

HEALTH SERVICES AND DEVELOPMENT AGENCY
MINUTES
MARCH 26, 2008

AGENCY MEMBERS PRESENT

Koella, Carl, III, Chair
Caldwell, Gene, M.D.
Gaither, Keith, designee for the TennCare Director
Lammert, Gregory
Morris, John, designee for the Commissioner of Commerce and Insurance
Troy, Peggy
Weaver, Faye, designee for the Comptroller of the Treasury

AGENCY MEMBERS ABSENT

Atchley, Bryan, Vice Chair
Handorf, Charles, M.D.
Jones, Clark

AGENCY STAFF PRESENT

Hill, Melanie, Executive Director
Bobbitt, Melissa, Administrative Services Assistant III
Christoffersen, Jim, Deputy General Counsel
Craighead, Alecia, Statistical Analyst III
Earhart, Phillip, Health Planner III
Farber, Mark, Assistant Executive Director
Finchum, Rhonda, Office Manager
Wells, Phil, Health Planner III

GUESTS PRESENT

Barnes, Mark
Bays, Misty
Benton, Tony, Vice President, Strategic Planning, Mountain States Health Alliance
Blackmore, Ron, MD, State of Franklin Healthcare Associates
Bone, Robert Carver, MD, RC Bone, MD, PC
Brenner, Judy, Director of Risk & Quality, Crockett Hospital
Brent, Michael D., Esq., Boulton, Cummings, Connors & Berry
Bryan, Jack, CEO, Community Division, Mercy Health Partners
Buck, Jack, CEO, Crockett Hospital
Bundy, Mike, COO, Wellmont Holston Valley Medical Center
Campbell, Carol
Campbell, Sid, County Commissioner, Washington County
Clark, Rob
Combs, Stephen, MD, President, Wellmont Physician Services
Corritore, Danell, Department of Health
Cortney, Julie
Cross, Alix Coulter, Esq., Harwell Howard Hyne Gabbert & Manner, P.C.
Crymble, Vivian, Community & Government Relations, Mountain States Health Alliance
Culp, Joe, Department of Health
Curran, John
Day, Edwin, Consultant

Douglas, Blaine, CEO, Wellmont Holston Valley Medical Center
Duncan, Bruce, Vice-President, NHC
Dunn, Julie, MD, ETSU Physicians & Associates
Eckhart, Jan, Director, Mountain States Health Alliance
Eik, Marshalle
Elrod, Dan H., Esq., Miller & Martin
Evon, Laura, Board Member, St. Mary's Jefferson Memorial Hospital
Fain, Dale, Chairman of the Board, St. Mary's Jefferson Memorial Hospital
Farland, Anne
Felts, Ginna, Planning Associate, Strategy Development, Vanderbilt University Medical Center
Ferris, Angela
Foster, Danny, Wellmont Health Services
Foster, Linda C.
Galbraith, Harold, Physicist-Department Manager, Southeast Cancer Network
Garland, Ann
Gee, Tom, CEO, Henry County Medical Center
Gorthex, Julie
Grinnell, Jack, Director, Plant Operations, Crockett Hospital
Hallahan, Dennis, MD, Chairman, Department of Radiation Oncology, Vanderbilt University Medical Center
Hannah, Ed, Assistant Vice President/CNO, Washington County, Mountain States Health Alliance
Heatherly, Neal, CEO, StoneCrest Medical Center
Herbert, Ed, Vice President, Marketing, Mountain States Health Alliance
Herbert, Joe
Hicks, Michael C., President/CEO, St. Mary's Jefferson Memorial Hospital
Hill, Ronald, Vanderbilt University Hospital
Hissam, Hollie
Hooper, Andrea R., RN, BSN, Director Emergency Trauma Services, Wellmont Holston Valley Medical Center
Horton, Charlotte
Houchin, Barbara, St. Thomas Health System
Hudson, William, Vice Chair, Emergency Department, Wellmont Holston Valley Medical Center
Huggins, Mike
Jackson, Ann, MD, St. Thomas Heart
Jennings, Candance, Vice President/COO, Washington County, Mountain States Health Alliance
Kalwinsky, David, MD, ETSU Cancer Center
Kane, Pat, Wellmont Health System
Keeling, Jeff, Johnson City Press
Kolb, Deborah, NORLIS
Ladley, Herbert, MD, Cardio Disease Physicians, Cardiovascular Associates
Laitinen, Leighta, Community & Government Relations Manager, Mountain States Health Alliance
Landis, Larry G., Wellmont Health Services
Lane, Shonna
Lifford, Brad
Light, Cheryl, Board Member, St. Mary's Jefferson Memorial Hospital
Linn, Laura, Senior Planning Analyst, Mountain States Health Alliance
Lucchesi, Jane, Memorial Hospital
Lundy, Jim
Maples, Arthur, Director Strategic Analysis, Baptist Memorial Health Care Corporation
McDaniel, Trish
Melton, John, Senior Vice President/CEO, Washington County, Mountain States Health Alliance
Miller, Gerry, Wellmont Health System
Miller, Jeff, Esq., Harwell Howard Hyne Gabbert & Manner, P.C.
Moore, Elliott, Assistant Vice President, Community & Government Relations, Mountain States Health Alliance
Moore, Jim, CHFM, SASHE, Wellmont Holston Valley Medical Center
Moyna, Rhonda
Nyiri, Jack, Vice Chair of Administration, Vanderbilt Center for Radiation Oncology
Perkins, Gail
Perkins, John
Peyton, Richard R., MD, Southeast Cancer Network

