

HEALTH SERVICES AND DEVELOPMENT AGENCY
MINUTES
May 25, 2011

AGENCY MEMBERS PRESENT

Koella, Carl, Chair
Handorf, Charles, Vice-Chair
Burns, Charlotte
Johnson, D. Lynn
Lammert, Greg
Southwick, Bill
Wright, James
Gaither, Keith, designee for the TennCare Director
Jordan, Lisa, designee for the Commissioner of Commerce and Insurance
Weaver, Faye, designee for the Comptroller of the Treasury

AGENCY MEMBERS ABSENT

Jones, Clark

AGENCY STAFF PRESENT

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

COURT REPORTER

Haun, Dawn

GUESTS PRESENT

Abney, Donna, Executive Vice President, Methodist LeBonheur Healthcare
Baker, E. Graham, Esq.
Bivens, Brandy M., University of Tennessee Health Science Center
Bozeman, Michael, East Tennessee Healthcare Partners
Brent, Michael D., Esq., Bradley Arant Boult Cummings, LLP
Brown, Christophel, East Tennessee Healthcare Partners
Collins, Shelia B., Director, Baptist Memorial Hospital-DeSoto
Corritore, Danell, Director, Division of Health Statistics, Tennessee Department of Health
Deberry, Jr., Hon. John J., State Representative
Dickerson, Marcy, CNO, Livingston Regional Hospital
DuBois, Mary Lou, President, East Tennessee Healthcare Partners
Duckett, Gregory, Sr. Vice-President & Corp. Counsel, Baptist Memorial Hospital
Duncan, Bruce K., Assistant Vice President, National HealthCare Corporation
Elrod, Dan H., Esq., Miller & Martin
Evensky, Reid D., Esq., Reid D. Evensky, PLC
Gooch, Warren L., Esq., Kramer Rayson, LLP
Gore, Margaret, M.D., Integrity Oncology

Gray, James R., M.D., Tennessee Oncology
Green, Dewey, COO, SeniorHealth of Rutherford, LLC
Haaga, Sue Ellen, Vice President, St. Francis Hospital
Hill, Ronald, Vice President, Strategic Development, Vanderbilt University Medical Center
Holland, Ben, Managing Associate, Oncology Solutions
Houchin, Barbara, Executive Director, Planning, Saint Thomas Health Services
Huggins, Mike, Senior Executive Consultant, Tennessee Hospital Association
Lambdin, LeeAnn, Planning Consultant, Saint Thomas Health Systems
Lee, Jea Y., Radiation Oncologist, Baptist Cancer Center
Looney, Kim H., Esq., Waller Lansden & Dortch
Maples, Arthur, Baptist Memorial Hospital - Memphis
Meadows, Michael J., CEO, Livingston Regional Hospital
Merville, LaDonna, Vice President, Hospital Alliance of Tennessee
Ockerman, Jeff, Director, Health Planning, Tennessee Department of Finance & Administration
Phillips, Brant, Esq., Bass Berry & Sims
Ransom, Ric, Baptist Memorial Hospital Health Care
Reed, Ann R., RN, BSN, MBA, Director of Licensure, Tennessee Department of Health
Richardson, Michael, Vice President, Planning and Business Development, Covenant Health Services
Robinson, Marilyn S., Senior Vice President, Saint Francis Healthcare
Robinson, Melanie, Director, MHP
Ross, Joseph, CFO, Livingston Regional Hospital
Smith, Robert, Vice President, Bank of America
Stencel, Lindsay, Assistant Administrator, Baptist Memorial Hospital-Memphis
Tally, Sarah Lodge, Esq., Miller & Martin
Tauer, Kurt, M.D.
Taylor, Jerry W., Esq., Farris, Mathews, Bobango, PLC
Trauger, Byron R., Esq., Trauger & Tuke
Tripp, Kelly, LMSW, Program Director, Livingston Regional Hospital
Walters, Gwyn, Vice-President, Tennessee Hospital Association
Wellborn, John L., Consultant, Development Support Group
White, Hon. Mark, State Representative
Winningham, Darrell, Director of Reimbursement, Tennessee Health Care Association
Wyler, Scott, Physicist, Baptist Memorial Hospital-Memphis
Zawody, Mark, D.M., Varian

Chairman Koella called the meeting to order at 8:30 a.m. in the main auditorium of The AT&T Building, Nashville, Tennessee.

DIRECTOR'S ANNOUNCEMENTS

Melanie Hill, Executive Director, made general announcements regarding the number of applications to be heard at the next three meetings; that the June through December 2011 meetings will be held at Legislative Plaza in Room 12; and that a brief in-service would be held on Provider Reimbursement at the conclusion of the HSDA meeting. Members of the audience were invited to attend the in-service.

