

HEALTH SERVICES AND DEVELOPMENT AGENCY
MINUTES
July 22, 2009

AGENCY MEMBERS PRESENT

Koella, Carl, III, Chair
Lammert, Gregory, Vice Chair
Atchley, Bryan
Bishop, Jimmy
Gaither, Keith, designee for the TennCare Director
Handorf, Charles, M.D.
Morris, John, designee for the Commissioner of Commerce and Insurance
Weaver, Faye, designee for the Comptroller of the Treasury

AGENCY MEMBERS ABSENT

Burns, Charlotte
Jones, Clark

AGENCY STAFF PRESENT

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

GUESTS PRESENT

Anderson, Richie
Brent, Michael D., Esq., Bradley Arant Boult Cummings, LLP
Cannon, Barbara
Cluck, Van, CEO, Blakeford at Green Hills
Craso, Linda
Cross, Cindy S., Sr. Director of Legal Services, Life Care Services
Culp, Joe, Tennessee Department of Health
Day, Edwin W., Consultant
Duncan, Bruce, National HealthCare Corporation
Elrod, Dan H., Esq., Miller & Martin
Ferraro, S., Bass, Berry & Sims
Gooch, Warren, Esq., Kramer Rayson, LLP
Gregory, Luke, Vanderbilt University Medical Center
Grenwall, Jeremy
Harkness, Eric, Planning & Research Coordinator, Tennessee Department of Finance & Administration
Harper, Lakecia
Hill, Ronald, Vice President, Strategic Development, Vanderbilt Medical Center
Houchin, Barbara, Executive Director, St. Thomas Health Services
Johnstone, Lois, Administrator, Blakeford at Green Hills
McRae, Norman, President, Caris Healthcare
Merville, LaDonna, Hospital Alliance of Tennessee

HEALTH SERVICES AND DEVELOPMENT AGENCY

JULY 22, 2009 MEETING

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Ockerman, Jeff, Director, Health Planning, Tennessee Department of Finance & Administration
Pigg, Mike
Russell, Richard, THCA
Rutherford, Ann R., RN, BSN, MBA, Director of Licensure, Tennessee Department of Health
Tally, Sarah Lodge, Esq., Miller & Martin
Taylor, Jerry W., Esq., Farris, Mathews, Bobango
Trauger, Byron R., Esq., Trauger & Tuke
Yebuah, Eric, State Accountant, Shared Services Solutions, Tennessee Department of Finance & Administration

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 and stated that the first order of business would be the election of Vice Chair.

ELECTION OF VICE-CHAIR

Dr. Handorf nominated Mr. Lammert as Vice-Chair. Mr. Lammert accepted. Mr. Atchley moved to cease nominations and moved to name Mr. Lammert as Vice-Chair. Dr. Handorf seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Morris, Bishop, Lammert, Atchley, Handorf, Weaver, Gaither, Koella
NAY: None

STATE HEALTH PLAN UPDATE

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

CONSENT CALENDAR

Melanie Hill summarized the following Consent Calendar application:

Vanderbilt Bone and Joint - (Franklin, Williamson County) - Project No. CN0905-022

The acquisition of a magnetic resonance imaging (MRI) unit and the initiation of MRI service to be owned and managed by Vanderbilt University Medical Center. The MRI service is currently provided in a physician practice. The existing equipment, a Hitachi open bore MRI 0.3 Tesla will be purchased as part of the acquisition of the practice and the MRI will continue to be used for the patients of the practice. Project Cost \$1,208,358.00.

