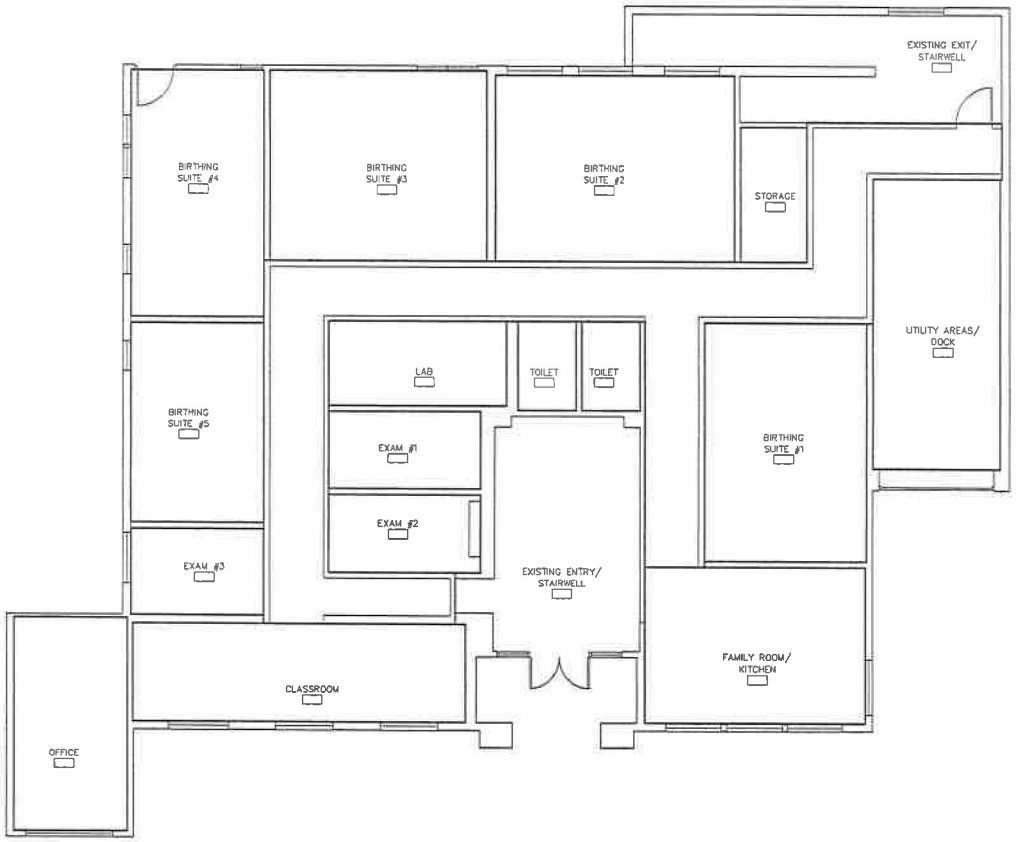
2106 21st Ave, Nashville TN
Plot Plan

Parcel ID	10412009900
Owner	HOROWITZ, DAVID H. ET UX
Acquired Date	4/1/1988
Sale Price	$415,000
Owner Document	DB-00007508 0000195
Mailing Address	219 BROOK HOLLOW RD
Mailing City	NASHVILLE
Mailing State	TN
Mailing Zipcode	37205
Description	LOT 4 BLAIR REV BELMONT HGTS
Acreage	.3
Frontage	90
Side	155
Property Document	DB-00000000 0000000
Property Date	11/17/1993
Property Address	2106 21ST AVE S
Property City	NASHVILLE
Property Zipcode	37212
Census Tract	16800
Council District	18
Land Use	032 The classification for assessment purposes is not a zoning designation and does not speak to the legality of the current use of the subject property.
Land Use Desc	OFFICE BUILDING LOW-RISE The classification for assessment purposes is not a zoning designation and does not speak to the legality of the current use of the subject property.
USD/GSD	URBAN SERVICES DISTRICT
Service Area/Field Book	24W 02720
Assessed Date	1/1/2013
Land Appraised	$483,400
Improvement Appraised	$476,600
Total Appraised	$960,000
Classes	COMMERCIAL

Attachment B, IV

Floor Plan

JUN 13 '14 4:11:02



1 FLOOR PLAN
NTS

SGA Design Group, P.C.

ARCHITECT OF RECORD:

CONSULTANT:

CONSULTANT:

ISSUE BLOCK

Baby+Company Nashville 1 LLC
2106 21ST AVENUE SOUTH

DRAWN BY:
LRB

DRAWN BY:
LRB

PROJECT #:
NASHVILLE

DATE:
04.29.2014

DATE:
A
Floor Plan

Attachment C, Need – 1.b.8

VUMC Letter and Emergency Protocols

VANDERBILT UNIVERSITY MEDICAL CENTER

C. Wright Pinson, M.B.A., M.D.
Deputy Vice Chancellor for Health Affairs
Chief Executive Officer, Vanderbilt Health System
Senior Associate Dean for Clinical Affairs

June 10, 2014

Ms. Cara Osborne
Executive Vice President
Maternity Centers of America
5302 Village Parkway
Suite #3
Rogers, AR 72758

Dear Ms. Osborne,

This letter is to confirm our continued discussions regarding Baby+Company Nashville 1 LLC proposal to establish a birthing center.

As discussed, Vanderbilt University Medical Center (VUMC) is willing to provide the Medical Director and midwives as mutually determined to support the birth center. The details and other terms of an agreement under which VUMC will provide the services described will be memorialized in a definitive agreement acceptable to both parties.

In addition, it is VUMC's intent to provide the necessary transfer agreement from the center, to be located at 2106 21st Avenue South, Nashville, Tennessee, 37215, to VUMC, located at 1211 Medical Center Drive, Nashville, Tennessee, 37232.

As the leader of midwifery services in Middle Tennessee, VUMC views this project as complementary to obstetrical services and other resources in the market. Low-risk maternity patients will welcome the availability of the birth center model in the community.

Sincerely,

C Wright Pinson

C. Wright Pinson, MBA, MD
Deputy Vice Chancellor for Health Affairs
Senior Associate Dean for Clinical Affairs
CEO of the Vanderbilt Health System

cc: Jim Corum, Vice President, Business Development
Ginna Felts, Consultant, Business Development
Luke Gregory, Chief Executive Officer, Monroe Carell Jr. Children's Hospital at Vanderbilt
David Posch, Chief Executive Officer, Vanderbilt University Hospital and VMG

1161 21st Avenue South
D3300 Medical Center North
Nashville, TN 37232-2104

tel 615.343.9324
fax 615.343.2330
wright.pinson@vanderbilt.edu

P. Intrapartum Transfer

Policy

1. Clients who present with evidence of intrapartum risk will be transferred to the hospital for physician management at VUMC.
2. In non-emergency situation, means of transfer will be decided upon by CNM and family. This will generally be by private car, but is dependent upon status of labor and condition of mother.
3. A copy of the prenatal chart will be printed and taken to the hospital with the mother or infant transferred.
4. The attending CNM will accompany the family to the hospital.
5. Emergency transfer procedure and emergency timesheet are in a prominent location in the birthing suites.
6. Emergency transfer procedure for mother and infant will be known by all staff members, and drills will be held at regular intervals.

Procedure

1. Criteria
   a. In general, the following situations will require ambulance transfer:
      1) Cord prolapse
      2) Uncontrolled hemorrhage
      3) Maternal seizures
      4) Severe fetal distress
      5) Newborn requiring resuscitation during transport
      6) Any transport required with birth imminent
      7) Any situation in which it is CNM's judgment that transport is best accomplished per ambulance
   b. In an emergency, if CNM judges that transport can be accomplished faster via private car, and ambulance personnel and equipment are not needed, car transport may be initiated.
2. Non-Emergency Transfer
   a. The decision to transfer will be made by the CNM and family.
   b. The CNM will notify the receiving hospital (VUMC) of the transfer, including the receiving MD and L&D Charge RN.
   c. The mother will be prepared for transfer, records completed, and duplicate records compiled.
   d. Mother will be assisted to vehicle.

e. The CNM will accompany family to hospital and remain with them until the situation has been resolved.

3. Emergency Transfer

a. As soon as the problem is identified, the CNM will inform the consulting physician. She/he will then inform the appropriate unit and individuals at the receiving hospital.

b. The CNM will attend to the mother as necessary and accompany client in the ambulance to the hospital.

c. The birth assistant will:

1) Call Ambulance Service, using the emergency phone number, and state: "Baby+Company - Nashville has emergency maternal or neonatal transfer to Labor and Delivery/NICU at VUMC. Come to the side door. Our phone is 372-4560.

2) Give record to CNM for copying at the hospital.

3) Assist CNM in attending mother and preparing for transfer.

4) Record all times and other notes on emergency timesheet.

5) Meet ambulance attendants.

6) After family and CNM have left center, call receiving unit with:
   a) estimated time of arrival
   b) status report

7) Perform usual clean-up and closure of center

d. For infant transfer:

1) CNM will place infant in warm blankets in mothers arm with proper oxygen; chemical mattress may be used if needed. Will see that DeLee suction and ambubag are readily available.

2) Record will be copied before leaving the birth center if time allows, otherwise will be printed out at the primary transfer hospital.

3) Transport cord bloods and placenta to if infant going to VUMC.

4. Procedure After Arrival at VUMC

a. Non-emergency maternal transfer-to the primary transfer hospital

1) Proceed to Labor & Delivery.

2) Wheelchair is available at front desk.

3) Ensure that BABY+COMPANY - NASHVILLE record is copied for the primary transfer hospital.

b. Emergency maternal transfer-to the primary transfer hospital

1) Proceed in ambulance to Emergency entrance. Admission will be a direct admit to L&D.

2) Ambulance attendants will take mother via stretcher to Labor & Delivery.

3) Ensure that BABY+COMPANY - NASHVILLE record is copied for hospital chart.

c. Neonatal transfer to the primary transfer hospital
   1) Proceed to 5th floor of VUMC.
   2) Ensure that mother's records are copied for the primary transfer hospital chart.

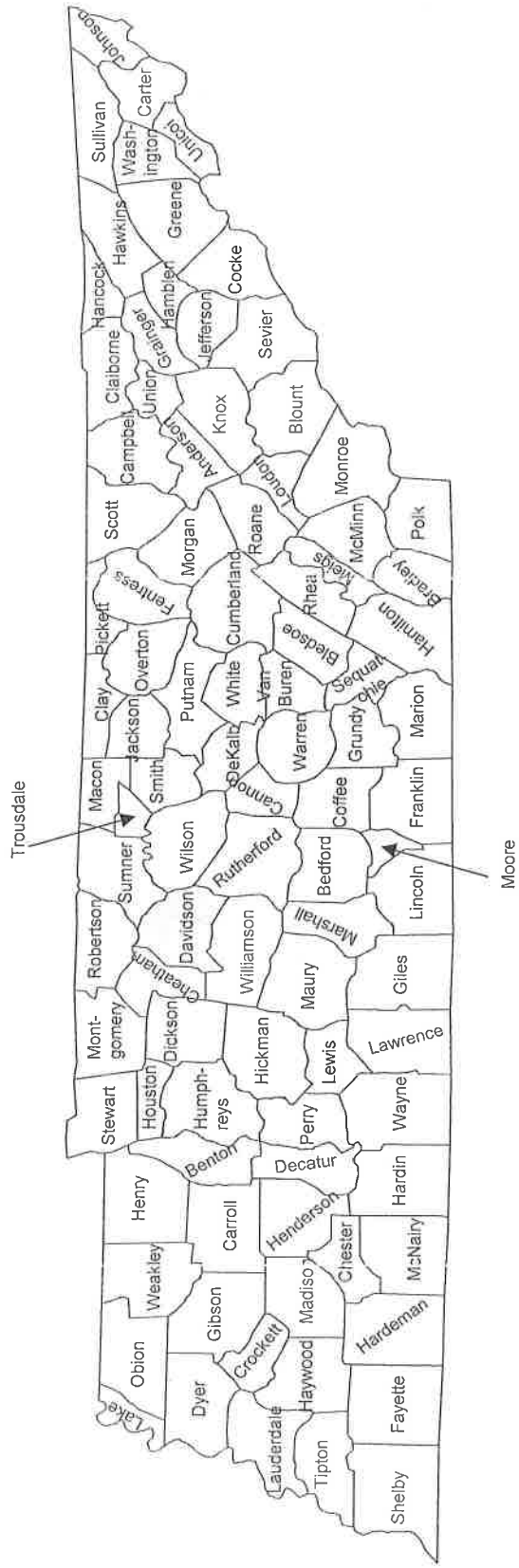
6. The attending CNM is responsible for completion of all records upon return to the birth center, including adding a copy of the primary transfer hospital delivery summary to the BABY+COMPANY - NASHVILLE record.

7. A list of all emergency numbers is posted in the desk drawer of each birth room. This list shall be maintained and updated as changes occur.

May 2014

Attachment C, Need - 3

Service Area Map


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

Attachment C, Need – 4.A.(1)

Demographic Information

State & County QuickFacts

Davidson County, Tennessee

People QuickFacts	Davidson County	Tennessee
Population, 2013 estimate	658,602	6,495,978
Population, 2012 estimate	648,801	6,454,914
Population, 2010 (April 1) estimates base	626,684	6,346,113
Population, percent change, April 1, 2010 to July 1, 2013	5.1%	2.4%
Population, percent change, April 1, 2010 to July 1, 2012	3.5%	1.7%
Population, 2010	626,681	6,346,105
Persons under 5 years, percent, 2012	7.1%	6.3%
Persons under 18 years, percent, 2012	21.9%	23.1%
Persons 65 years and over, percent, 2012	10.7%	14.2%
Female persons, percent, 2012	51.6%	51.2%
White alone, percent, 2012 (a)	65.8%	79.3%
Black or African American alone, percent, 2012 (a)	28.1%	17.0%
American Indian and Alaska Native alone, percent, 2012 (a)	0.5%	0.4%
Asian alone, percent, 2012 (a)	3.2%	1.6%
Native Hawaiian and Other Pacific Islander alone, percent, 2012 (a)	0.1%	0.1%
Two or More Races, percent, 2012	2.2%	1.6%
Hispanic or Latino, percent, 2012 (b)	9.9%	4.8%
White alone, not Hispanic or Latino, percent, 2012	57.1%	75.1%
Living in same house 1 year & over, percent, 2008-2012	79.0%	84.4%
Foreign born persons, percent, 2008-2012	11.8%	4.5%
Language other than English spoken at home, pct age 5+, 2008-2012	15.5%	6.6%
High school graduate or higher, percent of persons age 25+, 2008-2012	85.9%	83.9%
Bachelor's degree or higher, percent of persons age 25+, 2008-2012	35.0%	23.5%
Veterans, 2008-2012	39,498	493,980
Mean travel time to work (minutes), workers age 16+, 2008 -2012	23.1	24.1
Housing units, 2012	286,678	2,834,620
Homeownership rate, 2008-2012	55.4%	68.4%
Housing units in multi-unit structures, percent, 2008-2012	37.1%	18.2%
Median value of owner-occupied housing units, 2008-2012	$167,200	$138,700
Households, 2008-2012	255,887	2,468,841
Persons per household, 2008-2012	2.37	2.51
Per capita money income in past 12 months (2012 dollars), 2008-2012	$28,513	$24,294
Median household income, 2008-2012	$46,676	$44,140
Persons below poverty level, percent, 2008-2012	18.5%	17.3%

Business QuickFacts	Davidson County	Tennessee
Private nonfarm establishments, 2011	17,809	129,489[1]
Private nonfarm employment, 2011	377,254	2,300,542[1]
Private nonfarm employment, percent change, 2010-2011	1.8%	1.6%[1]
Nonemployer establishments, 2011	57,150	473,451
Total number of firms, 2007	64,653	545,348
Black-owned firms, percent, 2007	11.1%	8.4%
American Indian- and Alaska Native-owned firms, percent, 2007	0.6%	0.5%
Asian-owned firms, percent, 2007	3.4%	2.0%
Native Hawaiian and Other Pacific Islander-owned firms, percent, 2007	0.1%	0.1%
Hispanic-owned firms, percent, 2007	2.9%	1.6%
Women-owned firms, percent, 2007	26.8%	25.9%

Manufacturers shipments, 2007 ($1000)	7,347,204	140,447,760
Merchant wholesaler sales, 2007 ($1000)	11,942,568	80,116,528
Retail sales, 2007 ($1000)	10,581,843	77,547,291
Retail sales per capita, 2007	$17,029	$12,563
Accommodation and food services sales, 2007 ($1000)	2,202,982	10,626,759
Building permits, 2012	2,963	20,147

Geography QuickFacts	**Davidson County**	**Tennessee**
Land area in square miles, 2010	504.03	41,234.90
Persons per square mile, 2010	1,243.3	153.9
FIPS Code	037	47
Metropolitan or Micropolitan Statistical Area	Nashville-Davidson--Murfreesboro--Franklin, TN Metro Area	

1: Includes data not distributed by county.