HEALTH SERVICES AND DEVELOPMENT AGENCY

MARCH 26, 2008 MEETING

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Poe, Dale, Director Resource Center, Wellmont Health Services
Potter, Jeff
Rector, Virginia A., Mountain States Health Alliance
Richardson, Scott, Esq., Boulton, Cummings, Conners & Berry
Riffle, Robin
Robertson, Scott, The Business Journal of Tri-Cities
Runnels, Clay, MD, Johnson City Emergency Physicians
Russell, Richard, THCA
Salluzzo, Richard, President/CEO, Wellmont Health System
Salyer, Cindy, Vice President, Cardio/Pulmonary Services, Mountain States Health Alliance
Sberna, Theresa, Planning Associate, Strategy Development, Vanderbilt University Medical Center
Scarvey, Tim, HCA
Siffring, Corydon, MD, Medical Director, Trauma Services, Wellmont Holston Valley Medical Center
Sigler, Wes, COO, Southern Tennessee Medical Center, LLC
Sleffy, Thelma P.
Southern, Joel, Chief Nursing Officer, Crockett Hospital
Spray, Russ, CEO, Southern Tennessee Medical Center, LLC
Stephenson, Kathryn, Esq., Trauger & Tuke
Stevens, Amy D.
Stevens, Mark A.
Taylor, Jerry W., Esq., Farris, Mathews, Branam, Bobango, Hellen & Dunlap, PLC
Thayer, Gailand, Minister, First United Methodist Church
Thompson, Ann R., RN, BSN, MBA, Director of Licensure, Department of Health
Tirrell, Charles, Trezevant
Trauger, Byron R., Esq., Trauger & Tuke
Tull, Tom, Senior Director Guest Services, Washington County, Mountain States Health Alliance
Vermillion, Kerry, Mountain States Health Alliance
Vonderfecht, Dennis, President/CEO, Mountain States Health Alliance
Vraciu, Robert, Vice President, Business Development, Vanderbilt University Medical Center
Wellborn, John L., Consultant, Development Support Group
West, William H., Esq., Baker, Donelson, Bearman, Caldwell & Berkowitz
Whitehorn, Jeff, CEO, Summit Medical Center
Whitley, Keith, Executive Vice President, Southeast Cancer Network
Whitson, Zane, Wellmont Health System
Wilhoit, Kathy, Vice President, Chief Nursing Executive, Mountain States Health Alliance
Wilkinson, Amber, Boone's Creek Medical
Wilkinson, Mark, MD, Johnson City Emergency Physicians, Boone's Creek Medical
Wilson, Hamlin J., Vice President Human Resources, Wellmont Health Services
Wolfenbarger, Carol, COO/CNE, Methodist Healthcare
Woodard, Mark, MD, Medical Director Emergency Department, Wellmont Bristol Regional Medical Center

Chairman Koella, called the meeting to order at 8:30 a.m. in the Main Auditorium of the AT&T Tower, Nashville, Tennessee.

DIRECTOR'S ANNOUNCEMENTS

Melanie Hill, Executive Director, made general announcements.

Mr. Koella requested members to review the Spring Hill Final Order for discussion at the April meeting.

