



**State of Tennessee**  
**Health Services and Development Agency**

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**Date:** April 13, 2016

**To:** HSDA Members

**From:** *M Hill*  
Melanie M. Hill, Executive Director

**Re:** CONSENT CALENDAR JUSTIFICATION

**Michael Dunn Center, Rockwood (Roane County), TN – CN1602-006**

**To establish a four bed ICF/IID home for individuals with Intellectual Disabilities (ICF/IID) located at 763 Clymersville Road, Rockwood (Roane County), Tennessee 37854. The estimated project cost is \$1,586,065.**

As permitted by Statute and further explained by Agency Rule later in this memo, I have placed this application on the Consent Calendar based upon my determination that the application appears to meet the established criteria for granting a Certificate of Need. Need, Economic Feasibility and Contribution to the Orderly Development of Health Care appear to have been demonstrated as detailed below. If Agency Members determine that the criteria have been met, a member may move to approve the application by adopting the criteria set forth in this justification or develop another motion for approval that addresses each of the three criteria required for approval of a Certificate of Need. If you find one or more of the criteria have not been met, then a motion to deny is in order.

At the time the application entered the review cycle on March 1, 2016, it was not opposed. If the application is opposed prior to it being heard, it will be moved to the bottom of the regular April agenda and the applicant will make a full presentation.

**Summary**

Michael Dunn Center is seeking to establish a 4-bed ICF/IID home at 763 Clymersville Road in Rockwood (Roane County). The applicant proposes to convert Hope Haven II which is a facility it is currently using as a 10-bed residential habilitation facility into a 4-bed ICF/IID facility. The nine residents who currently

reside there will be relocated to a different residential habilitation. This is the same plan the Agency approved in December for Michael Dunn, CN1509-038A, located at 313 Michael Dunn Drive in Rockwood (Roane County), Tennessee. Please refer to the application, staff summary, and Tennessee Department of Intellectual and Developmental Disabilities (TDIDD) report for more details about the facility.

The need for this facility is based upon the closure of Greene Valley Developmental Center (GVDC), which is anticipated to close on June 30, 2016. GVDC is being closed as part of the Exit Plan in a 19-year old lawsuit by the Department of Justice against the State of Tennessee, which found unconstitutional conditions at the State of Tennessee's four developmental centers. The lawsuit will be fully dismissed once all residents of GVDC have been transferred into smaller homes in the community and GVDC is closed.

The following information came directly from the TDIDD website and helps explain the need for this facility:

*In April 1996, DIDD entered into a settlement agreement with the advocacy group People First, which had sued the state, charging violations of Civil Rights of Institutionalized Persons Act (CRIPA) at Clover Bottom and Greene Valley Developmental Centers. The United States Department of Justice strongly suggested that the state settle and, in December 1996, sued the state to become a party in the settlement negotiations.*

*Starting in May 2014, DIDD, the Bureau of TennCare and the Attorney General's office participated in court-ordered mediation for six months to reach an Exit Plan that ultimately will lead to the end of the nearly 20-year-old lawsuit. The Exit Plan was agreed to and executed by all of the parties to the lawsuit: the State, the U.S. Department of Justice, People First of Tennessee and the Parent Guardian Associations of Clover Bottom Developmental Center and Greene Valley Developmental Center.*

*On January 29, 2015, an order was issued by U.S. District Judge Kevin Sharp approving the Exit Plan. The order entered by Judge Sharp calls for a two-phase dismissal of the lawsuit based on the state completing obligations set forth in the Exit Plan.*

*The first phase is comprised of eight responsibilities DIDD and TennCare must complete by December 31, 2015 in order for the lawsuit to be partially dismissed.*

*The second phase requires the closure of Greene Valley Developmental Center in Greeneville by June 30, 2016. Upon closure, the lawsuit would be fully and finally dismissed.*

More information can be found at <http://tn.gov/didd/topic/clover-bottom-exit-plan>.

When the link above is opened click on the link identified as "Greene Valley Closure Plan" [http://tn.gov/assets/entities/didd/attachments/GVDC\\_Closure\\_Plan\\_FINAL.pdf](http://tn.gov/assets/entities/didd/attachments/GVDC_Closure_Plan_FINAL.pdf).

The closure plan provides very detailed information regarding the closure and community transition process. It also notes the State of Tennessee will no longer be a willing provider of Intermediate Care

Facility services for Individuals with Intellectual Disabilities (ICF/IID) at Greene Valley Developmental Center (GVDC). Instead, it states current GVDC residents will receive appropriate services and supports in alternative, community-based settings. The plan notes the Vision and Mission of the Department of Intellectual and Developmental Disabilities is to support all Tennesseans with intellectual and developmental disabilities to live fulfilling and rewarding lives and to become the nation's most person-centered and cost effective state support system.

Finally, United States District Court Judge Kevin Sharp of the Middle District of Tennessee who has overseen the Exit Plan was quoted as saying the Plan is *'fair, reasonable and adequate' and provides the next iteration of improvement to the lives of those with disabilities in Tennessee. It will test political will and legislative leadership to continue that progress and to determine how best to care for those often left in the shadows.*

Please refer to the staff summary and the TDIDD report for a detailed narrative of the project.

**Executive Director Justification -**

**I recommend approval of CN1602-006 for the establishment of a 4-bed ICF/IID located at 763 Clymersville Road in Rockwood, Roane County, Tennessee. My recommendation for approval is based upon my belief the following general criteria for a Certificate of Need have been met.**

**Need-** Need is met, as this will transition four residents from the announced closure of GVDC. This is the last obligation that must be met to settle the State's 19-year old lawsuit {DOJ (People First of Tennessee) et al. v. CBDC lawsuit}. Judge Sharp found the State's Exit Plan "fair, reasonable, and adequate". These residents will continue to receive appropriate services and supports but they will now receive them in a community-based setting and in a home-like environment.

**Economic Feasibility-** The project is economically feasible and will be funded through cash reserves. The Michael Dunn Center maintains a cash balance of \$800,000 to \$1,000,000 and the Michael Dunn Foundation has cash and investments that total around \$2.8 million. The beds will be immediately filled and the cost-based Medicaid reimbursement will be set by the Comptroller's Office. Since the State of Tennessee is the payor for this service, this setting is more economically feasible for the state.

**Contribution to the Orderly Development of Health Care-**The applicant is an experienced and knowledgeable provider since it operates two ICF/IID facilities and is familiar with both state and federal regulations; it has prior contractual relationships with both TennCare and the Department, and an understanding of both the intellectual disability population and the intellectual disability system in Tennessee. Additionally, it meets the goals set for GVDC residents to receive appropriate services and supports in alternative, community-based settings.

**Statutory Citation -TCA 68-11-1608. Review of applications -- Report**

(d) The executive director may establish a date of less than sixty (60) days for reports on applications that are to be considered for a consent or emergency calendar established in accordance with agency rule. Any such rule shall provide that, in order to qualify for the consent calendar, an application must not be opposed by any person with legal standing to oppose and the application must appear to meet the established criteria for the issuance of a certificate of need. If opposition is stated in writing prior to the application being formally considered by the agency, it shall be taken off the consent calendar and placed on the next regular agenda, unless waived by the parties.

**Rules of the Health Services and Development Agency-- 0720-10-.05 CONSENT CALENDAR**

- (1) Each monthly meeting's agenda will be available for both a consent calendar and a regular calendar.
- (2) In order to be placed on the consent calendar, the application must not be opposed by anyone having legal standing to oppose the application, and the executive director must determine that the application appears to meet the established criteria for granting a certificate of need. Public notice of all applications intended to be placed on the consent calendar will be given.
- (3) As to all applications which are placed on the consent calendar, the reviewing agency shall file its official report with The Agency within thirty (30) days of the beginning of the applicable review cycle.
- (4) If opposition by anyone having legal standing to oppose the application is stated in writing prior to the application being formally considered by The Agency, it will be taken off the consent calendar and placed on the next regular agenda. Any member of The Agency may state opposition to the application being heard on the consent calendar, and if reasonable grounds for such opposition are given, the application will be removed from the consent calendar and placed on the next regular agenda.
  - (a) For purposes of this rule, the "next regular agenda" means the next regular calendar to be considered at the same monthly meeting.
- (5) Any application which remains on the consent calendar will be individually considered and voted upon by The Agency.

**HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING  
APRIL 27, 2016  
APPLICATION SUMMARY**

NAME OF PROJECT: Michael Dunn Center

PROJECT NUMBER: CN1602-006

ADDRESS: 763 Clymersville Road  
Rockwood, (Roane County), Tennessee 37854

LEGAL OWNER: Hope Haven Corporation  
629 Gallaher Road  
Kingston, TN (Roane County), Tennessee 37763

OPERATING ENTITY: Not applicable

CONTACT PERSON: Mike McElhinney, President/CEO  
(865) 376-3416

DATE FILED: February 2, 2016

PROJECT COST: \$1,586,065

FINANCING: Cash Reserves

REASON FOR FILING: The establishment of a 4 bed Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID). *The 4 beds are subject to the 160 bed ICF/IID Bed Pool.*

DESCRIPTION:

Michael Dunn Center is seeking approval to establish a 4 bed Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID) at 763 Clymersville Road in Rockwood (Roane County), TN. ICF/IIDs are intended to provide individuals with intellectual disabilities individualized health care and rehabilitation to promote their functional status and independence. Michael Dunn Center (MDC) will provide nursing care, support services, and therapy services including physical, occupational, speech, and nutritional therapy services. MDC will serve 4 individuals currently residing in the Greene Valley Developmental Center located in Greeneville, (Greene County), TN.

The applicant has been placed under **CONSENT CALENDAR REVIEW** in accordance with TCA 68-11-1608(d) and Agency Rule 0720-10-.05.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW:

**INTELLECTUAL DISABILITY HABILITATION FACILITY (ICF/IID)  
ICF/IID FACILITIES**

**A. Need**

1. The population-based estimate of the total need for ICF/ID facilities is .032 percent of the general population. This estimate is based on the estimate for all mental retardation of 1 percent. Of the 1 percent estimate, 3.2 percent of those are estimated to meet level 1 criteria to be appropriate for ICF/ID services.

*Application of this formula to the projected 2015 population of Roane County (55,411) results in a gross need for 18 ICF/IID beds.*

*It appears that this criterion has been met.*

2. The estimate for total need should be adjusted by the existent ICF-ID beds operating in the area as counted by the Department of Health, the Department of Mental Health and Substance Abuse Services, and the Department of Intellectual and Developmental Disabilities in the Joint Annual Reports."

*There are currently 8 ICF/IID beds operated by the applicant, Michael Dunn Center (MDC) in Roane County. The Michael Dunn Center was approved during the December 16, 2015 Agency meeting in CN1509-038 for a 4 bed ICF/IID home in Roane County. Subtracting these 12 beds from the 18 gross bed need results in a net bed need of 6.*

*Since the applicant is proposing a new 4 bed ICF/IID, it appears that this criterion has been met.*

**B. Service Area**

1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity.

*A table of driving distances and times for basic services from the proposed ICF/IID location is located on page 20 of the original application. The distance from the site of the proposed project to GVDC is approximately 2 hours of driving time.*

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*It appears that this criterion has been met.*

2. **The relationship of the socio-demographics of the service area and the project population to receive services should be considered. The proposal's sensitivity and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low-income groups, and those needing services involuntarily.**

*The proposed project will be providing services to individuals currently residing at GVDC. These individuals have developmental disabilities and complex medical needs, which include tracheotomy care, tube feeding, oxygen administration, insulin injections, medication administration, and daily medical assessments. These services are available to all who need and qualify for services.*

*It appears that this criterion has been met.*

#### **C. Relationship to Existing Applicable Plans**

1. **The proposal's relationship to policy as formulated in state, city, county, and/or regional plans and other documents should be a significant consideration."**

*The Commissioner of the Department of Intellectual and Developmental Disabilities (DIDD) has submitted a letter that supports this application as it contributes to the policy of moving residents from large developmental centers which are inefficient and do not produce economies of scale due to older inefficient buildings to private operation of smaller 4 person ICF/IID homes which are more efficient and economically feasible for the state.*

*It appears that this criterion has been met.*

2. **The proposal's relationship to underserved geographic areas and underserved population groups such as identified in state, city, county, and/or regional plans and other documents should be a significant consideration.**

*The applicant indicates there are over 7,000 individuals awaiting placement and this facility will be made available in the event a*

*resident being placed from GVDC is discharged from the proposed facility.*

*It appears that this criterion has been met.*

- 3. The impact of the proposal on similar services supported by state and federal appropriations should be assessed and considered.**

*There are 8 ICF/IID beds operated by the applicant in Roane County. All the beds are currently occupied. The proposed project will serve current residents of GVDC, so the proposed project should have no impact on similar services supported by state and federal appropriations.*

*It appears that this criterion has been met.*

- 4. The degree of projected financial participation in the Medicare and TennCare programs should be considered.**

*The applicant has indicated that 100% of the funding for the proposed project will be TennCare reimbursement.*

*It appears that this criterion has been met.*

**D. Relationship to Existing Similar Services in the Community**

- 1. The area's trend in occupancy and utilization of similar services should be considered.**

*There are eight existing ICF/IID beds currently owned by the applicant in the service area. These beds are currently occupied. When these beds are vacated they are typically filled within 60 days.*

*It appears that this criterion has been met.*

- 2. Accessibility to specific special need groups should be an important factor.**

*Residents will have access to family practice physicians and the local hospital. MDC will employ/contract physical therapists, physical therapy assistants, occupational therapists, speech-language pathologists, dieticians, nurses, and behavioral analysts.*

*It appears that this criterion has been met.*

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## STAFF SUMMARY

*Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italics.*

Michael Dunn Center (MDC) proposes to convert Hope Haven II (a current 10 bed residential habilitation facility) into a 4 bed Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID). The 9 residents currently residing in the building will be transitioned to a different residential habilitation facility. The facility will house current residents of the Greene Valley Developmental Center (GVDC). The proposed project will significantly reduce driving times of nearby families and conservators compared to the driving times to GVDC located in Greene County. MDC's ICF beds are designed to provide long term residential supports to individuals with intellectual and developmental disabilities. ICF/IIDs provide comprehensive and individualized health care and rehabilitation services to promote the functional status and independence of individuals with intellectual disabilities.

These individuals have developmental disabilities and complex medical needs, which include tracheotomy care, tube feeding, oxygen administration, insulin injections, medication administration, and daily medical assessment. The age range of the men and women with developmental disabilities who need ICF/IID services is 18-70.

MDC employs nursing staff, physical therapists, physical therapy assistants, occupational therapists, speech language pathologists, and two dieticians. MDC also contracts with behavioral analysts as needed.

The following chart displays the availability of essential services to residents of the proposed project.

Service	Closest Location	Driving Distance	Driving Time
Nearest Incorporated City	Rockwood, TN	0.7 miles	2 minutes
Hospital	Roane Medical Center	9.75 miles	15 minutes
Physician Offices	Roane County Family Practice	9.75 miles	15 minutes
EMS/Fire Station	623 Old Hwy. 70, Harriman, TN	9.75 miles	15 minutes
Day Treatment (if applicable)	NA	NA	NA
Green Valley Development Center		117.59 miles	118 minutes

Source: CN1602-006

*Note to Agency members: The applicant uses the acronym ICF/DD (Intermediate Care Facility for the Developmentally Disabled) in this application; however the Department of Intellectual and Developmental Disabilities uses the acronym ICF/IID (Intermediate Care Facility for Individuals with Intellectual Disabilities). ICF/IID is the acronym that will be used in the summary.*

*Note to Agency members: The following statement from the DIDD Report on the proposed project provides history and development of 4-bed ICF/IID homes as follows: "The need for the development of the four bed ICF/IID home comes as a direct result of the announced closure of the last large state owned developmental center, Greene Valley Developmental Center (GVDC), which is anticipated to close on June 30, 2016. The closure of GVDC is part of an Exit Plan in a nineteen (19) year old lawsuit against the state of Tennessee by the Department of Justice (People First of Tennessee et.al. v. The Clover Bottom Developmental Center et. Al. No. 3:95-1227), which requires the state of Tennessee to close the Greene Valley Developmental Center and relocate the residents to smaller four person ICF/IIDs in the community." As noted above GVDC is scheduled to close June 30, 2016 but could be extended up to 12 additional months.*

The target date for completion of the project is May 2016.

#### **ICF/IID Bed Pool**

T.C.A. §71-5-105(b) enacted by the General Assembly, seeks to increase the total number of ICF/IID beds by 160 beds. These beds are then intended to be filled by individuals from state operated Developmental Centers.

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- The applicant is requesting 4 beds from the bed pool as the residents of the proposed project currently reside in GVDC.
- As of April 1, 2016, there are currently 24 ICF/IID beds available in the bed pool with 4 ICF/IID beds pending review at the April 2016 HSDA Agency meeting.
- A copy of the 160 Bed Pool Report is attached at the end of this summary.

### Ownership

- Hope Haven Corporation owns the facility at 763 Clymersville Road in Rockwood, Roane County.
- The Michael Dunn Center will lease the facility from Hope Haven Corporation and will be the licensed operator of the 4-bed ICF/IID home.
- Michael Dunn Center operates 24 homes with different level of services throughout Roane County.

### Facility Information

- The facility at the site of the proposed project is a 4,350 square foot, one story, ranch style home located on a 2.4 acre fenced lot. There are ten bedrooms, five bathrooms, a large office, living room, dining room, kitchen, laundry room, outside storage closet, and a two car carport.
- There are currently nine people living in this home. These individuals will be transitioned to a newly acquired and renovated Supported Living Home nearby.
- The home will be modified to create four suites for the four new residents from GVDC. Each suite will have a 180 square foot bedroom, a 180 square foot TV lounge/sitting room, and a large bathroom with a handicapped accessible shower. Additional spaces will be utilized for sensory rooms, therapy or exercise areas, sitting areas, and storage spaces.

### Project Need

The applicant provided the following justification for the project:

- The current bed need formula identified gross need for 18 ICF/IID beds in Roane County. Subtracting the existing 8 ICF/IID beds in Roane County (also owned and operated by the Michael Dunn Center) and 4 ICF/IID beds approved in December 2015 results in a net need of six additional ICF/IID beds.
- The applicant reports that area wide occupancy for the two existing four bed homes in Roane County was 99.1% in 2014.
- The families and conservators for individuals moving out of GVDC are requesting that their family members move to ICF beds in the community setting. The families reside 10 to 70 minute drive from the site of the

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proposed project which is significantly closer than GVDC in Greene County.

### Service Area Demographics

The applicant's declared service area is Roane County. An overview of the service area is provided as follows:

- The total population of Roane County is estimated at 55,411 residents in calendar year (CY) 2015 increasing by approximately 1.3% to 56,152 residents in CY 2019.
- The overall statewide population is projected to grow by 4.5% from 2015 to 2019.
- The 65 and older population is expected to comprise approximately 24.9% of the total county population in CY2019 compared to 17.3% statewide.
- The 65 and older population of Roane County will increase by approximately 13.9% from CY2015 to CY2019 compared to a statewide increase of 16% during the period.
- Based on October 2015 TennCare enrollee statistics, TennCare enrollees as a percentage of the total county population is 21.5%, compared with the state-wide average of 21.8%.

### Historical Utilization

There are currently two 4-bed ICF/IID homes in Roane County both owned and operated by The Michael Dunn Center. Historical utilization for these facilities is presented in the table below.

**Roane County ICF/IID Home Utilization 2013-2015**

Name	Licensed Beds	2013 % Occupancy	2014 % Occupancy	2015 % Occupancy
Calliouette Home	4	96.9%	98.2%	96.7%
Herron Home	4	99.9%	100.0%	100%
<b>Total</b>	<b>8</b>	<b>98.5%</b>	<b>99.1%</b>	<b>98.4%</b>

Source: CN1602-006

The historical utilization table reflects the following:

- Both homes have remained essentially at full occupancy for each of the past three years.

**Projected Utilization**

The following table shows the projected utilization of the project.

**Applicant's Facility Projected Utilization**

<b>Year</b>	<b>Licensed Beds</b>	<b>% Licensed Occupancy</b>
*Year 1	4	100.0%
*Year 2	4	100.0%

Source: CN1602-006

- The applicant expects to operate at full occupancy each of the first two years of operation.

**Project Cost**

The total project cost is \$1,582,504. Major costs are:

- Facility Lease - \$1,260,000 or 79.6% of total cost.
- Moveable equipment - \$168,104 or 10.6% of total cost.
- The applicant indicates that the home will require \$144,400 in renovation.
- For other details on Project Cost, see the Project Cost in the application.

**Funding**

A letter from Glen Blevins, VP of Finance for the Michael Dunn Center and Michael Dunn Foundation indicated that Michael Dunn Center maintains a cash balance of \$800,000 to \$1,000,000 and the Michael Dunn Foundation has cash and investments estimated at \$2,800,000. The mission and purpose of the Michael Dunn Foundation is to raise and manage resources to support Michael Dunn Center.

**Historical Data Chart**

- According to the Historical Data Chart, The Michael Dunn Center total operation realized an unfavorable Net Operating Income of \$(341,000) in Year 2014. This a decline from the favorable net income of \$208,000 reported in Year 2012.
- The net loss is attributed to not receiving a Tennessee Department of Transportation grant of approximately \$170,000 in 2014, a 2% staff wage increase totaling \$160,000 (with no rate increase), and a total of \$211,779 lost in child day care program fees, local school systems contracts, and revenue from the work program.

**Projected Data Chart**

The applicant projects \$1,155,386.00 in total gross revenue on 1,460 patient days in Year 1 decreasing by 9.4% to \$1,046,704 on 1,460 patient days in Year 2 (approximately \$716.92 per day). The projected decrease in revenue is attributed

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to decreased funding in Year 2 as the startup expenses to furnish the home with furniture, cookware, appliances, linens, towels, and decorations will be a onetime cost in Year 1. The Projected Data Charts reflect the following:

- The applicant projects to breakeven in both Years 1 and 2 so that no net income is projected.
- The applicant projects revenue based on expected funding and does not report deductions for contractual adjustments, charity care, and bad debt. The applicant does have a \$50,000 Allowance for Doubtful Accounts on its balance sheet under account receivables.

### Charges

In Year 1 of the proposed project (2017), the average gross daily patient charge is projected to be \$719.36. Since there are no deductions from revenue reported, the net charge is the same.

### Medicare/TennCare Payor Mix

The applicant expects the proposed project to be funded 100% by TennCare/Medicaid.

Review of the Michael Dunn Center, Inc. audited financial statements for the period ending June 30, 2014 indicates \$1,199,050 in cash, total current assets of \$2,330,061, total current liabilities of \$690,822 and a current ratio of 3.37 to 1.0

*Note to Agency Members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.*

**Staffing**

A breakout of the staffing in Year 1 includes the following:

- 0.5 FTE Resident Manager
- 0.5 FTE Qualified MR Professional
- 0.33 FTE RN
- 4.4 FTE LPN
- 9.8 FTE Direct Support Workers
- 0.04 FTE Physical Therapist
- 0.04 FTE Occupational Therapist
- 0.04 FTE Speech Therapist
- 1.0 FTE Other Central Office Support Personnel
- 16.65 FTE TOTAL

**Licensure/Accreditation**

If approved, the proposed facility will be licensed by the Department of Intellectual and Developmental Disabilities.

