

HEALTH SERVICES AND DEVELOPMENT AGENCY
MINUTES
JUNE 24, 2009

AGENCY MEMBERS PRESENT

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

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

Adcock, Bonnie, Alderman, City of Spencer
Alley, Terry
Anderson, Pat
Averitt, John B., Ph.D.
Barrett, James H.
Barton, Alice
Bayless, Peggy D., Alderman, City of Spencer
Bennett, Phyllis, Executive Director, UCHRA
Bennett, Roy
Beuoy, Doug
Biddle, Jake, Administrator, Caris Healthcare
Binkley, Lousie D.
Blankenship, Jeff, Jackson Madison County General Hospital
Bouldin, Clifford
Bouldin, Lanny
Bouldin, Mary G.
Bradford, Mitzi
Brenzia, Michael
Brock, Harold G.
Brown, Dere, National HealthCare Corporation
Bruegseman, Mike, M.D.
Burke, George A., Esq., Chairman, City of Spencer Planning Commission
Burns, Jonathan
Carlile, Laura

Chandler, Joe
Chandler, Joyce
Cherry, Vince, CEO, University Medical Center
Climer, Patricia
Cockell, Anna-lee
Colton, Joel, CPS Publication
Connell, J. Paul (Rip), President, Upper Cumberland Private Clinic
Connell, Lorie, Private Clinic North
Connell, Ricky, Private Clinic North
Cook, Gary
Cope, Dorothy
Corritore, Danell, Tennessee Department of Health
Cottrell, Alica
Cox, Sherrie
Crosby, Joseph F., M.D.
Crosby, Opal
Cunningham, James
Curtiss, Charles, Hon., State Representative
Davis, Steve, Administrator, Private Clinic North
Day, Edwin W., Consultant
Dishman, Kelly J., Mayor of Van Buren County
Dodson, Flora
Dolder, Rob
Doty, Barbara, Program Sponsor, Raleigh Professional Associates dba Paris Professional Associates
Drake, Wayne
Duke, Norm
Duncan, Bruce, National HealthCare Corporation
Dycus, Paulette
East, Margaret
Elkins, Susan, Vice President, Tennessee Tech University
Elrod, Dan H., Esq., Miller & Martin
Emmons, Deanna
Farmer, Dean B., Esq.
Flanagan, Frank, Private Clinic North
Flynn, Wayne
Ford, Marla
Foster, Mike, Mayor of DeKalb County
Freign, Freda
Gooch, Warren, Esq., Kramer Rayson, LLP
Gossett, James
Gossett, Rachel
Graves, Sandra
Hale, Marla, Assistant Director, UCHRA
Harkness, Eric, Planning & Research Coordinator, Division of Health Planning, Tennessee Department of F & A
Harris, Vickie, Renaissance Consulting
Harvey, Allison, Pharm.D., Opiate Specialist, Tennessee Dept. of Mental Health and Developmental Disabilities
Henderson, Lindsey
Hickman, Jo, Clinical Supervisor, Paris Professional Associates
Hillis, Karla, Van Buren Head Start
Hix, Danny
Hodges, Barbara
Holland, Cindy
Hollis, Ken
Hoston, Deane
Houchin, Barbara, Executive Director, St. Thomas Health Services
Jones, Charlie
King, Sheila
Kington, John M., II, Esq., Raleigh Professional Associates dba Paris Professional Associates
Kington, John M., M.D., Raleigh Professional Associates dba Paris Professional Associates
Lacy, Ira, Tennessee Dept. of Mental Health and Developmental Disabilities