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON applications:

Wellmont Emergency Care and Diagnostic Center at Boones Creek - (Johnson City, Washington County) - Project No. CN0711-090

Establishment of satellite emergency and outpatient imaging departments, and acquisition of major medical equipment. The project will be operated as satellite departments of Wellmont Holston Valley Medical Center which is licensed as 505-bed hospital at 130 West Ravine Road, Kingsport (Sullivan County), TN 37660. The

project will include laboratory, x-ray, ultrasound, mammography, and CT to support the emergency room patients and other outpatients. It does not include acquisition of major medical equipment other than CT, and it will not affect any licensed bed complement of Wellmont Holston Valley Medical Center. Project Cost \$40,884,749.00.

Byron Trauger, Esq., representing the applicant, addressed the Agency. Speaking in support of the project were: Larry G. Landis, Wellmont Health Services; Donny Foster, Wellmont Health Services; Sid Campbell County Commissioner, Washington County; Gailand Thayer, Minister, First United Methodist Church; Ann Garland; Julie Gorthex; Charlotte Horton; John Perkins; Trish McDaniel; Corydon Siffring, MD, Medical Director, Trauma Svcs, Wellmont Holston Valley Medical Center; William Hudson, Vice Chair, Emergency Department, Wellmont Holston Valley Medical Center; Andrea R. Hooper, RN, BSN, Director Emergency Trauma Services, Wellmont Holston Valley Medical Center; Mark Woodard, MD, Medical Director Emergency Department, Bristol Regional Medical Center; Stephen Combs, MD, President, Wellmont Physician Services; Dale Poe, Director Resource Center, Wellmont Health Services; and Richard Salluzzo, MD, MBA, President/CEO, Wellmont Health System. Present in support were: Blaine Douglas, CEO, Wellmont Holston Valley Medical Center; Hamlin J. Wilson, Vice President Human Resources, Wellmont Health Services; Herbert Ladley, MD, Cardio Disease Physicians, Cardiovascular Associates; Jim Moore, CHFM, SASHE, Wellmont Holston Valley Medical Center; John L. Wellborn, Consultant; and Mike Bundy, COO, Wellmont Holston Valley Medical Center.

Opposing were: Dan H. Elrod, Esq., representing Mountain States Health Alliance; Dennis Vonderfecht, President/CEO, Mountain States Health Alliance; Virginia A. Rector; Mark Wilkinson, MD, Johnson City Emergency Physicians, Boone's Creek Medical; David Kalwinsky, MD, ETSU Cancer Center; Ron Blackmore, MD, State of Franklin Healthcare Associates; Clay Runnels, MD, Johnson City Emergency Physicians; Julie Dunn, MD, ETSU Physicians & Associates; Jan Eckhart, Director, Mountain States Health Alliance; and Tony Benton, Vice President, Strategic Planning, Mountain States Health Alliance. Present in opposition were: Amber Wilkinson, Boone's Creek Medical; Candance Jennings, Vice President/COO, Washington County, Mountain States Health Alliance; Cindy Salyer, Vice President, Cardio/Pulmonary Services, Mountain States Health Alliance; Ed Hannah, Assistant Vice President/CNO, Washington County, Mountain States Health Alliance; Ed Herbert, Vice President, Marketing, Mountain States Health Alliance; Elliott Moore, Assistant Vice President, Community & Government Relations, Mountain States Health Alliance; John Melton, Senior Vice President/CEO, Washington County, Mountain States Health Alliance; Kathy Wilhoit, Vice President, Chief Nursing Executive, Mountain States Health Alliance; Kelly Vermillion; Laura Linn, Senior Planning Analyst, Mountain States Health Alliance; Leighta Laitinen, Community & Government Relations Manager, Mountain States Health Alliance; Tom Tull, Senior Director Guest Services, Washington County, Mountain States Health Alliance; and Vivian Crymble, Community & Government Relations, Mountain States Health Alliance

Mr. Trauger and Dr. Salluzzo rebutted.

Mr. Elrod summated for opposition.

Mr. Trauger summated for applicant.

Dr. Caldwell moved for denial of the project based on: 1) Need – There is not a need; and 2) The project does not contribute to the orderly development of adequate and effective health care. Mr. Lammert seconded the motion. The motion CARRIED [7-0-0]. **DENIED**

AYE: Morris, Troy, Lammert, Caldwell, Weaver, Gaither, Koella
NAY: None

Jefferson Memorial Hospital, Inc. d/b/a St. Mary's Jefferson Memorial Hospital - (Jefferson City, Jefferson County) - Project No. CN0712-092

Discontinuation of obstetrical services. Four (4) LDRP beds will be converted to medical-surgical beds, and the total number of licensed beds will remain at fifty-eight (58). Project Cost \$18,000.00.