(a) Includes persons reporting only one race.
(b) Hispanics may be of any race, so also are included in applicable race categories.

D: Suppressed to avoid disclosure of confidential information
F: Fewer than 25 firms
FN: Footnote on this item for this area in place of data
NA: Not available
S: Suppressed; does not meet publication standards
X: Not applicable
Z: Value greater than zero but less than half unit of measure shown

Source U.S. Census Bureau: State and County QuickFacts. Data derived from Population Estimates, American Community Survey, Census of Population and Housing, State and County Housing Unit Estimates, County Business Patterns, Nonemployer Statistics, Economic Census, Survey of Business Owners, Building Permits
Last Revised: Friday, 16-May-2014 06:54:18 EDT

Attachment C, Economic Feasibility – 1(Building FMV)

Building FMV

JUN 13 '14 AM 11:0

Maternity Center of Nashville, LLC &

Tennessee Commercial Real estate Advisors, LLC d/b/a Cresa Nashville
2505 21st Ave South
Suite 201
Nashville, TN 37212

Per your written request, please accept this letter as an indication of value for the property and improvements located at 2106 21st Ave South, Nashville, TN 37212.

The value for the property and improvements located at 2106 21st Ave South, Nashville, TN 37212 is $960,000. This value is based on the value determined by the Davidson County Property Assessor for fiscal year 2014.

Please note that this letter does not constitute an offer to sell the property. There are multiple methodologies for determining value. Further, there are many considerations that an owner must weigh when determining a sale price, some of which may not be quantifiable using standard appraisal and valuation methods.

Respectfully,

David Horowitz
Owner

Attachment C, Economic Feasibility – 1(Architect Letter)

Architect Letter

SGA Design Group

June 4, 2014

Ms. Carla Hackett
Maternity Centers of America
Cara Osborne
5302 Village Parkway #3
Rogers AR 72758

RE: Baby+Company Nashville 1 LLC
2106 21st Avenue South, Nashville, TN

Dear Ms. Hackett,

In regards to the proposed Certificate of Need (CON), we are in the process of preparing plans for the remodel and conversion of the existing facility for the Baby+Company Nashville 1 LLC. The remodel and conversion will encompass the demolition of all existing rooms, equipment, mechanical, electrical and plumbing systems and replacement as necessary to fit the needs of the Birthing Center.

The plans call for five (5) birthing center rooms, three (3) exam rooms, a classroom, a kitchen / family room, support offices, accessible restrooms, storage, utility and entry lobby spaces. The completed space will encompass 4,350 gsf (including shared building spaces).

We have reviewed the Square Footage and Cost Per Square Footage Chart that has been prepared for the CON to the state of Tennessee for this remodel and conversion. The proposed cost of $449,126 or an average of $103.25 / SF for a 4,350 square foot project appears reasonable and accurate in today's construction market.

Based on our experience we believe the remodeled facility will meet the Guidelines for Design and Construction of Health Care Facilities and all applicable local, state and federal standards.

We have reviewed the applicable building codes adopted by the Authority Having Jurisdiction (AHJ). As of the date of this letter they include:

SGA Design Group, P.C.
1437 South Boulder, Suite 550, Tulsa, OK 74119.3609
p: 918.587.8600 f: 918.587.8601
www.sgadesigngroup.com

Applicable Local Codes – City of Nashville

2006 International Building Code with local amendments
2006 International Residential Code with local amendments
2006 International Energy Conservation Code
2006 International Plumbing Code with local amendments
2006 International Mechanical Code with local amendments
2006 International Fuel Gas Code with local amendments
2006 International Fire Code with local amendments
2011 National Electric Code with local amendments
2003 ICC / ANSI A117.1 Accessible and Usable Buildings and Facilities
2006 Life Safety Code (NFPA 101) with local amendments

Building Classification

Occupancy: Business
Type V-B Construction

If you have any further questions, please do not hesitate to call. Sincerely,

Paul McManus, AIA, NCARB
Principal

lrb

Attachment C, Economic Feasibility - 2

Funding Letters

Tennessee Health Services
and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Re: Baby + Company Nashville

Dear Agency:

This letter confirms that Maternity Centers of America LLC, through cash on hand and from commitments by its investor/owner Fortress Equity Partners, LP, has sufficient resources to fund the start-up costs and working capital of $754,974.

Very truly yours,

Cara Osborne

EVP, Clinical

Fortress Equity Partners (A) LP
c/o Fortress Investment Group LLC
1345 Avenue of the Americas
New York, NY 10105

Maternity Centers of America LLC
306 NE Blake Street, Suite #200
Bentonville, Arkansas 72712
Attention: Cara Osborne, EVP - Clinical

Re: Baby + Company Nashville

Dear Cara:

This will confirm that we have resources available and are committed to fund the start-up expenses of the Baby+Company Nashville project in an amount of approximately $627,974 and initial working capital in the amount of approximately $127,000, subject to the receipt of all regulatory approvals needed to operate the project, signing a lease for the project and entering into a professional services contract with Vanderbilt University Medical Center regarding the project.

Very truly yours,

John Morrissey

Chief Financial Officer of Fortress Equity Partners GP LLC, the general partner of

Fortress Equity Partners (A) LP

Attachment C, Economic Feasibility - 9

Financial Statement

Maternity Centers of America LLC
Consolidating Balance Sheet
May-14

1	**Assets**	
2	Cash	322,874
3	Accounts Receivable	128,145
4	Inventory	6,714
5	Prepaid WHA expenses	-
6	**Total Current Assets**	**457,733**
7	Furniture & Equipment	76,962
8	Computer/Software	5,494
9	Leasehold Improvements	280,733
10	Total	363,189
11	Less: Acc. Depreciation	(37,846)
12	**Total Fixed Assets**	**325,343**
13	Birthing Center Start-Up Exp.	-
14	Women's Health Start-Up Exp.	-
15	Less: Acc. Amortization	-
16	**Net Start-up Expense**	-
17	Rent Deposit (rent paid per month)	4,572
18	Working Capital Reserve	-
19	Deferred Tax Asset	-
20	Goodwill ($350k purchase price)	392,921
21	**Total Assets**	**1,180,569**
22	**Liabilities**	
23	Sam's Club Discover Card	-
24	Credit Card Operations	-
23	Total Credit Cards	-
25	Line of Credit	95,500
26	Total Payroll Liabilities	26,769
100	Birth Deposits	99,165
27	Accounts Payable	59,042
28	Loan Payable - Birth Center	216,945
29	Deferred rent	8,215
	Total Liabilities	**505,635**
29	**Equity**	

30	Beginning Eqty: Total	1,226,676
31	Plus: Net Income	(551,742)
32	Plus: Fortress Working Capital Injection	
33	Goodwill ($350k purchase price)	
34	**Total Equity**	**674,934**
35	**Total Liabilities & Equity**	**1,180,569**

68	Clinical & Site Costs	(2,926)
69	Other	(155,616)
70	**Total Direct Other Expenses**	(704,580.39)
71	**Total Operating Expenses**	**(716,495.86)**
72	**EBITDA**	
73	*EBITDA Margin*	
74	Less: D&A	
75	**EBIT**	
76	Less: Interest	
77	**Pre-Tax Income**	
78	Plus: Other Income	
79	Less: Net Taxes	
80	**Net Income**	**(551,742.24)**

Maternity Centers of America LLC
Consolidating Income Statement
May-14

30	**Revenues**	
31	Pre-Natal & Birth	150,175
32	Women Wellness	8,006
33	Retail	4,494
34	Class	2,078
35	Drug Revenue	-
36	Other Revenue	-
37	**Total Revenues**	**164,753.62**
38	**COGS**	-
39	Retail Product	(386)
40	Medical Supplies	(8,833)
41	Pharmaceuticals	(2,697)
42	IUD	-
43	Newborn Screening	-
44	Classes	-
45	**Total COGS**	**(11,915.47)**
46	**Direct Other Expenses**	
47	Nurse Midwife	-
48	FTE Registered Nurse	-
49	FTE PRN Nurse	-
50	Executive Director	-
51	Field Sales Rep	-
52	Office Manager	-
53	Total FTE (excl. Part-Time Nurses)	-
		-
54	Salaries	(429,247)
55	Benefits	-
56	Payroll Taxes	-
57	Medical Director (Service Level Agreement)	-
58	SON / SOM Management	-
59	Collaborating Physicians	-
60	Vandy Midwife Benefits & Taxes	-
61	Insurance Expense	(9,252)
62	Rent (3,500 sq ft)	(26,075)
63	Tenant Improv. Financing	-
64	Lease Opex	-
65	Marketing	(22,396)
66	Accounting Fees	(20,039)
67	Licenses and Fees	(39,029)

SUPPLEMENTAL

SUPPLEMENTAL-#1
-Copy-

Baby + Company

CN1406-022

BUTLER | SNOW

SUPPLEMENTAL #1
June 27, 2014
1:20 pm

June 27, 2014

VIA HAND DELIVERY

Jeff Grimm
HSDA Examiner
Tennessee Health Services and
Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need Application, Baby + Company Nashville, CN1406-022

Dear Mr. Grimm:

Responses to the questions in your letter dated June 25, 2014, are below. Please let us know if you need additional information.

1. Section A, Item 3 (Owner)

The June 2, 2014 documentation of Baby + Company Nashville 1 LLC's status as a Delaware Corporation is noted. Please also confirm the status of applicant's registration to do business in Tennessee.

Response: *Baby + Company Nashville LLC filed its application for admission in Tennessee on June 23, 2014. A copy of the application is attached as Attachment A. The Applicant has complied with requirements for admission.*

Since Licensure Rules indicate the entity will be governed by a board with specific oversight responsibilities (Chapter 1200-8-24-.04), who will be the members of the board? In your response, please also briefly describe the organization of the board in such a manner that the process it will use to carry out its general responsibilities for the clinical, business and financial affairs of the proposed Birthing Center can be fully appreciated.

Response: *The Board members will be as follows: Dr. Cara Osborne, MSN, CNM, ScD, who is the CEO and EVP of Clinical Services for Baby + Company; Dr. Pamela Jones, DNP, RN, NEA-BC, Chief Nursing Officer of VUMC; and Angela Wilson-Liverman MSN,*

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CNM, FACNM, Department of Obstetrics and Gynecology, Division of Midwifery and Advanced Practice at VUMC. The biographical summaries of the Board members are attached under Attachment B. The individuals described in Attachment B are familiar with the governance responsibilities in the licensing rules, and they have the clinical, financial and business experience to fulfill these responsibilities.

2. Section A, Item 6 (Legal Interest in Site) and Section B, Project Description, Item II.B

The June 5, 2014 Letter of Intent (LOI) and discussion of the 4,350 square feet (SF) of leased space for the proposed facility with Square Footage Chart is noted. The LOI identifies what appears to be a total of approximately 9,200 rentable SF on the 1st, 2nd and 3rd floors of the existing building. The letter also notes that the landlord shall provide a "Right of First Refusal for the 4,650 SF on the 2nd floor". No mention is made of the 4,350 square feet identified by the applicant for the proposed birthing center as reflected in this section, the SF Chart and the Project Costs Chart. Please clarify.

Response: *The Applicant recognizes that the LOI is somewhat confusing, but it was prepared in this manner at the insistence of the landlord. The total rentable square feet in the entire building is 9,200 sq. ft.as referenced on page 1. Page 2 of the LOI references the Applicants right of first refusal with regard to 4,650 sq. ft. on the second floor, thus the amount of space initially dedicated to the birthing center is 4,350 sq. ft. (9,200-4,650 = 4,350).*

The lease payment schedule in the 6/5/14 LOI appears to total to a $1,374,000 lease cost over 10 years in lieu of the $1,908,462.65 lease cost in the Project Costs Chart on page 17. It is unclear if the amount applies to the 9,200 total square feet or the 4,650 SF on the 2nd floor mentioned in the LOI. In addition, it is unclear where how the applicant came up with a $1,908,463 lease costs for the project. Please explain.

Response: *In the course of responding to this question, the Applicant realized that the total rent had been stated incorrectly in the original application. The total rent for 10 years is $1,255,187.86 instead of $1,908,462.65. A detailed calculation of the rent for 10 years is included under Attachment C. A revised Project Costs Chart and revised page 16 are attached under Attachment D.*

Please include a brief description of the existing building that will house the proposed birthing center noting year built, # floors, zoning status, and a brief history of its use, including current occupancy status by other tenants and nature of same.

Response: *The building was constructed in 1996. It is a 2-story, wood-frame building zoned as Commercial Limited, which will accommodate Birthing Center occupancy. The building also has a basement, which is why the LOI references 3 floors. The basement has not been completed for occupancy, and The Applicant's lease will not include the basement. The current tenant for the building is Davishire Interiors, which will soon be*

vacating the building. The Applicant will be able to undertake necessary renovations timely if the certificate of need is granted.

3. Section B, Project Description, Item II.A. and Item IV (Floor Plan)

In reviewing with the June 4, 2014 letter from the architect, please discuss and point out on the floor plan how and from what location(s) the applicant intends to provide requisite laboratory and food services as required in the Department of Health licensure rules 1200-8-24-.06 (7) and (12), respectively. Where will the applicant clean and re-sterilize instruments and equipment?