*Corporate documentation and site control documents are on file at the Agency office and will be available at the Agency meeting.*

Should the Agency vote to approve this project, the CON would expire in two years.

**CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT**

There are no other Letters of Intent, denied or pending applications for this applicant.

**Outstanding Certificates of Need**

**Michael Dunn Center, CN1509-038A**, has an outstanding Certificate of Need that will expire on February 1, 2018. The project was approved at the December 16, 2015 Agency meeting to establish a 4 bed Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID) at 313 Michael Dunn Drive, in Rockwood (Roane County), TN. The estimated project cost is **\$1,438,834.00**. *Project Status Update: The project was recently approved.*

**CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:**

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for other health care organizations in the service area proposing this type of service.

**PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF INTELLECTUAL AND DEVELOPMENTAL DISABILITIES FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.**

PME  
03/04/2016

## ICF/IID BED POOL STATS

### T.C.A. §71-5-105(b) 160 BED POOL

ICF/IID Beds APPROVED Since July 1, 2006	136 ICF/IID Beds
ICF/IID Beds DENIED Since July 1, 2006	0 ICF/IID Beds
Total Beds AVAILABLE from Bed Pool	24 ICF/IID Beds

ICF/IID Beds PENDING 4 ICF/IID beds

COUNTY	PROJECT NUMBER	FACILITY	PROJECT DISPOSITION	MEETING DATE	DESCRIPTION
Davidson	CN0707-053	Mur-Ci Homes, Inc.	Approved  Implemented – 5/13/2009	10/24/2007	The addition of 32 residential ICF/IID beds to the existing 40 beds. Four single story buildings with eight (8) single bedrooms to be built on the existing property site. Located at 2984 Baby Ruth Lane, Antioch, Tennessee.
Hamilton	CN0807-044	Orange Grove Center 3400 Chandler Avenue	Approved  Implemented – 11/17/2010	10/22/2008	The establishment of a four (4)-bed* ICF/IID home for four (4) residents who will be referred or transferred from a State of Tennessee Developmental Center. Located at 3400 Chandler Avenue, Chattanooga, Tennessee.
Hamilton	CN0807-045	Orange Grove Center 3406 Chandler Avenue	Approved  Implemented – 11/17/2010	10/22/2008	The establishment of a four (4)-bed* ICF/IID home for four (4) residents who will be referred or transferred from a State of Tennessee Developmental Center. Located at 3406 Chandler Avenue, Chattanooga, Tennessee.
Bradley	CN0809-064	Bradley/Cleveland Services, Inc., Site A between 183 and 217, Kile Lake Road, SE	Approved  Implemented – 2/24/2011	12/17/2008	The establishment of a four (4) bed* ICF/IID home for four (4) residents who will transfer or be referred from a State of Tennessee development center. Site A will be located between 183 and 217 Kile Lake Road, SE, Cleveland, Tennessee.
Bradley	CN0809-065	Bradley/Cleveland Services, Inc., Site B between 183 and 217, Kile Lake Road, SE	Approved  Implemented – 2/24/2011	12/17/2008	The establishment of a four (4) bed* ICF/IID home for four (4) residents who will transfer or be referred from a State of Tennessee development center. Site B will be located between 183 and 217 Kile Lake Road, SE, Cleveland, Tennessee.
Rutherford	CN0810-078	Tennessee Family Solutions, Inc. 722-724 Stone Trace Drive	Approved  Implemented – 9/1/2009	1/28/2009	The addition of four (4)* ICF/IID beds by converting two (2) zero lot line residences at 722-724 Stone Trace Drive, Murfreesboro (Rutherford County), TN into a four (4) bed ICF/IID.
Rutherford	CN0810-079	Tennessee Family Solutions, Inc. 1502-1504 Rochester Drive	Approved  Implemented – 7/19/2011	1/28/2009	The addition of four (4)* ICF/IID beds by converting two (2) zero lot line residences at 1502-1504 Rochester Drive, Murfreesboro (Rutherford County), TN into a four (4) bed ICF/IID.

## ICF/IID BED POOL STATS

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Rutherford	CN0810-080	Tennessee Family Solutions, Inc. 1727-1729 Thomas Court	Approved Implemented - 7/1/2010	1/28/2009	The addition of four (4)* ICF/IID beds by converting two (2) zero lot line residences at 1727-1729 Thomas Court, Murfreesboro (Rutherford County), TN into a four (4) bed ICF/IID.
Rutherford	CN0810-081	Tennessee Family Solutions, Inc. 1432-1434 Rochester Drive	Approved Implemented - 7/1/2010	1/28/2009	The addition of four (4)* ICF/IID beds by converting two (2) zero lot line residences at 1432-1434 Rochester Drive, Murfreesboro (Rutherford County), TN into a four (4) bed ICF/IID.
Greene	CN0812-117	Comcare, Inc.	Approved Implemented - 3/16/2011	5/27/2009	The establishment of a four (4)*-bed ICF/IID program in an existing facility. This program will service four (4) people with mental disabilities who will transfer from Greene Valley Developmental Center or other State Developmental Centers. Location will be at 32 Whirlwind, Greeneville, Tennessee.
Greene	CN0812-118	Comcare, Inc.	Approved Implemented - 3/16/2011	5/27/2009	The establishment of a four (4)*-bed ICF/IID program in an existing facility. This program will service four (4) people with mental disabilities who will transfer from Greene Valley Developmental Center or other State Developmental Centers. Location will be at 8 Burkey Road, Greeneville, Tennessee.
Greene	CN0812-119	Comcare, Inc.	Approved Implemented - 4/27/2011	5/27/2009	The establishment of a four (4)*-bed ICF/IID program in an existing facility. This program will service four (4) people with mental disabilities who will transfer from Greene Valley Developmental Center or other State Developmental Centers. Location will be at 118 Marshal Lane, Greeneville, Tennessee.
Roane	CN1509-038	Michael Dunn Center	Approved	12/16/2015	The establishment of a four (4) bed ICF/IID home for four (4) residents located at 313 Michael Dunn Drive in Rockwood (Roane County), Tennessee 37748.
Greene	CN1510-043	Sunrise Community of Tennessee	Approved	1/27/2016	The establishment of a four (4) bed ICF/IID home on 640 Old Shiloh Road, Greeneville, Tennessee.
Greene	CN1511-050	Open Arms Care Corporation dba Greeneville #1 Chuckey Pike	Approved	2/24/2016	The establishment of a four (4) person ICF/IID home on the east side of a 2.72 acre lot on Chuckey Pike, Greeneville, Tennessee.
Hamilton	CN1511-051	Open Arms Care Corporation dba Hamilton County #2 Gamble Road - Southwest	Approved	2/24/2016	The establishment of a four (4) person ICF/IID home on the southwest quadrant of a 15.5 acre lot on Gamble Road, Georgetown, Tennessee.
Greene	CN1511-052	Open Arms Care Corporation dba Greeneville #3 East Church Street - East	Approved	2/24/2016	The establishment of a four (4) person ICF/IID home the east half of a 2.74 acre lot on East Church Street, Greeneville, Tennessee.
Hamilton	CN1511-053	Open Arms Care Corporation dba Hamilton County #1 Gamble Road - Southeast	Approved	2/24/2016	The establishment of a four (4) person ICF/IID home the southeast quadrant of a 15.5 acre lot on Gamble Road, Georgetown, Tennessee.
Greene	CN1511-054	Open Arms Care Corporation dba Greeneville #2 East Church Street - West	Approved	2/24/2016	The establishment of a four (4) person ICF/IID home on the west half of a 2.74 acre lot on East Church Street, Greeneville, Tennessee.
Greene	CN1511-055	Sunrise Community of Tennessee	Approved	2/24/2016	The establishment of a four (4) bed ICF/IID home on Quaker Knob Road, Chuckey, Tennessee.
Greene	CN1512-059	D & S Residential Services, LP	Approved	3/23/2016	The establishment of a four (4) bed ICF/IID home on 1010 Old Stage Road, Greeneville, Tennessee.

Greene	CN1512-060	D & S Residential Services, LP	15 Approved	3/23/2016	The establishment of a four (4) bed ICF/IID home on 2609 Erwin Highway, Afton, Tennessee.
Greene	CN1512-061	D & S Residential Services, LP	Approved	3/23/2016	The establishment of a four (4) bed ICF/IID home on 2619 Erwin Highway, Afton, Tennessee.
Knox	CN1512-062	Open Arms Care Corporation dba Knox County #1 Bishops Bridge Northeast	Approved	3/23/2016	The establishment of a four (4) bed ICF/IID home on the northeast corner of 1817 Bishop Bridge Road, Knoxville, Tennessee.
Knox	CN1512-063	Open Arms Care Corporation dba Knox County #2 Bishops Bridge Northwest	Approved	3/23/2016	The establishment of a four (4) bed ICF/IID home on the northwest corner of 1817 Bishop Bridge Road, Knoxville, Tennessee.
Knox	CN1512-064	Open Arms Care Corporation dba Knox County #4 South Northshore Drive Northwest	Approved	3/23/2016	The establishment of a four (4) bed ICF/IID home on the northwest half of 12629 South Northshore Drive, Knoxville, Tennessee.
Knox	CN1512-065	Open Arms Care Corporation dba Knox County #3 South Northshore Drive Southeast	Approved	3/23/2016	The establishment of a four (4) bed ICF/IID home on the southeast half of 12629 South Northshore Drive, Knoxville, Tennessee.
Roane	CN1602-006	Michael Dunn Center	Pending	4/27/2016	The establishment of a four (4) bed ICF/IID home at 763 Clymersville Road, Rockwood, Tennessee.

# **LETTER OF INTENT**



State of Tennessee Health Services and Development Agency

Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Roane County News which is a newspaper of general circulation in Roane, Tennessee, on or before 02/04, 2016, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that:

Michael Dunn Center Residential Habilitation (Name of Applicant) (Facility Type-Existing)

owned by: Hope Haven Cooperation with an ownership type of Non-Profit

and to be managed by: Mike McElhinney, President/ CEO intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]: The conversion of a residential habilitation home located at 736 Clymersville Road, Rockwood, TN 37854 into a four person ICF/ IDD home to facilitate the relocation of four individuals exiting Green Valley Developmental Center (GVDC), located at 4850 East Andrew Johnson Highway, Greeneville, TN 37744-0910. The estimated project cost, calculated according to the rules of the HSDA, is \$1,582,504.00 The project includes the relocation of individuals in the Residential Habilitation home to local Supported Living Homes or smaller Residential Habilitation Homes, the renovation of the Residential Habilitation home to meet ICF/ IDD regulations, as well as bedroom modifications to best support the new residents. Services provided will include 24 hour care support, including nursing services. Appropriate therapies, community integration opportunities and active treatment plan implementation to increase independence will also be provided.

The anticipated date of filing the application is: February 4th, 2016

The contact person for this project is Mike McElhinney President/ CEO (Contact Name) (Title)

who may be reached at: Michael Dunn Center 629 Gallaher Road (Company Name) (Address)

Kingston TN 37763 865-376-3416 Ext. 215 (City) (State) (Zip Code) (Area Code / Phone Number)

(Signature) 1.29.16 (Date) Mike.McElhinney@michaeldunncenter.org (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68- 11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**COPY**

**Michael Dunn**

**Center**

**CN1602-006**

**SECTION A:****APPLICANT PROFILE**

Please enter all Section A responses on this form. All questions must be answered. If an item does not apply, please indicate "N/A". **Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment.**

**For Section A, Item 1, Facility Name must be applicant facility's name and address must be the site of the proposed project.**

**For Section A, Item 3, Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence, if applicable, from the Tennessee Secretary of State. (See Attachments 1 and 2)**

**For Section A, Item 4, Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% or more ownership interest. In addition, please document the financial interest of the applicant, and the applicant's parent company/owner in any other health care institution as defined in Tennessee Code Annotated, §68-11-1602 in Tennessee. At a minimum, please provide the name, address, current status of licensure/certification, and percentage of ownership for each health care institution identified.**

*Response: There are only two parties, Michael Dunn Center and Hope Haven Corporation. Hope Haven Corporation is the owner of the property and will lease the property to Michael Dunn Center (MDC) for a thirty (30) year renewable lease. There is not a managing company. Michael Dunn Center will operate the facility in all aspects with the exception of the initial startup costs. This home is currently licensed through the Department of Intellectual and Developmental Disabilities (DIDD) as a Mental Retardation Residential Habilitation facility. After the CON is approved, MDC will apply for a license as an Intermediate Care Facility (ICF) through DIDD.*

**For Section A, Item 5, For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. (See Attachment 3)**

Please describe the management entity's experience in providing management services for the type of the facility, which is the same or similar to the applicant facility. Please describe the ownership structure of the management entity. (NA, there is no management entity. Michael Dunn Center will manage all aspects of the home and program.)

**For Section A, Item 6, For applicants or applicant's parent company/owner that currently own the building/land for the project location; attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements must include anticipated purchase price. Lease/Option to Lease Agreements must**

**include** the actual/anticipated term of the agreement **and** actual/anticipated lease expense. The legal interests described herein **must be valid** on the date of the Agency's consideration of the certificate of need application. (See Attachment 4)

FEB 2 10 51 AM '04

1. Name of Facility, Agency, or Institution

Michael Dunn Center  
 Name  
 763 Clymersville Road  
 Street or Route  
 Rockwood  
 City

TN  
 State

Roane  
 County  
 37854  
 Zip Code

2. Contact Person Available for Responses to Questions

Mike McElhinney  
 Name  
 Michael Dunn Center  
 Company Name

President/CEO  
 Title  
 Mike.mcelhinney@michaeldunn  
 center.org  
 Email address

629 Gallaher Rd.  
 Street or Route  
 President/ CEO  
 Association with Owner

Kingston  
 City  
 865-376-3416  
 Phone Number

TN  
 State  
 37763  
 Zip Code  
 865-376-3532  
 Fax Number

3. Owner of the Facility, Agency or Institution

Hope Haven Corporation (See Attachments 1 and 2)  
 Name  
 629 Gallaher Rd.  
 Street or Route  
 Kingston  
 City

TN  
 State

865-376-3416  
 Phone Number  
 Roane  
 County  
 37763  
 Zip Code

4. Type of Ownership or Control (Check One)

- A. Sole Proprietorship \_\_\_\_\_
- B. Partnership \_\_\_\_\_
- C. Limited Partnership \_\_\_\_\_
- D. Corporation (For Profit) \_\_\_\_\_
- E. Corporation (Not-for-Profit)  \_\_\_\_\_
- F. Government (State of TN or \_\_\_\_\_)
- G. Political Subdivision \_\_\_\_\_
- H. Joint Venture \_\_\_\_\_
- I. Limited Liability Company \_\_\_\_\_
- Other (Specify) \_\_\_\_\_

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

**5. Name of Management/Operating Entity (If Applicable)**

Name NA

Street or Route \_\_\_\_\_ County \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

**6. Legal Interest in the Site of the Institution (Check One)**

- A. Ownership \_\_\_\_\_
- B. Option to Purchase \_\_\_\_\_
- C. Lease of 30 Years X
- D. Option to Lease \_\_\_\_\_
- E. Other (Specify) \_\_\_\_\_

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

**7. Type of Institution (Check as appropriate--more than one response may apply)**

- |   |  |
|---|--|
| A. Hospital (Specify) _____   | I. Nursing Home _____                        |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____       | J. Outpatient Diagnostic Center _____        |
| C. ASTC, Single Specialty _____   | K. Recuperation Center _____                 |
| D. Home Health Agency _____   | L. Rehabilitation Facility _____             |
| E. Hospice _____  | M. Residential Hospice _____                 |
| F. Mental Health Hospital _____   | N. Non-Residential Methadone Facility _____  |
| G. Mental Health Residential Treatment Facility _____                       | O. Birthing Center _____                     |
| H. Mental Retardation Institutional Habilitation Facility (ICF/MR) <u>X</u> | P. Other Outpatient Facility (Specify) _____ |
|   | Q. Other (Specify) _____                     |

**8. Purpose of Review (Check) as appropriate--more than one response may apply)**

- |  |  |
|--|--|
| A. New Institution <u>X</u>  | G. Change in Bed Complement [Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation] <u>X</u> |
| B. Replacement/Existing Facility _____   |  |
| C. Modification/Existing Facility _____  |  |
| D. Initiation of Health Care Service as defined in TCA § 68-11-1607(4) (Specify) _____ |  |
| E. Discontinuance of OB Services _____   | H. Change of Location _____  |

**9. Bed Complement Data**

*Please indicate current and proposed distribution and certification of facility beds.*

	<u>Current Beds</u> <u>Licensed</u>	<u>*CON</u>	<u>Staffed</u> <u>Beds</u>	<u>Beds</u> <u>Proposed</u>	<u>TOTAL</u> <u>Beds at</u> <u>Completion</u>
A. Medical	_____	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____	_____
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	_____	_____	_____	_____	_____
P. ICF/MR	<u>0</u>	<u>0</u>	_____	<u>4</u>	<u>4</u>
Q. Adult Chemical Dependency	_____	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____	_____
<b>TOTAL</b>	<u>0</u>	<u>0</u>	_____	<u>4</u>	<u>4</u>

\*CON-Beds approved but not yet in service

10. Medicare Provider Number MDC PTAN # 103q705293

Certification Type Multi-specialty Clinic or group practice

11. Medicaid Provider Number H445387

Certification Type ICF/DD

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? Yes

13. Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the

**treatment of TennCare participants? Yes If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract. (See Attachment 5)**

*Discuss any out-of-network relationships in place with MCOs/BHOs in the area.*

NA

**NOTE:** *Section B* is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. *Section C* addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.

## SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

**Response:**

**Ownership structure-** *The Hope Haven Corporation owns the facility at 763 Clymersville Road in Rockwood. The Hope Haven Corporation is managed by Michael Dunn Center located at 629 Gallaher Road, Kingston, TN in Roane County. The Michael Dunn Center will manage the ICF Facility, once in place, at 763 Clymersville Road, as well.*

**Service area-** *This project involves the renovation of a Residential Habilitation Home in which services fall under Department of Intellectual and Developmental Disabilities into a four bed ICF home. The home is located at 763 Clymersville Road, Rockwood, TN 37854 in Roane County.*

**Need-** *Families of individuals residing at Green Valley Developmental Center, who live in or near Roane County, TN, are requesting ICF services for their family members. The renovated home will provide four beds with on suites for privacy when visiting with families and equipment storage for four individuals exiting the Green Valley Developmental Center prior to the expected closure date of June 30<sup>th</sup>, 2016.*

**Existing Resources-** *This project involves the conversion of a Residential Habilitation Home in which services fall under Department of Intellectual and Developmental Disabilities into a four bed ICF home. The home is located at 763 Clymersville Road, Rockwood, TN 37854 in Roane County. The existing management staff will manage the new home. The local hospital and physicians will provide medical services. Michael Dunn Center has a therapy*

department to provide necessary services. Michael Dunn Foundation has financial resources to open this home as shown in Michael Dunn Foundation, INC. Financial Statements with Supplemental Financial Information. (See Attachments 6,7 &8)

**Project Cost-** The project will need an appraisal for fair market value of the rent. Movable equipment acquisition consists of two sedans and two handicap accessible vans. See Project Data Chart

**Funding Financial Feasibility-** Funding for ICF/DD facilities is based on expenses from the previous year. The program is funded through TennCare. TennCare remits payment to Michael Dunn Center after services are provided.

**Staffing-** The homes are staffed with a Director, Assistant Director and Supervisor who are all licensed Registered Nurses in the state of Tennessee. The proposed ICF home will be managed and nursing care will be provided by the same three individuals in conjunction with LPN's, Direct Support Professionals, and a Qualified Intellectual and Developmental Disability Professional. Michael Dunn Center employs therapy personnel needed to support individuals in Physical, Occupational, Speech and nutrition therapy. Local resources, such as Patricia Neal Rehabilitation Center are also available to support individual choice.

Staffing of the home will come from nurses in the local and surrounding communities who choose to work in a small specialized setting supporting individuals with any combination of developmental, intellectual and behavioral needs. Tennessee College of Applied Technology hosts two separate programs per year for LPN's. The LPN's from the Harriman location do clinical observation at Michael Dunn Center, often resulting in a desire to be employed at Michael Dunn Center upon graduation.

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along

with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

*Response:*

*We are planning to modify Hope Haven II in Rockwood, Tennessee. This home is 3341 square feet and sits on 2.393 acres. There are ten bedrooms, four bathrooms, a large office, living room, dining room, kitchen, laundry room, outside storage closet and a two car carport.*

*This home will be modified to create four suites for four new residents from Greene Valley Developmental Center. Each suite will consist of a bedroom that will be approximately 180 square feet and a 180 square foot TV lounge or sitting room. Every two residents will share a large bathroom with a handicapped accessible shower. The goal behind this design is to provide each person the choice to relax and enjoy TV or other activities in their own private room or move to the larger common living room to socialize with others. There are currently nine people living in this home. They will be transitioning to newly acquired Supported Living homes in Roane County. Their staff (caregivers) will be transitioning with them. As stated above, four people from Greene Valley will move into this home. This will be a net decrease of five people being served in this given home, but a net four new people with disabilities being served by Michael Dunn Center in Roane County.*

Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

*Response:*

*This conversion of this home to an ICF home will add four additional ICF beds in Roane County. This project in conjunction with the conversion of a second home will add a total of eight ICF beds in Roane County. At completion there will be a total of 16 ICF beds in Roane County. All eight new beds will be created to support individuals moving out of GVDC. This project will increase resources for the current individuals both at the current ICF homes and the individuals supported by MDC as a whole. The increased staffing needs will provide individuals with additional professional resources and expertise. Additional nurses, therapists, managers and direct support personnel will be added.*

February 12, 2016  
11:15 am

**SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART**

Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost/ SF		
					Renovated	New	Total	Renovated	New	Total
B. Unit/Dept. GSF		4578			4578	0	4578	\$31.54	0	\$31.54
Sub-Total										
C. Mechanical/ Electrical GSF		0			0	0	0	0	0	0
D. Circulation/Structure GSF		0			0	0	0	0	0	0
E. Total GSF		4578			4578	0	4578			

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice

ICF/MR Services - - Michael Dunn Center specializes in the support of individuals with intellectual and developmental disabilities by providing many service areas including eight existing and occupied ICF/ IDD beds. The families and conservators for individuals moving out of GVDC are requesting their family members move only to ICF beds in the community setting. As of July 18<sup>th</sup>, 2015 GVDC was home to 91 individuals needing community placement. The addition of this home will provide community living to four of those individuals whose families have chosen this region for services.