Addressing the Agency on behalf of the project were: Michael C. Hicks, President/CEO; Dale Fain, Chairman of the Board; Cheryl Light, Board Member; and Laura Evon, Board Member. Present were: Carol Wofenbarger, COO/CNE, Methodist Healthcare and Jack M. Bryan, CEO, Community Division, Mercy Health Partners; and Jerry W. Taylor, Esq., representing the applicant.

Ms. Troy moved for approval of the project based on: 1) Need – The delivery volumes have dropped and the service is no longer needed; 2) Economic Feasibility – The project is economically feasible through cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care. Mr. Lammert seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Morris, Troy, Lammert, Caldwell, Weaver, Gaither, Koella

NAY: None

Vanderbilt Health Services d/b/a Vanderbilt Wilson Radiation Oncology, L.L.C. - (Lebanon, Wilson County) - Project No. CN0712-093

The establishment and construction of a freestanding single specialty ambulatory surgery treatment center (ASTC) limited to the initiation of megavoltage radiation therapy services and the acquisition of a linear accelerator with Intensity Modulated Radiation Therapy (IMRT) capabilities and a computerized tomography (CT) simulation scanner. The facility is to be located at an unaddressed site off of Baddour Parkway near University Medical Center. Project Cost \$7,446,302.00.

Ronald W. Hill, Vice President, Strategic Development, addressed the Agency on behalf of the project. Robert Carver Bone, MD, and Dennis Hallahan, MD, spoke in support of the project. Present were: Theresa Sberna, Planning Associate, Strategy Development, Vanderbilt University Medical Center; Ginna Felts, Planning Associate, Strategy Development, Vanderbilt University Medical Center; Robert Vraciu, Vice President, Business Development, Vanderbilt University Medical Center; and Jack Nyiri, Vice Chair of Administration, Vanderbilt Center for Radiation Oncology

Addressing the Agency in opposition to the project were: Jerry W. Taylor, Esq., representing Summit Medical Center; Alix C. Cross, Esq., representing Southeast Cancer Network; Barbara Houchin, Executive Director, Planning, St. Thomas Health Services; and Harold Galbraith, Physicist-Department Manager, Southeast Cancer Network. Present in opposition were: Richard R. Peyton, MD, Southeast Cancer Network; Keith Whitley, Executive Vice President, Southeast Cancer Network; and Jeff Whitehorn, CEO, Summit Medical Center.

Mr. Hill rebutted.

Mr. Taylor and Ms. Cross summated for the opposition.

Mr. Hill summated on behalf of the project.

Dr. Caldwell moved for approval of the project based on: 1) Need – The need as based on the current numbers do not indicate a need but based on the what we know is going to happen and based on the fact that cancer treatment is not just getting an X-ray and MRI, it is very personal and we need to have the very best care that we can get. The need is there for Vanderbilt Medical Center to enter into Wilson County; 2) Economic Feasibility – The economic feasibility is not a factor; and 3) The project does contribute to the orderly development of adequate and effective health care as people will go to Vanderbilt anyway and there might as well be home therapy provided locally for cancer patients. Mr. Lammert seconded the motion. The motion FAILED [3-4-0]. **DENIED**

AYE: Troy, Lammert, Caldwell
NAY: Morris, Weaver, Gaither, Koella

Prevailing Vote: Ms. Weaver stated that the applicant did not demonstrate need as there are sufficient service providers in the area.

Ms. Troy recused.

St. Jude Children's Research Hospital - (Memphis, Shelby County) - Project No. CN0712-094

The completion of construction of the seven-story building called The Chili's Care Center; the addition of sixteen (16) licensed beds, and the acquisition of two (2) 3.0 Tesla magnetic resonance imaging (MRI) scanners and one (1) positron emission tomography/computerized tomography (PET/CT) scanner. The project will include three (3) patient care floors; the plaza floor for radiation oncology services, the first tower floor for diagnostic imaging services and the second tower floor for inpatient beds and inpatient support services. This project is an updating and modification of the project previously approved by CN0405-049A. Project Cost \$117,008,449.00.

William H. West, Esq., representing the applicant, addressed the Agency. Mark Barnes, CEO, spoke on behalf of the project.