Response: *The plan included with application under Attachment B, IV indicates the room for the required laboratory. The food service requirements in 1200-8-24-.06(12) will be provided form the room labeled "Family Room/Kitchen" in the floor plan filed with the original application. In the course of responding to this question, the Applicant realized the floor plan filed with the original application had inadvertently omitted the "Sterilization Room", the space in which instruments and equipment will be cleaned and re-sterilized. A correct floor plan is attached under Attachment E.*

Will the Birthing Center design conform to the 2010 AIA Guidelines for Design and Construction of Healthcare Facilities (or more recent version if available)?

Response: *Yes.*

4. Section C, Need, Item 1 (State Health Plan)

State Health Plan, Access – the absence of a licensed birthing center is noted. Given the demographics provided on page 15 as to % of county population that are Tenncare recipients & the % below the poverty level, please discuss the barriers to access facing females of child bearing age. In your response, please include a brief description of how the applicant plans to reach this population in creating awareness and demand for its services. In your response, please also describe what opportunities exist for provider participation in all the Tenncare managed care plans offered in Davidson County, including new plans being offered statewide beginning 2015.

Response: *Section 2301 of the Patient Protection and Affordable Care Act requires Medicaid plans to reimburse for services in a licensed birthing center. The Applicant understands that TennCare MCO plans already include the existing birthing centers in the state their networks. In light of the fact that there is currently no birthing center in the Nashville area, and in light of section 2301 of PPACA, the Applicant is confident that it will be included in all TennCare plans covering enrollees in Middle Tennessee, including those that may be offered in 2015 and subsequent years. The Applicant has been in contact with the TennCare plans currently serving Middle Tennessee, and it has received provider applications from them.*

State Health Plan, Health Care Workforce – the comments are noted, In terms of using the facility for clinical training, would the opportunity be open to other schools of nursing in addition to Vanderbilt? Would training be open to nurse midwifes & other clinical professionals of the other Birthing Centers in the state. Please discuss.

Response: *The Applicant is open to working with other schools of nursing for use of the facility as training site. The Applicant believes that the clinical staff at other Birthing Centers will have already been properly trained in order to comply with licensing and accreditation standards. The Applicant, however, will invite clinical staff from other Birthing Centers to participate in continuing education programs at the proposed facility.*

5. **Section C, Need, Item 1, Project Specific Criteria, Birthing Centers**

Item 1:

The comments are noted. Other than the absence of a birthing center in the county, an appreciation of the adequacy, capacity and utilization of existing hospital OB resources and utilization would be appreciated. Hospital capacity measures from the Joint Annual Report that may help illustrate same include OB bed complements & their utilization. Please provide the requested metrics for the response to HSDA Examiner's question # 8 (Section C, Need, Item 5) on page 5 of this correspondence.

Response: *The requested metrics have been provided in response to question 8 below.*

The question also provides an opportunity to address special circumstances which require additional services. One area of interest might be any special circumstances arising out of expanded insurance coverage options related to the provision of "essential benefits" under the Affordable Care Act being offered through the Health Insurance Exchange. Another may be the aspect of enhancing access for Tenncare recipients through the applicant's addition to MCO provider networks. Please comment

Response: *As noted above, section 2301 of PPACA requires Medicaid plans to reimburse for services at Birthing Centers, thus assuring the inclusion of the propose facility in TennCare networks. In addition, the Applicant believes there is a growing awareness among women and families of the cost and health benefits associated with low-risk deliveries in Birthing Centers, as evidenced by the 2013 survey Childbirth Connection, Listening to Mothers III , which found that 25% of women who have given birth in the past year would prefer a birthing center if available.*

Items 2 and 3:

For a further appreciation of the applicant's Davidson County service area, please complete the following table providing a summary of the total eligible female population and the total number of births from 2010 through the most recent year that birth data is available (e.g.2013).

Births by Female Residents of Davidson County, 2010-2013

Year	Female Population ages 15-44	Births to Female Residents ages 15-44	Births at Hospitals In County	Female Resident Births as a % of Hospital Births
2010	147,746	9,557	15,042	63.5%
2011	148,719	9,601	15,204	63.1%
2012	148,795	9,721	15,567	62.4%
2013	148,927	not available	11,189	not available
% Change	.8%	1.7% (2010-2012)	3.5% (2010-2012)	-1.7% (2010-2012)

Item 4 – what indications does the applicant have that the facility will be well received by TennCare MCOs? A discussion of provider network participation for this type of service would be helpful and any related information pertaining to low risk births by covered enrollees would be helpful here.

Response: *See discussion under questions 4 and 5 above.*

Please also include a description of arrangements that will be made to facilitate use by ethnic minorities such as Hispanic speaking persons.

Response: *Marketing and informational materials will be available in both Spanish and English. Translation services will be available through the service known as Language Line Solutions, which is a well-established translation service provider serving health care providers, government agencies and businesses.*

Item 5 – please include the additional metrics such as # OB beds and estimated bed occupancy.

Response: *See metrics provide in question 8 below.*

Item 6 – the applicant's plans to contract with VUMC as the back-up emergency transfer hospital as confirmed in the June 10, 2014 letter from C. Wright Pinson, MBA, MD (CEO of Vanderbilt Health System) is noted. Review of the draft emergency protocols reveals that transfer by ambulance may be warranted in certain circumstances. Has the applicant also contacted local emergency ambulance services? If so, please include a letter(s) of support for the project from same.

Response: *The Applicant has been in contact with the local ambulance service, MooreCare Ambulance Service. The ambulance service has no reservations about serving the facility, but did not feel that it was appropriate for it to submit a letter of support. The discussions with the ambulance service included plans for an orientation meeting when the facility is open and quarterly drills.*

The applicant states that the proposed birthing center is approximately 1 mile from VUMC. Please provide a map showing (MapQuest or google maps) with facility locations & name (s) of streets between same.

Response: *The requested map is included under Attachment F.*

Item 7 – please address consideration given to the use of fetal monitors at the proposed birthing center in circumstances where risk increases after the labor and birthing process begins. Please discuss the means and criteria by which the applicant intends to manage this process if fetal monitoring is unavailable to detect fetal distress.

Response: *The facility will comply with the standards for birthing centers established by the Commission for the Accreditation of Birth Centers, which require monitoring by use of intermittent auscultation with a hand held Doppler under the guidelines adopted by the American Congress of Obstetricians and Gynecologists (ACOG).*

Item 8 – hospital IP charges can be compared for Vaginal Deliveries (DRG540) on a low – high severity of condition scale using information from the 2012 Tennessee Hospital Charge Reports. This report can be found on the Department of Health/Health Statistics link to the toolbox on the HSDA website. The applicant can also include a comparison to charges of other existing birthing centers in Tennessee located in Knox, Wayne, Putnam and Monroe Counties (all of these birthing centers are provider members of Blue Cross's Tenncare MCO plan). Please review the information provided in the TDH report (e.g. the # of procedures by severity and average/median charge) and include a discussion of the findings in your response.

Response: *In the information in the application is from the 2012 Tennessee Hospital Charge Reports document for DRG 560, which is Vaginal Deliveries. DRG 540 is Caesarean Deliveries. The information in the application is for Vaginal Deliveries classified as "minor", on the belief that this classification most closely relates to the low risk births that will occur in the proposed Birthing Center. The table below includes all categories and the numbers of births associated with each category. As noted in the original application, the patient charges in the Tennessee Hospital Charges Report do not provide a meaningful comparison to the Applicant's charges, because the hospital charges do not include any professional fees or newborn charges, whereas the Applicant's charge is all inclusive.*

Vaginal Delivery (DRG 560)

Hospital Name	Minor Number	Charge	Moderate Number	Charge	Major Number	Charge
Nashville General Hospital	181	5,836	158	6,943	60	8,462
St. Thomas Midtown Hospital	2,259	12,885	1,211	14,961	185	20,293
Vanderbilt University Hospital	1,266	10,548	1,287	11,399	251	14,042
TriStar Centennial Medical Center	1,088	16,188	431	17,883	48	22,812
TriStar Summit Medical Center	506	12,976	202	14,002	25	15,414

According to the Department of Health website, the three Birthing Centers licensed in the state are Infinity Birthing Center in Cookeville, Lisa Ross Birth and Women's Center in Knoxville, and Women's Wellness and Maternity Center in Madisonville. The Applicant has been informed that the Birthing Centers are not required to file Joint Annual Reports, and the Applicant is unaware of any other source of patient information regarding the Tennessee birthing centers.

Item 9 – Your response is noted.

Please identify who the applicant proposed to appoint as the Medical Director and provide documentation of the medical director's professional credentials, including the following: a copy of proposed medical director's board certificate, curriculum vitae, letter of hospital obstetrical admitting privileges, and the number of deliveries which the appointee has supervised for each of the past three years.

Response: *VUMC has not yet identified the individual it will provide as Medical Director. The Medical Director will be board certified in obstetrics and gynecology, on the faculty of Vanderbilt University School of Medicine and an experienced clinician. In light of Vanderbilt's national reputation medical education and clinical services, the Applicant is confident that a highly-qualified, experienced physician will serve as Medical Director. The Applicant will provide the Agency staff with the name and credentials of the Medical Director when the individual has been identified.*

Please provide documentation of the professional credentials for each of the physicians who will be practicing at the proposed birthing center, including the following: a copy of the physician's board certificate, curriculum vitae, letter of hospital obstetrical admitting privileges and the number of deliveries which the appointee has supervised for each of the past three years.

Response: *Birthing Centers are staffed solely by midwives and have no physicians on staff other than the Medical Director.*

6. Section C, Need, Item 2 and Section C, Orderly Development, Item 2

It appears that physicians of the OB service of VUMC are key potential referral sources for the applicant. Given the other hospitals with OB services in the county and the large private practice physician community, please describe the applicant's plans to develop its referral base, create awareness and otherwise create a market niche for the proposed birthing center in the medical community.

Response: *Birthing Centers do not rely on referrals from physicians and hospitals, but patients chose the Birthing Center option as a matter of self-selection. The Applicant will engage in a public awareness campaign in the Nashville area through various means, including communication with primary care physicians and clinics, the Metro Nashville Health Department and social services organizations.*

Please also comment on similar development activities with health insurance, local business community leadership and elected public officials to gain support for the facility. What are the expectations of these parties, if any, concerning the applicant's leadership and role in addressing the health care needs of the target maternal population located in the county?

Response: *Considering that 25% of recent mothers would prefer the birth center option if available, and in light of the economic and health value associated with Birthing Centers as confirmed by the coverage mandate in PPACA, the Applicant does not believe there will be any lack of support from community and political leadership. The Applicant anticipates working collaboratively with primary care physicians, health department sites and women's health advocates to promote awareness and understanding of the Birthing Center option.*

Please provide descriptions of the applicant's plans to coordinate the referral of potential OB patients to other providers that do not qualify for admission to the proposed birthing center. Please also discuss the plans of members of the applicant's physician and clinical staff to coordinate patient care with the medical staffs of other hospitals that have the capacity to absorb the additional volumes from the applicant's birthing service.

Response: *If a patient who is determined not to be a candidate for the Birthing Center option, she will be provided a list of obstetricians and other resources that she can use in determining her alternative. In the case of an urgent referral, the patient will be referred to VUMC, consistent with VUMC providing the clinical staff for the Birthing Center. In this situation, the patient's relevant information will be transmitted immediately to labor and delivery staff at VUMC in order to expedite care.*

7. Section C, Need, Item (4.B.)

Please complete the following table providing the total eligible female population and the total number of births to female residents of the 5-county service area during the most recent year that birth data is available:

Year	Female Population age 15-44	Births to Female Residents ages 15-44
2010	147,746	9,557
2011	148,719	9,601
2012	148,795	9,721
2013 (if known)	148,927	unknown
% Change	.8%	1.7% (2010-2012)

8. Section C, Need, Item 5

The table in the response is noted, review of TDH records on the Department's website (Special reports) reflects that there were 9,699 live births by Davidson County females ages 15-44 in 2012. Using this number, your births in the response, and utilization information from the hospital JAR, please add information for the total # of hospital OB beds in service and their occupancy and complete the table provided below. As a suggestion, the applicant may wish to obtain information for the table from the following sections of the JAR: Schedule D for #OB beds and deliveries (vaginal and cesarean), Schedule F and Schedule G (please refer to MDC 14 and identify the hospital's patient days for its OB beds to measure occupancy).

Hospital OB Capacity and Utilization in Davidson County, 2010 - 2013

	2013	2012	2011	2010
# births by female residents of county age 15-44	unknown	9,721	9,601	9,557
Total # births reported by Davidson County hospitals (JAR)	11,189 (2 hospitals not reporting)	15,567	15,207	15,042
# births at hospitals classified as vaginal deliveries	7,107 (excludes Centennial & Summit)	9,766	9,365	9,102
Total hospital OB beds set up and staffed (Post-Partum and LDRP rooms)	110 (excludes Centennial and Summit)	167	167	149
OB Bed occupancy*	91.6% (excludes days and beds at Centennial and Summit	82.9%	81.6%	95.3%

**Note: OB bed occupancy as based on patient days for MDC 14 in Schedule G of Joint Annual Report*

Based on the table, it appears that female residents of Davidson County ages 15-44 might have accounted for 60% of all births reported by county hospitals in the 2012 JAR. However, the percentage is lower when factoring in outmigration, other sites, etc. What information can the applicant provide in this regard?

Response: *While it is likely a reasonable assumption that most if not all Davidson County mothers deliver in Nashville hospitals, the applicant is unaware of any source of publicly available to confirm this. On the other hand, these numbers do establish that at least approximately 40% of births in Nashville hospitals are delivered to mothers in-migrating from other counties, and perhaps even more if some of the Nashville mothers are out-migrating to other counties. The level of in-migration has nominal if any impact on the*

Applicant's project, because the Applicant expects most patient will be Davidson County residents.

9. Section C, Need, Item 6

The response is noted. Please identify & describe the factors that contributed to the applicant's projection of 345 cases in the first year increasing by approximately 40% to 480 cases in Year 2. Examples of factors that might apply to the initial estimate followed by the 40% increase from Year 1 to Year 2 could include: discussions with patients, number of patients inquiring about lower cost options; percent self- paying patient, percent TennCare patients, etc.

Response: *For the purposes of presenting a conservative projection, the applicant assumed an extended ramp up period extending well into the first full year of operation. This has the effect of causing the projection for the 2nd full year to appear to be a significant increase. As discussed in the original application and in this response, the volume projection are easily attainable based on the demand for Birthing Center option, the mandated coverage under PPACA, the number of potential patients and the cost and health benefits associated with the Birthing Center model.*

Please provide the birthing center's utilization broken out by referral sources and payor mix for Year 1 and Year 2. What payor class accounts for the majority of the 40% increase in births at the proposed facility from Year 1 to Year 2 of the project?

Response: *In the course of responding to this question, the applicant realized that projected TennCare revenues in year 1 were misstated in the original application on page 23. Year 1 TennCare revenues should have been stated as $776,250 instead of $600,000. Included as Attachment G is a replacement page 23.*

The Applicant expects the payor mix for both years to be as follows:

TennCare – 30%
Commercial Insurance – 46%
Self-pay – 11%
Charity/Bad Debt – 13%

The Applicant expects the growth in year 2 to be essentially spread evenly across all payor categories.

Please identify the number of referrals by source such as physicians and self-referrals to help support the projected # births in Year 1 and Year 2.