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Lake, Vicki, Director, Market Research & Community Development, Jackson-Madison County General Hospital
Lancaster, Steve
Lodge, Richard, Esq., Bass, Berry & Sims
Looney, Kim Harvey, Esq., Waller, Lansden, Dortch & Davis
Massa, Barbara, Private Clinic North
McCall, Davis
McKey, Roger, M.D.
McKinney, Roger, M.D.
McMillan, Geeta, M.D.
Medley, Penny
Moore, Jennifer, Ph.D.
Neely, Steve, M.D.
Nesbitt, Michael F., Mayor of Smith County
Norris, Anna
Ockerman, Jeff, Director, Health Planning, Tennessee Department of Finance & Administration
Orin, Larry
Palmer, Sammy
Phillips, Brant, Esq., Bass, Berry & Sims
Pitt Will
Poling, Becki, Director Hospital Services, Tennessee Dept. of Mental Health and Developmental Disabilities
Pope, Bill, Esq., Tennessee Association of Human Resource Agencies
Price, C. Brad, 31st Judicial District Drug Court
Reagan, Melinda
Redmon, Pam
Robertson, George William, M.D.
Robinson, Sheila
Rogers, Velma
Rowland, Debra
Russell, Richard, THCA
Seamons, June
Smith, Connie
Smith, Jean
Smith, Jeff, Private Clinic North
Smith, Larry
Smith, Steven J., M.D.
Starnes, Susan
Stephenson, Kate, Esq., Trauger & Tuke
Sullivan, David R., Commissioner, Van Buren County
Sullivan, Herb
Talbot, Rachelle, Heritage Log Homes of the Cumberland
Taylor, Jerry W., Esq., Farris, Mathews, Branan, Bobango, Hellen & Dunlap, PLC
Teeter, Norman, Raleigh Professional Associates
Terry, Roy, M.D., Tennessee Othopedics
Thacker, Bernice
Thomas, Janie
Todd Sr., Douglas
Todd, Dorothy
Trauger, Byron R., Esq., Trauger & Tuke
Turner, Kathy
Tuttle, Kathryn, Jim Barnes Log Homes
Voss, Heather
Walker, Shirley
Watts, Davis, Senior Vice President, First Tennessee Bank
Waugh, Lillie
Wellborn, John L., Consultant, Development Support Group
Wheeler, Johnnie, Commissioner, City of Cookeville
Wilhoite, Deirdre, Private Clinic North
Williams, Cindy, Private Clinic North
Wilson, Melissa, State of Tennessee, Comptroller's Office
Wilson, Rebecca

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Woodlee, Don
York, Troy D.
Zavogiannis, Lisa, District Attorney, 31st Judicial District

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 further stated the following: 1) Vanderbilt Psychiatric Hospital, LLC, Project No. CN0903-015 application was withdrawn; in regards to Upper Cumberland Private Clinic, Representative Bill Harmon submitted a letter of support which was erroneously listed as opposition on the Agenda; Dr. Bill Cole withdrew his opposition to Lebanon Surgical Center, CN0702-011; the July through December 2009 meetings will be held at Legislative Plaza; the Audit Committee will meet at the conclusion of the July meeting; and approval of Legislation has passed to increase the threshold of major medical equipment from \$1.5 million to \$2.0 million which will be effective July 1, 2009.

OTHER BUSINESS

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

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON applications:

West Tennessee Neurosciences - (Jackson, Madison County) - Project No. CN0902-009

The relocation of magnetic resonance imaging (MRI) services from the existing location of 614 Skyline Drive to 700 West Forest Avenue, Jackson (Madison County), TN 38301. As a part of the relocation a replacement MRI unit will be purchased. Project Cost \$3,032,675.00.

DEFERRED FROM THE MAY MEETING

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Mike Bruegseman, M.D. was present on behalf of the project.

Dr. Handorf moved for approval of the project based on: 1) Need – The need has been established for the relocation and improvement of an existing unit; 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 by modernization of instrumentation. Mr. Lammert seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

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

Mr. Lammert recused.

A Touch of Grace Hospice of Nashville, LLC - (Nashville, Davidson County) - Project No. CN0902-005

The provision of hospice services in Davidson County with a particular focus on the underserved and un-served populations. The home office being located at 545 Mainstream Drive, Suite 408, Nashville (Davidson County), TN 37228. Project Cost \$168,900.00.

Jennifer Moore, Ph.D., representing the applicant, addressed the Agency.

Jake Biddle, Administrator, Caris Healthcare, opposed the project.

Dr. Moore rebutted.

Mr. Biddle provided summation for the opposition.

Dr. Moore provided summation for the applicant.