Michael Dunn Centers' ICF beds are designed to provide long term residential supports to individuals with intellectual and developmental disabilities. These individuals do not have adequate or willing family or conservator supports to reside with their families or they have chosen this more independent lifestyle. The average admission length for the existing eight ICF beds at MDC is 13.75 years, with six of the individuals residing there for 18 years and two of the individuals residing there approximately one year each.

11. Long-term Care Services
12. Magnetic Resonance Imaging (MRI)
13. Mental Health Residential Treatment
14. Neonatal Intensive Care Unit
15. Non-Residential Methadone Treatment Centers
16. Open Heart Surgery
17. Positron Emission Tomography
18. Radiation Therapy/Linear Accelerator
19. Rehabilitation Services
20. Swing Beds

D. Describe the need to change location or replace an existing facility.

*Response:*

The existing home is currently run as a Residential Habilitation Facility with ten bedrooms. There are nine individuals in that home who now require supported living services in a smaller residential home setting. The individuals plan to move to their new home in July 2016. That will leave the large Residential Habilitation home empty. Renovations will be done to meet ICF regulations and make each bedroom into a suite to give each individual both a private sitting area and to provide adequate residential style storage for medical equipment. This home is located a few blocks from a main road with easy access to medical care and community activities and resources needed for those who are medically complex.

- E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:
1. For fixed-site major medical equipment (not replacing existing equipment):
    - a. Describe the new equipment, including:
      1. Total cost ;(As defined by Agency Rule).
      2. Expected useful life;
      3. List of clinical applications to be provided; and
      4. Documentation of FDA approval.
    - b. Provide current and proposed schedules of operations.
  2. For mobile major medical equipment:
    - a. List all sites that will be served;
    - b. Provide current and/or proposed schedule of operations;
    - c. Provide the lease or contract cost.
    - d. Provide the fair market value of the equipment; and
    - e. List the owner for the equipment.
  3. Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In

the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

*Response: NA- None of section E is applicable. No major medical equipment will be purchased.*

**III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which must include:**

1. Size of site (*in acres*); 2.393 acres
2. Location of structure on the site; and
3. Location of the proposed construction. NA
4. Names of streets, roads or highway that cross or border the site. *Clymersville Road*

*Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects. (See Attachment 9)*

**(B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.**

*Response: ETHRA is the only public transportation available in Rockwood. MDC will provide all needed and wanted transportation. There are no major road developments in the area. The clients will reside in this residential setting which is about 3 blocks from a four lane road.*

Service	Closest Location	Driving Distance	Driving Time
Nearest Incorporated City	Rockwood TN Gov. Office	.7 miles	2 minutes
Hospital	8045 Roane Medical Ctr. Drive, Harriman, TN	9.75 miles	15 minutes
Physician Offices	Roane County Family Practice	9.75 miles	15 minutes
EMS/Fire Station	111 N. Front Street, Rockwood TN	1.16 miles	3 minutes

Day Treatment (if applicable)	NA	NA	NA
Green Valley Development Center		117.59 miles	1 hr; 58 minutes

- IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: **DO NOT SUBMIT BLUEPRINTS**. Simple line drawings should be submitted and need not be drawn to scale. (See Attachment 10)

- V. For a Home Health Agency or Hospice, identify: NA
1. Existing service area by County;
  2. Proposed service area by County;
  3. A parent or primary service provider;
  4. Existing branches; and
  5. Proposed branches.

#### **SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED**

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate. "Not Applicable (NA)."

QUESTIONS

## NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.
  - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.
  - b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)

Response:

***The purpose of the State Health Plan is to improve the health of Tennesseans***

*The new home will support this principle by the high quality health care already provided by Michael Dunn Center. Michael Dunn has tracking systems in place to ensure the residents have medical care both on an "as needed" basis as well as by following CMS recommendations. These systems will be carried over from the existing homes to the new home. The individuals will have access to all of their healthcare needs, including mental health. They will have both planned and spontaneous activities to enjoy their new community and they will be given the opportunity to work either through Michael Dunn Center or in the community. Michael Dunn Center will ensure that the individuals have all needs met financially, as this is a requirement of the program. Michael Dunn Center will also oversee that the individuals have the appropriate amount of money available for fun activities or desired items for purchase.*

*Michael Dunn Center participates in the Drug Free Workplace program and requires drug screens upon hire, post-accident, upon suspicion and randomly. Michael Dunn Center does not allow smoking or tobacco products belonging to the staff near the individuals. If supported individuals smoke or use tobacco, conversations about supporting them to stop are held at least annually in a Circle of Support meeting. Michael Dunn Center also employs dieticians who work with individuals and employees to write appropriate and health menus specific to the needs and desires of the individuals.*

***Every citizen should have reasonable access to health care.***

*Every individual at Michael Dunn Center has healthcare on an as needed basis as well as on a preventative schedule. Michael Dunn Center ensures insurance coverage for healthcare needs and for individuals receiving ICF services, Michael Dunn Center is responsible for the remaining cost of those services. Transportation is provided to all appointments and issues needing further care are addressed. Dental visits are typically every three months for people supported at Michael Dunn Center versus every six months for individuals without developmental disabilities. This is due to dental health issues related to oral hygiene challenges and medications.*

**The State's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the State's health care system.**

*Providing supports in an ICF facility is cost effective at Michael Dunn Center due to concise staffing, preventative healthcare, and management over site of the utilization of resources and in this case the use of a home that was previously but recently remodeled eliminating the need to build a new structure. Ongoing cost efficiency will result from preventative healthcare, preservation of mobility through therapies, and building and vehicle maintenance performed by Michael Dunn Center employees.*

**Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.**

*Michael Dunn Center employs a Quality Assurance Department who oversees the overall quality of care. Quality based surveys are conducted at MDC at least two times per year from DIDD. Michael Dunn Center works closely with DIDD to improve in areas identified as placing the individuals at risk. There is a Quality Improvement Plan that is updated and maintained in an ongoing basis. There are nurses who gather information related to falls, medication variances, choking, skin breakdown and infection control and provide education where needed to constantly improve the quality of healthcare. Unannounced director level and above site inspections are completed at a minimum of one per person supported per year. Managers complete monthly house inspections.*

**The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.**

*Michael Dunn Center utilizes licensed and unlicensed personnel to provide cohesive care to the individuals supported. We offer ongoing employee training and flexible schedules to allow employees the time to return to school if so desired. Michael Dunn Center is a clinical site for practical nursing students from Tennessee College of Applied Technology in Harriman, TN.*

#### **ICF/MR Specific Questions**

1. The population based estimate of the total need for ICF/IID facilities is .32 % of the general population. This estimate is based on the estimate for all ID of 1%. Of the 1% estimate 3.2 of those are estimated to meet level 1 criteria and be appropriate for ICF/IID services. (This information is from the Tennessee's Health: Guidelines for Growth)

*Response: The population of Roane County, TN in 2013 was reported as 53,047. There are currently 8 ICF/ MR beds in the county that are in use. There are 4 beds with an approved CON pending licensure and admissions. Using the need based estimate of 0.32 %, the need in Roane County is 16.9 beds.*

2. The estimate for total need should be adjusted by the existent ICF-MR beds operating in the area as counted by the Department of Health, the Department of Mental Health

and Developmental Disabilities, and the Division of Mental Retardation Services in the Joint Annual Reports.

*Response: The total estimated need minus the existing 8 beds and 4 pending beds leaves a need of 4.9 beds in Roane County.*

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

*Response: This project is consistent with our agency Strategic Plan to expand services to support more people with disabilities in the Roane County area. Opening a new ICF / IID home will allow us to support 4 people with the need for ICF / IID services.*

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. **Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

*Response: The proposed service area is in Roane County, TN. Michael Dunn Center's main office is located in Kinston, TN, which is the county seat. Michael Dunn Center currently operates two ICF / IID homes in Roane County, therefore it is our desire to locate the new ICF / IID homes in the same area to ensure continuity of care, efficient management of the home, proximity of support staff, and better access to agency resources, etc. (See Attachment 11)*

4. A. Describe the demographics of the population to be served by this proposal.

*Response: The age range for the men and women with developmental disabilities who need ICF / IID services range from 18 – 70 years old. These services are accessible to all who need and qualify for services, including women, minorities and low-income groups.*

- B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

<b>Variable</b>	<b>Roane County</b>	<b>Tennessee</b>
<b>Current Year (2015), Age 65+</b>	<b>12,293</b>	<b>1,051,862</b>
<b>Projected Year (2019), Age 65+</b>	<b>14,001</b>	<b>1,219,696</b>
<b>Age 65+, % Change</b>	<b>13.9%</b>	<b>16%</b>
<b>Age 65+, % Total (2015)</b>	<b>22.2%</b>	<b>15.6%</b>
<b>2015, Total Population</b>	<b>55,411</b>	<b>6,735,706</b>
<b>2019, Total Population</b>	<b>56,152</b>	<b>7,035,572</b>
<b>Total Pop. % Change</b>	<b>1.3%</b>	<b>4.5%</b>
<b>TennCare Enrollees</b>	<b>11,502</b>	<b>1,447,657</b>
<b>TennCare Enrollees as a % of Total Population</b>	<b>20.75%</b>	<b>21.5%</b>
<b>Median Age</b>	<b>45.4</b>	<b>37.2</b>
<b>Median Household Income</b>	<b>\$42,223</b>	<b>\$44,298</b>
<b>Population % Below Poverty Level</b>	<b>15%</b>	<b>17.6%</b>

**Response:** There are individuals currently living at Greene Valley Developmental Center who need ICF / IID services in the community. These individuals are in the age range of 18 - 70 years old, have developmental disabilities and complex medical needs, which include tracheotomy care, tube feeding, oxygen administration, insulin injections, medication administration and daily medical assessments. Michael Dunn Center provides services to all individuals, including women, ethnic minorities and low-income groups.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

*Response: Michael Dunn Center currently operates two ICF / IID homes in the Roane County area. In addition to the two ICF / IID homes, MDC is licensed through the State of Tennessee's Department of Intellectual and Developmental Disabilities to provide Residential Habilitation, Supported Living, Medical Residential, Community Based, Day, Facility Based Day, Employment, Physical Therapy, Occupational Therapy, Speech Therapy and Nutrition services.*

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

*Response:*

*Caillouette Home- occupancy 4- This home has operated at full capacity for most of the time it has been open since 1996. We have had two vacancies over the last year, both of which were filled within a month of the vacancy.*

*Herron Home- occupancy 4 This home has operated at full capacity since opening in 1996.*

*The new ICF / IID home is projected to be available for 4 people for the foreseeable future. If someone in the home moves to another location or passes away, we will contact DIDD for referrals for other individuals who are in need of ICF / IID services.*

**ICF/ MR Facilities Specific**

**A. Service Area**

1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity.

*Roane County, Tennessee is 395 square miles. With a 2013 population of 53,047, the population density is 134.3 people per square mile. The mean population density in the United States is 357 people per square mile. Roane County has a major interstate passing through it, making Knoxville easily accessible. The geographic area offers a Covenant Health Hospital, Roane Medical Center, within 5 miles. Specialty physicians are available in nearby cities such as Knoxville and Oak Ridge, TN.*

2. The relationship of the socio-demographics of the service area and the project population to receive services should be considered. The proposal's sensitivity and responsiveness to the special needs of the service area should be

considered including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, and those needing services involuntarily.

*Please see the attached two pages from*

*<http://quickfacts.census.gov/qfd/states/47/47145.html> with all demographic information for Roane County. This project involves the conversion of an existing, licensed Residential Habilitation home that will create 4 new ICF/IID beds in Roane County.*

*There are individuals currently living at Greene Valley Developmental Center who need ICF / IID services in the community. These individuals have developmental disabilities and complex medical needs, which include tracheotomy care, tube feeding, oxygen administration, insulin injections, medication administration and daily medical assessments. The age range for the men and women with developmental disabilities who need ICF / IID services range from 18 – 70 years old. These services are accessible to all who need and qualify for services, including women, ethnic minorities, low-income groups and those needing services voluntarily.*

#### **B. Relationship to Existing Applicable Plans**

- 1. The proposal's relationship to policy as formulated in state, city, county, and/or regional plans and other documents should be a significant consideration.**

*Michael Dunn Center's proposal for this ICF home includes operating within the policies of DIDD, TennCare and Department of Health.*

- 2. The proposal's relationship to underserved geographic areas and underserved populations groups as identified in state, city, county, and/or regional plans and other documents should be a significant consideration.**

*DIDD has a statewide waiting list of more than seven thousand people awaiting placement. These additional beds will remain in place in the event someone being admitted from GVDC passes away. This will provide an opportunity to serve additional people from the waiting list.*

- 3. The impact of the proposal on similar services supported by state and federal appropriations should be assessed and considered.**

*There are currently eight ICF beds in Roane County operated by MDC. All of these beds are occupied. Newly vacant beds have been filled within 60 days. The four additional beds will not impact these ICF homes. The next closest homes are in Knoxville and Chattanooga, TN, greater than 40 miles away. The new home in the proposal will not impact the existing ICF beds.*

- 4. The degree of projected financial participation in the Medicare and TennCare programs should be considered.**

*Hope Haven Inc. will provide the funding for the renovations for this proposal. After the completion of the project, TennCare will remit payment to Michael Dunn Center for provisions provided to the individuals residing in the home.*

- 5. Relationship to Existing Similar Services in the Area**

- 1. The area's trends in occupancy and utilization of similar services should be considered.**

*There are currently eight ICF beds in Roane County operated by MDC. All of these beds are occupied. Newly vacant beds have been secured within 30 days and filled within 60 days. There have only been two open ICF beds in Roane County in 18 years.*

**2. Accessibility to specific special need groups should be an important factor.**

*Roane County Family Practice physicians see a majority of the individuals with developmental disabilities at MDC. One of these physicians is on the board of directors at MDC. The hospital administrator from Roane Medical Center, the local hospital, is also on the board of directors at MDC. MDC employs a therapy department consisting of a PT, PTA, OT, SLP, and two dieticians. MDC also employs nursing staff and contracts with behavioral analysts as needed.*

### **ECONOMIC FEASIBILITY**

**1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.**

- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)

- The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.

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Project Cost Chart

**SUPPLEMENTAL #1**

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A. Construction and equipment acquired by purchase:	
1. Architectural and Engineering Fees	_____
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	<u>\$10,000.00</u>
3. Acquisition of Site	_____
4. Preparation of Site	_____
5. Construction Costs	<u>\$144,400.00</u>
6. Contingency Fund	_____
7. Fixed Equipment (Not included in Construction Contract)	_____
8. Moveable Equipment (List all equipment over \$50,000)	<u>\$168,104.00 (Attach. 13)</u>
9. Other (Specify) _____	_____
B. Acquisition by gift, donation, or lease:	
1. Facility (inclusive of building and land)	<u>\$1,260,000.00</u>
2. Building only	_____
3. Land only	_____
4. Equipment (Specify) _____	_____
5. Other (Specify) _____	_____
C. Financing Costs and Fees:	
Interim Financing	_____
Underwriting Costs	_____
Reserve for One Year's Debt Service	_____
Other (Specify) _____	_____
D. Estimated Project Cost (A+B+C)	<u>\$1,582,504.00</u>
E. Filing Fee	<u>\$3560.63</u>
F. Total Estimated Project Cost (D+E)	<u>\$1,586,064.63</u>

**Project Cost Chart****A.8. Movable Equipment**

Toyota Lift Van	59,544.00
Toyota Lift Van	59,544.00
Toyota Camry	24,508.00
Toyota Camry	24,508.00
<b>Total</b>	<b>168,104.00</b>

## 2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (*Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.*)

- A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- C. General Obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.
- D. Grants--Notification of intent form for grant application or notice of grant award; or
- E. Cash Reserves--Appropriate documentation from Chief Financial Officer. (See Attached Financial Audit
- F. Other—Identify and document funding from all other sources.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.
4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).
5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge:

Gross Charges-	\$ 1,155,000
Deductions from Revenue	\$ 0.00
Net Charges	\$ 1,155,000

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**HISTORICAL DATA CHART**

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in July (Month).

	Year <u>2012</u>	Year <u>2013</u>	Year <u>2014</u>
A. Utilization Data (Specify unit of measure)	29,618	30,962	30,862
Revenue from Services to Patients			
1. Inpatient Services	\$7,595,000	\$7,931,000	\$8,635,000
2. Outpatient Services	\$3,117,000	\$3,100,000	\$2,860,000
3. Emergency Services	0	0	0
4. Other Operating Revenue	\$316,000	\$262,000	\$104,000
(Specify) _____			
<b>Gross Operating Revenue</b>	<b>\$11,028,000</b>	<b>\$11,293,000</b>	<b>\$11,599,000</b>
6. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ 0	\$ 0	\$ 0
2. Provision for Charity Care	0	0	0
3. Provisions for Bad Debt	0	0	0
<b>Total Deductions</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>NET OPERATING REVENUE</b>	<b>\$11,028,000</b>	<b>\$11,293,000</b>	<b>\$11,599,000</b>
D. Operating Expenses			
1. Salaries and Wages	\$8,296,000	\$8,680,000	\$9,514,000
2. Physician's Salaries and Wages	0	0	0
3. Supplies	\$583,000	\$478,000	\$497,000
4. Taxes	0	0	0
5. Depreciation	\$ 97,000	\$ 91,000	\$75,000
6. Rent	0	0	0
7. Interest, other than Capital	0	0	0
8. Management Fees:			
a. Fees to Affiliates	0	0	0
b. Fees to Non-Affiliates	0	0	0
9. Other Expenses (Specify) <u>Occupancy, Travel, Misc.</u>	\$1,844,000	\$1,933,000	\$1,854,000
<b>Total Operating Expenses</b>	<b>\$10,820,000</b>	<b>\$11,182,000</b>	<b>\$11,940,000</b>
E. Other Revenue (Expenses) – Net (Specify)	\$ 0	\$ 0	\$ 0
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ 208,000</b>	<b>\$111,000</b>	<b>\$(341,000)</b>
7. Capital Expenditures			
1. Retirement of Principal	\$ 0	\$ 0	\$ 0
2. Interest	\$ 0	\$ 0	\$ 0
<b>Total Capital Expenditures</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>NET OPERATING INCOME (LOSS)</b>			
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ 208,000</b>	<b>\$ 111,000</b>	<b>\$(341,000)</b>

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**PROJECTED DATA CHART**

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in July (Month).

	<u>Year 2017</u>	<u>Year 2018</u>
A. Utilization Data (Specify unit of measure)	<u>1460 days</u>	<u>1460 days</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$1,155,386.00</u>	<u>\$1,046,704.00</u>
2. Outpatient Services	<u>0</u>	<u>0</u>
3. Emergency Services	<u>0</u>	<u>0</u>
4. Other Operating Revenue (Specify) _____	<u>0</u>	<u>0</u>
<b>Gross Operating Revenue</b>	<b><u>\$1,155,386.00</u></b>	<b><u>\$1,046,704.00</u></b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$ 0</u>	<u>\$ 0</u>
2. Provision for Charity Care	<u>0</u>	<u>0</u>
3. Provisions for Bad Debt	<u>0</u>	<u>0</u>
<b>Total Deductions</b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>
<b>NET OPERATING REVENUE</b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>
8. Operating Expenses		
1. Salaries and Wages	<u>\$688,971.00</u>	<u>\$702,751.00</u>
2. Physician's Salaries and Wages	<u>0</u>	<u>0</u>
3. Supplies	<u>\$138,934.00</u>	<u>\$ 32,640.00</u>
4. Taxes	<u>\$65,399.00</u>	<u>\$59,247.00</u>
5. Depreciation	<u>\$42,026.00</u>	<u>\$42,026.00</u>
6. Rent	<u>\$42,000.00</u>	<u>\$42,000.00</u>
7. Interest, other than Capital	<u>0</u>	<u>0</u>
8. Management Fees:		
a. Fees to Affiliates	<u>0</u>	<u>0</u>
b. Fees to Non-Affiliates	<u>0</u>	<u>0</u>
9. Other Expenses (Specify) <u>Occupancy, travel, admin.</u>	<u>\$178,056.00</u>	<u>\$168,040.00</u>
<b>Total Operating Expenses</b>	<b><u>\$1,155,386.00</u></b>	<b><u>\$1,046,704.00</u></b>
E. Other Revenue (Expenses) -- Net (Specify)	<u>\$ 0</u>	<u>\$ 0</u>
<b>NET OPERATING INCOME (LOSS)</b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>
F. Capital Expenditures		
1. Retirement of Principal	<u>\$ 0</u>	<u>\$ 0</u>
2. Interest	<u>0</u>	<u>0</u>
<b>Total Capital Expenditures</b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>
<b>NET OPERATING INCOME (LOSS)</b>		
<b>LESS CAPITAL EXPENDITURES'</b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>

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**PROJECTED DATA CHART-OTHER EXPENSES-****32 A****D.9 OTHER EXPENSES CATEGORIES**

	Year 1	Year 2
1. Prof Fees	\$ 2,350	\$ 2,350
2. Telephone	3,470	3,539
3. Occupancy	21,030	22,291
4. Travel	20,550	20,550
5. Insurance	641	654
6. Depreciation	576	576
7. Miscellaneous	2,000	2,000
8. Administrative	127,439	116,080
<b>Total Other Expenses</b>	<b>\$ 178,056</b>	<b>\$ 168,040</b>

**HISTORICAL DATA CHART-OTHER EXPENSES-****33 A****D.9 OTHER EXPENSES CATEGORIES**

	Year 2012	Year 2013	Year 2014
1. Professional Fees	\$582,780	\$569,792	\$554,046
2. Telephone	77,197	65,192	62,827
3. Postage & Shipping	8,510	6,328	8,864
4. Occupancy	341,989	336,694	322,911
5. Equipment Rental & Maint	17,868	24,849	16,103
6. Printing & Publications	15,855	15,838	3,610
7. Travel, Conf & Meetings	534,737	583,646	606,869
8. Insurance	53,041	56,311	62,840
9. Miscellaneous	212,318	274,339	215,782
<b>Total Other Expenses</b>	<b>\$1,844,295</b>	<b>\$1,932,989</b>	<b>\$1,853,852</b>

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.  
*Response: This will be a new ICF facility with new charges that will not affect current charges. The anticipated revenue will be \$1,155,000 per year for the first year. This will not impact existing patient charges.*
- B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).  
*Response: The proposed charges will be similar to charges of other ICF home in the county. The first year charges will be higher due to certain startup cost for furniture and supplies.*
7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.  
*Response: We expect project utilization to be close to 100% and sufficient to maintain cost-effectiveness*
8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.  
*Response: Please see attached (Attachments 6,7 &8) audits of Michael Dunn Center and Michael Dunn Foundation. The Boards of both corporations have committed all needed resources to fund this project.*
9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.  
*Response; This project will serve individuals currently being served by TennCare/Medicaid at Greene Valley. The first year annual revenue will be \$1,155,000 coming 100% from TennCare/Medicaid*
10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.  
*Response: Please see attached audits and financial reports for June 2015. (Attachments 6,7&8)*
11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