Response: *As explained above in response to question 6 above, Birthing Centers do not rely on referrals from physicians and other providers, but patients self-refer based on their desire to experience the benefits of the Birthing Center model.*

Using deliveries reported by the 5 hospitals in your response, please identify an estimate for the # that might have been eligible for its birthing center option and complete the table below. Note: the estimate could be based on the applicant's experience in its birthing centers in other states, medical research or information from referral sources.

Hospital	2012 Total Births	Births by Vaginal Delivery	Estimated # Eligible for Birthing Center Option
Vanderbilt	4,246	3,084	633
St. Thomas Midtown	6,522	3,966	1,130
Nashville General	689	350	91
Centennial	2,998	1,747	544
Summit	1,112	769	253

Response: *Dr. Cara Osborne, the CEO of Baby + Company and the co-founder of Maternity Centers of America, is a highly-accomplished clinician, researcher and educator in the fields of midwifery and birthing centers. Dr. Osborne's biographical summary is included in Attachment B. Based on Dr. Osborne's experience and judgment, a conservative estimate of births eligible for the birthing center option is 50% of the vaginal births classified as "minor" in the table set forth in the response to question 5, item 8 above. The preceding table was completed using this estimate.*

10. Section C, Economic Feasibility, Item 1 (Project Cost Chart)

As noted in the previous question pertaining to Section A, Item 6 (legal interest in site), please clarify the amount of rentable square feet and the cost of the 10-year lease amount. If in error, please provide a replacement page for the chart.

Response: *Please see response to question 2 and Attachment C.*

11. Section C, Economic Feasibility, Item 4 (Projected Data Chart)

The Projected Data Chart is noted. In terms of operating revenue, it appears that Year 1 gross revenue is $7,500 per birth and Year 2 is $8,251 per birth. Deductions are $3,252 per birth for both periods. Please explain the differences from the amounts provided (note: differences may also apply to item 5 on page 19 and item 6 on page 23).

Response: *Gross revenue per birth in year 2 is $7,500 (480 x $7,500=$3,600,000), so it is reasonable to assume that adjustments would be likewise similar.*

Please provide a breakout of the amounts of the VUMC staffing support cost identified in "other expenses" as to the amounts estimated for physician coverage and nurse midwife coverage.

Response: *In the course of responding to this question, the applicant realized that some expenses in the original Project Data Chart were classified incorrectly. The original Chart mistakenly included in line D.1 payments to VUMC for midwife salaries, and the payments to VUMC listed as "Other Expenses" mistakenly included miscellaneous expenses that the facility will incur and pay directly. In addition, the amount of rent was overstated as explained in the response to question 2 above. A revised Projected Data Chart is included as Attachment H, which includes a more detailed explanation of "Other Expenses."*

In response to the question asked, payments to VUMC in connection with midwife services will be $634,375 annually in years 1 and 2, and payments for medical director services will be $12,000 annually in years 1 and 2.

Considering the table below, please provide an explanation for the decreases in operating expenses (as measured on a per birth basis), including the 30% decrease in VUMC's professional services. Please also summarize the rationale for the growth in births leading to the 200% increase in the proposed birthing center's net operating income (NOI).

Financial Indicator (per projected birth basis)	**Year 1 345 births**	**Year 2 480 Births**	**% Change**
Gross Revenue/Birth	$8,185/birth	$8,251/birth	1% increase
Total Operating Expenses/Birth	$4,465/birth	$3,600/birth	20% decrease
VUMC Professional Services	$995/birth	$710/birth	30% decrease
Net Operating Income	$467/birth	$1,400/birth	200% increase

Response: *As noted above, gross revenue per birth is $7,500 in both years 1 and 2. The difference in net operating income per birth between year 1 and year 2 results from spreading fixed cost over more births. The labor cost associated with increasing volumes from 345 to 480 (40%) increases only $29,331. It should be noted that the slight decrease in the amount payable to VUMC from year 1 to year 2 is based on the assumption that more clinical management time will be required in year1 in connection with implementing policies and procedures, initiation of service, etc.*

Given the start-up capital of $754,974 identified in the letter from John Morrissey, CFO, Fortress Equity Partners, LP, should some amount be included in the Projected Data Chart for repayment or will same be forgiven by MCA's investor/owner? Please clarify. If so, please describe the general terms that apply and include the amount as an expense in a revised chart.

Response: *The contribution to the owner from Fortress Equity Partners, LP, is an equity investment and there is no repayment obligation.*

12. Section C, Economic Feasibility, Item 9

The consolidated and unaudited financial statements of Maternity Centers of America (MCA) for the period ending May 31, 2014 are noted. In light of MCA's net income loss of $551,742, a current ratio of 0.8 to 1.0, and other MCA projects under development in other states, please address what measures will be taken to reduce the financial risk of this project.

Response: *In light of the high demand for the Birthing Center option, the robust market in Nashville for the option based on the number of uncomplicated births and the absence of the options in the market, as well as the Applicant's arrangement with VUMC, the Applicant is confident of its ability to meet the financial projections. The Applicant also notes that its private equity investor, Fortress Equity Partners, is the private equity arm of Fortress Investment Group, LLC, a large, publicly traded asset management firm with substantial assets, as reflected in its financial statements referenced in the next response.*

Given the applicant's investor/ownership relationship to Fortress Equity Partners (FEP) and FEP's start-up capital support, please provide the requested financial information from FEP for the most recent 12-month operating period available.

Response: *FEP does not prepare any public financial statements. For purposes of this application FEP prepared a balance sheet as of May 31, 2014, which is included in Attachment I. FEP is wholly-owned by Fortress Investment Group, LLC. Also included under Attachment I is an excerpt from the 2013 audited financial statement for Fortress Investment Group, LLC, set forth in its 10k filing with the Securities and Exchange Commission.*

13. Section C, Orderly Development, Item 2

Please complete the following chart for the key positive and negative effects of the proposed project:

Positive Effects	Negative Effects
1) option to hospital setting	1) small reduction of volumes at Nashville hospitals, mainly VUMC as it is the site of the only current midwife program in the city.
2) Provide low-risk mother with an option that is more cost-effective, contributes to a lower C-section rate and views child birth as a naturally occurring event rather than a health care event.	2)

SUPPLEMENTAL #1
June 27, 2014
1:20 pm

Positive Effects	Negative Effects
3) Creates an additional clinical site for training	3)
4) Provides facilities for pre-natal education	4)

Very truly yours,

BUTLER SNOW LLP

Dan H. Elrod

clw
Attachments

SUPPLEMENTAL #1
June 27, 2014
1:20 pm

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Davidson

NAME OF FACILITY: Baby + Company Nashville

I, Don Elrod, 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.

Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 27th day of June, 2014, witness my hand at office in the County of Davidson, State of Tennessee.

Sharron C. Couch
NOTARY PUBLIC

SHARRON C. COUCH
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY, TENN.
My Commission Expires MAR. 8, 2016

My commission expires March 8, 2016.

HF-0043

Revised 7/02

SUPPLEMENTAL #1
June 27, 2014
1:20 pm

Attachment A

SUPPLEMENTAL #1

June 27, 2014
1:20 pm

STATE OF TENNESSEE
Tre Hargett, Secretary of State
Division of Business Services
William R. Snodgrass Tower
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

Baby+Company Nashville 1 LLC
C/O MATERNITY CENTERS OF AMERICA LLC
STE 200
306 NE BLAKE ST
BENTONVILLE, AR 72712-5328

June 23, 2014

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

SOS Control # :	**762219**	Formation Locale:	DELAWARE
Filing Type:	Limited Liability Company - Foreign	Date Formed:	05/29/2014
Filing Date:	06/23/2014 3:50 PM	Fiscal Year Close:	12
Status:	Active	Annual Report Due:	04/01/2015
Duration Term:	Perpetual	Image # :	7353-2632
Managed By:	Member Managed		

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STE 2021
800 S GAY ST
KNOXVILLE, TN 37929-9710

Principal Address:
C/O FORTRESS INVESTMENT GROUP LL(
FL 46
1345 AVENUE OF THE AMERICAS
NEW YORK, NY 10105-0302

Congratulations on the successful filing of your **Application for Certificate of Authority** for **Baby+Company Nashville 1 LLC** in the State of Tennessee which is effective on the date shown above. Visit the TN Department of Revenue website (apps.tn.gov/bizreg) to determine your online tax registration requirements.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett
Secretary of State

Processed By: Tammy Morris

SUPPLEMENTAL #1
June 27, 2014
1:20 pm

Attachment B

SUPPLEMENTAL #1
June 27, 2014
1:20 pm

Name Cara Osborne	Position/ Title: Assistant Professor Eleanor Mann School of Nursing
eRA COMMONS USER NAME (credential, e.g., agency login) CARAOSBORNE	University of Arkansas 606 Razorback Road 479-575-5700

Education/Training

INSTITUTION AND LOCATION	DEGREE *(if applicable)*	YEAR(s)	FIELD OF STUDY
Mary Baldwin College, Staunton, VA		1995-1996	Biology
Transylvania University, Lexington, KY	BA	1996-1999	Biology
Vanderbilt University, Nashville, TN	MSN	1999-2001	Nursing
Harvard University, Boston, MA	MS, SD	2002-2007	Public Health

Positions and Honors

Positions

The Birthplace at Wellesley	Birth Center Midwife	March 2002- Sept.2002
Brigham and Women's Hospital	Research Assistant	Jan. 2002- Sept. 2002
Women's Health Associates	Staff Midwife	Sept. 2003-Dec. 2004
Massachusetts General Hospital	Staff Midwife	Aug. 2005- Dec.2006
Frontier School of Midwifery and Family Nursing	Course Faculty	July 2007-Dec. 2008
Frontier School of Midwifery and Family Nursing	Course Coordinator	Jan. 2009- Aug. 2010
University of Arkansas	Assistant Professor	Aug. 2010-present
Birth Center of Northwest Arkansas	Co-Founder/Clinical Director	Dec. 2011- present

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Private Practice, LLC	VP of Informatics	Aug. 2013- Dec. 2013
Baby+Company LLC	CEO	Jan 2014-present

Selected peer-reviewed publications (of Total N = 5).

Susan Rutledge Stapleton CNM, DNP, Cara Osborne SD, CNM, Jessica Illuzzi MD, MS (2013) Outcomes of Care in Birth Centers: Demonstration of a Durable Model. *Journal of Midwifery and Women's Health.* 58 (1), 3-14.

Dunn, K. E., Osborne, C., & Link, H. J. (2012). Exploring the influence of students' attribution for success on their self-regulation in Pathophysiology. *Journal of Nursing Education, 51*(6), 353-357.

Dunn, K. E., Osborne, C., & Rakes, G. C. (*in press/online first*). It's not my fault: Understanding nursing students' causal attributions in Pathophysiology. *Nurse Education Today.* Retrieved from http://www.sciencedirect.com/science/journal/aip/02606917

Osborne C, Ecker J, Gauvreau K, Davidson K, Lieberman E. (2011) Maternal Temperature Elevation and Occiput Posterior Position at Birth Among Low-Risk Women Receiving Epidural Analgesia. *Journal of Midwifery and Women's Health.* 56 (5), 446-451.

Osborne C, Ecker J, Gauvreau K, Lieberman E. (2011). First Birth Cesarean and Risk of Antepartum Fetal Death in a Subsequent Pregnancy. *Journal of Midwifery and Women's Health,* 57 (3), 307.

Research Support

Centers for Medicare and Medicaid Services 02/15/2013 to 02/15/2017

Strong Start Program: Enhanced Prenatal Care to Decrease Preterm Birth

Role: Sub-award PI

College of Education and Health Professions 2012-2013 (academic year)

Identifying and Understanding Best Practices for Safe Clinical Practice through Simulation Research

Role: Co-PI

Foundation Grant, American Association of Birth Centers 08/01/11-07/31/12

Uniform Data Set

The goals of this project were to produce a descriptive analysis of the Uniform Data Set, a large birth registry maintained by the organization, and to rework the data entry form and database.

Role: PI

SUPPLEMENTAL #1
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1:20 pm

CURRICULUM VITAE

NAME: Pamela O. Jones, DNP, RN, NEA-BC

HOME ADDRESS: 3943 Woodlawn Drive
Nashville, Tennessee 37205

BUSINESS ADDRESS: Vanderbilt University Medical Center
1161 21st Avenue South
MCN AA-1204
Nashville, TN 37232-2100
email: pam.jones@vanderbilt.edu

LICENSURES: Registered Nurse, Tennessee
Registered Nurse, Georgia, Inactive

EDUCATION

Vanderbilt University School of Nursing, Doctorate in Nursing Practice, August 2013

Vanderbilt University School of Nursing, May 1992, Masters of Science in Nursing, Health Systems Management

Vanderbilt University School of Nursing, May 1981, Bachelors of Science in Nursing

OTHER EDUCATIONAL EXPERIENCE

The Johnson & Johnson/Wharton Fellows Program in Management for Nurse Executives, The Wharton School, University of Pennsylvania, June 2011.

Patient Safety Executive Development Program, Institute for Healthcare Improvement, September 2010.

CERTIFICATIONS

American Nurses Credentialing Center, Nurse Executive Advanced, December 9, 2010 to December 8, 2015

HONORS AND AWARDS

Excellence in Teaching Award for Educational Innovation, Vanderbilt University School of Nursing, 2007

Member of Sigma Theta Tau Honor Society

PROFESSIONAL EXPERIENCE

Vanderbilt University Medical Center

Chief Nursing Officer/Associate Hospital Director, Patient Care Services,Vanderbilt University Hospital, April 2008 – Present

Position is the Chief Nursing Officer for Vanderbilt University Hospital. Responsible for a total annual budget of $136.3 million and 1561 full time equivalents (FTEs). Position has a dual direct reporting to the Chief Executive Officer and Executive Chief Nursing Officer.

Vanderbilt University Hospital is an regional referral center with 580 acute care beds. Services are comprehensive and include; Level 1 trauma center, burn center, regional high-risk perinatal center with fetal surgery program, heart and vascular institute, cancer institute, organ transplant program and other general medical and surgical services. Chief Nursing officer position is responsible for all inpatient nursing services, Emergency Department, LifeFlight helicopter and fixed wing programs, respiratory therapy, social services, case management, utilization management and access. Vanderbilt University Hospital has over 36,000 acute care discharges, 4,000 deliveries, 3,500 newborn discharges, and 62,000 emergency department visits.

Vanderbilt University Medical Center received Magnet re-designation in April of 2012.

Vanderbilt University School of Nursing

Academic Appointments

Adjunct Assistant Professor, Vanderbilt School of Nursing, DNP Program, August 2013 - Present
Adjunct Assistant Professor, Vanderbilt School of Nursing, MSN Program, July 2009 – July 2012
Assistant Professor, Health Systems Management, September 2006 – March 2008
Instructor, Health Systems Management, April 2002 – September 2006

Teaching responsibilities in the Health Systems Management and Clinical Nurse Leader programs. Particular areas of emphasis included leadership, financial management, strategic planning and program development.