Mr. Jones moved for approval of the project based on: 1) Need – The need has been established; 2) Economic Feasibility – The project is economically feasible based on the line of credit that is available; and 3) The project does contribute to the orderly development of adequate and effective health care. Ms. Weaver seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

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

Parkwest Plastic Surgery, LLC - (Knoxville, Knox County) - Project No. CN0902-008

The establishment of an ambulatory surgical treatment center (ASTC) limited to plastic and cosmetic surgical procedures for persons over the age of eighteen (18) and to be used by qualified plastic surgeons. The ASTC will have two (2) operating rooms. Project Cost \$3,617,004.00.

Dean B. Farmer, Esq., representing the applicant, addressed the Agency. Steven J. Smith, M.D. spoke on behalf of the project.

Dr. Handorf moved for approval of the project based on: 1) Need – The project is needed based on the changes and structures of service providers in the community; 2) Economic Feasibility – The project is economically feasible based on commercial loan financing; and 3) The project does contribute to the orderly development of adequate and effective health care as it will not diminish services to TennCare participants. Mr. Atchley seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

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

Upper Cumberland Private Clinic, LLC - (Spencer, Van Buren County) - Project No. CN0903-013

The establishment of a non-residential methadone treatment facility to assist opioid addicted patients to abstain from the use of illicit drugs through detoxification, treatment, and substance abuse/psychiatric counseling services. It will serve the adult population in Van Buren County and surrounding counties. Project Cost \$946,927.00.

Byron R. Trauger, Esq. and Kathryn A. Stephenson, Esq., representing the applicant, addressed the Agency. Speaking in support of the project were: J. Paul (Rip) Connell, President, Upper Cumberland Private Clinic; Steve Davis, Administrator, Private Clinic North; Kelly J. Dishman, Mayor of Van Buren County; Phyllis Bennett, Executive Director, UCHRA; Michael F. Nesbitt, Mayor of Smith County; Mike Foster, Mayor of DeKalb County; Bill Pope, Esq., Tennessee Association of Human Resource Agencies; Karla Hillis; and Geeta McMillan, M.D. Present in support of the project were: Doug Beuoy; Johnnie Wheeler, Commissioner, City of Cookeville; Don Woodlee; Susan Elkins, Vice President, Tennessee Tech University; Davis Watts, Senior Vice President, First Tennessee Bank; and Marla Hale, Assistant Director, UCHRA.

Speaking in opposition of the project were: Lisa Zavogiannis, District Attorney, 31st Judicial District; Joseph F. Crosby, M.D.; Charles Curtiss, State Representative; George A. Burke, Esq., Chairman, Spencer Planning Commission; David R. Sullivan, Commissioner, Van Buren County; John B. Averitt, Ph.D.; James Gossett; Rachel Gossett; Peggy D. Bayless, Alderman, City of Spencer; Bonnie Adcock, Alderman, City of Spencer; Brant Phillips, Esq., representing Volunteer Treatment Clinic; C. Brad Price, 31st Judicial District Drug Court; Rachelle Talbot, Heritage Log Homes of the Cumberland; and Kathryn Tuttle, Jim Barnes Log Homes. Present in opposition of the project were: Connie Smith; Joe Chandler; and Joel Colton, CPS Publication.

Mr. Trauger rebutted.

Allison Harvey, Pharm.D., Opiate Specialist, Tennessee Department of Mental Health and Developmental Disabilities, responded to members' questions.

Ms. Zavogiannis provided summation for the opposition.

Mr. Trauger provided summation for the applicant.

Dr. Handorf moved for approval of the project based on: 1) Need – The need for these services is established by the individuals already using methadone clinic services elsewhere; 2) Economic Feasibility – The project is economically feasible through commercial loans and cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care especially in light of the proposed operator's long term history and operating successful high quality programs elsewhere. Ms. Weaver seconded the motion. The motion FAILED [3-6-1]. **DENIED**

AYE: Jones, Weaver, Handorf

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

ABSTAINED: Gaither

Opposing Vote: Mr. Atchley stated his reason for a no vote was that this particular isolated location for this service area would not be orderly development of healthcare.

Raleigh Professional Associates dba Paris Professional Associates - (Paris, Henry County) - Project No. CN0903-014

The establishment of an outpatient methadone maintenance treatment program to assist opioid addicted clients to achieve an illicit drug-free state. It will serve the adult population in Henry County and surrounding counties. Project Cost \$115,500.00.