Mr. Lammert moved for approval of the project based on: 1) Need – There is need to continue their mission in Memphis and for children around the country; 2) Economic Feasibility – The project's economic feasibility is met through cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care as St. Jude provides very high quality service to individuals who have no means of payment in many instances. Ms. Weaver and Dr. Caldwell seconded the motion. The motion CARRIED [6-0-0]. **APPROVED**

AYE: Morris, Lammert, Caldwell, Weaver, Gaither, Koella
NAY: None

Crockett Hospital - (Lawrenceburg, Lawrence County) - Project No. CN0712-095

The expansion of the Emergency Department. This project does not include acquisition of any major medical equipment, or initiation or discontinuance of any health service, and will not change the hospital's licensed bed complement. Project Cost \$5,655,474.00.

Jack Buck, CEO and Joel Southern, Chief Nursing Officer, spoke on behalf of the project. Present were Judy Brenner, Director of Risk & Quality; Jack Grinnell, Director, Plant Operations; and John L. Wellborn, Consultant.

Ms. Troy moved for approval of the project based on: 1) Need – There is a need; 2) Economic Feasibility – The project is financially feasible; and 3) The project does contribute to the orderly development of adequate and effective health care. Dr. Caldwell seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Morris, Troy, Lammert, Caldwell, Weaver, Gaither, Koella
NAY: None

Southern Tennessee Medical Center, LLC - (Winchester, Franklin County) - Project No. CN0712-096

The acquisition of fixed cardiac catheterization equipment to replace its existing mobile services. This project does not include any major medical equipment other than the catheterization laboratory, or initiate or discontinue any other health service, and will not change the hospital's licensed bed complement. Project Cost \$3,521,538.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Ann Jackson, MD, St. Thomas Heart spoke on behalf of the project. Present were: Russ Spray, CEO, Wes Sigler, COO, and John L. Wellborn, Consultant.

Ms. Troy moved for approval of the project based on: 1) Need – The need has been demonstrated; 2) Economic Feasibility – The project is financially feasible; and 3) The project does contribute to the orderly development of adequate and effective health care. Mr. Lammert seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Morris, Troy, Lammert, Caldwell, Weaver, Gaither, Koella
NAY: None

Ms. Troy recused.

Allen Morgan Health Center - (Memphis, Shelby County) - Project No. CN0712-097

Modifications and renovations to the existing facility. There will be no change in the number of beds at the facility, no new services initiated, and no services will be discontinued. Project Cost \$2,879,465.00.

Mike Brent, Esq., representing the applicant, addressed the Agency. Charles Tirrell spoke on behalf of the project. Scott Richardson, Esq. was present.

Mr. Lammert moved for approval of the project based on: 1) Need – The project will meet a need in terms of serving patients in private rooms at a higher percentage than what their current facility permits; 2) Economic Feasibility – The project's economic feasibility is met by tax exempt bonds; and 3) The project does contribute to the orderly development of adequate and effective health care as part of their multi-year plan to renovate the campus. Dr. Caldwell seconded the motion. The motion CARRIED [6-0-0]. **APPROVED**

AYE: Morris, Lammert, Caldwell, Weaver, Gaither, Koella
NAY: None

GENERAL COUNSEL'S REPORT

Jim Christoffersen summarized the following requests for modifications:

Stonecrest Medical Center - (Smyrna, Rutherford County) - Project No. CN0502-012

Request for a twelve (12) month extension of the expiration date from July 1, 2008 to July 1, 2009 and an increase of the project cost from \$4,452,997.00 to \$5,987,693.00 for a total increase of \$1,534,696.00. This project was originally approved on May 25, 2005 for the addition of twenty-six (26) general acute care hospital beds on the fourth floor, and remodeling on the second floor and increased the licensed bed complement from seventy-five (75) beds to one hundred and one (101) beds.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency. Neal Heatherly, CEO, was present.

Dr. Caldwell moved for approval of the extension and cost increase as requested. Ms. Troy seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Morris, Troy, Lammert, Caldwell, Weaver, Gaither, Koella
NAY: None

OTHER BUSINESS

- 1) State Health Plan – Jeff Ockerman, Director of Health Planning, Finance & Administration discussed the status of development of a state health plan at the Department of Finance &

Administration. Mr. Ockerman provided a draft State Health Plan Policy Statement regarding Certificate of Need to the members and staff for review.

MINUTES

The minutes of the February 27, 2008, meeting were accepted by unanimous voice vote.

ADJOURNMENT

There being no further business, the meeting adjourned.

Melanie M. Hill, Executive Director

MMH/mab