Administrative Appointments

Assistant Dean for Faculty Practice, February 2007 – March 2008
Business Officer, University Community Health Services, September 2006 – March 2008
Administrative Officer for Faculty Practice, March 2004 – September 2006
Coordinator Kellogg Birth Center Project, Instructor, April 2002 – March 2004

Administrative functions at VUSN included administrative oversight for the faculty practice division. VUSN has one of the largest faculty practice divisions in the country. This role included the business Officer role for University Community Health Services (UCHS). UCHS was a nurse-managed clinic established by the school of nursing to provide care for underserved populations in Nashville and surrounding areas. Contributed to the successful completion of an FQHC application for UCHS.

Baptist Women's Pavilion Hospital, March 1999 – April 2002, Chief Executive Officer

Position was responsible for all operations of Baptist Women's Pavilion Hospital, which was a 22 bed women's hospital located in the North Tower on the Baptist Campus. I was hired 6 months prior to the hospital opening in October of 1999 and was responsible for operationalizing all aspects of the facility. The facility included a six (6) bed operative suite that performed inpatient and outpatient surgery and an LDPR unit with 2000 deliveries per year. The facility also included a comprehensive breast center. This position also functioned as the Chief Nursing Officer for the organization.

Tennessee Christian Medical Center, August 1997 – March 1999, Chief Operating Officer

Executive position reporting to the CEO responsible for all operations of Tennessee Christian Medical Center. Tennessee Christian Medical Center is a not for profit organization owned and operated by Adventist Health System, Sunbelt. Operational responsibilities included a 234-bed hospital facility located on the Madison Campus, a 36-bed satellite facility located in Portland, Tennessee and multiple clinics and outpatient programs located throughout Middle Tennessee. Served as a member of numerous corporate committees including Corporate Clinical Council, MIS Council,

Formulary Development Task Force and Operational Strategic Planning Task Force.

Tennessee Christian Medical Center, April 1996 – August 1997, Vice President, Clinical and Professional Services

Nursing executive position responsible for acute medical - surgical services, sub acute services and all ancillary services. Functioned as Chief Nursing Officer responsible for clinical standards and regulatory compliance.

Centennial Medical Center, May 1994 – January 1996, Vice President, The Women's Hospital

Executive position reporting to the CEO of Centennial Medical Center responsible for The Women's Hospital. The Women's Hospital is a 160 bed freestanding women's hospital that includes an outpatient diagnostic and treatment center. Areas of operational responsibility included: the Neonatal Intensive Care Unit, Labor/Delivery/Recovery, High Risk Antepartum and Labor Unit, Post-partum Unit, Well Baby Nursery, Pediatric Unit, Women's Surgery Unit and Women's Hospital Health Center. Additionally functioned in a program development and physician liaison role for operative services.

Responsibilities included strategic planning for Women's Hospital, network development, new program development and physician relations. Responsible for ensuring JCAHO compliance within the Women's Hospital.

Centennial Medical Center – West Side, October 1990 – May 1994, Administrative Director, Women's and Children's Services

Nursing executive position reporting to the Vice President of Nursing. Areas of operational responsibility included: the Neonatal Intensive Care Unit, Labor/Delivery/Recovery, High Risk Antepartum and Labor Unit, Maternal-Infant Unit, Pediatric Unit, two Adult Medical and Surgical Units and Women's Resource and Procedure Center. Additional responsibilities include strategic planning, program development and physician relations.

Centennial Medical Center – West Side, February 1990 – October 1990, Nurse Manager – Nurseries

Leadership responsibilities included a 20 bed Level III Neonatal Intensive Care Unit and a 32-bed Well Baby Nursery. Position was responsible for the nursing operations of these two units as well as marketing and physician relations. Served on the core planning team for the development of a new Maternal-Infant Unit and the transition from LDRP to LDR.

Children's Healthcare, Inc, February 1989 – February 1990, Deputy Corporate Director of Nursing

Leadership position that had primary responsibility for the nursing operations of Children's Healthcare. Children's Healthcare is a pediatric home nursing company that had 6 local offices in three states employing a total of 350 full/part time pediatric and neonatal nurses. Administrative responsibilities included: supervision and evaluation of local Directors of Nursing, local office budget determination, reimbursement rate negotiations with managed care companies, quality assurance, JCAHO preparation, identification and development of new markets and program development in existing markets.

Vanderbilt University Medical Center, April 1985 – February 1989, Nurse Coordinator
Pediatric Intensive Care Unit, Pediatric Intermediate Intensive Care Unit

Management position which had responsibility for a 16 bed pediatric intensive and intermediate care unit. Vanderbilt University Medical Center is a teaching and regional referral center. Responsibilities included budget determination and monitoring, hiring and staffing decisions, instituting progressive discipline,

evaluating employee performance, scheduling and quality assurance on the unit level. Total FTE responsibilities were 49.4.

Vanderbilt University Medical Center, March 1984 – April 1985, Assistant Nurse Coordinator Neonatal Intensive Care Unit

Position was responsible for the 3-11 shift in the Neonatal Intensive Care Unit and Intermediate Nursery.

Vanderbilt University Medical Center, January 1983 – March 1984, Staff Nurse, Neonatal Intensive Care Unit

Staff nurse position responsible for total patient care provision for acutely ill neonates.

Henrietta Egleston Children's Hospital, August 1981 – March 1982, Staff Nurse I and II, Neonatal Intensive Care Unit

Staff nurse position responsible for total patient care. Assumed charge nurse duties and was promoted to Staff Nurse II within six months of beginning as a new graduate.

TEACHING EXPERIENCES

Financial Management, Health Systems Management Tract, Course Coordinator

Health Systems Administration Practicum II, Health Systems Management Tract, Course Coordinator

Health Systems Administration Practicum I, Health Systems Management Tract Course Coordinator

Strategic, Administrative and Clinical Decision Making, Clinical Nurse Leader Tract, Course Coordinator

PUBLICATIONS

Feistritzer, N. R., & Jones, P.O. A proof of concept implementation of a unit-based advanced practice registered nurse (APRN) role: Structural empowerment, role clarity and team effectiveness. *Nursing Clinics of North America.* March, 2014.

Kapu, A., Thomson-Smith, C., & Jones, P. Developing a 24/7 intensivist NP program: The Vanderbilt Experience. *The Nurse Practitioner.* August, 2012.

PRESENTATIONS

Structural Empowerment: Outcomes of Adding Acute Care Nurse Practitioners to Inpatient Care Teams. American Association of Nurse Practitioners Annual Conference, Nashville, Tennessee, June 2014.

Evidence-based Practice – A Tool for Value Creation. Evidence-based Practice and Nursing Research Brown Bag Series, Vanderbilt University Medical Center, Nashville, Tennessee, February 2014.

Outcomes of Adding Nurse Practitioners to Interprofessional Teams Utilizing Structural Empowerment Theory. American Nurses Association Quality Conference, Phoenix, Arizona, February 2014.

Improving Outcomes with Anticipatory Care. Tennessee Nurses Association Convention, Murfressboro, Tennessee, October 2013.

Structural Empowerment: Outcomes of Adding Nurse Practitioners to Interprofessional Teams. Poster Presentation. Tennessee Nurses Association Convention, Murfressboro, Tennessee, October 2013.

Financial Impact of Adding Nurse Practitioners to Inpatient Models of Care Utilizing Structural Empowerment Theory. University Hospital Consortium Annual Conference, Atlanta, Georgia, October 2013.

Structural Empowerment: Outcomes of Adding Nurse Practitioners to Interprofessional Teams. National Doctors of Nursing Practice Conference, Phoenix, Arizona, September 2013.

Building a 24/7 Intensivist NP Program – The Vanderbilt Experience. American Association of Nurse Practitioners Annual Conference, Orlando, Florida, June 2012.

Building a 24/7 Intensivist NP Program. Poster Presentation. American Nurses Association, January 2012.

Keeping Practices Solvent. American Association of Colleges of Nursing, Newport Beach, California, February 2008.

Business Planning for Advanced Practice Nurses. Vanderbilt University School of Nursing, July 2007.

Introduction to Health Care Fiscal Planning. Vanderbilt University School of Nursing, May 2007.

A Preliminary Cost Benefit Analysis of a House Calls Program for Frail Seniors. National Association of Nurse Managed Centers Annual Conference, Delray Beach, Florida, October 2006.

Business Plan Development and Strategic Planning for Nurse Midwives. Nurse Midwives Specialty Tract, Vanderbilt University School of Nursing, August 2004, 2005, 2006 & 2007.

Billing and Coding for Nurse Midwives. Nurse Midwives Specialty Tract, Vanderbilt University School of Nursing, August 2004, 2005, 2006 & 2007.

Changing Healthcare Markets and Strategic Decision Making. Financial Management Course, Vanderbilt University Graduate School of Nursing, February 21, 1994.

Substance Abuse and Narcotic Addiction in Nurses: What Nurse Managers Need to Know. Nursing Leadership Course, Belmont University School of Nursing, March 29, 1993.

Operational and Strategic Decision Making: Financial Implications and Strategies. Financial Management Course, Vanderbilt University Graduate School of Nursing, February 15, 1993.

Quality Improvement Training Series. Centennial Medical Center, Instructor, March 2, 1992.

Program Evaluation and Strategic Decision Making. Financial Management Course, Vanderbilt University Graduate School of Nursing, April 1, 1992.

Quality Improvement Seminar. Belmont University School of Nursing, April 7 and 9, 1992.

Marketing and Market Niche Identification. Financial Management Course, Vanderbilt University Graduate School of Nursing, February 19, 1992.

CONSULTANT ACTIVITIES

Northeast Oklahoma Community Health Center Kellogg Grant, 2004 – 2006, Birth Center Technical Assistance.

Tennessee Birth Center Network, 2002 – 2004, Leadership and Management Assistance.

PROFESSIONAL ORGANIZATIONS

American Nurses Association
Tennessee Nurses Association
Tennessee Organization of Nurse Executives
American Organization of Nurse Executives

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June 27, 2014
1:20 pm

CURRICULUM VITAE

Angela Wilson-Liverman, MSN, CNM, FACNM

Department of Obstetrics and Gynecology
Division of Midwifery and Advanced Practice
Vanderbilt University Medical Center
Center for Women's Health
One Hundred Oaks
719 Thompson Lane, Suite 27100
Nashville, Tennessee 37204
(615) 875-0636

PERSONAL DATA:

7964 Hooten Hows Road
Nashville, TN 37221
(615) 349-7728
Spouse: Doug Liverman
Son: Dylan Liverman 6/11/93
Daughter: Morgan Liverman 1/15/96

EDUCATION:

June 1990	Bachelor of Science in Biology University of North Carolina Chapel Hill, North Carolina
Aug. 1998	Basic professional nursing component of the MSN Specialty Program Vanderbilt University School of Nursing Nashville, Tennessee
Dec. 1999	Master of Science in Nursing Nurse Midwifery Vanderbilt University School of Nursing Nashville, Tennessee

LICENSURE / CERTIFICATIONS:

Jan. 2000 – Present	ACNM Certification Council Exam - Certificate #9825
Dec. 2000	Advanced Registered Nurse Practitioner State of Florida #3407452

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Jan. 2005 – Present	Neonatal Resuscitation Program Certification
Apr. 2007 – Present	Advanced Practice Nurse, Board Certified Nurse Midwife State of Tennessee Board of Nursing (Renewed 4/2011) APN #7897
Nov. 2010 – Present	Certified in Electronic Fetal Monitoring The National Certification Corporation

ACADEMIC / HOSPITAL APPOINTMENTS:

Feb. 1994 – Jul. 1997	**Biology Teacher** International Baccalaureate Program Instructor South Fork High School, Stuart, FL
Dec. 1999 – Nov. 2000	**Nurse-Midwife** Full Scope Nurse-Midwifery Practice OBGYN Associates, Cookeville, TN Cookeville Regional Medical Center Allied Health Staff
Nov. 2000 – Apr. 2002	**Nurse-Midwife** The Women's Center of Martin County, Stuart, FL Martin Memorial Medical Center Allied Health Staff
Apr. 2002 – Apr. 2007	**Nurse-Midwife** **Electronic Medical Record Manager** Physicians to Women, Stuart, FL Martin Memorial Medical Center Allied Health Staff
Apr. 2007 – Present Sept. 2011 – Present	**Assistant Professor of OBGYN** **Director, Division of Midwifery & Advanced Practice Nursing** Obstetric Patient Care Committee- Inpatient Patient Care Committee- Ambulatory Education Committee Labor and Delivery Quality Improvement Committee Department of OBGYN Vanderbilt University School of Medicine, Nashville, TN Vanderbilt University Hospital Allied Health Staff
Nov. 2013- Present	NorthCrest Regional Medical Center Allied Health Staff Co-Chair, NorthCrest Perinatal Quality Committee

HONORS/AWARDS:

1997-1998	Hilliard Travis Scholarship Recipient Vanderbilt School of Nursing

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1998-1999	Valere Potter Scholarship Recipient, Vanderbilt School of Nursing
Apr. 1999	Sigma Theta Tau International Honor Society of Nursing
Jun. 1999	Wyeth-Ayerst Student Reporter Scholarship Recipient 44th Annual Meeting of the American College of Nurse-Midwives
Dec. 1999	Outstanding Student in the Nurse-Midwifery Specialty Vanderbilt University School of Nursing
Dec. 1999	Tennessee Chapter of the American College of Nurse Midwives Scholarship Recipient
Nov. 2004	Most Successful Implementation of GE Centricity Electronic Medical Record in the US for 2004
May 2013	*Elevate* Credo Award- Center for Women's Health
June 2013	Fellowship Induction American College of Nurse-Midwives
Aug. 2013	Governor Haslam's Perinatal Technical Advisory Group Appointee Tennessee's Payment Reform Initiative
Dec. 2013	Obstetrical Quality and Safety of Care Award Vanderbilt Department of OBGYN
May 2014	Advanced Practice Nurse of the Year Vanderbilt University Medical Center

PROFESSIONAL MEMBERSHIPS:

1998 - Present	American College of Nurse-Midwives
2004 - 2010	Student Committee Chairperson
2011- 2013	Midwives in Medical Education Caucus Chairperson
2013- Present	National Program Committee
1998 - 2000	Tennessee Chapter of the American College of Nurse-Midwives
2007 – Present	Nominating Committee, Chair
2012	Local Program Committee, Co-Chair
2004 - 2007	GE Centricity Healthcare User Group
2006 - 2007	Treasure Coast (FL) Chapter of the ACNM Group Organizer/Founder

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	Chapter Chairperson
2008 - Present	American Congress of Obstetrics & Gynecology

TEACHING ACTIVITIES & PRESENTATIONS:

Oct 2001	*Second Stage Labor Management*- OB Potpourri, Martin Mem. Med. Ctr.
Mar 2002	*Midlife Health*- 2nd Saturday Series- The Women's Center of Martin Co
Oct. 2002	*Labor Support Techniques*- OB Potpourri, Martin Memorial Med. Ctr.
Nov 2002-2007	*Women's Health Careers*- Martin County High School
Feb 2003	*Women's Health* – WSTU Radio Show- Stuart, FL
Oct 2003	*Female Sexual Dysfunction* – OB Potpourri, Martin Memorial Med. Ctr.
Nov 2004	*Embryonic Stem Cell Research*- OB Potpourri, Martin Mem. Med. Ctr
Nov 2005	*Utilization of Centricity EMR in an Ambulatory OBGYN Setting*-invited speaker- GE Centricity Healthcare User Group Annual Mtg- Dallas, TX
May 2006	*Student Exam Prep Workshop-Program Coordinator*-American College Annual Meeting, Salt Lake City, UT
Oct 2006	*OBGYN Workflows*- invited speaker- GE Centricity Healthcare User Group Annual Mtg-Dallas, TX
May 2007	*Student Exam Prep Workshop-Program Coordinator*-American College Annual Meeting, Chicago, IL
Dec 2007	*Post Dates Pregnancy Management*- High Risk OB Conference- invited speaker-Vanderbilt University Medical Center, Dept of OBGYN, Nashville, TN
May 2008	*Intrauterine Contraception Training Workshop*- ACNM Annual Meeting, Boston, MA
May 2008	*Student Exam Prep Workshop-Program Coordinator*-American College Annual Meeting, Boston, MA
July 2008- Pres.	*OBGYN Intern Boot Camp*- Vanderbilt Department of OBGYN
July 2008- Pres.	*OBGYN Intern Intrapartum Didactics*- Vanderbilt Department of OBGYN

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Dec 2008	*Point/CounterPoint: Primary Cesarean for Protection of the Perineum*- High Risk OB Conference -invited speaker- Vanderbilt University Medical Center, Department of OBGYN
Jan 2009	*Cesarean Delivery on Maternal Request*- OBGYN Resident Didactics
May 2009	*Student Exam Prep Workshop*-Program Coordinator-American College Annual Meeting, Seattle, WA
May 2010	*Midwifery In America*- Professional Issues Course Guest Lecture-Vanderbilt School of Nursing, Nurse-Midwifery Program
June 2010	*Student Exam Prep Workshop-Program Coordinator*-American College Annual Meeting, Washington, DC
Jun 2011	*Midwives in Medical Education Workshop*- facilitator/peer-reviewed-American College of Nurse-Midwives 56th Annual Meeting, San Antonio, TX
Jun 2011	*When Diet Isn't Enough- Initiating Medication in your Gestational Diabetic Patient*- peer-reviewed- American College of Nurse-Midwives 56th Annual Meeting, San Antonio, TX
Jun 2011	*Post-Term Pregnancy Management*- peer-reviewed- American College of Nurse-Midwives 56th Annual Meeting, San Antonio, TX
July 2011	*Obstetrics (Preconception thru Postpartum)*- Trevecca Nazarene University OBGYN Course PAS 5230
Sept 2011	*Counseling Patients about Prenatal Genetic Testing Options*-Ambulatory OBGYN Nursing-invited speaker-Contemporary Forums, Orlando, FL
Sept 2011	*Initiating Medication in your Gestational Diabetic Patient*-Ambulatory OBGYN Nursing -invited speaker- Contemporary Forums, Orlando, FL
Dec 2011	*Induction Update 2011*- High Risk OB Conference, Vanderbilt University Medical Center- invited speaker- Department of OBGYN
June 2012	*Midwives in Medical Education Workshop*- course coordinator/peer reviewed- American College of Nurse-Midwives 57th Annual Meeting, Long Beach, CA
June 2012	*Induction Update 2012*- peer-reviewed- American College of Nurse-Midwives 57th Annual Meeting, Long Beach, CA
July 2012	*Obstetrics (Preconception thru Postpartum)*- Trevecca Nazarene University OBGYN Course PAS 5230

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September 2012	*Prenatal Testing*- Vanderbilt University Medical Center, Department of Neonatology, NICU Fellows Core Curriculum
June 2013	*Six is the New Four*- peer-reviewed- American College of Nurse-Midwives 58th Annual Meeting, Nashville, TN
June 2013	*Midwives in Medical Education Workshop*- course coordinator/peer-reviewed- American College of Nurse-Midwives 58th Annual Meeting, Nashville, TN
Dec 2013	*Six is the New Four*- High Risk OB Conference- invited speaker- Vanderbilt University Medical Center, Department of OBGYN
April 2014	*Six is the New Four*- Obstetric Nursing- invited speaker- Contemporary Forums, San Francisco, CA
April 2014	*To VBAC or not to VBAC: What does the evidence say?*- Obstetric Nursing- invited speaker- Contemporary Forums, San Francisco, CA
April 2014	*Post-Term Pregnancy Management: Update 2014*- Obstetric Nursing- invited speaker- Contemporary Forums, San Francisco, CA
May 2014	*To VBAC or not to VBAC: What does the evidence say?*- peer-reviewed- American College of Nurse-Midwives 59th Annual Meeting, Denver, CO

PUBLICATIONS:

Singer, Wilson, Wilson-Liverman and McGill. (May 2007). *ACNM Exam Prep Review Book.* American College of Nurse-Midwives, Silver Spring, MD.

Singer, Wilson, and Wilson-Liverman. (May 2008). *ACNM Exam Prep Review Book.* American College of Nurse-Midwives, Silver Spring, MD.

Wilson-Liverman, Wilson, and Lassiter. (May 2009). *ACNM Exam Prep Review Book.* American College of Nurse-Midwives, Silver Spring, MD.

Wilson-Liverman A, Slager, J, Wage, D. (Jul-Aug 2009). Documentation and Billing for Services Provided by Midwives Teaching Obstetrics and Gynecology Residents and Medical Students. J Midwifery and Women's Health 2009; 54: 282-286.

SUPPLEMENTAL #1
June 27, 2014
1:20 pm

Attachment C

SUPPLEMENTAL #1

June 27, 2014

1:20 pm

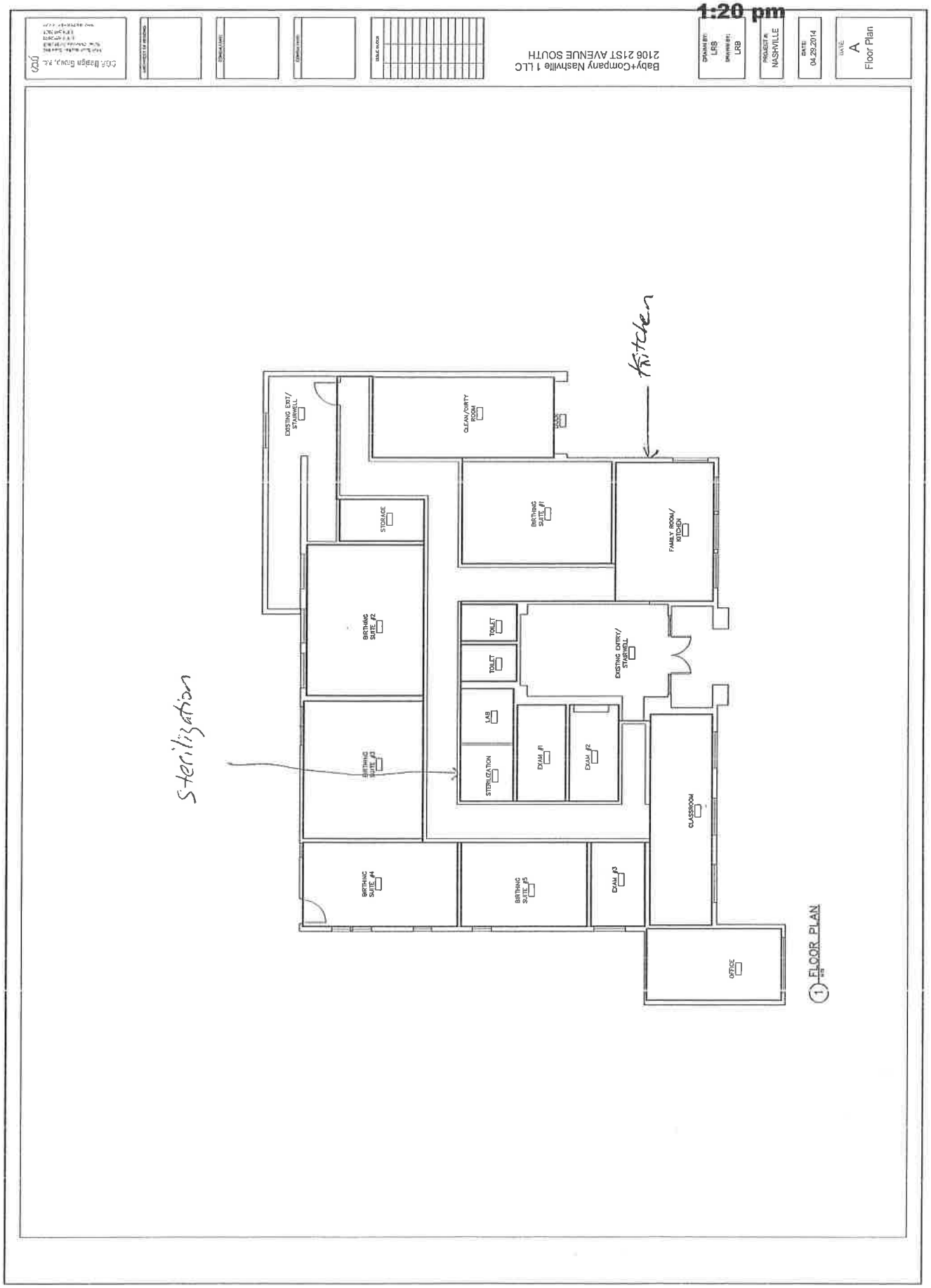
2106 21st Ave, TN

Year	Base Rent	Expenses	Total	SF	Yearly Rent	Monthly Rent
1	$ 18.50	$ 7.50	$ 26.00	4,350	$ 113,100.00	$ 9,425.00
2	$ 18.87	$ 7.73	$ 26.60	4,350	$ 115,688.25	$ 9,640.69
3	$ 19.25	$ 7.96	$ 27.20	4,350	$ 118,338.05	$ 9,861.50
4	$ 19.63	$ 8.20	$ 27.83	4,350	$ 121,050.93	$ 10,087.58
5	$ 20.02	$ 8.44	$ 28.47	4,350	$ 123,828.45	$ 10,319.04
6	$ 20.43	$ 8.69	$ 29.12	4,350	$ 126,672.22	$ 10,556.02
7	$ 20.83	$ 8.96	$ 29.79	4,350	$ 129,583.88	$ 10,798.66
8	$ 21.25	$ 9.22	$ 30.47	4,350	$ 132,565.11	$ 11,047.09
9	$ 21.68	$ 9.50	$ 31.18	4,350	$ 135,617.66	$ 11,301.47
10	$ 22.11	$ 9.79	$ 31.90	4,350	$ 138,743.30	$ 11,561.94
				Total Rent	**$ 1,255,187.86**	

SUPPLEMENTAL #1
June 27, 2014
1:20 pm

Attachment E

SUPPLEMENTAL #1
June 27, 2014
1:20 pm



SUPPLEMENTAL #1
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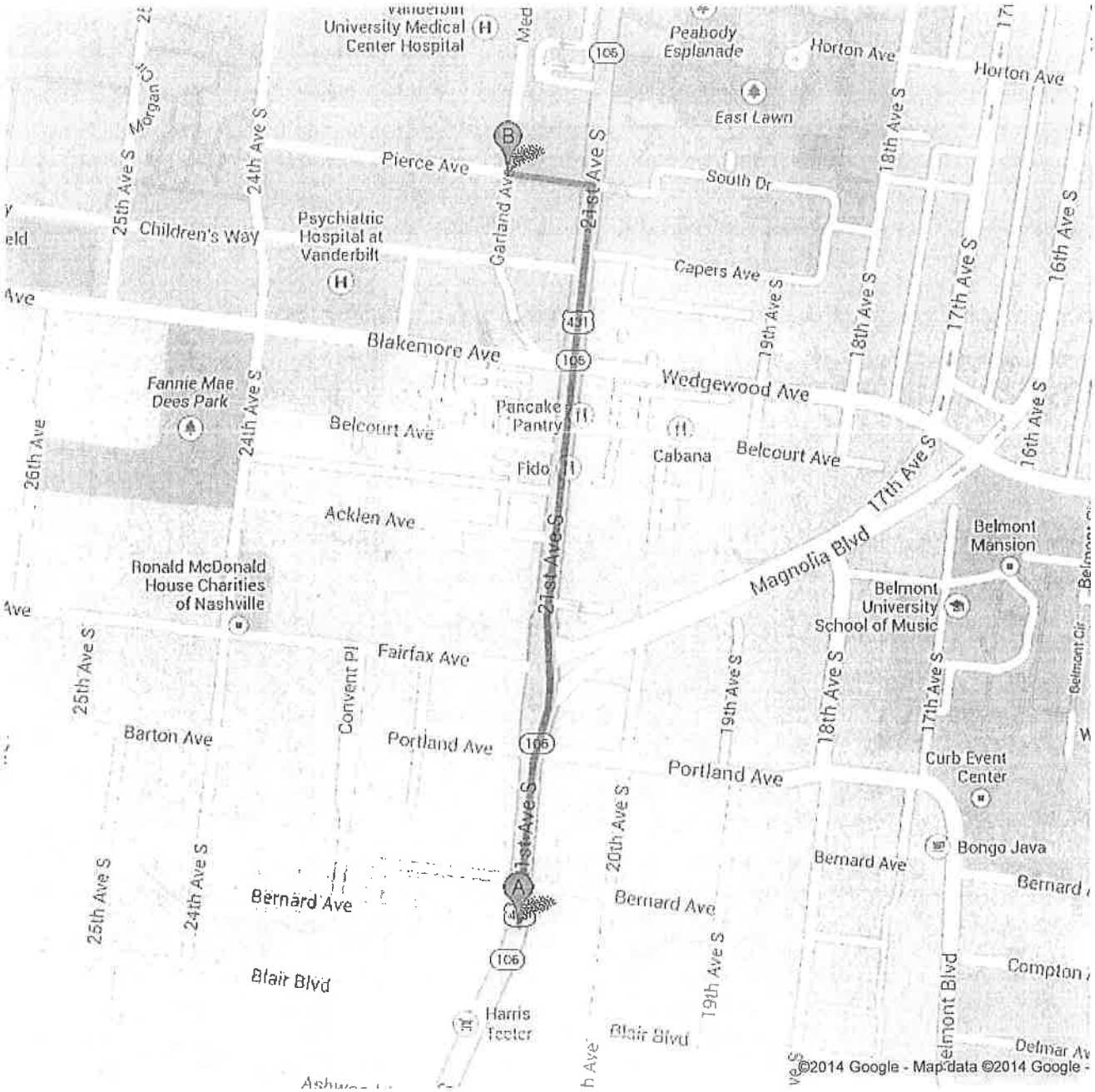
1:20 pm

Attachment F

SUPPLEMENTAL #1
June 27, 2014
1:20 pm

Google

Directions to Vanderbilt University Medical Center
1211 Medical Center Dr, Nashville, TN 37232
0.6 mi – about **2 mins**



SUPPLEMENTAL #1
June 27, 2014
1:20 pm

2106 21st Ave S, Nashville, TN 37212

1. Head **north** on **21st Ave S** toward **Bernard Ave** — go 0.6 mi
   About 2 mins — total 0.6 mi
2. Turn left onto **Pierce Ave** — go 354 ft
   total 0.6 mi

Vanderbilt University Medical Center
1211 Medical Center Dr, Nashville, TN 37232

These directions are for planning purposes only. You may find that construction projects, traffic, weather, or other events may cause conditions to differ from the map results, and you should plan your route accordingly. You must obey all signs or notices regarding your route.