Dan H. Elrod, Esq., representing the applicant, was available to address the Agency. Present on behalf of the project were: Ronald W. Hill, Vice President, Strategic Development; Vanderbilt University Medical Center; and Luke Gregory, Assistant Vice Chancellor, Vanderbilt University Medical Center

Mr. Lammert moved for approval of the project based on: 1) Need – There is a need for the service in this area; 2) Economic Feasibility – The project is economically feasible with cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care by continuing to serve the patients in Williamson County and the surrounding areas. Dr. Handorf seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Morris, Bishop, Lammert, Atchley, Handorf, Weaver, Gaither, Koella
NAY: None

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON applications:

Life Care Center of Missionary Ridge - (Chattanooga, Hamilton County) - Project No. CN0904-016

Life Care Center of Missionary Ridge, a seventy-eight (78)-bed nursing home located at 708 Dwight Avenue, Chattanooga (Hamilton County), TN 37406, received a Certificate of Need (CN0806-038A) to relocate this nursing home to 5501 Old Hixson Pike, Chattanooga (Hamilton County), TN 37343 and to add twenty-one (21) beds. This application is to add nine (9)* additional beds, and to increase the project cost from \$16,096,135.00 to \$18,281,040.00. This project will increase the licensed beds at Life Care Center of Missionary Ridge from ninety-nine (99) to one hundred eight (108). If approved, nine (9) beds will be de-licensed at the Life Care Center of East Ridge, which is also operated by the applicant. Therefore, the net number of licensed beds in the Hamilton County service area will not change. Project Cost \$2,184,905.00.

* These beds **will be** subject to the Nursing Home Bed Pool for 2008-2009

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Cindy S. Cross, Sr. Director of Legal Services, Life Care Services, was present on behalf of the project.

Mr. Atchley moved for approval of the project based on: 1) Need – The need is definitely established by the numbers in the application; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care with the participation of skilled Level I and Level II nursing home beds. Mr. Lammert seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Morris, Bishop, Lammert, Atchley, Handorf, Weaver, Gaither, Koella
NAY: None

Woodcrest at Blakeford - (Nashville, Davidson County) - Project No. CN0904-019

The relocation of thirteen (13)* nursing home beds from The West End Health Care Center, 2818 Vanderbilt Place, Nashville (Davidson County), TN to Woodcrest at Blakeford, 11 Burton Hills Boulevard, Nashville (Davidson County), TN. If approved, the licensed beds at Woodcrest will increase from seventy (70) Medicare skilled nursing home beds to seventy (70) Medicare skilled nursing home beds and thirteen (13) noncertified nursing home beds. The relocated beds will be placed in approximately 8,970 square feet of existing space currently licensed as part of an assisted care living facility, so no construction will be required. The project does not initiate any health care service or include the acquisition of any major medical equipment. Project Cost \$108,000.00.

* These beds **will not be** subject to the Nursing Home Bed Pool for 2008-2009

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Van Cluck, CEO, Blakeford at Green Hills spoke on behalf of the project. Lois Johnstone, Administrator, Blakeford at Green Hills and Lakecia Harper were present in support of the project.

Dr. Handorf moved for approval of the project based on: 1) Need – The project is needed based on the current occupants; 2) Economic Feasibility – The project is economically feasible and funded through cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care by reorganizing the distribution and use of these current beds. Ms. Weaver amended by adding that West End Health Care Center will delicense thirteen (13) nursing home beds upon licensing of these approved beds. Mr. Atchley seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Morris, Bishop, Lammert, Atchley, Handorf, Weaver, Gaither, Koella
NAY: None

GENERAL COUNSEL'S REPORT

Jim Christoffersen summarized the following requests for modifications:

Caris House - (Farragut, Knox County) - Project No. CN0703-023A

Request for a six (6) month extension of the expiration date from August 1, 2009 to February 1, 2010. This project was approved on June 27, 2007 for the construction of a new eighteen (18) bed residential hospice facility located on the campus of NHC HealthCare, Farragut with a project cost of \$5,288,573.00.

Sarah Lodge Tally, Esq., representing the applicant, addressed the Agency. Dan H. Elrod, Esq., and Norman McRae, President, Caris Healthcare, responded to questions from members on behalf of the project.