- a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

*Response: We discussed alternatives to an ICF facility but the alternatives did not provide the level of care as the individual had been receiving a Greene Valley and the level of nursing care that is needed to support these individuals.*

- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

*Response: Michael Dunn Center has been working closely with the State of Tennessee Department of Intellectual and Developmental Disabilities (DIDD) in providing Intermediate Care Facilities (ICFs) for people that are moving out of the Greene Valley Developmental Center (GVDC). This facility is scheduled to be closed by June 30, 2016, in accordance with an agreement reached with the parties involved and approved by a federal judge.*

*We have a large, ten-person Residential Habilitation group home located in Rockwood, Tennessee, called Hope Haven II (HH2). There are nine people living in this home who have increasing needs due to the natural aging process. The nine people currently living there are being transitioned to three person Supported Living homes in Roane County prior to the renovation of Hope Haven II.*

*Our plan is to convert HH2 into an ICF for four Greene Valley residents. HH2 will need a new sprinkler system, a basic requirement for an ICF, but already has many of the other features needed for an ICF home. Additionally, HH2 is also designed so that each of the four new residents will have a suite consisting of their own private bedroom, sitting/TV room, and will only need to share a bathroom with one other housemate. There is also a newly remodeled common kitchen, dining room, living room and laundry room.*

*Constructing a home of this size (3441 sq ft) at a very conservative cost of \$125/sq ft would equal \$543,750. The cost to install a sprinkler system for a home this size is approximately \$129,400. In addition the lot is 2.393 acres with an approximate value of \$54,300 (\$23,000/acre plus \$8,300 for the fencing), making the new construction and lot costs of the entire home approximately \$727,450. Thus it makes sense to convert this existing structure to an ICF as opposed to build a new home.*

#### **CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE**

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

*Response: Michael Dunn Center has a working relationship with all of the following providers:*

**Hospitals-**

Roane Medical Center  
 Methodist Medical Center  
 Park West Medical Center  
 University of Tennessee Medical Center

**Nursing Homes-**

The Bridge at Rockwood  
 Renaissance Terrace  
 Harriman Care and Rehab

**Physicians-**

1. Dr. James Lynch- Neurologist and Medical Director at MDC
2. Roane County Family Practice- Dr. John Belitz, Dr. Robert Wilson, Dr. Rodney McMillan, Dr. Randy Denton
3. Dr. Robert Albiston- Psychology
4. Dr. Terry Bingham- Surgeon
5. Dr. Boduch- General Practice
6. Dr. Dudani- Psychiatry
7. Dr. Paul Tappen- Optometry
8. Dr. Mimi Tedder- General Practice
9. Dr. Wakham- General Practice
10. Dr. Gornisiewicz- Neurology
11. Dr. Chemeitelli- Pulmonary
12. Dr. Edenfield- Dental
13. Dr. Misha Garey- Dental

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

*Response: The renovation and conversion of this home will add an additional four beds for the provision of services for four individuals moving from GVDC. This home is already established in the community as an MDC home. The home provides a residential service that is close to the personal residence of many of the families and conservators. The homes are close to emergency medical services providing a safe medical setting for the individuals planning to move into them.*

*The homes will increase the need for nursing and management employees, thus bringing more experience and knowledge into a field with limited resources. This also allows for more job opportunities in a rural area.*

*Finding the right PCP, who is accepting new patients, will be a challenge, but is one that can be overcome and the needs of the individuals met.*

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

*Response: The anticipated staffing pattern will be 4.4 FTE hours for LPN staff, 9.8 FTE hours for Direct Support Professionals, 1.5 FTE hours for managerial employees. The starting salary for a day shift LPN at Michael Dunn Center is \$14.50/ hour. Wage adjustments are made for experience to a maximum base salary of \$17.00/hour for a staff nurse. Shift Differentials are given for evening shift (\$1.00/hr), night shift and weekend shift (\$2.00/hour). Direct Support Professionals will earn a minimum starting salary of \$7.45/ hour on day shift up to \$9.00 depending on shift and experience. These wages fall within the average range noted on the attached report from the Tennessee Department of Labor & Workforce Development website.*

	Proposed (FTE)	TN Dept. Workforce Development prevailing wages (Per Hour)
Resident Manager	.5FTE	\$23.77
Qualified MR Professional	.5FTE	\$18.13
RN	.33FTE	\$21.72
LPN	4.4FTE	\$16.78
Direct Support Workers	9.8FTE	\$8.77
Physical Therapist	.04FTE	\$36.08
Occupational Therapist	.04FTE	\$35.03
Speech Therapist	.04FTE	\$31.30
Housekeeping Maintenance and Grounds	.1FTE	\$10.00
Other Central Office Support Personnel	1.0FTE	\$18.54
Total	18.8FTE	\$220.12

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

*Response: Michael Dunn Center actively recruits LPN and Direct support professionals via internet networking, local newspapers advertisements and face to face contact with graduating LPN and CNA classes. Open positions are reviewed weekly and open shifts are filled with part time employees or full time employees working overtime. The home will have a staffing plan describing the basic evacuation capabilities of the individuals as well as the minimum and usual number of employees to be present in the home at any one time.*

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

*Response: Michael Dunn Center follows the Professional Support Services License (PSSL) requirements and has the regulations built in to the MDC policies, procedure and employee handbook. Employees are educated upon hire, as needed and annually via Relias online training and by qualified instructors.*

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

*Response: MDC has a contract to act as a training site for the practical nursing at Tennessee College of Applied Technology in Harriman, TN. Students visit assigned medical residential and ICF homes and work with an MDC LPN employee. The MDC Director of Health Services is on the Nursing Program Advisory Board at Tennessee College of Applied Technology.*

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

*Response: Michael Dunn Center has been in contact with the Department of Health and Safety for guidance on all safety regulation requirements. The home will be licensed under the Department of Intellectual and Developmental Disabilities. The ICF regulations, commonly referred to as Appendix J, is a working tool at MDC with its policies and regulations built into MDC's policies, procedures and employee handbook.*

- (b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

*Licensure: Licensure: Department of Intellectual and Developmental Disabilities (will be obtained for this specific location) and Professional Service Support License (current for the entire MDC agency).*

*Accreditation: NA*

- (c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

*Response: MDC currently holds a PSSL, two ICF licenses for existing homes and a license for Mental Retardation Residential Habilitation. MDC will apply to change the license for this address to Mental Retardation Institutional Habilitation. (See Attachment 14)*

- (d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction. (See Attachment 15)

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

*Response: #8- There are no final orders or judgments against Michael Dunn Center, Michael Dunn Foundation, Hope Haven Corporation, or any entity within. There are no other entities with more than 5% interest in this project.*

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

*Response: #9- There are no civil or criminal judgments for fraud or theft against Michael Dunn Center, Michael Dunn Foundation, Hope Haven Corporation, or any entity within. There are no other entities with more than 5% interest in this project.*

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

*Response: If approved, Michael Dunn Center will supply THSDA and any other approved agency with the requested information.*

**PROOF OF PUBLICATION**

**Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent. (See Attachment 17)**

**DEVELOPMENT SCHEDULE**

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

Form HF0004  
Revised 02/01/06  
Previous Forms are obsolete

February 12, 2016

11:15 am

**PROJECT COMPLETION FORECAST CHART**

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609: May 25, 2016

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. <u>Architectural and engineering contract signed</u>	<u>Complete</u>	<u>10/13/2015</u>
2. <u>Construction documents approved by the Tennessee Department of Health</u>	<u>6</u>	<u>01/20/16</u>
3. <u>Construction contract signed</u>	<u>6</u>	<u>03/01/16</u>
4. <u>Building permit secured</u>	<u>16</u>	<u>03/10/16</u>
5. <u>Site preparation completed</u>	<u>NA</u>	<u>NA</u>
6. <u>Building construction commenced</u>	<u>16</u>	<u>03/10/16</u>
7. <u>Construction 40% complete</u>	<u>47</u>	<u>04/10/16</u>
8. <u>Construction 80% complete</u>	<u>67</u>	<u>04/30/16</u>
9. <u>Construction 100% complete (approved for occupancy)</u>	<u>82</u>	<u>05/15/16</u>
10. <u>*Issuance of license</u>	<u>98</u>	<u>06/01/16</u>
11. <u>*Initiation of service</u>	<u>113</u>	<u>06/15/16</u>
12. <u>Final Architectural Certification of Payment</u>	<u>98</u>	<u>06/01/16</u>
13. <u>Final Project Report Form (HF0055)</u>	<u>128</u>	<u>07/01/16</u>

\* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

00110901000

**AFFIDAVIT**

STATE OF Tennessee

COUNTY OF Roane

Mike McElhinney, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Mike McElhinney Pres.  
SIGNATURE/TITLE

Sworn to and subscribed before me this 29<sup>th</sup> day of January, 2016 a Notary  
(Month) (Year)

Public in and for the County/State of Roane / Tennessee.

Michele Mayton  
NOTARY PUBLIC

My commission expires Jan 15, 2018  
(Month/Day) (Year)



**Certificate of Need Attachments for Michael Dunn Center- Hope Haven Two**

1. Corporate Charter (4pages)
2. Corporate existence (1 page)
3. Property Management Agreement (9 pages)
4. Lease Agreement (5 pages)
5. MCO List (1 page)
6. Michael Dunn Center Financial Statement (25 pages) (Also applies to Section C: Economic Feasibility 8 and 10)
7. Michael Dunn Foundation Financial Statement (19 pages) (Also applies to Section C: Economic Feasibility 8 and 10)
8. Economic Feasibility- Balance Sheet and Income Statement (2 pages) Also applies to Section C: Economic Feasibility 8 and 10
9. Plot with home (1 page)
10. House plan (1 page)
11. Tennessee County Level Map (1 page)
12. Quick Facts Census (2 pages)
13. Project Cost Chart- Movable Equipment (1 page)
14. Licenses (4 pages)
15. ICF plans of correction for current ICF homes (Caillouette and Herron) (29pages)
16. Letter from Commissioner Debra Payne (2 pages)
17. Affidavit from Roane County News for the Publication of Intent (1 page)

MDC will complete all billing for these four beds via Tennessee Anytime Website and will be reimbursed directly from TennCare.

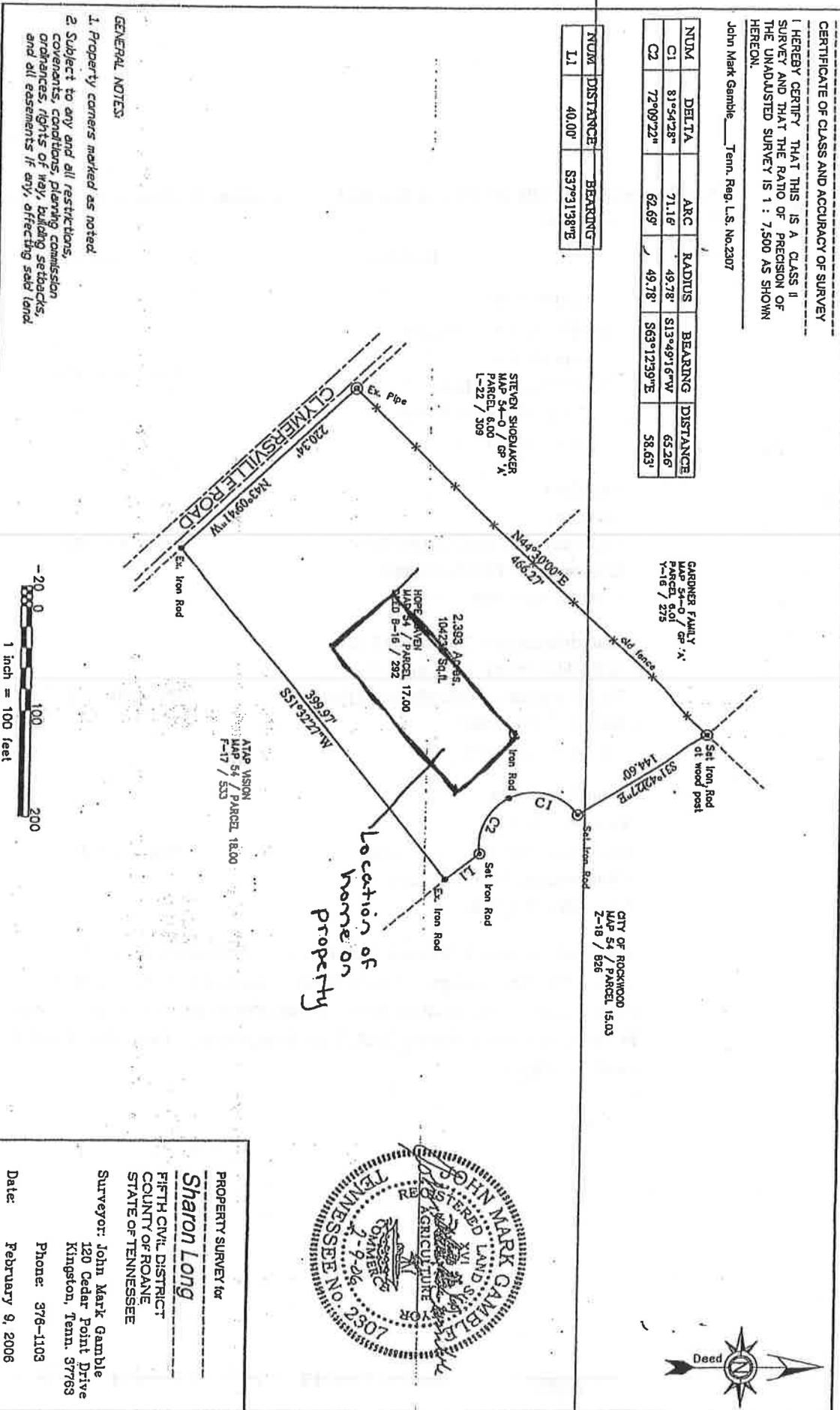
Health Plan	Provider Services
AMERIGROUP <a href="http://www.amerigroup.com">http://www.amerigroup.com</a> Community Care Three Lakeview Place 22 Century Blvd., Suite 310 Nashville, TN 37214	1-800-454-3730
BlueCare BlueCare 1 Cameron Hill Circle, Suite 0002 Chattanooga, TN 37402-0002 Fax 800-357-0453	1-800-468-9736
UnitedHealthcare Community Plan UnitedHealthcare Community Plan 2035 Lakeside Centre Way Suite 200 Knoxville, TN 37922 FAX: 865-293-0573	1-800-690-1606
TennCare Select TennCare Select 1 Cameron Hill Circle, Suite 0002 Chattanooga, TN 37402-0002 FAX: 800-218-3190	1-800-276-1978
Counties: Anderson, Bledsoe, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Franklin, Grainger, Greene, Grundy, Hamblen, Hamilton, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, Marion, McMinn, Meigs, Monroe, Morgan, Polk, Rhea, Roane, Scott, Sequatchie, Sevier, Sullivan, Unicoi, Union and Washington	

CERTIFICATE OF CLASS AND ACCURACY OF SURVEY  
 I HEREBY CERTIFY THAT THIS IS A CLASS II SURVEY AND THAT THE RATIO OF PRECISION OF THE UNADJUSTED SURVEY IS 1 : 7,500 AS SHOWN HEREON.

John Mark Gamble, Tenn. Reg. L.S. No.2307

NUM	DELTA	ARC	RADIUS	BEARING	DISTANCE
C1	81°42'28"	71.16'	49.78'	S13°49'16"W	65.26'
C2	72°09'22"	62.63'	49.78'	S63°12'39"E	58.63'

NUM	DISTANCE	BEARING
L1	40.00'	S37°31'38"E

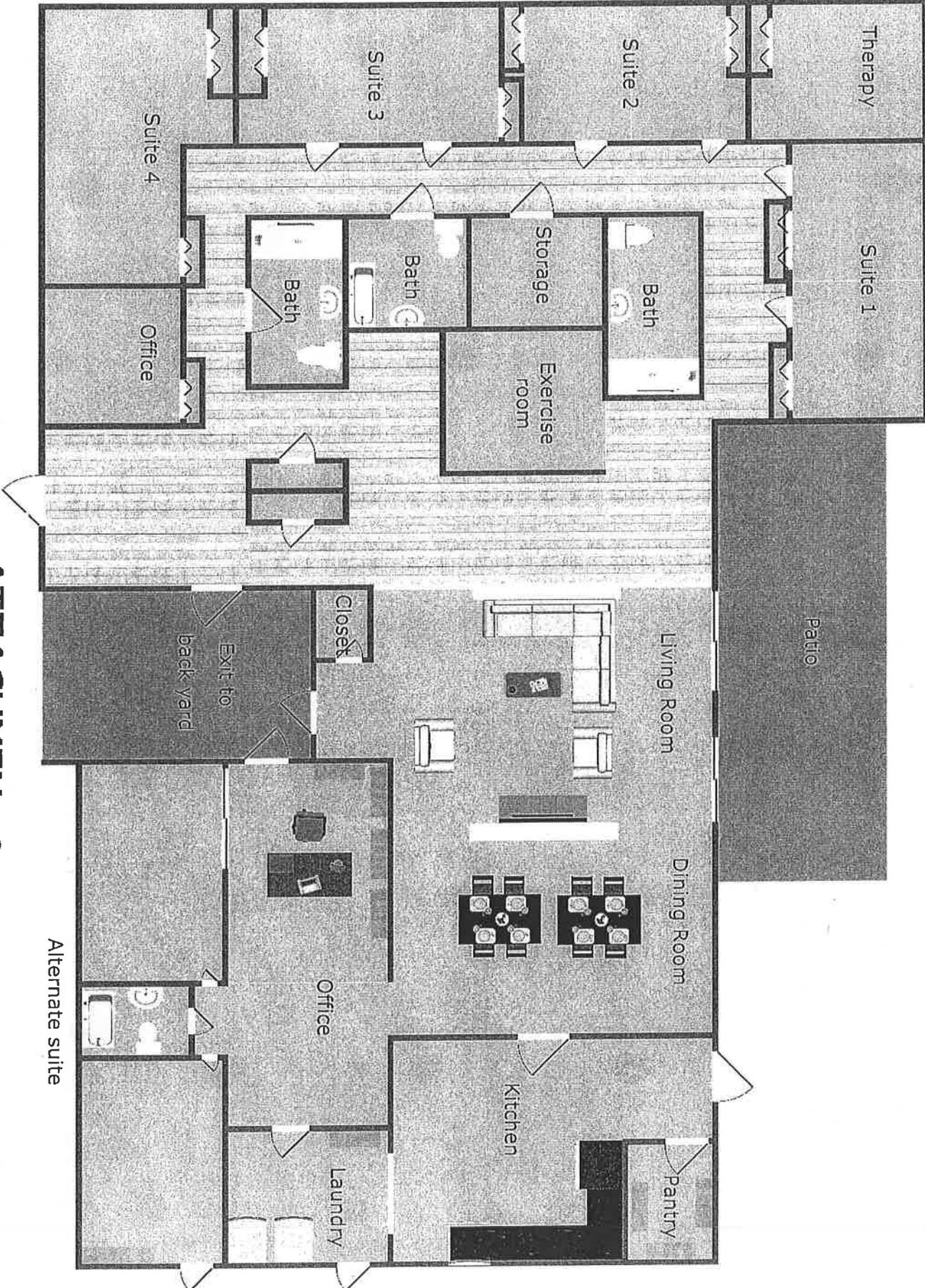


GENERAL NOTES  
 1. Property corners marked as noted.  
 2. Subject to any and all restrictions, covenants, conditions, planning commission ordinances, rights of way, building setbacks, and all easements if any, affecting said land.

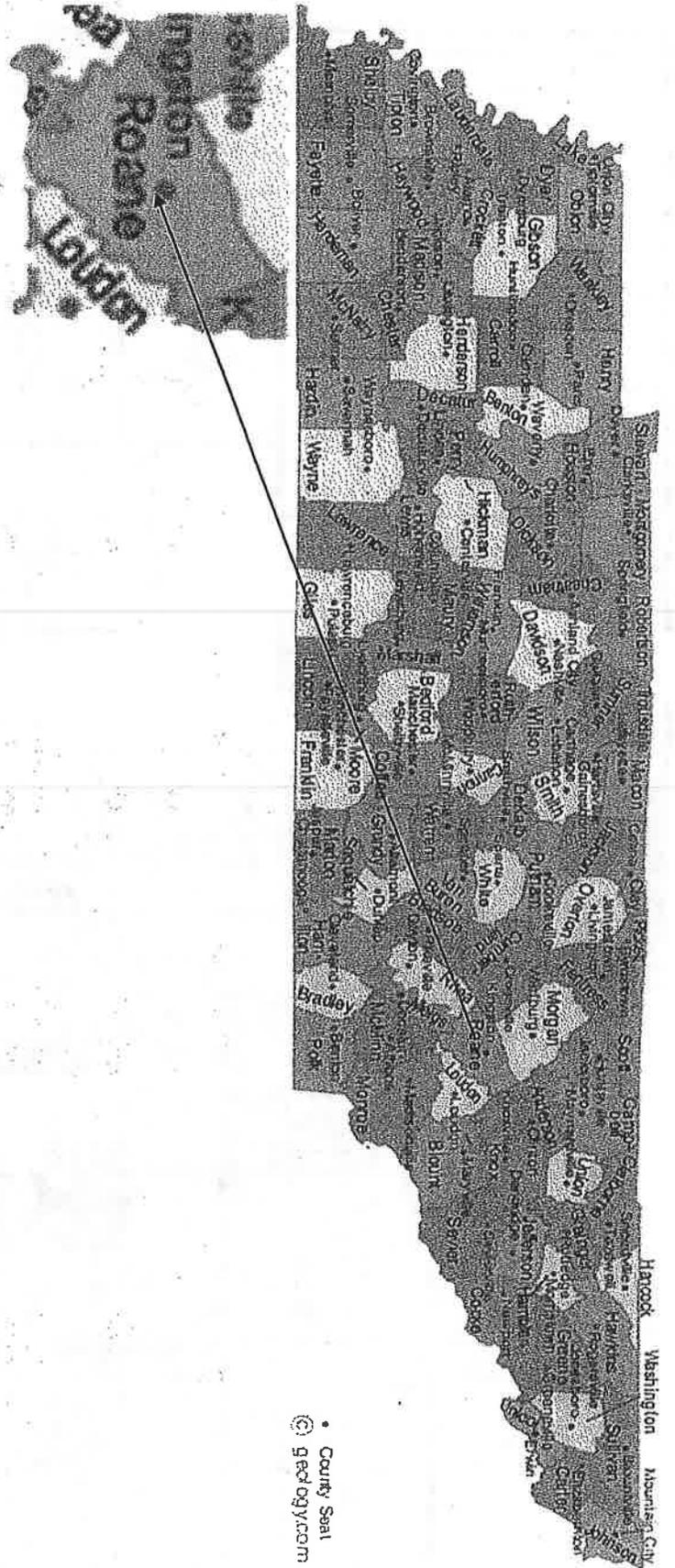
PROPERTY SURVEY for  
**Sharon Long**  
 FIFTH CIVIL DISTRICT  
 COUNTY OF ROANE  
 STATE OF TENNESSEE  
 Surveyor: John Mark Gamble  
 120 Cedar Point Drive  
 Kingston, Tenn. 37763  
 Phone: 376-1103  
 Date: February 9, 2006



Room Planner  
Chief Architect Software



ATTACHMEN 6



**MICHAEL DUNN CENTER, INC.**  
**FINANCIAL STATEMENTS**  
**WITH**  
**SUPPLEMENTAL FINANCIAL INFORMATION**  
**JUNE 30, 2014 AND 2013**

**ALSO APPLIES TO SECTION C, ECONOMIC FEASIBILITY 8 AND 10**

*MICHAEL DUNN CENTER, INC.**TABLE OF CONTENTS**JUNE 30, 2014 AND 2013*

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## CERTIFIED PUBLIC ACCOUNTANTS

Joe Savage  
 Marie I. Niekerk  
 Josh Stone  
 Earl O. Wright - 1988 - 2002

Stephen J. Parsons - Retired  
 Catherine R. Hulme  
 Rebecca Hutsell  
 William R. Scandlyn - 1988 - 1999

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
 Michael Dunn Center, Inc.  
 Kingston, Tennessee

**Report on the Financial Statements**

We have audited the accompanying financial statements of Michael Dunn Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Michael Dunn Center, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

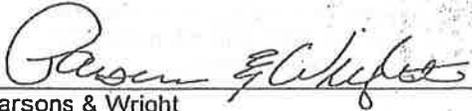
**Other Matters****Other Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying financial information listed as supplemental financial information in the Table of Contents is presented for purposes of additional analysis and is not a required part of the financial statements of Michael Dunn Center, Inc. The accompanying schedule of expenditures of federal awards is presented for purposes

of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2014, on our consideration of Michael Dunn Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Michael Dunn Center, Inc.'s internal control over financial reporting and compliance.