Map data ©2014 Google

Directions weren't right? Please find your route on maps.google.com and click "Report a problem" at the bottom left.

SUPPLEMENTAL #1
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1:20 pm

Attachment I

SUPPLEMENTAL #1
June 27, 2014
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FORTRESS EQUITY PARTNERS (A) LP

CONSOLIDATED BALANCE SHEET
(dollar amounts in thousands)

		May 31, 2014
ASSETS		
Cash and cash equivalents	$	140
Investments, at fair value		3,326
	$	3,466
LIABILITIES		
Total Liabilities		-
NET ASSETS , representing partners' capital	$	3,466

Prepared by: Donald Chan _____

Reviewed by: Demetrios Tserpelis _____

Approved by: John Morrissey _____

SUPPLEMENTAL #1
June 27, 2014
1:20 pm

Item 8. Financial Statements and Supplementary Data.

Index to Financial Statements:

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2013 and 2012

Consolidated Statements of Operations for the years ended December 31, 2013, 2012 and 2011.

Consolidated Statements of Comprehensive Income for the years ended December 31, 2013, 2012 and 2011.

Consolidated Statements of Changes in Equity for the years ended December 31, 2013, 2012 and 2011.

Consolidated Statements of Cash Flows for the years ended December 31, 2013, 2012 and 2011.

Notes to Consolidated Financial Statements

All supplemental schedules have been omitted because either the required information is included in our consolidated financial statements and notes thereto or it is not applicable.

SUPPLEMENTAL #1
June 27, 2014
1:20 pm

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Fortress Investment Group LLC

We have audited the accompanying consolidated balance sheets of Fortress Investment Group LLC (the Company) as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fortress Investment Group LLC at December 31, 2013 and 2012, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Fortress Investment Group LLC and subsidiaries' internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework) and our report dated February 27, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

New York, New York
February 27, 2014

SUPPLEMENTAL #1
June 27, 2014
1:20 pm

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Fortress Investment Group LLC

We have audited Fortress Investment Group LLC and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework) (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Fortress Investment Group LLC and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Fortress Investment Group LLC as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2013, and our report dated February 27, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

New York, New York
February 27, 2014

SUPPLEMENTAL #1
June 27, 2014
1:20 pm

FORTRESS INVESTMENT GROUP LLC

CONSOLIDATED STATEMENTS OF OPERATIONS
(dollars in thousands, except per share data)

	Year Ended December 31,		
	2013	2012	2011
Revenues			
Management fees: affiliates	$ 520,283	$ 456,090	$ 464,305
Management fees: non-affiliates	62,795	45,617	58,096
Incentive income: affiliates	419,828	246,438	155,303
Incentive income: non-affiliates	44,383	26,162	1,917
Expense reimbursements: affiliates	206,452	186,592	169,282
Expense reimbursements: non-affiliates	7,209	4,580	4,057
Other revenues (affiliate portion disclosed in Note 7)	4,033	4,390	5,668
	1,264,983	969,869	858,628
Expenses			
Interest expense	5,382	15,781	18,526
Compensation and benefits	741,761	750,359	706,060
Principals agreement compensation (expired in 2011)	—	—	1,051,197
General, administrative and other	136,770	127,149	145,726
Depreciation and amortization	13,690	14,931	33,399
	897,603	908,220	1,954,908
Other Income (Loss)			
Gains (losses) (affiliate portion disclosed in Note 4)	53,933	48,921	(30,054)
Tax receivable agreement liability adjustment	(8,787)	(8,870)	3,098
Earnings (losses) from equity method investees	136,866	156,530	41,935
	182,012	196,581	14,979
Income (Loss) Before Income Taxes	549,392	258,230	(1,081,301)
Income tax benefit (expense)	(65,801)	(39,408)	(36,035)
Net Income (Loss)	$ 483,591	$ 218,822	$ (1,117,336)
Principals' and Others' Interests in Income (Loss) of Consolidated Subsidiaries	$ 283,144	$ 140,538	$ (685,821)
Net Income (Loss) Attributable to Class A Shareholders	$ 200,447	$ 78,284	$ (431,515)
Earnings (Loss) Per Class A share			
Net income (loss) per Class A share, basic	$ 0.83	$ 0.29	$ (2.34)
Net income (loss) per Class A share, diluted	$ 0.79	$ 0.27	$ (2.36)
Weighted average number of Class A shares outstanding, basic	236,246,296	214,399,422	186,662,670
Weighted average number of Class A shares outstanding, diluted	500,631,423	524,900,132	493,392,235

See notes to consolidated financial statements.

SUPPLEMENTAL #1
June 27, 2014
1:20 pm

FORTRESS INVESTMENT GROUP LLC

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(dollars in thousands)

	Year Ended December 31,		
	2013	2012	2011
Comprehensive income (loss) (net of tax)			
Net income (loss)	$ 483,591	$ 218,822	$ (1,117,336)
Foreign currency translation	(772)	(1,447)	417
Comprehensive income (loss) from equity method investees	4,136	(778)	(203)
Total comprehensive income (loss)	$ 486,955	$ 216,597	$ (1,117,122)
Comprehensive income (loss) attributable to principals' and others' interests	$ 285,243	$ 139,089	$ (685,858)
Comprehensive income (loss) attributable to Class A shareholders	$ 201,712	$ 77,508	$ (431,264)

See notes to consolidated financial statements.

FORTRESS INVESTMENT GROUP LLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011
(dollars in thousands)

	Class A Shares	Class B Shares	Paid-In Capital	Retained Earnings (Accumulated Deficit)	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Total Fortress Shareholders' Equity	Principals' and Others' Interests in Equity of Consolidated Subsidiaries	Total Equity
Equity - December 31, 2010	169,536,968	300,273,852	$1,465,358	$ (1,052,605)	$ —	$ (1,289)	$ 411,464	$ 517,951	$ 929,415
Contributions from principals' and others' interests in equity	—	—	—	—	—	—	—	81,572	81,572
Distributions to principals' and others' interests in equity (net of tax)	—	—	(840)	—	—	—	(840)	(124,723)	(125,563)
Conversion of Class B shares to Class A shares	4,749,434	(4,749,434)	3,878	—	—	(33)	3,845	(3,845)	—
Net deferred tax effects resulting from acquisition and exchange of Fortress Operating Group units	—	—	9,243	—	—	—	9,243	—	9,243
Director restricted share grant	143,624	—	412	—	—	—	412	704	1,116
Capital increase related to equity-based compensation, net	15,394,027	10,333,333	481,327	—	—	—	481,327	802,404	1,283,731
Dilution impact of Class A share issuance	—	—	13,333	—	—	(89)	13,244	(13,244)	—
Comprehensive income (loss) (net of tax)									
Net income (loss)	—	—	—	(431,515)	—	—	(431,515)	(685,821)	(1,117,336)
Foreign currency translation	—	—	—	—	—	340	340	77	417
Comprehensive income (loss) from equity method investees	—	—	—	—	—	(89)	(89)	(114)	(203)
Total comprehensive income (loss)							(431,264)	(685,858)	(1,117,122)
Equity - December 31, 2011	189,824,053	305,857,751	$1,972,711	$ (1,484,120)	$ —	$ (1,160)	$ 487,431	$ 574,961	$ 1,062,392

Continued on next page.

SUPPLEMENTAL #1
June 27, 2014
1:20 pm

FORTRESS INVESTMENT GROUP LLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011
(dollars in thousands)

	Class A Shares	Class B Shares	Paid-In Capital	Retained Earnings (Accumulated Deficit)	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Total Fortress Shareholders' Equity	Principals' and Others' Interests in Equity of Consolidated Subsidiaries	Total Equity
Equity - December 31, 2011	189,824,053	305,857,751	$ 1,972,711	$ (1,484,120)	$ —	$ (1,160)	$ 487,431	$ 574,961	$ 1,062,392
Contributions from principals' and others' interests in equity	—	—	—	—	—	—	—	35,387	35,387
Distributions to principals' and others' interests in equity (net of tax)	—	—	(704)	—	—	—	(704)	(99,082)	(99,786)
Dividends declared	—	—	(42,378)	—	—	—	(42,378)	—	(42,378)
Dividend equivalents accrued in connection with equity-based compensation (net of tax)	—	—	(712)	—	—	—	(712)	(1,027)	(1,739)
Conversion of Class B shares to Class A shares	17,467,232	(17,467,232)	22,362	—	—	(196)	22,166	(22,166)	—
Net deferred tax effects resulting from acquisition and exchange of Fortress Operating Group units	—	—	25,908	—	—	—	25,908	1	25,909
Director restricted share grant	257,918	—	344	—	—	—	344	500	844
Capital increase related to equity-based compensation, net	12,819,823	10,333,333	82,058	—	—	—	82,058	116,819	198,877
Dilution impact of Class A share issuance	—	—	59,513	—	—	(502)	59,011	(59,011)	—
Repurchase of Class A shares (Note 9)	(2,082,684)	—	—	—	(3,419)	—	(3,419)	(3,870)	(7,289)
Repurchase of Class B shares (Note 9)	—	(49,189,480)	—	(80,742)	—	—	(80,742)	(91,422)	(172,164)
Comprehensive income (loss) (net of tax)									
Net income (loss)	—	—	—	78,284	—	—	78,284	140,538	218,822
Foreign currency translation	—	—	—	—	—	(660)	(660)	(787)	(1,447)
Comprehensive income (loss) from equity method investees	—	—	—	—	—	(116)	(116)	(662)	(778)
Total comprehensive income (loss)							77,508	139,089	216,597
Equity - December 31, 2012	218,286,342	249,534,372	$ 2,119,102	$ (1,486,578)	$ (3,419)	$ (2,634)	$ 626,471	$ 590,179	$ 1,216,650

See notes to consolidated financial statements.

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SUPPLEMENTAL #1
June 27, 2014
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FORTRESS INVESTMENT GROUP LLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011
(dollars in thousands)

	Class A Shares	Class B Shares	Paid-In Capital	Retained Earnings (Accumulated Deficit)	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Total Fortress Shareholders' Equity	Principals' and Others' Interests in Equity of Consolidated Subsidiaries	Total Equity
Equity - December 31, 2012	218,286,342	249,534,372	$2,119,102	$ (1,486,578)	$ (3,419)	$ (2,634)	$ 626,471	$ 590,179	$ 1,216,650
Contributions from principals' and others' interests in equity	—	—	—	—	—	—	—	70,272	70,272
Distributions to principals' and others' interests in equity (net of tax)	—	—	(112)	—	—	—	(112)	(149,420)	(149,532)
Dividends declared	—	—	(56,340)	—	—	—	(56,340)	66	(56,274)
Dividend equivalents accrued in connection with equity-based compensation (net of tax)	—	—	(531)	—	—	—	(531)	(845)	(1,376)
Conversion of Class B shares to Class A shares	10,333,334	(10,333,334)	10,143	—	—	—	10,143	(10,143)	—
Net deferred tax effects resulting from acquisition and exchange of Fortress Operating Group units	—	—	13,315	—	—	—	13,315	(30)	13,285
Director restricted share grant	127,533	—	372	—	—	—	372	398	770
Capital increase related to equity-based compensation, net	9,912,027	10,333,334	17,037	—	—	—	17,037	18,123	35,160
Dilution impact of Class A share issuance	—	—	14,173	—	(15)	(153)	14,005	(14,005)	—
Reissuance of treasury stock	2,082,684	—	(4,439)	—	3,434	—	(1,005)	—	(1,005)
Comprehensive income (loss) (net of tax)									
Net income (loss)	—	—	—	200,447	—	—	200,447	283,144	483,591
Foreign currency translation	—	—	—	—	—	(232)	(232)	(540)	(772)
Comprehensive income (loss) from equity method investees	—	—	—	—	—	1,497	1,497	2,639	4,136
Total comprehensive income (loss)							201,712	285,243	486,955
Equity - December 31, 2013	240,741,920	249,534,372	$2,112,720	$ (1,286,131)	$ —	$ (1,522)	$ 825,067	$ 789,838	$ 1,614,905

See notes to consolidated financial statements.

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SUPPLEMENTAL #1
June 27, 2014
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SUPPLEMENTAL #1
June 27, 2014
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FORTRESS INVESTMENT GROUP LLC

CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

	December 31, 2013	December 31, 2012
Assets		
Cash and cash equivalents	$ 364,583	$ 104,242
Due from affiliates	407,124	280,557
Investments	1,253,266	1,211,684
Investments in options	104,338	38,077
Deferred tax asset, net	354,526	396,320
Other assets	190,595	124,798
	$ 2,674,432	$ 2,155,678
Liabilities and Equity		
Liabilities		
Accrued compensation and benefits	$ 417,309	$ 146,911
Due to affiliates	344,832	357,407
Deferred incentive income	247,556	231,846
Debt obligations payable	—	149,453
Other liabilities	49,830	53,411
	1,059,527	939,028
Commitments and Contingencies		
Equity		
Class A shares, no par value, 1,000,000,000 shares authorized, 240,741,920 and 218,286,342 shares issued and outstanding at December 31, 2013 and 2012, respectively	—	—
Class B shares, no par value, 750,000,000 shares authorized, 249,534,372 and 249,534,372 shares issued and outstanding at December 31, 2013 and 2012, respectively	—	—
Paid-in capital	2,112,720	2,119,102
Retained earnings (accumulated deficit)	(1,286,131)	(1,486,578)
Treasury shares (2,082,684 Class A shares held by subsidiary at December 31, 2012)	—	(3,419)
Accumulated other comprehensive income (loss)	(1,522)	(2,634)
Total Fortress shareholders' equity	825,067	626,471
Principals' and others' interests in equity of consolidated subsidiaries	789,838	590,179
Total equity	1,614,905	1,216,650
	$ 2,674,432	$ 2,155,678

See notes to consolidated financial statements.