Dr. Handorf moved for denial of the request based on: The orderly development of health care is not served by this extension. The applicant does anticipate to submit a new application for the relocation. Ms. Weaver seconded the motion. The motion CARRIED [4-3-1]. **DENIED**

AYE: Lammert, Handorf, Weaver, Gaither

NAY: Morris, Bishop, Atchley

ABSTAINED: Koella

Lakeshore Estates, Inc. d/b/a The Meadows - (Nashville, Davidson County) - Project No. CN0708-062A

Request to remove limitation on Medicare and Medicaid participation so that the facility can seek certification for ten (10) beds to be qualified as Medicare skilled beds. This unimplemented project was approved at the November 14, 2007 meeting for the replacement and relocation of Lakeshore Wedgewood, a sixty-one (61) bed nursing home, from 832 Wedgewood Avenue, Nashville (Davidson County), TN 37207 to 8044 Coley Davis Road, Nashville (Davidson County), TN 37221. The total number of nursing home beds located in Davidson County will not change as a result of this project. The expiration date is January 1, 2010 and the project cost is \$5,912,359.00.

Deferred to the August Meeting

Rosewood Manor - (Spring Hill, Maury County) - Project No. CN0703-021A

Request for a two (2) year extension of the expiration date from September 1, 2009 to September 1, 2011. This project was approved July 25, 2007 for the replacement and relocation of the existing nursing home, and the addition of thirty (30) Medicare certified skilled nursing beds from 1400 Rosewood Drive, Columbia (Maury County), TN to an unaddressed site located north of Saturn Parkway, adjacent to the Spring Hill Hospital site, in Spring Hill (Maury County), TN. The project cost is \$10,668,976.00.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency.

1st Motion: Ms. Weaver moved for denial of the request as the extension of the expiration date will not contribute to the orderly development of health care as no progress has been made towards the construction or starting this project. In this particular instance this project hinges on the successful start of another approved project that is under appeal. Dr. Handorf seconded the motion. The motion FAILED [2-6-0].

AYE: Handorf, Weaver

NAY: Morris, Bishop, Lammert, Atchley, Gaither, Koella

2nd Motion: Mr. Lammert moved for approval of the request based on the other project's appeal process was not foreseen by the applicant. The extension of the expiration date is needed to allow this approved project to come to fruition when the other project's appeal has been resolved. Mr. Atchley seconded the motion. The motion CARRIED [6-2-0]. **APPROVED**

AYE: Morris, Bishop, Lammert, Atchley, Gaither, Koella

NAY: Handorf, Weaver

CONTESTED CASE UPDATE

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Mr. Christoffersen provided an update on contested cases.

LEGISLATIVE UPDATE

Mr. Christoffersen provided a summary of 2009 Certificate of Need legislation.

AUDIT COMMITTEE ELECTION OF MEMBERS

Ms. Hill provided a brief review of the Charter for members and stated the mission of the Audit Committee. Ms. Hill also stated that the Audit Committee would meet at the conclusion of this meeting and the August 26, 2009 Agency meeting.

Mr. Koella opened the floor for nominations of the Audit Committee Chair and members.

Dr. Handorf nominated the current members: Dr. Handorf, Mr. Gaither, Mr. Jones, Mr. Atchley and Mr. Koella. Mr. Atchley moved to cease nominations and to accept the nominations. Members accepted. Dr. Handorf seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Morris, Bishop, Lammert, Atchley, Handorf, Weaver, Gaither, Koella
NAY: None

Dr. Handorf nominated and moved for the election of Mr. Atchley as chair. Mr. Atchley accepted. Mr. Koella seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Morris, Bishop, Lammert, Atchley, Handorf, Weaver, Gaither, Koella
NAY: None

MINUTES

The minutes of the June 24, 2009, meeting were accepted by unanimous voice vote.

ADJOURNMENT

There being no further business, the meeting adjourned.

Melanie M. Hill, Executive Director

MMH/mab