Parsons & Wright  
Certified Public Accountants  
Kingston, Tennessee

November 21, 2014

**MICHAEL DUNN CENTER, INC.**

**FINANCIAL SECTION**

**JUNE 30, 2014 AND 2013**

MICHAEL DUNN CENTER, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2014 AND 2013

	JUNE 30, 2014	JUNE 30, 2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,199,050	\$ 893,084
Accounts Receivable (Net of Allowance for Doubtful Accounts of \$50,000)	1,124,561	1,641,018
Prepaid Expenses	6,450	0
<i>Total Current Assets</i>	\$ 2,330,061	\$ 2,534,102
<b>PROPERTY AND EQUIPMENT</b>		
Buildings and Improvements	\$ 1,910,423	\$ 1,882,806
Equipment	601,623	582,453
Vehicles	1,983,457	1,891,208
Land	20,000	20,000
<i>Total Property and Equipment</i>	\$ 4,515,503	\$ 4,376,467
Less: Accumulated Depreciation	(3,809,914)	(3,588,520)
<i>Net Property and Equipment</i>	\$ 705,589	\$ 787,947
<b>OTHER ASSETS</b>		
Other Assets	\$ 370	\$ 370
<i>Total Other Assets</i>	\$ 370	\$ 370
<b>TOTAL ASSETS</b>	\$ 3,036,020	\$ 3,322,419
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 92,421	\$ 105,754
Accrued Wages	295,394	242,890
Accrued Expense	26,337	20,712
Accrued Vacation	276,670	266,786
<i>Total Current Liabilities</i>	\$ 690,822	\$ 636,142
<b>NET ASSETS</b>		
Unrestricted Net Assets	\$ 2,345,198	\$ 2,686,277
<i>Total Net Assets</i>	\$ 2,345,198	\$ 2,686,277
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 3,036,020	\$ 3,322,419

The accompanying notes are an integral part of these financial statements.

MICHAEL DUNN CENTER, INC.  
STATEMENTS OF ACTIVITIES  
JUNE 30, 2014 AND 2013

	<u>JUNE 30,</u> <u>2014</u>	<u>JUNE 30,</u> <u>2013</u>
<b>SUPPORT AND REVENUE</b>	<u>Unrestricted</u>	<u>Unrestricted</u>
<b>FEE FOR SERVICES</b>		
Department of Intellectual and Developmental Disabilities	\$ 7,543,638	\$ 6,980,988
Department of Human Services	71,115	80,342
Department of Education	248,600	289,569
Department of Transportation	28,414	169,679
Department of Health	<u>1,579,991</u>	<u>1,589,875</u>
<i>Total Fee for Service Revenue</i>	<u>\$ 9,471,758</u>	<u>\$ 9,060,453</u>
<b>OTHER SERVICES AND INCOME</b>		
School Contracts	\$ 490,521	\$ 567,440
Local Funds (United Way, County Funds, Etc.)	266,608	136,366
Sales	697,851	795,943
Fees for Service	528,065	598,648
Other Income & Reimbursement Expenses	<u>184,859</u>	<u>221,016</u>
<i>Total Other Services and Income Revenue</i>	<u>\$ 2,167,904</u>	<u>\$ 2,319,413</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>\$ 11,639,662</u>	<u>\$ 11,379,866</u>
<b>EXPENSES</b>		
<b>PROGRAM SERVICES</b>		
Henry Center	\$ 711,245	\$ 717,097
Adult	612,794	623,902
Work Program	1,367,083	1,330,621
School	463,945	551,819
Residential	1,921,115	1,774,943
Med Residential	2,419,561	1,942,676
Family Based	450,449	456,608
ICF Homes	1,642,016	1,657,471
Supported Living Homes	2,078,377	1,979,132
Social Services and Quality Enhancement	8,743	0
Development	167,799	105,499
Other Program Services	<u>77,079</u>	<u>56,996</u>
<i>Total Program Services</i>	<u>\$ 11,920,206</u>	<u>\$ 11,196,764</u>
<b>SUPPORT SERVICES</b>		
General and Administrative	<u>60,535</u>	<u>71,666</u>
<b>TOTAL EXPENSES</b>	<u>\$ 11,980,741</u>	<u>\$ 11,268,430</u>
<b>CHANGE IN NET ASSETS</b>	\$ (341,079)	\$ 111,436
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>2,686,277</u>	<u>2,574,841</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 2,345,198</u>	<u>\$ 2,686,277</u>

The accompanying notes are an integral part of these financial statements.

MICHAEL DUNN CENTER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
JUNE 30, 2014

	HENRY CENTER	ADULT	WORK PROGRAM	SCHOOL	RESIDENTIAL	MED RESIDENTIAL	FAMILY BASED
Wages and Salaries	\$ 302,209	\$ 325,628	\$ 570,933	\$ 259,308	\$ 1,118,339	\$ 1,678,164	\$ 99,011
Fringe Benefits	57,932	81,036	119,179	55,368	189,465	265,883	15,387
<b>Total Personnel</b>	<b>\$ 360,141</b>	<b>\$ 406,664</b>	<b>\$ 690,112</b>	<b>\$ 314,676</b>	<b>\$ 1,307,804</b>	<b>\$ 1,944,047</b>	<b>\$ 114,398</b>
Professional and							
Contracted Services	164,655	0	0	22,844	383	17,392	243,061
Supplies	32,672	3,633	18,534	7,224	152,263	50,300	424
Telephone	3,568	855	3,744	2,467	10,314	5,924	218
Postage and Shipping	30	0	37	9	0	0	0
Occupancy	54,003	17,108	47,314	11,732	23,495	39,751	429
Equip. Rental & Maint	465	0	11,721	30	165	30	0
Printing and Publications	54	60	0	0	0	0	0
Travel, Conf & Meetings	8,672	30,433	99,885	41,731	36,600	26,378	31,274
Insurance	3,732	771	2,319	1,036	1,283	1,890	2,517
SR Wages & Benefits	501	0	213,057	0	0	0	0
Items Purchased for Resale	0	0	29,445	6,390	0	0	0
Administration	76,005	65,693	143,899	49,578	203,754	258,231	48,160
Case Management Cost	0	80,487	47,077	0	136,675	42,521	9,112
Other Expenses	579	3,658	4,253	3,138	22,735	14,803	856
<b>Total Expenses</b>	<b>\$ 705,077</b>	<b>\$ 609,562</b>	<b>\$ 1,311,397</b>	<b>\$ 460,855</b>	<b>\$ 1,895,471</b>	<b>\$ 2,401,267</b>	<b>\$ 450,449</b>
Before Depreciation							
Depreciation	6,168	3,232	55,686	3,090	25,644	18,294	0
<b>TOTAL EXPENSES</b>	<b>\$ 711,245</b>	<b>\$ 612,794</b>	<b>\$ 1,367,083</b>	<b>\$ 463,945</b>	<b>\$ 1,921,115</b>	<b>\$ 2,419,561</b>	<b>\$ 450,449</b>

The accompanying notes are an integral part of these financial statements.

MICHAEL DUNN CENTER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
JUNE 30, 2014

	SUPPORTED LIVING		SOCIAL SERVICES		OTHER		2014 TOTAL EXPENSES	2013 TOTAL EXPENSES
	ICF HOMES		QUALITY ENHANCEMENT	DEVELOPMENT	PROGRAM SERVICES	GENERAL AND ADMIN.		
Wages and Salaries	\$ 996,085	\$ 1,270,367	\$ 260,839	\$ 99,128	\$ 52,755	\$ 738,440	\$ 7,771,206	\$ 7,155,803
Fringe Benefits	196,996	232,296	50,267	16,816	5,727	243,196	1,529,548	1,339,277
<b>Total Personnel</b>	<b>\$ 1,193,081</b>	<b>\$ 1,502,663</b>	<b>\$ 311,106</b>	<b>\$ 115,944</b>	<b>\$ 58,482</b>	<b>\$ 981,636</b>	<b>\$ 9,300,754</b>	<b>\$ 8,495,080</b>
Professional and Contracted Services	14,668	0	0	4,403	1,579	85,060	554,045	569,792
Supplies	62,210	75,807	3,397	19,541	528	74,799	501,332	514,078
Telephone	7,878	12,025	3,869	571	0	11,394	62,827	65,191
Postage and Shipping	0	0	0	480	0	8,307	8,863	6,328
Occupancy	41,069	51,414	5,762	858	0	29,977	322,912	336,694
Equip Rental & Maint	0	0	0	0	0	3,692	16,103	24,849
Printing and Publications	0	0	(495)	1,298	199	2,494	3,610	15,838
Travel, Conf & Meetings	33,990	64,914	16,126	1,470	2,205	66,944	460,622	427,885
Insurance	1,562	4,101	398	22	5,379	37,860	62,840	56,311
SR Wages & Benefits	0	0	0	0	0	0	213,558	184,897
Items Purchased for Resale	0	0	0	0	0	263	36,098	49,690
Administration	174,324	221,371	41,830	17,931	7,545	(1,308,321)	0	0
Case Management Cost	0	66,819	(382,691)	0	0	0	0	0
Other Expenses	95,986	18,128	1,179	5,242	1,162	43,864	215,783	274,342
<b>Total Expenses</b>	<b>\$ 1,624,768</b>	<b>\$ 2,017,242</b>	<b>\$ 451</b>	<b>\$ 167,760</b>	<b>\$ 77,079</b>	<b>\$ 37,989</b>	<b>\$ 11,759,347</b>	<b>\$ 11,021,775</b>
Before Depreciation								
Depreciation	17,248	61,135	8,292	39	0	22,566	221,394	246,655
<b>TOTAL EXPENSES</b>	<b>\$ 1,642,016</b>	<b>\$ 2,078,377</b>	<b>\$ 8,743</b>	<b>\$ 167,799</b>	<b>\$ 77,079</b>	<b>\$ 60,535</b>	<b>\$ 11,980,741</b>	<b>\$ 11,268,430</b>

\*The amount in Administrative expenses is negative because the expense has been spread throughout the various program expenses and netted to zero.

The accompanying notes are an integral part of these financial statements.

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MICHAEL DUNN CENTER, INC.  
STATEMENTS OF CASH FLOWS  
JUNE 30, 2014 AND 2013

	<u>JUNE 30,</u> <u>2014</u>	<u>JUNE 30,</u> <u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (341,079)	\$ 111,436
<i>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:</i>		
Depreciation	221,394	246,655
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	516,457	(734,154)
(Increase) Decrease in Prepaid Expense	(6,450)	1,185
Increase (Decrease) in Accounts Payable	(13,333)	(83,453)
Increase (Decrease) in Accrued Wages	52,504	1,081
Increase (Decrease) in Accrued Expenses	5,625	(31,554)
Increase (Decrease) in Accrued Vacation	<u>9,884</u>	<u>9,612</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$ 445,002</u>	<u>\$ (479,192)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of Capital Assets	\$ (139,036)	\$ (271,319)
<i>Net Cash Provided by (Used for) Investing Activities</i>	<u>\$ (139,036)</u>	<u>\$ (271,319)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
<i>Net Cash Provided by (Used for) Financing Activities</i>	<u>\$ 0</u>	<u>\$ 0</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>\$ 305,966</u>	<u>\$ (750,511)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>893,084</u>	<u>1,643,595</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 1,199,050</u></u>	<u><u>\$ 893,084</u></u>
<b>SUPPLEMENTAL DATA</b>		
Interest Paid	\$ 0	\$ 0
Taxes Paid	<u>0</u>	<u>0</u>
<i>Total Supplemental Data</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

The accompanying notes are an integral part of these financial statements.

MICHAEL DUNN CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. *The Reporting Entity*

These financial statements are intended to reflect the assets, liabilities, and results of operations of Michael Dunn Center, Inc. (the Center) only.

The Center was incorporated on March 8, 1971, under the provisions of the State of Tennessee. The Center is a nonprofit and charitable entity. It operates under a board and executive director form of management.

The primary purpose of the Center is to provide mentally and physically handicapped individuals the opportunity for education, vocational training, housing, and other related services. The Center's support comes primarily from the State of Tennessee

Description of Programs:

*Adult Day, School Age and Preschool -*

The Center provides to the handicapped citizens of Roane and surrounding counties, with educational training, physical, and occupational therapy, speech therapy and counseling.

*Residential -*

The Center provides management services for the residential houses that provide housing for handicapped citizens. In addition, assistance with personal needs is provided.

2. *Basis of Accounting*

The Center uses the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

3. *Budgets and Budgetary Accounting*

Formal budgetary integration is employed by the Center as a management control device during the year. The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

4. *Income Tax Status*

The Center has qualified as an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

5. *Financial Statement Presentation*

In 1996, the Center adopted FASB ASC 958-205 (formerly Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations"). Under FASB ASC 958-205, the Center is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions. As permitted by this new standard, the Center has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present classes of net assets.

MICHAEL DUNN CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

5. *Financial Statement Presentation - Continued*

In 1996, the Center also adopted FASB ASC 958-605 (formerly SFAS No. 116, "Accounting for Contributions Received and Contributions Made"). In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The adoption had no cumulative effect on net assets at the date of the adoption.

Contributions received for the purchase of capital items has been shown as unrestricted because the funds were received and expended in the same year.

CATAGORIES OF ASSETS	BALANCE JUNE 30, 2014	BALANCE JUNE 30, 2013
a. Unrestricted Net Assets, which are not restricted by donors or by law.	\$ 2,345,198	\$ 2,686,277
b. Temporarily Restricted Net Assets, whose use has been limited by donor-imposed time restrictions or purpose restrictions.	0	0
c. Permanently Restricted Net Assets, which have been restricted by donor or by law to be maintained by the organization in perpetuity.	0	0
<b>TOTAL</b>	<b>\$ 2,345,198</b>	<b>\$ 2,686,277</b>

6. *Statement of Cash Flows*

For purposes of the statement of cash flows, the Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Income taxes paid for the year were \$0.

7. *Grant Funds*

Grant funds received for operations are recorded as revenue.

8. *Cash and Cash Equivalents*

The cash total of \$1,199,050 and \$893,084 is comprised of the following:

CASH	June 30, 2014	June 30, 2013
Operating Accounts	\$ 1,198,250	\$ 892,284
Petty Cash	800	800
<b>TOTAL CASH</b>	<b>\$ 1,199,050</b>	<b>\$ 893,084</b>

All accounts are listed in the agency name, Michael Dunn Center, Inc.

The carrying amount of the Center's deposits (checking and savings) for the years ended June 30, 2014 and 2013 was \$1,198,250 and \$892,284 respectively. The bank balance for the years ended June 30, 2014 and 2013 was \$1,540,861 and \$1,068,428, respectively. Of the bank balance, \$495,879 and \$436,341 was covered by federal depository insurance for the years ended June 30, 2014 and 2013 respectively. The balances of the funds were collateralized by the Bank's participation in the State collateral pool.

MICHAEL DUNN CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

9. *Accounts Receivable*

For the years ending June 30, 2014 and 2013, the Center recorded \$50,000 allowance for doubtful accounts to cover potential bad debts. Bad debt expense as of June 30, 2014 and 2013 was \$0. The accounts receivable total of \$1,124,561 and \$1,641,018 at June 30, 2014 and 2013, respectively, is comprised of the following:

ACCOUNTS RECEIVABLE	June 30, 2014	June 30, 2013
Government Entities	\$ 721,143	\$ 1,255,893
Various School Contracts, Etc.	1,211	9,172
Various Contracts, Etc.	200,638	334,918
Hope Haven I, Inc.	6,365	5,977
Hope Haven II, Inc.	6,568	5,551
Hope Haven III, Inc.	6,993	5,747
Michael Dunn Foundation	158,736	5,500
Webster Home, Inc.	40,836	40,046
Simmons Manor, Inc.	32,071	28,214
<i>Total Accounts Receivable</i>	<u>\$ 1,174,561</u>	<u>\$ 1,691,018</u>
Less Allowance for Doubtful Accounts	<u>(50,000)</u>	<u>(50,000)</u>
<b>NET ACCOUNTS RECEIVABLE</b>	<u><u>\$ 1,124,561</u></u>	<u><u>\$ 1,641,018</u></u>

10. *Fixed Assets*

The fixed assets are recorded at cost and include improvements that significantly add to productive capacity or extend useful life. Cost of maintenance and repairs are charged to expense. Upon retirement or disposal of assets, the cost and related depreciation are removed from the accounts and gain or loss, if any, is reflected in the earnings for the period. Depreciation and amortization, for financial reporting purposes, is provided on the straight-line method. The estimated useful lives of the assets are buildings 30 years, equipment 10 years, and vehicles 5 years. Any interest cost incurred in the construction of fixed assets is capitalized. There was no interest capitalized in the current year. In May of 2008 the Center elected to begin following state guidelines for asset capitalization. Under these guidelines, an asset will be capitalized only when it has a cost of greater than \$5,000 and an estimated useful life of three years or greater.

Fixed assets acquired by the Center are considered to be owned by the Center. However, State-funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State has a reversionary interest in those assets purchased with its funds.

11. *Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

12. *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

MICHAEL DUNN CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

13. *Accrued Expenses*

The Center accrued wages for payroll ending June 30, 2014 and 2013. These wages were paid in July 2014 and 2013. The accrued salaries at June 30, 2014 and 2013 were \$295,394 and \$242,890, respectively and accrued vacation wages was \$276,670 and \$266,786, respectively.

14. *Advertising Costs*

Advertising costs are expenses as incurred. Advertising expense was \$3,991 and \$12,852 for the years ending June 30, 2014 and 2013 respectively.

15. *Reclassification*

Certain items shown in the previously issued financial statements have been reclassified into different categories in these financial statements to better present the Center's information.

NOTE B - UNRESTRICTED GRANTS/CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or the purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until the expensed for the purposes of the grants because they are conditional expenses to give.

NOTE C - EMPLOYEE PAID TIME OFF

Effective April 1, 2008 the Center adopted a new Paid Time Off (PTO) policy. It is used for all paid absences from work including vacation, sick, funeral leave, voluntary witness testimony and holidays. PTO is for employees only. An employee is defined as someone whose job exists to fulfill Michael Dunn Center's mission of serving people with disabilities in either a direct service or support function. Service recipients and work program laborers hired to perform contracts are not considered employees and are not eligible for PTO. In order to be eligible for PTO, the employee must be hired, scheduled to work and actually work a minimum of 40 hours per week. There is no PTO for employees working less than 40 hours per week or for seasonal, contract, or temporary employees, regardless of the amount of hours per week they work.

Sick Leave – All earned sick time accrued under the prior system will be transferred into a sick time bank on a one-for-one basis. This time will be saved for use only when the employee has first exhausted all PTO and yet still qualifies for sick time or if an employee has a documented illness, or needs to care for an immediate family member with a documented illness, for a period of time in excess of 10 consecutively scheduled work days. The first 10 days would be charged to PTO and all consecutive days that the employee is absent would be deducted from the sick bank. If an employee leaves the Michael Dunn Center, sick leave is never cashed out for any employee regardless of length of service.

MICHAEL DUNN CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE C - EMPLOYEE PAID TIME OFF - Continued

When an employee leaves the Michael Dunn Center, they will get up to a maximum of 200 hours of unused PTO time paid out at their ending rate of pay. Any PTO days accumulated beyond 200 hours will be lost at the time of termination regardless of the reason for their termination.

Holidays are included in the PTO that has been granted. As an incentive for employees to work on Thanksgiving, the day after Thanksgiving, Christmas Eve and Christmas, employees that work these days may also request up to 8 hours of PTO per day.

YEARS OF SERVICE	ACCRUAL RATE PER MONTH	MAXIMUM ANNUAL ACCUMULATION
0-1 Years	0.5 days	6 days
1-4 Years	2.0 days	24 days
5-9 Years	2.5 days	30 days
10-19 Years	3.0 days	36 days
Over 20 Years	3.5 days	42 days

Under the TIMAS (timekeeping system) system there is no carryover of time. An employee can never accrue more than 80 days (640 hours or 4 months) PTO time. Once 640 hours is reached, TIMAS stops adding PTO hours.

Employees in the School Program are subject to a different PTO system in which they will receive 3.5 PTO days per month, regardless of their number of years of service. However, they must use their PTO days, if available, on all days the Roane County Schools are closed for holidays, illness or weather.

NOTE D - RELATED PARTY TRANSACTIONS

The following organizations are financially related to the Center:

1. Hope Haven, Inc., Simmons Manor, Inc., and Webster Home, Inc. provide residential housing for clients served by the center.
2. Michael Dunn Foundation, Inc. provides funds for the enhancement of the developmentally disabled.

All of the above mentioned entities are separate corporations with a separate board of directors.