SUPPLEMENTAL #1
June 27, 2014
1:20 pm

FORTRESS INVESTMENT GROUP LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	Year Ended December 31		
	2013	2012	2011
Cash Flows From Operating Activities			
Net income (loss)	$ 483,591	$ 218,822	$ (1,117,336)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	13,690	14,931	33,399
Other amortization and accretion (included in interest expense)	900	2,942	1,477
(Earnings) losses from equity method investees	(136,866)	(156,530)	(41,935)
Distributions of earnings from equity method investees	84,548	59,785	23,719
(Gains) losses	(53,933)	(48,921)	30,054
Deferred incentive income	(107,276)	(77,993)	(80,093)
Deferred tax (benefit) expense	54,431	29,442	24,622
Adjustment of estimated forfeited non-cash compensation	70	(1,691)	—
Options received from affiliates	(42,516)	(21,524)	(12,615)
Tax receivable agreement liability adjustment	8,787	8,870	(3,098)
Equity-based compensation	39,266	213,274	1,284,086
Options in affiliates granted to employees	8,190	10,134	—
Allowance for doubtful accounts	793	796	5,263
Cash flows due to changes in			
Due from affiliates	(347,942)	(58,927)	(133,322)
Other assets	(18,082)	(20,398)	7,322
Accrued compensation and benefits	330,907	(75,390)	51,166
Due to affiliates	(2,667)	(18,241)	(9,353)
Deferred incentive income	118,765	65,361	112,068
Other liabilities	(1,765)	(2,792)	(7,181)
Net cash provided by (used in) operating activities	432,891	141,950	168,243
Cash Flows From Investing Activities			
Contributions to equity method investees	(37,084)	(63,798)	(82,610)
Distributions of capital from equity method investees	281,481	140,712	180,855
Proceeds from sale of direct investments	18,849	—	—
Purchase of equity securities	(20,043)	—	—
Purchase of digital currency (Bitcoin)	(20,000)	—	—
Purchase of fixed assets	(11,471)	(10,375)	(17,713)
Net cash provided by (used in) investing activities	211,732	66,539	80,532
Cash Flows From Financing Activities			
Repayments of debt obligations	(149,453)	(261,250)	(16,250)
Payment of deferred financing costs	(2,367)	—	—
Repurchase of shares and RSUs (Note 9)	—	(37,776)	—
Dividends and dividend equivalents paid	(57,926)	(44,170)	—
Principals' and others' interests in equity of consolidated subsidiaries - contributions	401	431	13,484
Principals' and others' interests in equity of consolidated subsidiaries - distributions	(174,937)	(94,648)	(123,475)
Net cash provided by (used in) financing activities	(384,282)	(437,413)	(126,241)
Net Increase (Decrease) in Cash and Cash Equivalents	260,341	(228,924)	122,534
Cash and Cash Equivalents, Beginning of Period	104,242	333,166	210,632
Cash and Cash Equivalents, End of Period	$ 364,583	$ 104,242	$ 333,166

Continued on next page.

SUPPLEMENTAL #1
June 27, 2014
1:20 pm

FORTRESS INVESTMENT GROUP LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	Year Ended December 31		
	2013	2012	2011
Supplemental Disclosure of Cash Flow Information			
Cash paid during the period for interest	$ 3,586	$ 13,689	$ 16,122
Cash paid during the period for income taxes	$ 6,468	$ 7,932	$ 8,574
Supplemental Schedule of Non-cash Investing and Financing Activities			
Employee compensation invested directly in subsidiaries	$ 66,779	$ 34,806	$ 68,087
Investments of incentive receivable amounts into Fortress Funds	$ 227,091	$ 80,523	$ 143,862
Dividends, dividend equivalents and Fortress Operating Group unit distributions declared but not yet paid	$ 5,160	$ 31,997	$ 29,423
Exchange of promissory note for shares (Note 9)	$ —	$ 149,453	$ —

See notes to consolidated financial statements.

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

LETTER OF INTENT

The Publication of Intent is to be published in the *The Tennessean* (Name of Newspaper) which is a newspaper of general circulation in Davidson (County), Tennessee, on or before June 10 (Month / day), 2014 (Year), for one day.

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Baby + Company Nashville (Name of Applicant), a proposed Birthing Center (Facility Type-Existing)

owned by: Baby + Company Nashville 1 LLC with an ownership type of limited liability company

intends to file an application for a Certificate of Need to establish a Birthing Center in leased space at 2106 21st Avenue, Nashville, TN 37212. The facility will include 5 birthing suites, 3 examination rooms, and various support areas. The facility will occupy approximately 4, 350 sq. ft. The project does not involve licensed beds, the acquisition of major medical equipment or the initiation of a health care service for which a certificate of need is required. The total project cost is $2,536,436.65.

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

The contact person for this project is Dan Elrod (Contact Name) Attorney (Title)

who may be reached at: Butler Snow LLP (Company Name) 150 3rd Avenue South, Suite 1600 (Address)

Nashville (City) TN (State) 37201 (Zip Code) 615 / 651-6702 (Area Code / Phone Number)

(Signature) 6/10/2014 (Date) Dan.Elrod@butlersnow.com (E-mail Address)

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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, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

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(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: August 29, 2014

APPLICANT: Baby + Company Nashville
2106 21st Avenue
Nashville, Tennessee 37212

CONTACT PERSON: Dan Elrod, Attorney
Butler Snow, LLP
150 3rd Avenue South, Suite 1600
Nashville, Tennessee 37201

CON #: CN1406-022

COST: $1,883,161.86 (Revised Project Cost)

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-Office of Health Statistics, reviewed this certificate of need application for financial impact, TennCare participation, compliance with the *Tennessee 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, Baby + Company Nashville, owned by Baby + Company Nashville 1, LLC is filing this Certificate of Need (CON) application with the Health Services and Development Agency (HSDA) to establish a Birthing Center in 4,350 square feet of space located at 2106 21st Avenue in Nashville (Davidson County), Tennessee 37212. The planned facility will include 5 birthing suites, 3 examination rooms, and various support areas, including a laboratory, a classroom and a family room/kitchen.

The project does not include any licensed beds, the acquisition of major medical equipment or the initiation of any other health care services for which a Certificate of Need would be required.

Note to Agency Members: The original Project Costs Chart and the original Letter of Intent stated that the total project cost would be $2,536,436.65. However, the original valuation of the lease which was $1,908,462.65, as set forth on page 17 of the application, included the total value of the building. The applicant in the Supplemental application on page 17-R includes only the cost of the actual lease of the 4,350 square foot site which is $1,255,187.86, resulting in a revised total cost of $1,883,161.86.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee State Health Plan.*

NEED:
The review of this CON application by the Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics confirms the proposed project's service area includes Davidson County. Davidson County in 2014 has a total population of 656,385 of which females total 338,074. The number of females of child bearing age range (15-44) totals 148,724 or

44.0% of the total female population.

The total population of Davidson County in 2018 will be 682,330 of which females total 350,767. The number of females of child bearing age (15-44) is estimated to be 148,342 or 42.3% of the total female population. This represents a slight decrease of -0.3% in the female 15-44 age cohort.

Based upon the data from the Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics, Davidson County residents in 2012 gave birth to 9,721 babies.

The applicant believes a market exists for high quality, cost-effective alternatives to traditional hospital stays for low risk mothers. The reason for this is based upon the following:

1. A national survey of women giving birth last year (2012) reveals 25% would prefer a birthing center, Source: *Childbirth Connection, Listening to Mothers III;*

2. The same national survey revealed that 39% of the women surveyed would consider a birthing center if it were available, Source: *Childbirth Connection, Listening to Mothers III;*

3. There are no birthing centers in Davidson County, as verified by the Tennessee Department of Health, Division of Healthcare Licensure and Regulation-Office of Healthcare Facilities;

4. The facility will participate in TennCare/Medicaid and can address the needs of the economically disadvantaged in Davidson County;

5. The facility will have in place a contract with Vanderbilt University Medical Center to provide a Medical Director and Nurse Practitioner services to the birthing center;

6. The proposed facility will be able to provide rapid transport to Vanderbilt University Medical Center for any women whose condition warrants more intensive treatment services. The site of the proposed facility is less than one mile from Vanderbilt University Medical Center; and

7. The applicant's proposed global charge for a delivery will be $7,500 as compared to hospital charges ranging from $5,836 for Nashville General, $10,548 for Vanderbilt University Medical Center, $12,885 for St. Thomas Midtown, $12,976 for Tri-Star Summit Medical Center and $16,188 at Tri-Star Centennial Medical Center. It is noted that charges from these hospitals do not include any physician charges and newborn charges.

The need for this project is to provide an option for low-risk expectant mothers who would like to give birth in a non-hospital outpatient clinical setting. The birthing center model, as the applicant notes on page 4 of the application, is "based on the concept that childbearing is a normal physiologic process, and that mothers with low risk of complications can safely deliver in home setting on an outpatient basis."

The facility, if approved by HSDA, in addition to obstetrical care will provide an array of relevant services for expectant mothers including pre-conception and fertility counseling, pre-natal examinations and after-birth follow-up services. Educational services will include, but not be limited to, subjects such as birth preparation and breastfeeding.

TENNCARE/MEDICARE ACCESS:

The Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics notes the applicant will seek TennCare/Medicaid certification. The applicant states that Section 2301 of the Patient Protection and Affordable Care Act requires that State Medicaid Plans include provisions for reimbursement for services provided in a birthing center. The

TennCare/Medicaid State Medicaid Plan already includes provisions for reimbursement of these services in licensed facilities.

The applicant, in response to HSDA staff questions, revised its estimate of TennCare/Medicaid revenue in year 1 of the project. This can be found on page 10 of Supplemental 1. The revised estimate will be $776,250 in year 1 and $1,080,000 in year 2.

TennCare/Medicaid revenue will represent 30% of total revenue. Commercial Insurance will represent 46% while self-pay will represent 11% and charity care and bad debt will represent another 13%.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:
The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if 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 Revised Project Costs Chart is located on page 17R in Supplemental #1. The total estimated project cost is $1,883,161.86 of which $1,255,187.86 represents the actual cost of the lease.

Historical Data Chart: There is no Historical Data Chart because this CON is for a new project.

Projected Data Chart: The Projected Data Chart can be found on page 22 of the CON application. The applicant projects it will perform 345 procedures in year one and 480 procedures in year two with a net operating income of $161,035 and $672,697 each year, respectively. The economic viability of the project can be seen in the preceding net operating income less capital expenditures. The Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics notes the applicant estimates that charity care in year 1 of the project will be $280,464 and in year 2 will be $390,210. Another factor of importance is the applicant's estimate of bad debt in year 1 will be $56,093 and in year 2 will be $78,042.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:
The facility, if approved by HSDA, will seek licensure from the Tennessee Department of Health, Board for Licensing Health Care Facilities as a birthing center. Currently, the state has 3 licensed birthing centers located in Cookeville, Madisonville and Knoxville.

The facility intends to market its services to Davidson County residents and expects that 80% of its patients will reside in Davidson County. Therefore, defining the service area as Davidson County appears reasonable.

The close proximity to Vanderbilt University Medical Center (VUMC) offers several benefits that can, if realized, impact the orderly development of healthcare in Davidson County according to the applicant. They are as follows:

- The proposed facility is less than 1 mile from VUMC;
- The interagency agreement will provide the services of a Medical Director and appropriate numbers of Nurse Midwives; and
- The proposed facility will utilize VUMC as the designated emergency service for those few cases that warrant more intensive services.

Other factors which contribute to the orderly development of healthcare involve the preference of expectant mothers for a more homelike environment, as previously mentioned in the need section of this report, and that the cost of the delivery services will be approximately $7,500. This reduces

outlays by commercial insurers for low risk deliveries and reduces co-pays and deductible amounts for the consumers.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document the *Tennessee State Health Plan.*

The Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics will provide responses to Specific Criteria for Certificate of Need that address utilization, need, bed data and other information maintained by the Department of Health. The narrative responses of the applicant will not be repeated but can be found in the Certificate of Need Application and such Supplemental material as provided by the applicant to the Health Services and Development Agency.

BIRTHING CENTERS

1. The approval of a birthing center will be made only when it is demonstrated that the accessibility to adequate obstetrical and gynecological services in the applicant's geographical service are limited and/or there are special circumstances which require additional services.

   The applicant makes the case that the preference of low risk expectant mothers for these types of facilities and their lower charges contribute to the orderly development of healthcare. The case is also made that the absence of a birthing center in Davidson County does not contribute to the orderly development of healthcare and contributes to higher costs for consumers and insurers.

2. A specific service area should be identified and all existing providers of obstetrical services in that service area should be identified. Service area shall mean the county or counties represented by the applicant as the reasonable area to which the facility intends to provide services and/or in which the majority of the service recipients reside. The service area should be based on an optimal balance between population density and service proximity.

   The applicant identifies Davidson County as its service area and states that approximately 80% of its patients will be residents of Davidson County. The defined service area appears reasonable.

   The existing providers of obstetrical services include the following hospitals: TriStar Centennial Medical Center, TriStar Summit Medical Center, Nashville General Hospital, St. Thomas Midtown and Vanderbilt University Medical Center. This data is drawn from page 41 of the 2012 Hospital Joint Annual Reports provided by the Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics.

3. The female population aged 15-44 in the service area should be identified. The current year's population and the population four years hence should be used.

   The Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics female population estimate for 2014 aged 15-44 in Davidson County is 148,724. The estimated female population aged 15-44 in 2018 will be 148,342. These represent 44.0% of the total female population in 2014 and 42.3% of the total female population in 2018.

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

income consumers.

The Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics notes charity care in year 1 of the project will be $280,464 and in year 2 will be $390,210. Another factor of importance is the applicant's estimate of bad debt in year 1 will be $56,093 and in year 2 will be $78,042.

5. The applicant must identify the existing facilities providing obstetrical services in the service area and their utilization.

   The existing providers of obstetrical services include the following hospitals: TriStar Centennial Medical Center (2,998 live births), TriStar Summit Medical Center (1,112 live births) Nashville General Hospital (689 live births), St. Thomas Midtown (6,522 live births) and Vanderbilt University Medical Center (4,246 live births). This data is from page 41 of the 2012 Hospital Joint Annual Reports.

6. The applicant must indicate the distance and approximate travel time that patients in need of emergency obstetrical services would have to travel to the nearest acute care facility to receive emergency care.

   The applicant's facility will be located approximately 1 mile from Vanderbilt University Medical Center. Travel time is expected to be minimal under the circumstances.

7. The applicant must indicate the modes of transportation that will be used by obstetrical patients for emergency transfer. The applicant must have written protocols, procedures, and transfer agreements for the appropriate transfer of patients to a nearby acute care facility offering obstetrical services for emergency care.

   The birthing center intends to contract with an ambulance service if the project is approved. The applicant states it has been in contact with MooreCare Ambulance Service and further notes the ambulance service has no reservations about serving the birthing center. The response to this question can be found on page 5 of Supplemental 1.

8. The charges for obstetrical services for the proposed facility should be indicated and compared to those of existing obstetrical service providers in the proposed service area.

   The estimated charge for birthing center clients will be $7,500 in year 1 and in year 2 according to the applicant's response on page 11 of Supplemental 1. Charges for the 5 hospitals providing obstetrical services to low risk mothers are as follows: Nashville General Hospital-$5,836, St. Thomas Midtown Hospital-$12,885, Vanderbilt University Medical Center-$10,548, TriStar Centennial Medical Center-$16,188 and TriStar Summit Medical Center-$12,976. These charges however, are not comparable because physician and newborn charges are not included. The applicant's $7,500 global charge does include physician and any newborn charges.

9. The applicant must document the availability of adequate professional staff to provide services 24 hours a day, seven days a week, as per licensing requirements; to deliver all designated obstetrical services in the proposal. The governing body of the birthing center must appoint a medical director who is board certified in obstetrics/gynecology or family practice. Each physician practicing or consulting in the birthing center shall have admitting privileges at a designated back-up hospital.

   The proposed staffing will include a physician who will serve as the medical director of the project and all midwives will be provided through a contract with VUMC's midwife training program. The number of RNs will total 3.4 FTEs. The medical director will have admission privileges at VUMC.

10. The applicant must demonstrate that the proposed obstetrical services will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

    The applicant states the facility will conform to the most recent AIA Guidelines for Design and Construction of Healthcare Facilities and the licensing standards.