OTHER BUSINESS

- 1) State Health Plan – Jeff Ockerman, Director, Division of Health Planning, Finance & Administration discussed the status of the state health plan.

CONSENT CALENDAR

Melanie Hill summarized the following Consent Calendar application:

East Tennessee Community Open MRI (ETCOM) - (Knoxville, Knox County) - Project No. CN1103-008

To relocate ETCOM from 300 Prosperity Drive, Suite 105, Knoxville (Knox County), TN 37923 to 1415 Old Weisgarber Road, Suite 150, Knoxville (Knox County), TN 37909, and to replace its existing MRI unit with a new MRI unit. The facility is now licensed as an outpatient diagnostic center by the Department of Health and this licensure category will not change at the new location. The project does not contain any other type of

HEALTH SERVICES AND DEVELOPMENT AGENCY

MAY 25, 2011 MEETING

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major medical equipment or initiate or discontinue any other reviewable health service; and it will not affect any facility's licensed bed complements. Project Cost \$2,669,423.00.

Brant Philips, Esq., representing the applicant, was present to address the Agency and present on behalf of the project were: Christophel Brown, East Tennessee Healthcare Partners; Michael Bozeman, East Tennessee Healthcare Partners; Mary Lou DuBois, President, East Tennessee Healthcare Partners; and John L. Wellborn, Consultant.

Dr. Handorf moved for approval of the project based on Ms. Hill's outline: 1) Need – Need for the relocation of this ODC with an open MRI has been demonstrated since it will improve patient care by reducing waiting time for the open MRI because the new site will be closer to the radiology group that currently interprets the MRI scans. These radiologists can now be onsite daily if needed to administer contrast agents thereby reducing the wait time for contrasts studies which is currently two (2) to three (3) weeks. The new location will also provide more dedicated MRI space at a lower cost; 2) Economic Feasibility – The project is feasible through a commercial loan; and 3) The project does contribute to the orderly development of adequate and effective health care as this relocation will consolidate MRI, PET/CT and a future proton therapy center all within the Dowell Springs Office Park. The ODC obtained Medicare certification and TennCare certification in April and May of this year. Ms. Jordan seconded the motion. The motion CARRIED [10-0-0].

APPROVED

AYE: Jordan, Wright, Burns, Johnson, Lammert, Handorf, Gaither, Weaver, Southwick, Koella

NAY: None

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON applications:

Livingston Regional Hospital - (Livingston, Overton County) - Project No. CN1102-005

The expansion of geropsychiatric inpatient unit by four (4) beds through reassignment and conversion of (4) existing inpatient rehabilitation beds, and to construct related support space. The geropsychiatric unit is to be managed by Horizon Health (United Health Systems). Livingston Regional Hospital is licensed by the Department of Health as a 114-bed general hospital, consisting of 90 general hospital beds, 14 rehabilitation beds and 10 geropsychiatric beds. The bed reassignment will result in 90 general beds, 10 rehabilitation beds and 14 geropsychiatric beds. The project will not change the total licensed bed complement. The project does not contain major medical equipment or initiate or discontinue any health service. Project Cost \$1,293,115.00.

Michael J. Meadows, CEO, and John Wellborn, Consultant, addressed the Agency on behalf of the project. Present in support were: Joseph Ross, CFO, Livingston Regional Hospital; Marcy Dickerson, CNO, Livingston Regional Hospital; and Kelly Tripp, LMSW, Program Director, Livingston Regional Hospital.

Mr. Lammert moved for approval of the project based on: 1) Need – There is an obvious need for this application based upon the applicant's current situation where they are turning away patients that need these services; 2) Economic Feasibility – The project's economic feasibility is met with cash reserves of the parent company; and 3) The project does contribute to the orderly development of adequate and effective health care in providing services to the community at large. Ms. Burns seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jordan, Wright, Burns, Johnson, Lammert, Handorf, Gaither, Weaver, Southwick, Koella

NAY: None

Ms. Burns and Dr. Handorf recused.

The West Clinic, PC - (Memphis, Shelby County) - Project No. CN1102-006

1) The establishment of a single specialty ambulatory surgical treatment center (ASTC) limited to radiation therapy services; 2) The initiation of radiation therapy services through the use of a linear accelerator; and 3) The acquisition of a linear accelerator, which qualifies as major medical equipment under applicable law. The services and equipment will be in a new building to be constructed adjacent to the clinical offices of the West

Clinic. The proposed radiation therapy services would be limited to the patients of The West Clinic. Project Cost \$8,375,057.00.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency. Speaking on behalf of the project were: Honorable Mark White, State Representative; Honorable John J. Deberry Jr., State Representative; Kurt Tauer, M.D.; Donna Abney, Executive Vice President, Methodist LeBonheur Healthcare; and Brandy M. Bivens, University of Tennessee Health Science Center. Present in support of the project were: Ben Holland, Managing Associate, Oncology Solutions; and Reid D. Evensky.

