

**HEALTH SERVICES AND DEVELOPMENT AGENCY**  
**MINUTES**  
**August 25, 2010**

**AGENCY MEMBERS PRESENT**

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

**AGENCY MEMBERS ABSENT**

Jones, Clark

**AGENCY STAFF PRESENT**

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

**COURT REPORTER**

Walker, Laci

**GUESTS PRESENT**

Azar, Frederick M., M.D., Campbell Clinic  
Brady, Brittney, Marketing, Spring City Care & Rehab Center  
Brent, Michael D., Esq., Bradley Arant Boult Cummings, LLP  
Brock, Howard, M.D.  
Brotherton, Matthew, Kramer Rayson, LLC  
Corritore, Danell, Director, Division of Health Statistics, Tennessee Department of Health  
Crattie, C. Barton, LS, CFM, Niles Surveying Co., Inc.  
Cross, Cindy S., Sr. Director of Legal Service, Life Care Centers of America  
Cross, Linda, Director of Construction, Life Care Centers of America  
Culp, Joe F., Health Planner III, Division of Health Statistics, Tennessee Department of Health  
Day, Edwin W., Consultant  
Dillard, Steve  
Duncan, Bruce, Vice President, National HealthCare Corporation  
Eidson, April, E3 Environmental Services  
Elrod, Dan H., Esq., Miller & Martin

Fine, Amanda  
Fine, John, Rhea County Chancery Court Clerk  
Gooch, Warren L., Esq., Kramer Rayson, LLP  
Hernandez, George, CEO, Campbell Clinic  
Hicks, Rebecca, Esq.  
Hill, Ronald, Vice President, Strategic Development, Vanderbilt University Medical Center  
Hollin, Bill, Rhea County Commissioner  
Huggins, Mike, Tennessee Hospital Association  
LeMay, Paige C., COO, Campbell Clinic  
Levey, Teresa, Vice President, University Health System  
Looney, Kim Harvey, Esq., Waller, Lansden, Dortch & Davis  
Majors, Norman D., Senior Vice President/CAO, University of Tennessee Medical Center  
Marlin, Richard  
McAfee, Rick, Chairman's Office, Life Care Centers of America  
McCoy, Wayne, Mille-McCoy  
Merville, LaDonna, Vice President, Hospital Alliance of Tennessee  
Mincy, John, Rhea County Commissioner  
Pigg, Mike, Division Controller, Life Care Centers of America  
Potter, Jeffrey D., Senior Vice President, Strategist, Mercy Health Partners  
Reed, Ann R., RN, BSN, MBA, Director of Licensure, Tennessee Department of Health  
Robinson, Melanie, Director, Mercy Health Partners  
Scott, Gary, Vice President, Perioperative Services, University of Tennessee Medical Center  
Simpson, Ryan, COO, Sarah Cannon Cancer Center  
Sutherland, Glenn, Dillard Construction, Inc.  
Swafford, Kate, Executive Director, Life Care Care Center of Rhea County  
Swafford, Sam  
Tallent, June  
Tally, Sarah Lodge, Esq., Miller & Martin  
Taylor, Jerry W., Esq., Farris, Mathews, Bobango, PLC  
Thomas, Gary, Vice President, Compliance & Accreditation, University of Tennessee Medical Center  
Thompson, Tiffany A., RN, Administrator, Spring City Care & Rehab Center  
Trauger, Byron R., Esq., Trauger & Tuke  
Twitchell, Matthew, Franklin Architects

**Chairman Koella, called the meeting to order at 8:30 a.m. in Meeting Room 12, of The Legislative Plaza, Nashville, Tennessee.**

### **DIRECTOR'S ANNOUNCEMENTS**

Melanie Hill, Executive Director, made general announcements.

### **OTHER BUSINESS**

1) State Health Plan – Ms. Hill provided an update on the status of the state health plan.

### **CERTIFICATE OF NEED APPLICATIONS**

*Mark Farber summarized the following CON applications:*

#### **Dayton Medical Investors, LLC dba Life Care Center of Rhea County - (Dayton, Rhea County) - Project No. CN1003-013**

The relocation and replacement of an eighty-nine (89) bed nursing home located at 7824 Rhea County Highway, Dayton (Rhea County), TN 37321 to an unaddressed site on Manufacturers Road, Dayton (Rhea County), TN 37321. No new beds are requested, no services will be initiated or discontinued, and no medical equipment is requested. Project Cost \$15,094,887.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Speaking in support of the project were: Sam Swafford; Kate Swafford, Executive Director, Life Care Center of Rhea County; Linda Cross, Life Centers of America; Mike Pigg, Division Controller, Life Care Centers of America; Matthew Twitchell, Franklin

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Architects; Rick McAfee, Chairman's Office, Life Care Centers of America; and Wayne McCoy, Mille-McCoy. Present in support of the project were: Cindy S. Cross, Sr. Director of Legal Service, Life Care Centers of America; Steve Dillard; and Sarah Lodge Tally, Esq.