NOTE E - ACCOUNTS RECEIVABLE/ACCOUNTS PAYABLE/NOTES PAYABLE - RELATED PARTIES

The accounts receivable, accounts payable and notes payable on the balance sheet include amounts due from/to related parties which include Rent, Management Fees, and Reimbursed Expenses, as follows:

RECEIVABLE FROM:	June 30, 2014	June 30, 2013
Hope Haven I, Inc.	\$ 6,365	\$ 5,977
Hope Haven II, Inc.	6,568	5,551
Hope Haven III, Inc.	6,993	5,747
Michael Dunn Foundation	158,736	5,500
Webster Home, Inc.	40,836	40,046
Simmons Manor, Inc.	32,071	28,214
<b>TOTAL RECEIVABLE FROM RELATED PARTIES</b>	<b>\$ 251,569</b>	<b>\$ 91,035</b>

MICHAEL DUNN CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE F - FEES FROM RELATED PARTIES

Fees are paid to the Center from the related parties for insurance, management fees, wages, repairs and supplies included in other income and reimbursement expense as follows:

RELATED PARTY	June 30, 2014	June 30, 2013
Hope Haven I, Inc.	\$ 11,365	\$ 14,777
Hope Haven II, Inc.	16,224	16,832
Hope Haven III, Inc.	18,049	17,699
Michael Dunn Foundation	158,736	0
Webster Home, Inc.	9,641	9,113
Simmons Manor, Inc.	10,283	10,658
<b>TOTAL FEES FROM RELATED PARTIES</b>	<b>\$ 224,298</b>	<b>\$ 69,079</b>

NOTE G - DONATED MATERIALS AND SERVICES

Donated materials or equipment, when received is reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt. The entity does not recognize any revenue or expense from services provided by volunteers.

NOTE H - RENT OF FACILITIES AND EQUIPMENT

The Center leases from Roane County a school building and property on an annual lease of \$1 per year. The term of the lease is 50 years ending in the year 2026, and has been prepaid through that date. The lease contains a renewal clause in which an additional 50 years may be leased exclusively by the Center for an additional 50 years for the annual lease of \$1 per year.

The Center leases homes from the Michael Dunn Foundation which are cancelable with a term of one year. As of June 30, 2014 and 2013 the annual rent payments are \$114,290 and \$99,600, respectively.

NOTE I - INSURANCE

It is the policy of the Center to purchase commercial insurance for the risk of loss to which it is exposed. These risks include general liability, property and casualty, worker's compensation, employee health and accident and environmental. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE J - CONCENTRATION OF CREDIT RISKS

The Center earns most of its revenue from the State of Tennessee. Should this relationship cease it would be imperative for the Center to seek contracts from other sources.

NOTE K - AGENT RESPONSIBILITIES

Michael Dunn Center manages a majority of Client bank accounts and has the agent responsibility to assure that these client resources are budgeted properly and that Client expenses are paid timely. In addition, Michael Dunn Center receives client income in the form of state subsidies and has the responsibility to record and distribute these funds appropriately.

MICHAEL DUNN CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE L – FAIR VALUE FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Center in estimating the fair value of its financial instruments:

Cash and cash equivalents, accounts receivable and accounts payable – The carrying amounts reported in the statements of financial position approximates fair value due to the short maturity of these instruments.

NOTE M – RETIREMENT PLAN

The Center maintains a defined contribution pension plan under Section 403 (b) of the Internal Revenue Service Code that covers substantially all full-time employees. The Center's policy is to fund pension costs annually as determined by the plan administrator. The Center will match employee contributions up to 3% of base wages excluding overtime and bonuses subject to annual board approval. Contributions to the plan during the years ended June 30, 2014 and 2013 were \$63,943 and \$59,841, respectively.

NOTE N – SUBSEQUENT EVENTS

The Center did not have any subsequent events through November 21, 2014, which is the date the financial statements were available to be issued, which would require recording or disclosure in the financial statements for the year ended June 30, 2014.

MICHAEL DUNN CENTER, INC.

SUPPLEMENTAL FINANCIAL  
INFORMATION

JUNE 30, 2014

MICHAEL DUNN CENTER, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
 STATE FINANCIAL ASSISTANCE  
 JUNE 30, 2014

GRANTOR/ PASS-THROUGH GRANTOR	CFDA NUMBER	CONTRACT NUMBER	GRANT RECEIVABLE JULY 1, 2013	CASH RECEIPTS	EXPENDITURES	GRANT RECEIVABLE JUNE 30, 2014
State Financial Assistance						
Tennessee Department of Education	84.393A	DG12-C000023	\$ 92,637	\$ 297,273	\$ 248,600	\$ 43,964
Tennessee Department of Human Services	N/A	34753395007	0	71,115	71,115	0
Tennessee Department of Transportation	N/A	N/A	0	28,414	28,414	0
Tennessee Department of Health	N/A	7447111 & 7447112	0	1,579,991	1,579,991	0
<b>TOTAL STATE AWARDS</b>			<b>\$ 92,637</b>	<b>\$ 1,976,793</b>	<b>\$ 1,928,120</b>	<b>\$ 43,964</b>
State Fee for Service						
Tennessee Department of Intellectual Disabilities	N/A	10-363 E 02	\$ 1,253,979	\$ 8,124,717	\$ 7,543,638	\$ 672,900
<b>TOTAL STATE FEE FOR SERVICE</b>			<b>\$ 1,253,979</b>	<b>\$ 8,124,717</b>	<b>\$ 7,543,638</b>	<b>\$ 672,900</b>
<b>TOTAL STATE AWARDS AND STATE FEE FOR SERVICE</b>			<b>\$ 1,346,616</b>	<b>\$ 10,101,510</b>	<b>\$ 9,471,758</b>	<b>\$ 716,864</b>

Basis of Presentation:

Note 1: The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarizes the expenditures of Michael Dunn Center, Inc. under programs of the federal and state governments for the year ended June 30, 2014. The schedule is presented using the accrual basis of accounting.

See independent auditor's report.

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MICHAEL DUNN CENTER, INC.  
STATEMENT OF SUPPORT, REVENUES AND EXPENSES  
BUDGET AND ACTUAL  
JUNE 30, 2014

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
<b>SUPPORT AND REVENUES</b>			
Fee for Services			
State and Federal Contracts	\$ 9,343,209	\$ 9,471,758	\$ 128,549
<i>Total Fee for Service Revenue</i>	<u>\$ 9,343,209</u>	<u>\$ 9,471,758</u>	<u>\$ 128,549</u>
Other Services and Income			
School Contracts	\$ 471,145	\$ 490,521	\$ 19,376
Local Funds (United Way, County Funds, Etc.)	123,300	266,608	143,308
Sales	813,722	697,851	(115,871)
Client Fees & Rents	601,170	528,065	(73,105)
Other Income & Reimbursement of Expenses	277,434	184,859	(92,575)
<i>Total Revenue</i>	<u>\$ 2,286,771</u>	<u>\$ 2,167,904</u>	<u>\$ (118,867)</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>\$ 11,629,980</u>	<u>\$ 11,639,662</u>	<u>\$ 9,682</u>
<b>EXPENSES</b>			
Salaries	\$ 7,578,785	\$ 7,771,206	\$ (192,421)
Benefits and Taxes	1,511,851	1,529,548	(17,697)
SR Wages and Benefits	185,744	213,558	(27,814)
Professional Fees	658,914	554,045	104,869
Supplies	444,323	501,332	(57,009)
Telephone	65,297	62,827	2,470
Postage and Shipping	6,328	8,863	(2,535)
Equipment Rental & Maintenance	23,520	16,103	7,417
Printing and Publication	15,739	3,610	12,129
Travel, Conference and Meetings	670,106	606,871	63,235
Occupancy	378,180	322,912	55,268
Insurance	54,168	62,840	(8,672)
Depreciation	89,760	75,145	14,615
Other Non-Personal	273,971	215,783	58,188
Items for Resale	49,523	36,098	13,425
<i>Total Program Services</i>	<u>\$ 12,006,209</u>	<u>\$ 11,980,741</u>	<u>\$ 25,468</u>
<b>TOTAL EXPENSES</b>	<u>\$ 12,006,209</u>	<u>\$ 11,980,741</u>	<u>\$ 25,468</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ (376,229)</u>	<u>\$ (341,079)</u>	<u>\$ 35,150</u>
<b>BEGINNING NET ASSETS</b>		<u>2,686,277</u>	
<b>ENDING NET ASSETS</b>		<u>\$ 2,345,198</u>	

Note: Actual Vehicle Depreciation of \$146,249 has been included with Travel, Conference and Meetings to align with the Center's budget.

See independent auditor's report.

MICHAEL DUNN CENTER, INC.  
SCHEDULES OF FIXED ASSETS AND  
ACCUMULATED DEPRECIATION  
JUNE 30, 2014 AND 2013

	<u>BALANCE</u> <u>JUNE 30,</u> <u>2013</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30,</u> <u>2014</u>
<b>CAPITAL ASSETS, NOT BEING DEPRECIATED:</b>				
Land	\$ 20,000	\$ 0	\$ 0	\$ 20,000
<i>Total Capital Assets, Not Being Depreciated</i>	<u>\$ 20,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,000</u>
<b>CAPITAL ASSETS, BEING DEPRECIATED:</b>				
Buildings & Improvements	\$ 1,882,806	\$ 27,617	\$ 0	\$ 1,910,423
Equipment, Furniture and Fixtures	582,453	19,170	0	601,623
Vehicles	1,891,208	92,249	0	1,983,457
<i>Total Capital Assets, Being Depreciated</i>	<u>\$ 4,356,467</u>	<u>\$ 139,036</u>	<u>\$ 0</u>	<u>\$ 4,495,503</u>
<b>LESS ACCUMULATED DEPRECIATION FOR:</b>				
Buildings & Improvements	\$ 1,616,368	\$ 59,275	\$ 0	\$ 1,675,643
Equipment, Furniture and Fixtures	530,955	15,870	0	546,825
Vehicles	1,441,197	146,249	0	1,587,446
<i>Total Accumulated Depreciation</i>	<u>\$ 3,588,520</u>	<u>\$ 221,394</u>	<u>\$ 0</u>	<u>\$ 3,809,914</u>
<b>CAPITAL ASSETS, NET</b>	<u>\$ 787,947</u>	<u>\$ (82,358)</u>	<u>\$ 0</u>	<u>\$ 705,589</u>
	<u>BALANCE</u> <u>JUNE 30,</u> <u>2012</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30,</u> <u>2013</u>
<b>CAPITAL ASSETS, NOT BEING DEPRECIATED:</b>				
Land	\$ 20,000	\$ 0	\$ 0	\$ 20,000
<i>Total Capital Assets, Not Being Depreciated</i>	<u>\$ 20,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,000</u>
<b>CAPITAL ASSETS, BEING DEPRECIATED:</b>				
Buildings & Improvements	\$ 1,873,419	\$ 9,387	\$ 0	\$ 1,882,806
Equipment, Furniture and Fixtures	575,253	7,200	0	582,453
Vehicles	1,636,476	254,732	0	1,891,208
<i>Total Capital Assets, Being Depreciated</i>	<u>\$ 4,085,148</u>	<u>\$ 271,319</u>	<u>\$ 0</u>	<u>\$ 4,356,467</u>
<b>LESS ACCUMULATED DEPRECIATION FOR:</b>				
Buildings & Improvements	\$ 1,560,336	\$ 56,032	\$ 0	\$ 1,616,368
Equipment, Furniture and Fixtures	496,189	34,766	0	530,955
Vehicles	1,285,340	155,857	0	1,441,197
<i>Total Accumulated Depreciation</i>	<u>\$ 3,341,865</u>	<u>\$ 246,655</u>	<u>\$ 0</u>	<u>\$ 3,588,520</u>
<b>CAPITAL ASSETS, NET</b>	<u>\$ 763,283</u>	<u>\$ 24,664</u>	<u>\$ 0</u>	<u>\$ 787,947</u>

See independent auditor's report.

MICHAEL DUNN CENTER, INC.  
 SCHEDULE OF INSURANCE COVERAGE  
 JUNE 30, 2014

<u>COVERAGE</u>	<u>EXPIRATION</u>	<u>AMOUNT</u>	<u>DEDUCTIBLE</u>	<u>OCCURRENCE</u>
<i>Property and Machinery</i>	7/1/2014	\$	\$ 500/1000	
Business Income				
Business Property		7,840,000	1,000	
Personal Property		718,836		
Property Each Location				
Inland Marine - Tools and Equipment		111,420	500	
<i>Crime</i>	7/1/2014			
Blanket		250,000	500	
Forgery or Alteration		200,000	500	
<i>Auto</i>	7/1/2014	1,000,000		
Medical		5,000	500	
Uninsured Motorist		1,000,000		
<i>Liability</i>				
General Liability	7/1/2014	3,000,000/1,000,000	500	\$ 1,000,000
Residential		3,000,000/1,000,000		
Medical - Per Person		5,000		
Fire Damage		100,000		
Employee Benefits E & O		1,000,000/3,000,000		1,000,000
Professional Liability Commercial (Excess Liability Umbrella)	7/1/2014	10,000,000/10,000,000/ 1,000,000	10,000	10,000,000
Key Employee		50,000		
D & O		10,000,000	10,000	2,000,000
<i>Workman's Compensation</i>	7/1/2014			
Bodily Injury-Accident		500,000		500,000
Bodily Injury-Disease		500,000		
Policy Limit		500,000		

See independent auditor's report.

MICHAEL DUNN CENTER, INC.  
BOARD OF DIRECTORS  
JUNE 30, 2014

NAME	POSITION
Gail Christian	Chairperson
John Smith	Vice Chairperson
Debbie Alexander-Davis	Board Member
Ron Blanchard	Board Member
Ted Bowers	Board Member
Richard Evans	Board Member
Bill Lueking	Board Member
Debbie Norris	Board Member
Jim Pinkerton	Board Member
Lana Seivers	Board Member
Sharon Templeton	Board Member
Wayne Tipps	Board Member
Judith Tyl	Board Member
Harriet Westmoreland	Board Member
Chris Whaley	Board Member
Mike McElhinney	Executive Director

MICHAEL DUNN CENTER, INC.

COMPLIANCE AND INTERNAL CONTROL  
SECTION

JUNE 30, 2014 AND 2013

ALSO APPLIES TO SECTION C, ECONOMIC FEASIBILITY 8 AND 10

## CERTIFIED PUBLIC ACCOUNTANTS

Joe Savage  
 Marie I. Niekerk  
 Josh Stone  
 Earl O. Wright - 1988 - 2002

Stephen J. Parsons - Retired  
 Catherine R. Hulme  
 Rebecca Hutsell  
 William R. Scandlyn - 1988 - 1999

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
 REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
 AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
 IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
 Michael Dunn Center, Inc.  
 Kingston, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Michael Dunn Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 21, 2014.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Michael Dunn Center, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Michael Dunn Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Michael Dunn Center, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Michael Dunn Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Parsons & Wright  
Certified Public Accountants  
Kingston, Tennessee

November 21, 2014

**MICHAEL DUNN FOUNDATION, INC.**

**FINANCIAL STATEMENTS  
WITH  
SUPPLEMENTAL FINANCIAL  
INFORMATION**

**JUNE 30, 2014 AND 2013**

*MICHAEL DUNN FOUNDATION, INC.*

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*JUNE 30, 2014 AND 2013*

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**CERTIFIED PUBLIC ACCOUNTANTS**

Joe Savage  
 Marie I. Niekerk  
 Josh Stone  
 Earl O. Wright - 1988 - 2002

Stephen J. Parsons ~~Retired~~  
 Catherine R. Hulme  
 Rebecca Hutsell  
 William R. Scandlyn - 1988 - 1999

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
 Michael Dunn Foundation, Inc.  
 Kingston, Tennessee 37763

We have audited the accompanying financial statements of Michael Dunn Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

The June 30, 2013 financial statements of the Michael Dunn Foundation Inc. were reviewed by us and our report thereon dated November 18, 2013, stated we were not aware of any material modifications that should have been made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. A review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements taken as a whole.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

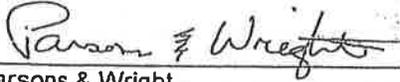
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Michael Dunn Foundation, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules listed in the table of contents as Supplemental Financial Information are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Parsons & Wright  
Certified Public Accountants  
Kingston, Tennessee

September 25, 2014

MICHAEL DUNN FOUNDATION, INC.  
FINANCIAL STATEMENT INFORMATION  
JUNE 30, 2014 AND 2013

MICHAEL DUNN FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2014 AND 2013

	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 832,166	\$ 567,246
Certificate of Deposit	192,093	257,893
Accounts Receivable	150	8,450
<i>Total Current Assets</i>	<u>\$ 1,024,409</u>	<u>\$ 833,589</u>
<b>RESTRICTED ASSETS</b>		
Permanently Restricted Cash - Steed Estate*	\$ 303,243	\$ 303,243
<i>Total Restricted Assets</i>	<u>\$ 303,243</u>	<u>\$ 303,243</u>
<b>OTHER ASSETS</b>		
Investments	\$ 1,743,313	\$ 1,637,332
Utility Deposits	500	500
<i>Total Other Assets</i>	<u>\$ 1,743,813</u>	<u>\$ 1,637,832</u>
<b>FIXED ASSETS</b>		
Land	\$ 336,912	\$ 336,912
Building	2,021,588	1,821,588
Equipment	862	862
Improvements	212,608	174,207
Less Restricted Fixed Assets	<u>0</u>	<u>0</u>
<i>Total</i>	<u>\$ 2,571,970</u>	<u>\$ 2,333,569</u>
Less Accumulated Depreciation	<u>(455,256)</u>	<u>(369,333)</u>
<i>Net Fixed Assets</i>	<u>\$ 2,116,714</u>	<u>\$ 1,964,236</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,188,179</u>	<u>\$ 4,738,900</u>

\* This represents the original contribution. The balance of the account has been included in Investments.

The accompanying notes are an integral part of these financial statements.

MICHAEL DUNN FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2014 AND 2013

LIABILITIES AND NET ASSETS

	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 159,760	\$ 32,206
<i>Total Current Liabilities</i>	<u>\$ 159,760</u>	<u>\$ 32,206</u>
<b>OTHER LIABILITIES</b>		
Liability to beneficiaries of split-interest agreements	\$ 26,175	\$ 33,560
<i>Total Other Liabilities</i>	<u>\$ 26,175</u>	<u>\$ 33,560</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 185,935</u>	<u>\$ 65,766</u>
<b>NET ASSETS</b>		
Unrestricted	\$ 4,648,860	\$ 4,318,750
Temporarily Restricted	50,141	51,141
Permanently Restricted	<u>303,243</u>	<u>303,243</u>
<i>Total Unrestricted and Restricted Net Assets</i>	<u>\$ 5,002,244</u>	<u>\$ 4,673,134</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 5,002,244</u>	<u>\$ 4,673,134</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 5,188,179</u>	<u>\$ 4,738,900</u>

The accompanying notes are an integral part of these financial statements.

MICHAEL DUNN FOUNDATION, INC.  
STATEMENTS OF ACTIVITIES  
JUNE 30, 2014 AND 2013

	<u>JUNE 30, 2014</u> (AUDITED)	<u>JUNE 30, 2013</u> (UNAUDITED)
<b><u>CHANGES IN UNRESTRICTED NET ASSETS</u></b>		
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>		
Interest Income	\$ 409	\$ 1,075
Donations-Individuals	70,339	67,602
Donations-Businesses	208,505	20,235
Grant Income	50,000	0
Fund Raising	33,650	37,862
Rental Income	114,681	99,600
Gain on Sale of Property	0	(44,029)
Investment Return	105,981	16,888
	<u>\$ 583,565</u>	<u>\$ 199,233</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>		
Restrictions Satisfied by Payments	\$ 0	\$ 0
	<u>\$ 583,565</u>	<u>\$ 199,233</u>
<b>EXPENSES</b>		
Cost of Fund Raising	\$ 7,994	\$ 10,587
Depreciation Expense	85,923	69,443
Rental Expense	12,937	15,963
Legal and Professional	4,255	3,425
Donation to the Michael Dunn Center	142,992	0
Miscellaneous Expense	354	3,703
	<u>\$ 254,455</u>	<u>\$ 103,121</u>
<i>Total Expenses</i>	<u>\$ 254,455</u>	<u>\$ 103,121</u>
<i>Increase/(Decrease) in Unrestricted Net Assets</i>	<u>\$ 329,110</u>	<u>\$ 96,112</u>
<b><u>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</u></b>		
Donations - Individual	\$ 0	\$ 1,000
Restrictions Satisfied by Payments	0	0
	<u>\$ 0</u>	<u>\$ 1,000</u>
<i>Increase/(Decrease) in Temporarily Restricted Net Assets</i>	<u>\$ 0</u>	<u>\$ 1,000</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	<u>\$ 329,110</u>	<u>\$ 97,112</u>

The accompanying notes are an integral part of these financial statements.

MICHAEL DUNN FOUNDATION, INC.  
STATEMENTS OF CHANGES IN NET ASSETS  
JUNE 30, 2014 AND 2013

	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
<b>UNRESTRICTED NET ASSETS</b>		
Total Unrestricted Revenues and Gains	\$ 583,565	\$ 243,262
Total Net Assets Released from Restrictions		0
Total Expenses	<u>(254,455)</u>	<u>(147,150)</u>
<i>Increase/(Decrease) in Unrestricted Net Assets</i>	<u>\$ 329,110</u>	<u>\$ 96,112</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	\$ 0	\$ 1,000
Net Assets Released from Restrictions	<u>0</u>	<u>0</u>
<i>Increase/(Decrease) in Temporarily Restricted Net Assets</i>	<u>\$ 0</u>	<u>\$ 1,000</u>
<b>INCREASE/(DECREASE) IN NET ASSETS</b>	<u>\$ 329,110</u>	<u>\$ 97,112</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>4,673,134</u>	<u>4,576,022</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 5,002,244</u>	<u>\$ 4,673,134</u>

The accompanying notes are an integral part of these financial statements.

MICHAEL DUNN FOUNDATION, INC.  
STATEMENTS OF CASH FLOWS  
JUNE 30, 2014 AND 2013

	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 329,110	\$ 97,112
<i>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:</i>		
Depreciation	85,923	69,443
Non-Cash Donation	(200,000)	0
(Gain)/Loss on Sale of Property	0	44,029
(Gain)/Loss on Investments	0	0
<i>Changes in Assets and Liabilities:</i>		
(Increase) Decrease in Accounts Payable	127,554	0
(Increase) Decrease in Accounts Receivable	8,300	(50)
(Increase) Decrease in Prepaid Insurance	0	2,750
Increase (Decrease) in Earnest Deposit	0	32,206
Increase (Decrease) in Liability to Beneficiaries of Split-interest Agreements	(7,385)	(7,386)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$ 343,502</u>	<u>\$ 238,104</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Short-term Investments, Net	\$ 0	\$ 13,771
(Increase)/Decrease in Investments	(105,981)	(16,888)
Payments for Purchase of Fixed Assets	(38,401)	(312,736)
Proceeds from Sale of Fixed Assets	0	0
<i>Net Cash Provided by (Used for) Investing Activities</i>	<u>\$ (144,382)</u>	<u>\$ (315,853)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>\$ 199,120</u>	<u>\$ (77,749)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>825,139</u>	<u>902,888</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 1,024,259</u>	<u>\$ 825,139</u>
<i>Reconciliation of Cash Accounts</i>		
Cash	\$ 832,166	\$ 567,246
Certificate of Deposit	192,093	257,893
Permanently Restricted Cash	0	0
	<u>\$ 1,024,259</u>	<u>\$ 825,139</u>

The accompanying notes are an integral part of these financial statements.