Barbara Doty, Program Sponsor, addressed the Agency and John M. Kington, M.D. spoke on behalf of the project. Present in support were: Norman Teeter, Raleigh Professional Associates; John M. Kington, II, Esq.; and Jo Hickman, Clinical Supervisor, Paris Professional Associates.

Mr. Jones moved for approval of the project based on: 1) Need – There is a need established; 2) Economic Feasibility – The project is economically feasible based on the cash reserves being used; and 3) The project does contribute to the orderly development of adequate and effective health care in Tennessee. Ms. Weaver seconded the motion. The motion CARRIED [8-0-2]. **APPROVED**

AYE: Morris, Burns, Bishop, Lammert, Atchley, Handorf, Weaver, Jones

NAY: None

ABSTAINED: Gaither, Koella

Vanderbilt Psychiatric Hospital, LLC - (Nashville, Davidson County) - Project No. CN0903-015

The establishment of an eighty-eight (88) bed mental health hospital and the initiation of adult, child and adolescent psychiatric services. The hospital will house eighty-eight (88) beds and will consist of forty-six (46) adult psychiatric beds; twenty-eight (28) child psychiatric beds; and fourteen (14) alcohol and drug treatment beds. The facility is currently operated as part of Vanderbilt University Hospital. If approved, the effect of the project will be to change the license status of the eighty-eight (88) bed facility from (a) licensed by the Department of Health as part of Vanderbilt University Hospital to (b) licensed as a freestanding mental health hospital by the Tennessee Department of Mental Health and Developmental Disabilities. Project Cost \$6,366,292.00.

WITHDRAWN

GENERAL COUNSEL'S REPORT

Jim Christoffersen summarized the following requests for modifications:

Lebanon Surgical Center - (Lebanon, Wilson County) - Project No. CN0702-011A

Request for a one (1) year extension of the expiration date from July 1, 2009 to July 1, 2010. This project was approved on May 23, 2007 for the replacement and relocation of the existing multi-specialty surgery center, an increase in operating rooms from one (1) to three (3), and an increase in procedure rooms from one (1) to two (2). The facility is to be constructed by a third party and leased back to the applicant for an initial period of ten (10) years. The project cost is \$8,625,538.00.

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DEFERRED FROM THE MAY MEETING

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Speaking in support of the project were: George William Robertson, M.D.; and Roger McKinney, M.D. Present in support of the project was Vince Cherry, CEO, University Medical Center.

Speaking in opposition were: Kim Looney, Esq., representing Lebanon Healthcare Partners, and Roy Terry, M.D., Tennessee Othopedics.

Mr. Elrod rebutted.

Ms. Looney provided summation for the opposition.

Mr. Elrod provided summation for the applicant.

Mr. Lammert moved for approval of the request for a one (1) year extension of the expiration date from July 1, 2009 to July 1, 2010. There was a lot of unforeseen issues that have arisen preventing the hospital from staying on the proposed timetable. The project will continue to meet a need in that community and will continue to contribute to the orderly development once it is completed. Mr. Atchley seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

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

Plateau Eye Surgery Center - (Fairfield Glade, Cumberland County) - Project No. CN0804-025A

Request for an increase in project cost from \$1,293,109 to \$1,640,000 (a 26.8% increase of \$346,891), and an increase in square footage from 3,319 square feet to 3,685 square feet (an 11% increase of 336 square feet). This project was approved on July 23, 2008 for the establishment of an ambulatory surgical treatment center (ASTC) limited to ophthalmic procedures for Cumberland Eye Care patients with one (1) operating room in leased space in an addition to be constructed in the Cumberland Eye Care building. The expiration date is September 1, 2011. Project Cost \$1,640,000.

Dan Richardson addressed the Agency on behalf of the project and John L. Wellborn, Consultant, was present.

Dr. Handorf moved for approval of the request for an increase in project cost from \$1,293,109 to \$1,640,000 and an increase in square footage from 3,319 square feet to 3,685 square feet. Mr. Atchley seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

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

MINUTES

The minutes of the May 27, 2009, meeting were accepted by unanimous voice vote.

ADJOURNMENT

There being no further business, the meeting adjourned.

Melanie M. Hill, Executive Director

MMH/mab