Speaking in opposition of the project were: Bill Hollin, Rhea County Commissioner; John Mincy, Rhea County Commissioner; John Fine, Rhea County Chancery Court Clerk; April Eidson, E3 Environmental Services; Rebecca Hicks, Esq.; Howard Brock, M.D.; C. Barton Crattie, LS, CFM, Niles Surveying Co., Inc.; and Tiffany Thompson, RN Administrator, Spring City Care & Rehab. Handouts received at the meeting in opposition of the project: John Fine (pictures included); Petition with 88 names; 3 Letters from Howard Brock, M.D. Present in opposition was June Tallent and Amanda Fine.

Ann Reed, RN, BSN, MBA, Director of Licensure, Tennessee Department of Health, responded to questions by members.

Mr. Elrod rebutted.

Dr. Brock provided summation for the opposition.

Mr. Elrod provided summation for the applicant.

Mr. Lammert moved for denial of the project because it fails to contribute to the orderly development of healthcare due to the adverse affects upon the patients its location would pose. Ms. Burns seconded the motion. The motion CARRIED [6-4-0]. **DENIED**

AYE: Jordan, Wright, Burns, Lammert, Gaither, Koella

NAY: Handorf, Weaver, Johnson, Southwick

*Dr. Handorf recused*

#### **Campbell Clinic - (Memphis, Shelby County) - Project No. CN1005-021**

The initiation of magnetic resonance imaging (MRI) services and the acquisition of an MRI from Semmes-Murphey Clinic. Campbell Clinic will continue to operate the MRI at its current location. Project Cost \$778,843.00.

Kim H. Looney, Esq., representing the applicant, addressed the Agency. Speaking in support of the project were: George Hernandez, CEO, Campbell Clinic; and Frederick M. Azar, M.D., Campbell Clinic. Present in support was Paige C. LeMay, COO, Campbell Clinic.

Mr. Lammert moved for approval of the project based on: 1) Need – The need is demonstrated by the volume of services by this provider; 2) Economic Feasibility – The project's economic feasibility is met by commercial loan; and 3) The project does contribute to the orderly development of adequate and effective health care by providing these services in a more urban area of Memphis. Ms. Jordan seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

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

NAY: None

#### **University of Tennessee Medical Center - (Knoxville, Knox County) - Project No. CN1005-022**

The construction of an addition to the existing surgery facilities consisting of approximately 28,000 square feet of space to house thirteen (13) new operating rooms. The project also includes the renovation of approximately 12,000 square feet of existing space in the surgical facilities and a new endovascular suite in space currently housing three (3) small operating rooms and a storage space. This will result in a net addition of ten (10) operating rooms and one (1) endovascular suite. Major medical equipment to be acquired is a new endovascular lab and related equipment. The expansion project will be on the main campus. No new services will be initiated and no current services will be discontinued. This project does not involve any inpatient beds. Project Cost \$18,432,272.00.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency. Speaking in support of the project was Gary Scott, Vice President, Perioperative Services, University of Tennessee Medical Center. Present in support were: Norman Majors, Sr. Vice President/CAO, University of Tennessee Medical Center; Teresa Levey, Vice President, University Health System; and Gary Thomas, Vice President, Compliance & Accreditation, University of Tennessee Medical Center.

Ms. Burns moved for approval of the project based on: 1) Need – There is a need based upon the comments presented, the volumes of surgeries they do, and the need to upgrade their facility; 2) Economic Feasibility – The project is economically feasible and cash reserves are available; and 3) The project does contribute to the orderly development of adequate and effective health care. Mr. Lammert seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

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

### **GENERAL COUNSEL'S REPORT**

*Reid Brogden summarized the following request for modification:*

#### **Vanderbilt Health Services d/b/a Vanderbilt Maury Radiation Oncology, L.L.C. - (Spring Hill, Maury County) - Project No. CN0804-024A**

Request for a six (6) month extension of the expiration date from September 1, 2010 to March 1, 2011. This project was approved on July 23, 2008 for the establishment of an ambulatory surgical treatment center (ASTC), single specialty, limited to the initiation of megavoltage radiation therapy services and the acquisition of a linear accelerator. The project cost is \$7,385,128.00.

Ronald W. Hill, Vice President, Strategic Development, addressed the Agency on behalf of the request.

Dr. Handorf moved for approval of the extension of the expiration date warranted on developmental potential of new partners through this project as well as economic vagaries. The expiration date is to be extended by eighteen (18) months from September 1, 2010 to March 1, 2012. Mr. Wright seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

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

### **CONTESTED CASE**

Mr. Brogden provided an update on contested cases.

### **OTHER BUSINESS**

#### **AUDIT COMMITTEE -- ELECTION OF AUDIT COMMITTEE CHAIR AND VICE-CHAIR**

Audit Committee will meet immediately after the scheduled August 25, 2010 Agency meeting.

#### **Election of Audit Committee Chair:**

Ms. Hill opened the floor for nominations for Audit Committee Chair:

Mr. Jones nominated by Dr. Handorf. Mr. Lammert seconded. The motion carried by unanimous voice vote [10-0-0].

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

**Election of Audit Committee Vice-Chair:**

Mr. Lammert nominated by Mr. Koella. Dr. Handorf seconded. The motion carried by voice vote [9-0-1].

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

NAY: None

ABSTAINED: Lammert

**MINUTES**

The minutes of the July 28, 2010, meeting were accepted by unanimous voice vote [10-0-0].

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

NAY: None

**ADJOURNMENT**

There being no further business, the meeting adjourned.

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Melanie M. Hill, Executive Director

MMH/mab