Speaking in opposition of the project were: Dan H. Elrod, Esq., representing Baptist Memorial Hospital; Kim H. Looney, Esq., representing Saint Francis Hospital; Margaret Gore, M.D., Integrity Oncology; and Gregory Duckett, Sr. Vice-President & Corp. Counsel, Baptist Memorial Hospital. Present in opposition of the project were: Lindsay Stencil, Assistant Administrator, Baptist Memorial Hospital-Memphis; Scott Wyler, Physicist, Baptist Memorial Hospital-Memphis; Shelia B. Collins, Director, Baptist Memorial Hospital-DeSoto; Ric Ransom, Baptist Memorial Hospital Health Care; Marilyn Robinson, Senior Vice President, Saint Francis Healthcare; and Sue Ellen Haaga, Vice President, St. Francis Hospital.

Mr. Taylor and Dr. Tauer rebutted for the applicant.

Mr. Elrod, Ms. Looney, Dr. Gore, and Jea Y. Lee, Radiation Oncologist, Baptist Cancer Center, provided summation for the opposition.

Mr. Taylor provided summation for the applicant.

Mr. Johnson moved for approval of the project based on: 1) Need – The need has been established for these services; 2) Economic Feasibility – The project is economically feasible as the finances are in order; and 3) The project does contribute to the orderly development of adequate and effective health care by being able to serve patients better. Ms. Weaver seconded the motion. The motion FAILED (due to a tie vote) [4-4-0]. **DENIED**

AYE: Wright, Johnson, Weaver, Koella
NAY: Jordan, Lammert, Gaither, Southwick

Ms. Jordan voted no because the data that is available did not demonstrate a need for an additional linear accelerator in this service area and if one was added it would possibly harm the ability of the other providers in the area to be able to maintain those services.

GENERAL COUNSEL'S REPORT

Jim Christoffersen summarized the following CON modification request:

SeniorHealth of Rutherford, LLC - (Murfreesboro, Rutherford County) - Project No. CN0610-089A

Request for a six (6) month extension of the expiration date from March 15, 2012 to September 15, 2012. This project was approved February 28, 2007. The construction and establishment of a sixty (60)-bed general hospital providing medical detoxification, psychiatric and rehabilitation services. The distribution of beds will be as follows: Medical detoxification (9 beds); psychiatric-adult and geriatric (24 beds), and medical rehab services (27 beds). This facility will serve Rutherford and Bedford counties. The project cost is \$29,893,000.

E. Graham Baker, Jr., Esq., representing the applicant, addressed the Agency on behalf of the request. Dewey Green, COO, was present in support of the request.

Dr. Handorf moved for approval of a twelve (12) month extension of the expiration date from March 15, 2012 to March 15, 2013. Mr. Southwick seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jordan, Wright, Burns, Johnson, Lammert, Handorf, Gaither, Weaver, Southwick, Koella
NAY: None

CONTESTED CASE UPDATE

Mr. Christoffersen provided an update on contested cases.

MINUTES

The minutes of the April 27, 2011 meeting were accepted by unanimous voice vote.

ADJOURNMENT

There being no further business, the meeting adjourned.

Melanie M. Hill, Executive Director

MMH/mab

HEALTH SERVICES AND DEVELOPMENT AGENCY
In-Service Meeting
Provider Reimbursement
May 25, 2011

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Christoffersen, Jim, General Counsel
Craighead, Alecia, Statistical Analyst III
Farber, Mark, Assistant Executive Director
Finchum, Rhonda, Director of Administrative Services
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Trauger, Byron R., Esq., Trauger & Tuke
Walters, Gwyn, Vice-President, Tennessee Hospital Association

Winningham, Darrell, Director of Reimbursement, Tennessee Health Care Association

Chairman Koella called the meeting to order at the conclusion of the regularly scheduled HSDA Meeting in the auditorium, of The AT&T Building, Nashville, Tennessee.

DIRECTOR'S ANNOUNCEMENTS

Melanie Hill, Executive Director, made general announcements. Ms. Hill outlined topics and announced those that would speak. Handouts were provided for those attending.

TOPICS

- Hospitals – Gwyn Walters, Vice President, Tennessee Hospital Alliance
- Nursing Homes – Darrel Winningham, Director of Reimbursement, Tennessee Health Care Association
- ASTC – Bill Southwick
- Home Health & Hospice – Greg Lammert

The following were rescheduled to be presented at the conclusion of the HSDA's June Meeting:

- Physician – Charles Handorf, M.D.
- TennCare – Keith Gaither

ADJOURNMENT

There being no further business, the meeting adjourned.

Melanie M. Hill, Executive Director

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