MICHAEL DUNN FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE A - THE REPORTING ENTITY

This financial statement is intended to reflect the assets, liabilities and results of operations of Michael Dunn Foundation, Inc. (the Foundation) only. It is a separate corporation from Michael Dunn Center, Inc.

The Foundation was chartered April 7, 1984, as a nonprofit corporation to assist in providing funds for the enhancement of the developmentally disabled. The Foundation is governed by a board of directors.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. *Basis of Accounting*

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Foundation uses the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

2. *Buildings and Equipment*

Buildings and equipment are capitalized at cost. Depreciation has been calculated using the straight-line method with the following lives:

Buildings / Residential Houses.....	30 years
Furniture and Equipment.....	10 years

Additions, improvements, renewals, and expenditures for maintenance that add significantly to productive capacity or extend the life of the asset are capitalized. Any interest cost incurred in the construction of fixed assets is capitalized. Assets are recorded at cost or fair market value if contributed. The cost of maintenance and repairs are charged to expense. Upon retirement or disposal of assets, the cost and related depreciation are removed from the accounts and a gain or loss, if any, is reflected in the earnings for the period. An asset will only be capitalized when it has a cost of greater than \$5,000 and an estimated useful life of three years or greater.

3. *Cash In Bank*

The carrying value of cash in bank total of \$1,024,259 and \$825,139 as of June 30, 2014 and 2013, respectively, consists of:

ACCOUNT DESCRIPTION	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
Demand Deposit Accounts	\$ 832,139	\$ 567,219
Certificate of Deposit	192,093	257,893
Savings	27	27
<b>TOTAL CASH IN BANK</b>	<b>\$ 1,024,259</b>	<b>\$ 825,139</b>

MICHAEL DUNN FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES - *Continued*

3. *Cash In Bank - Continued*

All accounts are listed in the name of Michael Dunn Foundation, Inc. as of June 30, 2014 and 2013, the bank balance of \$1,024,259 and \$825,139 was on deposit with three different financial institutions of which \$500,027 and \$498,526 was covered by FDIC and \$524,232 and \$326,613 was covered through the Tennessee Collateral Pool, respectively.

4. *Investments*

Investments consist of securities traded on national stock exchanges. Investments are reported at fair market value in accordance with FASB ASC 958-320 (formerly SFAS No. 124, Accounting for Certain Investments Held by Not-for-profit Organizations). Investments in equity securities with readily determinable values are measured at fair value based on quoted market prices in active markets (all Level 1 inputs) in the statements of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included as a component of unrestricted activity unless the income or loss is restricted by the donor. Short-term investments are reported at cost, which approximates fair value. Cash deposits are reported in the carrying amounts, which reasonably estimate fair value.

5. *Income Tax Status*

The Foundation has qualified as a publicly supported organization exempt from Federal income tax under Section 501 (c)(3) of the Internal Revenue Code.

6. *Cash Flow Statement*

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments (including restricted cash) with a maturity of three months or less when purchased to be cash equivalents. There was no interest or tax paid for the years ending June 30, 2014 and June 30, 2013.

7. *Donated Materials and Services*

Donated materials or equipment, when received are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt. The entity does not recognize any revenue or expense from services provided by volunteers.

8. *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

9. *Reclassification*

Certain items shown in the previously issued financial statements have been reclassified into different categories in these financial statements to better present the Foundation's information.

10. *Assets Held Under Split-Interest Agreements*

The Foundation received contributions in which the donor may retain a life interest. The assets are invested and administered by the Foundation and distributions are made to the beneficiaries under the terms of the agreement. These funds are generally invested in mutual funds, stocks, or government securities, and the

MICHAEL DUNN FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES - Continued

10. *Assets Held Under Split-Interest Agreements - Continued*

Foundation records its interest at fair value. Initial recognition and subsequent adjustments to the assets' carrying values are reported as a change in value of split-interest agreements in the accompanying financial statements.

Obligations under split-interest agreements, including charitable remainder trusts, are recorded when incurred at the present value of the anticipated distributions to be made to the donor-designated beneficiaries. Distributions are paid over the lives of the beneficiaries or another specific period. Present values are determined using appropriate discount rates and actuarially determined life expectancies. Obligations under split-interest agreements may be revalued annually at June 30 to reflect actuarial experience; the discount rate is not changed. The net revaluations, together with any remaining recorded obligations after all trust obligations under terminated agreements have been satisfied, are recorded as net changes in the value of split-interest agreements.

NOTE C - INVESTMENTS

Concentrations of credit risk with respect to investments is due to the fact that the Foundation's investments are uninsured and are subject to market fluctuations. Investment securities are exposed to various risks, such as interest rate and market & credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the near term could materially affect the amounts reported in the accompanying financial statements. However, most of the investments are invested with a long-term strategy, and overall gains are anticipated over the long-term.

The investment funds are presented at fair value based on quoted market prices (all Level 1 measurements) and consist of the following:

Investment funds are made up on the following:

INVESTMENT FUNDS	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
Money Market	\$ 285,750	\$ 345,073
Government Securities	745,901	1,131,928
Mutual Funds	271,430	203,579
Corporate Bonds	351,554	137,370
Stocks	391,921	122,625
<b>TOTAL INVESTMENT FUNDS</b>	<b>\$ 2,046,556</b>	<b>\$ 1,940,575</b>
<b>INVESTMENTS RECONCILIATION</b>		
Permanently Restricted Assets	\$ 303,243	\$ 303,243
Investments	1,743,313	1,637,332
<b>TOTAL INVESTMENTS</b>	<b>\$ 2,046,556</b>	<b>\$ 1,940,575</b>

MICHAEL DUNN FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

## NOTE C – INVESTMENTS – Continued

Investment returns are made up of the following:

	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
<b>INVESTMENT RETURNS</b>		
Gain (Loss) on Sale of Investments	\$ 17,253	\$ 14,329
Unrealized Gain (Loss) Investments	36,659	(57,587)
Dividends	58,207	67,443
Investment Expense	(6,138)	(7,297)
<b>TOTAL INVESTMENT GAIN/(LOSS)</b>	<b>\$ 105,981</b>	<b>\$ 16,888</b>

## NOTE D - RESTRICTED ASSETS

Permanently restricted net assets are donations that are restricted in terms of the principal. Temporarily restricted net assets are available for split-interest agreements.

## NOTE E - INSURANCE

It is the policy of the organization to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property, and casualty. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

## NOTE F - NET ASSETS

Net assets represent the difference between a nonprofit organization's assets and liabilities. In accordance with FASB ASC 958-205 (formerly known as SFAS No. 117) net assets are classified into one of the following three categories depending on the absence or presence and nature of donor-imposed restrictions.

CATAGORIES OF ASSETS	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
a. Unrestricted Net Assets, which are not restricted by donors or by law.	\$ 4,648,860	\$ 4,318,750
b. Temporarily Restricted Net Assets, whose use has been limited by donor-imposed time restrictions or purpose restrictions.	50,141	51,141
c. Permanently Restricted Net Assets, which have been restricted by donor or by law to be maintained by the organization in perpetuity.	303,243	303,243
<b>TOTAL</b>	<b>\$ 5,002,244</b>	<b>\$ 4,673,134</b>

## NOTE G – FAIR VALUE FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Foundation in estimating the fair value of its financial instruments:

Cash and cash equivalents – The carrying amount reported in the statement of financial position approximates fair value due to the short maturity of those instruments.

MICHAEL DUNN FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE G – FAIR VALUE FINANCIAL INSTRUMENTS- Continued

Accounts payable – The carrying amount reported in the statement of financial position approximates fair value using applicable mortality tables.

Investments – The fair value of investments in marketable equity and debt securities is based on quoted market prices for identical assets. The valuations of the Foundation's investments according to the fair value hierarchy are all Level 1 inputs.

NOTE H – RELATED PARTY TRANSACTION

The Foundation provides funds for the enhancement of the developmentally disabled for Michael Dunn Center. The foundation provides residential housing leases which are cancelable with a term of one year. Land, buildings and equipment under operating leases was \$2,571,970 and \$2,333,569 at June 30, 2014 and 2013, respectively. Accumulated depreciation on assets under operating leases was \$455,256 and \$369,333 at June 30, 2014 and 2013, respectively. The residential houses are leased by a related party, the Michael Dunn Center. As of June 30, 2014 the annual rent payments are \$117,600.

The Foundation received a donation of land valued at \$200,000 in August 2013 from the Industrial Development Board of Roane County. The Michael Dunn Center is located on this land.

NOTE I – SPLIT-INTEREST AGREEMENT

The Foundation administers a charitable remainder trust. The charitable remainder trust provides for the payment of distributions to the grantors over the beneficiary's lifetime an amount equal to 7.5% of the initial net fair market value of all the property transferred to the trust. At the end of the beneficiary's lifetime, the remaining assets are available for the Foundation's use. The portion of the trust attributable to the present value of the future benefits received by the Foundation is recorded in the Statement of Activities as a temporarily restricted contribution in the period the trust is established. Such contributions totaled \$0 at June 30, 2014 and 2013. Assets held in the charitable remainder trusts totaled \$119,538 and \$111,224 at June 30, 2014 and 2013 and are reported at fair market value in the Foundation's Statement of Financial Position. On an annual basis, the Foundation may revalue the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments (\$26,175 at June 30, 2014 and \$33,560 at June 30, 2013) is calculated using the discount rate and actuarial assumptions provided in the Internal Revenue Service guidelines and actuarial tables.

NOTE J – FAIR VALUE MEASUREMENTS

The Foundation has adopted FASB-ASC-820 (formerly SFAS No. 157), *Fair Value Measurements*. FASB-ASC-820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Management assesses the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs are quoted market prices for identical instruments in an active market that the entity has the ability to access and are the most observable. Level 2 inputs are based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly. Level 3 inputs are not observable in the market and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

Beneficial interest in irrevocable trusts is valued at the fair value of the trust investments, determined by the closing price reported on the active or observable market on which the individual securities that are held in the trust are traded.

MICHAEL DUNN FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

**NOTE K – SUBSEQUENT EVENTS**

The Foundation's management has evaluated events and transactions through September 25, 2014, the date the financial statements are available to be issued for items that should potentially be recognized or disclosed.

MICHAEL DUNN FOUNDATION, INC.

SUPPLEMENTAL INFORMATION

JUNE 30, 2014

MICHAEL DUNN FOUNDATION, INC.  
 SCHEDULE OF FIXED ASSETS AND ACCUMULATED DEPRECIATION  
 JUNE 30, 2014

	BALANCE JULY 1, 2013	ADDITIONS	RETIREMENTS	BALANCE JUNE 30, 2014
<b>CAPITAL ASSETS, NOT BEING DEPRECIATED:</b>				
Land	\$ 336,912	\$	\$	\$ 336,912
<i>Total Capital Assets, Not Being Depreciated</i>	<u>\$ 336,912</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 336,912</u>
<b>CAPITAL ASSETS, BEING DEPRECIATED:</b>				
Building	\$ 1,821,588	\$ 200,000	\$	\$ 2,021,588
Improvements	174,207	38,401		212,608
Equipment	862	0	0	862
<i>Total Assets, Being Depreciated</i>	<u>\$ 1,996,657</u>	<u>\$ 238,401</u>	<u>\$ 0</u>	<u>\$ 2,235,058</u>
<b>LESS ACCUMULATED DEPRECIATION FOR:</b>				
Building and Improvements	\$ 368,471	\$ 85,923	\$	\$ 454,394
Equipment	862	0	0	862
<i>Total Accumulated Depreciation</i>	<u>\$ 369,333</u>	<u>\$ 85,923</u>	<u>\$ 0</u>	<u>\$ 455,256</u>
<b>LESS RESTRICTED FIXED ASSETS:</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>CAPITAL ASSETS, NET</b>	<u>\$ 1,964,236</u>	<u>\$ 152,478</u>	<u>\$ 0</u>	<u>\$ 2,116,714</u>

See independent auditor's report.

MICHAEL DUNN FOUNDATION, INC.  
 SCHEDULE OF BOARD OF DIRECTORS  
 JUNE 30, 2014

NAME	POSITION
Chris Whaley .....	Chairman
Ron Blanchard .....	Board Member
Debbie Alexander-Davis .....	Board Member
Ted Bowers .....	Board Member
Gail Christian .....	Board Member
Richard Evans .....	Board Member
Bill Lueking .....	Board Member
Debbie Norris .....	Board Member
Jim Pinkerton .....	Board Member
Lana Seivers .....	Board Member
John Smith .....	Board Member
Sharon Templeton .....	Board Member
Wayne Tipps .....	Board Member
Judith Tyl .....	Board Member
Harriett Westmoreland .....	Board Member
Mike McElhinney .....	President & C.E.O

Michael Dunn Center  
Balance Sheet

For the Twelve Months Ending June 30, 2015

	<u>YTD</u>
<b>ASSETS</b>	
Cash and Short Term Investments:	
CASH	\$805,641.45
PETTY CASH	800.00
INVESTMENTS	<u>50.00</u>
Total Cash and Short Term Investments	806,491.45
Other Current Assets:	
ACCOUNTS RECEIVABLE	1,734,536.92
PREPAID EXPENSES	13,619.50
OTHER CURRENT ASSETS	<u>320.00</u>
Total Other Current Assets	<u>1,748,476.42</u>
Total Current Assets	<u>2,554,967.87</u>
Fixed Assets:	
Property Plant & Equipment:	
LAND	20,000.00
BUILDINGS	1,910,423.25
EQUIPMENT	601,622.76
VEHICLES	<u>2,068,811.11</u>
Total Property Plant & Equipment	4,600,857.12
Total Accumulated Depreciation	<u>(4,010,081.57)</u>
Net Fixed Assets	<u>590,775.55</u>
Total Assets	<u>\$3,145,743.42</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
Current Liabilities:	
ACCOUNTS PAYABLE	\$194,650.81
WAGES PAYABLE	527,312.33
PAYROLL LIABILITIES	<u>30,309.87</u>
Total Current Liabilities	752,273.01
Total Liabilities	<u>752,273.01</u>
Stockholders' Equity	
CURRENT YEAR NET INCOME	(292,806.89)
FUND BALANCE	<u>2,686,277.30</u>
Total Stockholders' Equity	<u>2,393,470.41</u>
Total Liabilities and Stockholders' Equity	<u>\$3,145,743.42</u>

## Michael Dunn Center

For the Twelve Months Ending June 30, 2015

INCOME STATEMENT

	<u>CURRENT</u>	<u>YTD</u>
<b>INCOME</b>		
State & Federal Contracts	\$1,073,037.11	\$10,060,444.44
School Contracts	2,000.00	439,812.71
Other Contracts		3,976.00
Local Funds	1,433.95	88,459.88
Grant Income	5,000.00	5,000.00
Fees & Rents	28,146.43	473,414.58
Sales	111,443.95	815,270.50
Other Income	53,647.95	133,605.29
<b>TOTAL INCOME</b>	<u>1,274,709.39</u>	<u>12,019,983.40</u>
<b>EXPENSES</b>		
Salaries	640,823.17	8,031,429.60
Benefits & Taxes	119,754.95	1,437,448.14
<b>TOTAL PERSONNEL</b>	<u>760,578.12</u>	<u>9,468,877.74</u>
Professional Fees	43,570.74	483,618.95
Supplies	24,015.25	474,815.64
Telephone	4,791.79	73,722.40
Postage & Shipping	2,006.15	9,403.04
Occupancy	36,811.73	331,644.19
Equipment Rental & Maint.		1,768.05
Printing & Publications		4,207.12
Travel, Conf & Meetings	80,945.48	587,469.39
Insurance	5,728.54	68,662.91
SR Wages & Benefits	16,541.22	195,870.91
Depreciation	5,442.28	65,307.23
Other Non Personnel	3,618.01	165,734.59
Items For Resale	14,938.87	40,611.76
Equipment	(18,718.12)	
<b>TOTAL OTHER EXPENSES</b>	<u>219,691.94</u>	<u>2,502,836.18</u>
<b>TOTAL EXPENSES</b>	<u>980,270.06</u>	<u>11,971,713.92</u>
<b>NET INCOME</b>	<u>294,439.33</u>	<u>48,269.48</u>

Contribution to the Orderly Development of Healthcare 7D

OF HEALTH AND HUMAN SERVICES  
MEDICARE & MEDICAID SERVICES

PRINTED: 08/04/2014  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  44G094	(X2) MULTIPLE CONSTRUCTION A. BUILDING 02 - MAIN  B. WING _____	(X3) DATE SURVEY COMPLETED  07/30/2014
NAME OF PROVIDER OR SUPPLIER  MICHAEL DUNN CENTER JULIA CAILLIOUETTE			STREET ADDRESS, CITY, STATE, ZIP CODE 106 VILLAGE TRACE KINGSTON, TN 37763	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K0046	483.470(j)(1)(i) LIFE SAFETY CODE STANDARD  Utilities comply with Section 9.1. 32.2.5.1, 33.2.5.1  This STANDARD is not met as evidenced by: Based on observation, record review, and interview, it was determined that the facility failed to have fire dampers serviced and installed in all locations.  The findings include:  Observation, record review, and interview with the maintenance director on July 30, 2014 at 10:00 a.m. revealed no 4-year fire damper maintenance has been conducted and the clean linen supply closet air supply register is not provided with a fire damper. NFPA 90A 3-4.7  These findings were verified by the maintenance director and acknowledged by the house manager during the exit conference on July 30, 2014.	K0046	All dampers will be inspected and serviced during the week of 8-10-14 by Central City Heating and Air. Two new fire damper diffusers were ordered and will be installed by 9-1-14. A copy of the completed work order will be forwarded to the inspector. The MDC Engineering Department will add Damper Maintenance to their electronic tracking calendar for every four years.	9-1-14
K0051	483.470(j)(1)(i) LIFE SAFETY CODE STANDARD  A manual fire alarm system is provided in accordance with Section 9.6, 33.2.3.4.1.  Exception No 1: Where there are interconnected smoke detectors meeting the requirements of 33.2.3.4.3 and there is not less than one manual fire alarm box per floor arranged to continuously sound the smoke detector alarms.  Exception No. 2: Other manually activated	K0051	Deflector shields will be added to each diffuser that has a smoke detector within three feet of it. This will be a permanent correction.	9-1-14

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

*[Signature]*

8-14-14

President/CEO

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See Instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

120 121

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 08/04/2014  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  44G054	(X2) MULTIPLE CONSTRUCTION A. BUILDING 02 - MAIN  B. WING _____	(X3) DATE SURVEY COMPLETED  07/30/2014
NAME OF PROVIDER OR SUPPLIER  MICHAEL DUNN CENTER JULIA CAILLIOUETTE			STREET ADDRESS, CITY, STATE, ZIP CODE 106 VILLAGE TRACE KINGSTON, TN 37763	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K0051	<p>Continued From page 1</p> <p>continuously sounding alarms acceptable to the authority having jurisdiction.</p> <p>This STANDARD is not met as evidenced by: Based on observation and interview, it was determined that staff was not provided with keys to activate manual fire alarm pull stations.</p> <p>The findings include:</p> <p>Observation and interview with the house manager on July 30, 2014 at 10:05 a.m. revealed not all staff members are provided with a fire alarm key to activate the manual fire alarm pull stations. The manual fire alarm pull stations are only key operated to activate the fire alarm. NFPA 101 9.6.2.6</p> <p>This finding was verified by maintenance director and acknowledged by the house manager during the exit conference on July 30, 2014.</p>	K0051	<p>Keys have been made and placed on a tab near each pull station. Nurses will do a visual check at the change of each shift to ensure that the key is in place. This will be verified on a shift count sheet that will then be turned into the nursing office coordinator at the end of each month.</p>	9-1-14

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 08/04/2014  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  44G094	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____  B. WING _____	(X3) DATE SURVEY COMPLETED  07/23/2014
NAME OF PROVIDER OR SUPPLIER  MICHAEL DUNN CENTER JULIA CAILLIOUETTE			STREET ADDRESS, CITY, STATE, ZIP CODE 106 VILLAGE TRACE KINGSTON, TN 37763	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 211	<p>483.440(c)(3) INDIVIDUAL PROGRAM PLAN</p> <p>The comprehensive functional assessment must take into consideration the client's age (for example, child, young adult, elderly person) and the implications for active treatment at each stage, as applicable.</p> <p>This STANDARD is not met as evidenced by: Based on record review and interview, the facility failed to ensure the Behavior Support Plan (BSP) contained age appropriate wording and activities for one (#2) of two clients sampled.</p> <p>The findings included:</p> <p>Record review of Client #2's BSP, dated March 7, 2011, revealed "(Client #2) will use chew toys and other non-harmful objects 100% of the time (Client #2) is engaging in self-stimulation behaviors." Further review revealed "(Client #2) should be offered choices of activities to play with/chew on which will not be harmful." Further review revealed "staff should offer (Client #2) an alternative object to place in (Client #2's) mouth, but won't harm (toy keys, chew toy, etc.)."</p> <p>Interview with the Director of Health Services (DHS) on July 23, 2014, at 11:00 a.m., in the facility's clinic confirmed Client #2's BSP contained non age-appropriate wording. Further interview confirmed the DHS has discussed the problem with the Behavior Analysis agency, but has not been able to get them to change the wording.</p>	W 211	<p>Behavior support plans (BSP's) for all clients who have been discharged from BA services will be incorporated into the Individual Program Plan (IPP) using age appropriate verbiage. All client IPP's and associated plans will be reviewed by the QIDP (Qualified Intellectual Disabilities Professional) and updated with age appropriate terminology and plans.</p> <p>Client #2 has been discharged from BA services. Her BSP will be discussed with the COS (Circle of Support), chosen parts will be incorporated into her IPP and staff training will be completed.</p> <p>All plan documents for all clients in the home will be reviewed annually by the COS at the annual IPP meeting to ensure plans have age appropriate verbiage.</p> <p>All new plans will be reviewed for age appropriateness and amended if needed by the nursing office coordinator.</p> <p>Ongoing management inspections will include a review of the IPP/plans to ensure appropriateness.</p>	9-20-14
W 247	<p>483.440(c)(6)(vi) INDIVIDUAL PROGRAM PLAN</p> <p>The Individual program plan must include</p>	W 247		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

*[Signature]* 8/14/14 President/CEO

A deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
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NAME OF PROVIDER OR SUPPLIER  MICHAEL DUNN CENTER JULIA CAILLIOUETTE			STREET ADDRESS, CITY, STATE, ZIP CODE 106 VILLAGE TRACE KINGSTON, TN 37763	
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W 247	<p>Continued From page 1 opportunities for client choice and self-management.</p> <p>This STANDARD is not met as evidenced by: Based on observation, record review and interview, the facility failed to provide choices for two (#1, #2) of two sampled clients.</p> <p>The findings included:</p> <p>Observation on July 21, 2014, from 3:40 p.m. to 5:25 p.m., at the client's residence revealed Client #1 alternating between walking around the inside the residence or sitting on the couch in the living room. Further observation from 5:29 p.m. to 5:44 p.m., in the dining room, revealed Direct Support Professional #3 (DSP #3) brought a pre-plated meal and pre-poured drink to the table for Client #1. Continued observation revealed Client #1 was not offered any choice in food or drink during the dinner meal. Continue observation revealed Client #1 sitting on the couch in the living room from 5:45 p.m. to 6:06 p.m. Continued observation revealed no choices of activities were offered to Client #1 during this time.</p> <p>Observation on July 21, 2014, from 4:00 p.m. to 4:33 p.m., at the client's residence revealed Client #2 alternating between walking around the inside of the house and sitting in the rocking chair in the living room. Further observation from 4:33 p.m. to 4:50 p.m. revealed DSP #2 followed Client #2 outside to sit at the water table. Continued observation revealed Client #2 splashing in the water. Further observation from 5:00 p.m. to 5:29 p.m. revealed Client #2 sitting in the residence's sensory room flipping through a magazine.</p>	W 247	<p>Each client will be reviewed in the Active Treatment team meeting on 8-20-14 to determine appropriate categories and number of choices for each client in the home. It will be determined if the person can best make choices verbally, by picture book or by another method. Picture books offering choices will be made for those who will communicate best by that method. The COS will be notified of the changes and asked to participate in the creation of the books. The pictures will be changed out periodically to reflect seasonal activities, clothing and food options. The IPP's will be amended. Staff training for each individual will occur. The house manager, two assistant house managers, the staff RN, the QIDP will monitor that choices are offered according to each individual's IPP. If needed, immediate correction additional training and or employee coaching will occur. Methods of determining if the plans to offer clients choices will be evaluated by the QIDP during the monthly review process along with communication with the house managers and direct support staff. Methods that are not effective will be modified and re-evaluated by the same process.</p>	9-20-14

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W 247	<p>Continued From page 2</p> <p>Further observation from 5:29 p.m. to 5:39 p.m., in the dining room, revealed DSP #2 brought a pre-plated meal and pre-poured drink to the table for Client #2. Continued observation revealed Client #2 was not offered any choice in food or drink during the dinner meal. Further observation on July 21, 2014, from 5:39 p.m. to 6:06 p.m. revealed Client #2 sitting in the residence's sensory room flipping through a magazine. Continued observation revealed no choices of activities offered to Client #2 during this time.</p> <p>Observation on July 22, 2014, from 9:04 a.m. to 11:20 a.m., at the client's residence revealed Client #1 lying on the love seat in the living room sleeping on and off. Continued observation revealed Client #1 sat up to receive medication at 9:09 a.m. and laid back down. Further observation on July 22, 2014, from 9:04 a.m. to 11:20 a.m. revealed no choices of activities being offered to Client #1.</p> <p>Observation on July 22, 2014, from 8:35 a.m. to 9:04 a.m. revealed Client #2 walking around the inside of the residence followed by DSP #1. Further observation from 9:30 a.m. to 11:20 a.m. revealed Client #2 alternating between walking inside the residence or sitting in the sensory room with a magazine flipping through the pages. Further observation on July 22, 2014, from 8:35 a.m. to 11:20 a.m. revealed no choices of activities being offered to Client #2.</p> <p>Record review of Client #1's Individual Program Plan (IPP), dated February 26, 2014, confirmed "pacing/anxious behaviors maybe signs (Client #1) needs a change in environment or work of energy with some active activities such as, walking in the neighborhood, or doing other</p>	W 247	(This page intentionally left blank)		

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W 247	<p>Continued From page 3 activities (Client #1) enjoys."</p> <p>Record review of Client #1's Behavior Support Plan, dated October 18, 2012, revealed "staff should provide adequate time and options to (Client #1) of activities to participate and (Client #1) enjoys. (Only provide (Client #1) a choice between two activities/tangibles as (Client #1) may become anxious if there are too many choices)." Further record review revealed "ask (Client #1) if there is anything (Client #1) wants and/or needs frequently."</p> <p>Interview with the Assistant House Manager #1 (AHM #1) on July 21, 2014, at 4:01 p.m. in the client's living room confirmed Client #1 is a "loner" and Client #2 "chooses" to walk around the house often.</p> <p>Interview with the House Manager (HM) on July 21, 2014, at 4:20 p.m. in the kitchen of the client's home revealed the nutritionist develops the menus, the menus are on a six week rotation. Further interview confirmed Client #1 and Client #2 were not offered any choices during the dinner meal.</p> <p>Interview with DSP #3 on July 21, 2014, at 5:14 p.m. in the client's living room confirmed Client #1 "likes to be on the move" and Client #1 "chooses" to walk around.</p> <p>Interview with the Nursing Office Coordinator/Qualified Intellectual Disabilities Professional (QIDP) on July 23, 2014, at 11:00 a.m., in the facility's clinic confirmed Client #1 should have been offered a choice of activities.</p> <p>Interview with the Director of Health Services</p>	W 247	(This page intentionally left blank)		

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W 247	<p>Continued From page 4</p> <p>(DHS) on July 23, 2014, at 11:00 a.m., in the facility's clinic confirmed if Client #1 "chooses" to take a nap, it's acceptable.</p> <p>Record review of Client #2's Behavior Support Plan, dated March 7, 2011, revealed "Proactive procedures: Offer choices of activities (Client #2) can play with/chew on which will not be harmful." Continued review revealed "Sensory-stimulation activities: Provide (Client #2) with a wide array of sensory-stimulation activities throughout the day. Conduct preference assessments by letting (Client #2) chose between two items each day."</p> <p>Interview with DSP #2 on July 21, 2014, at 4:33 p.m. outside on the patio of the client's residence confirmed Client #2 has "free choice" before and after dinner.</p> <p>Interview with the House Manager (HM) and the Assistant House Manager #1 (AHM #1) on July 22, 2014, at 10:45 a.m. in the office at the residence confirmed clients have "free choice" when they are home. Further interview revealed outings are chosen by staff.</p> <p>Interview with the Nursing Office Coordinator/Qualified Intellectual Disabilities Professional (QIDP) on July 23, 2014, at 11:00 a.m., in the facility's clinic confirmed Client #2 should have been offered a choice of activities.</p>	W 247	(This page intentionally left blank)	
W 249	<p>483.440(d)(1) PROGRAM IMPLEMENTATION</p> <p>As soon as the interdisciplinary team has formulated a client's individual program plan, each client must receive a continuous active treatment program consisting of needed interventions and services in sufficient number</p>	W 249		

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W 249	<p>Continued From page 5</p> <p>and frequency to support the achievement of the objectives identified in the individual program plan.</p> <p>This STANDARD is not met as evidenced by: Based on observation, record review and interview, the facility failed to provide continuous active treatment for one (#2) of two sampled clients.</p> <p>The findings included:</p> <p>Observation on July 21, 2014, at 5:29 p.m. in the residence's dining room revealed Client #2 sitting at the dining room table for the evening meal. Continued observation revealed Client #2 had a clothing protector applied; the tail of the clothing protector was placed on the table with the client's non-slip mat and plate on top of the clothing protector.</p> <p>Observation on July 22, 2014, at 8:09 a.m. in the residence's dining room revealed Client #2 sitting at the dining room table for breakfast. Continued observation revealed Client #2 had a clothing protector applied; the tail of the clothing protector was placed on the table with the client's non-slip mat under the protector and the client's plate on top of the clothing protector.</p> <p>Record review of Client #2's dining plan, dated November 17, 2013, revealed an adaptive equipment list included the use of a non-slip mat.</p> <p>Interview with Direct Support Staff #1 (DSP #1) on July 22, 2014, at 8:35 a.m. in the residence's Sensory Room confirmed it was "typical" to put</p>	W 249	<p>Clothing protectors will not be placed on the table, under the plate, or otherwise, for any clients, including client #2. This has been specifically addressed to all employees in a house meeting by the QIPD on 8-12-14. The house manager, two assistant house managers, the staff RN and the QIDP will monitor employees' performance for the correct use of modalities, program plans, and adaptive equipment. Since the survey, the QIDP has been promoted to an assistant director position and will have the authority to provide immediate training or employee correction if needed.</p> <p>Four employee interviews will be conducted per month at the home on random plans to ensure employees know the plans they are implementing. Interviews will be conducted by supervisor level employees and above. Employee training will be conducted if determined necessary during the interviews. Follow up supervision will then take place.</p> <p>Four direct observations of employees implementing plans will be completed each month by supervisory (or above) employees. The plans will be chosen randomly and any concerns will be corrected immediately with further training to follow if determined necessary. (Continued on page 7)</p>	9-20-14

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W 249	Continued From page 6 the clothing protector on the table.  Interview with the Director of Health Services (DHS) on July 23, 2014, at 9:30 a.m. outside of the DHS's office confirmed the purpose of the non-slip mat was to prevent the client's plate from sliding. Further interview confirmed using the non-slip mat under or on top of the clothing protector placed on the table would not prevent the plate from sliding. Further interview confirmed staff had been trained not to put the protectors on the table under the client's plates.  Observation on July 21, 2014, at 5:26 p.m., in residence's sensory room revealed Client #2 sitting in a recliner flipping through a magazine in Client #2's lap. Further observation at 5:29 p.m. revealed dinner being placed on the dining room table and clients were encouraged to go to the dining room to eat. Further observation revealed Client #2 walking from the sensory room to the dining room without washing hands.  Record review of Client #2's Individual Support Plan (ISP), dated November 17, 2013, revealed a personal outcome of "(Client #2) participates in hygiene activities to be as independent as possible. (Client #2) pushes the soap dispenser while washing hands daily before breakfast, lunch, and dinner."	W 249	The QIDP will review the interviews and observations documented on the Management Inspection Checklist (attached) and develop further training if determined necessary. All clients will be encouraged and assisted with washing their hands before every meal. Hand sanitizing wipes will be offered when clients refuse to wash their hands or are eating at a location without a sink (ie: picnic). Clients who chose not to wash their hands will continue to be encouraged at every meal.	
W 263	483.440(i)(3)(ii) PROGRAM MONITORING &	W 263		

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W 263	<p>Continued From page 7 CHANGE</p> <p>The committee should insure that these programs are conducted only with the written informed consent of the client, parents (if the client is a minor) or legal guardian.</p> <p>This STANDARD is not met as evidenced by: Based on record review and interview, the facility's Human Rights Committee (HRC) failed to ensure programs with rights restrictions are conducted only with written informed consent of the client, parents or legal guardian, for one (#2) of two clients sampled.</p> <p>The findings included:</p> <p>Record review of Client #2's HRC Meeting Minutes, dated October 22, 2013, revealed Client #2's conservator was not in attendance. Further review of the HRC Meeting Minutes revealed verbal consent was given for "the use of an adult stroller with a seatbelt for long distances in the community, door chimes, medications and hazardous materials are locked, storage room and kitchen locked and the use of a video and audio monitor in (Client #2's) room."</p> <p>Review of Client #2's Consent for Restrictive Intervention form revealed an undated signature from conservator.</p> <p>Interview with the Director of Quality Assurance, July 23, 2014, at 12:15 p.m., in the main office clinic, via phone, confirmed the facility's HRC allows verbal consent from the conservator when conservator is unable to attend the meeting. Further interview confirmed the written consent.</p>	W 263	<p>All Clients, including client #2 will have their restrictions reviewed before the HRC panel in September, 2014. The consent forms will be reviewed one week prior to the HRC meeting to ensure completeness. Items that do not have conservator consent will not be reviewed. If there are restrictions that do not have consent due to the conservator not replying at all to the request, a certified letter will be mailed requesting either signed consent or a meeting to explore other options for the client. New restrictions will not be implemented until both conservator consent and HRC approval have been obtained. For ongoing restrictions (such as door chimes), the consent will be discussed and obtained in each annual ISP meeting. New restrictions throughout the year will not be implemented without written consent and HRC approval unless the person is in imminent danger without it. An emergency COS will then be held to evaluate the situation and obtain consent. The HRC Coordinator will not present any restriction to the panel without written consent. The active treatment committee will evaluate all restrictions for all clients quarterly to ensure no new restrictions have been implemented without conservator consent and committee approval, and to look at the possible reduction of restrictions for each person. The QIDP will supervise this process as well as the tracking of all restrictions via Excel.</p>	9-20-14

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W 263 W 267	<p>Continued From page 8 was obtained after the restrictions were in place.</p> <p>483.450(a)(1) CONDUCT TOWARD CLIENT</p> <p>The facility must develop and implement written policies and procedures for the management of conduct between staff and clients.</p> <p>This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to provide dignity while eating for one (#2) of two clients observed during meal times.</p> <p>The findings included:</p> <p>Observation on July 21, 2014, at 5:29 p.m., in the home's dining room revealed Client #2 sitting at the dining room table for the evening meal. Continued observation revealed Client #2 had a clothing protector applied; the tail of the clothing protector was placed on the table with the client's non-slip mat and plate on top of the clothing protector.</p> <p>Observation on July 22, 2014, at 8:09 a.m. in the homes dining room revealed Client #2 sitting at the dining room table for breakfast. Continued observation revealed Client #2 had a clothing protector applied; the tail of the clothing protector was placed on the table with the client's non-slip mat under the protector and the client's plate on top of the clothing protector.</p> <p>Interview with Direct Support Staff (DSP) #1 on July 22, 2014 at 8:35 a.m. in the homes Sensory Room confirmed it was "typical" to put the protector on the table.</p>	W 263 W 267	<p>Employee training will be completed on the MDC (Michael Dunn Center) Mission, Vision, and Values Statement, Expectations of Employment, and the Right of Individuals Supported Policy (see attached) on 9-9-14. All three items will be discussed with each new employee. A training that includes specific examples of how to treat a person with dignity will be conducted on 9-9-14 in a house meeting and then covered in new employee training for all new employees. The MDC employee evaluation process is being amended to reflect the employees' awareness and implementation of rights, dignity and person centered practices.</p> <p>The house manager, assistant house managers, the staff RN, the QIDP as well as the MDC management team will observe staff interactions with the clients and correct and concerning behavior immediately. Management inspections occur at one per year per person in the home. Employees were trained on 8-5-14 via email to make initial changes regarding the correct use of the clothing protectors, and appropriate age related conversations etc.</p> <p>This was addressed by the QIDP in a house meeting on 8-12-14, and will be addressed more thoroughly at the 9-9-14 house meeting.</p>	9-20-14	

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W 267	Continued From page 9 Interview with the Director of Health Services (DHS) on July 23, 2014, at 9:30 a.m. outside of the DHS's office confirmed the staff has been trained not to put the protectors on the table under the Client's plates. Further interview confirmed the placing of the client's plates on the clothing protectors on the table failed to provide the client with dignity.	W 267		
W 441	483.470(i)(1) EVACUATION DRILLS  The facility must hold evacuation drills under varied conditions.  This STANDARD is not met as evidenced by: Based on review of the Residential Fire Drill Reports and interview, the facility failed to ensure drills were held under varied conditions.  The findings included:  Review of the Residential Fire Drill Reports from September 2013 through June 2014, revealed the form did not provide a place to record the location of the emergency. Further review revealed the form did not document which exit the clients utilized during the emergency drill.  Interview with the Nursing Office Coordinator/Qualified Intellectual Disabilities Professional (QIDP) on July 23, 2014, at 11:00 a.m., in the clinic, confirmed the Residential Fire Drill Report form did not contain an area for the location of the emergency or the emergency exit to be recorded. Further interview confirmed it	W 441	Fire drill forms will be distributed to the homes at the beginning of each month by the nursing office coordinator with the alternating fire locations, client locations and weather conditions already written in for the employees to follow. Staff training on how to utilize the new version of the evacuation drill form will be completed in the 9-9-14 house meeting. The nursing office coordinator will review the fire drill forms once completed to ensure both varied conditions were followed and that evacuation was achieved timely. If barriers are noted she will immediately notify the house manager and QIDP for additional employee training. At any time barriers are noted and additional training or other intervention is needed, the QIDP will notify the Director of Health Services.	9-20-14

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W 441	Continued From page 10 would not be possible to identify where the emergency was located and how the individuals exited the home. Further interview confirmed the QIDP only reviews the length of time the evacuation took and to confirm there was a drill one shift per month.	W 441	All clients will be encouraged and assisted with washing their hands prior to every meal, and after every visit to the bathroom. Hand sanitizing wipes may be used for community participation times when a sink is not available or if a client refuses to wash their hands.	9-20-14	
W 454	483.470(l)(1) INFECTION CONTROL  The facility must provide a sanitary environment to avoid sources and transmission of infections.  This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to keep sanitary conditions for one (#2) of two clients sampled and one (#3) of two clients un-sampled.  The findings included:  Observation on July 21, 2014, at 5:26 p.m., in the residence sensory room revealed Client #2 sitting in a recliner flipping through a magazine in Client #2's lap. Further observation at 5:29 p.m. revealed dinner being placed on the dining room table and clients were encouraged to go to the dining room to eat. Further observation revealed Client #2 walking from the sensory room to the dining room without washing hands.  Observation on July 21, 2014, at 5:25 p.m., in the living room of the client's home revealed Client #3 sitting on the couch. Further observation, at 5:26 p.m. revealed Client #3 walking into the dining to move a chair up to the bar to watch dinner being made. Further observation at 5:29 p.m. revealed	W 454	All employees will receive further training on washing their own hands at appropriate times. Hand-washing was covered in a house meeting on 8-12-14 and the CDC recommendations for maintaining sanitary conditions will be covered completely on 9-9-14. This information is already part of the new employee training packet and is addressed verbally by the nursing office coordinator. The house manager, assistant house managers, RN, shift supervisors and the management team will observe employees both in their hand-washing, their support of the client in his/ her hand-washing, and other sanitary practices. Concerns will be addressed immediately. Clients choosing to not wash their hands will be offered and assisted with hand sanitizing wipes each time they refuse. The Director of Health Services tracks and trends all infections by person, home, and type of infection. If it is determined that a trend exists, further information will be sought to determine the path that will best reduce the spread or occurrence of infection. The infection control spreadsheet is shared with the incident management coordinator once a month for committee review and recommendation.		

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NAME OF PROVIDER OR SUPPLIER  MICHAEL DUNN CENTER JULIA CAILLIOUETTE	STREET ADDRESS, CITY, STATE, ZIP CODE 106 VILLAGE TRACE KINGSTON, TN 37763
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W 454	<p>Continued From page 11</p> <p>dinner being placed on the dining room table and clients were encouraged to go to the dining room to eat. Further observation revealed Client #3 being assisted by putting the chair back at the table and sitting at the table for dinner without washing hands.</p> <p>Interview with the Nursing Office Coordinator/Qualified Intellectual Disabilities Professional (QIDP) on July 23, 2014, at 11:00 a.m., in the clinic confirmed Clients #2 and #3 should have washed hands prior to coming to the dining room table for dinner.</p>	W 454		

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NAME OF PROVIDER OR SUPPLIER  MICHAEL DUNN CENTER LEDA HERRON HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 104 VILLAGE TRACE KINGSTON, TN 37763	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 130	NFPA 101 MISCELLANEOUS  This STANDARD is not met as evidenced by: Based on observation, it was determined that the facility did not have an all-weather slip resistant surface provided for the exit discharge.  The findings include:  Observation on July 30, 2014 at 9:15 a.m. revealed the exit discharge from the corridor where the house managers office is, is not provided with an all-weather slip resistant surface to the public way. NFPA 101 7.1.6.4*	K 130	A concrete sidewalk will be added from the side exit of the home to the sidewalk adjacent to the parking lot. It will be a broom brushed surface. This will be a permanent correction.	9-1-14
K0046	483.470(j)(1)(i) LIFE SAFETY CODE STANDARD  Utilities comply with Section 9.1. 32.2.5.1, 33.2.5.1  This STANDARD is not met as evidenced by: Based on observation, record review, and interview, it was determined that the facility failed to have fire dampers serviced and installed in all locations.  The findings include:  Observation, record review, and interview with the maintenance director on July 30, 2014 at 10:00 a.m. revealed no 4-year fire damper maintenance has been conducted and the clean linen supply	K0046	All dampers will be inspected and serviced during the week of 8-10-14 by Central City Heating and Air. Two new fire damper diffusers were ordered and will be installed by 9-1-14. A copy of the completed work order will be forwarded to the inspector. The MDC Engineering Department will add Damper Maintenance to their electronic tracking calendar for every four years.	9-1-14

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

*[Signature]* 8-14-14

President / CEO

A deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that their safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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K0046	Continued From page 1 closet air supply register is not provided with a fire damper. NFPA 90A 3-4.7	K0046			
K0051	These findings were verified by the maintenance director and acknowledged by the house manager during the exit conference on July 30, 2014. 483.470(j)(1)(i) LIFE SAFETY CODE STANDARD  A manual fire alarm system is provided in accordance with Section 9.6, 33.2.3.4.1.  Exception No 1: Where there are interconnected smoke detectors meeting the requirements of 33.2.3.4.3 and there is not less than one manual fire alarm box per floor arranged to continuously sound the smoke detector alarms.  Exception No. 2: Other manually activated continuously sounding alarms acceptable to the authority having jurisdiction.  This STANDARD is not met as evidenced by: Based on observation and interview, it was determined that staff was not provided with keys to activate manual fire alarm pull stations.  The findings include:  Observation and interview with the house manager on July 30, 2014 at 10:05 a.m. revealed not all staff members are provided with a fire alarm key to activate the manual fire alarm pull stations. The manual fire alarm pull stations are	K0051	Deflector shields will be added to each diffuser that has a smoke detector within three feet of it. This will be a permanent correction.  Keys have been made and placed on a tab near each pull station. Nurses will do a visual check at the change of each shift to ensure that the key is in place. This will be verified on a shift count sheet that will then be turned into the nursing office coordinator at the end of each month.	9-1-14	

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K0051	Continued From page 2 only key operated to activate the fire alarm. NFPA 101 9.6.2.6  This finding was verified by maintenance director and acknowledged by the house manager during the exit conference on July 30, 2014.	K0051			

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W 247	<p>483.440(c)(6)(vi) INDIVIDUAL PROGRAM PLAN</p> <p>The individual program plan must include opportunities for client choice and self-management.</p> <p>This STANDARD is not met as evidenced by: Based on record review, observation, and interview, the facility failed to include opportunities for client choice for two (#1, #2) of two clients sampled.</p> <p>The findings included:</p> <p>Medical record review revealed Client #1 has the diagnosis of Severe Intellectual Disability.</p> <p>Review of Client #1's Training Specific to the Needs of the Individual/Individual Program Plan/Individual Program Plan (TSNI/IPP), amended December 13, 2013, revealed Client #1 "...enjoys watching music channels (various named music channels) and the Food Network ...will wipe the table after...eats a meal at home when verbally cued to do so and will also place...clothing cover and cup on counter...does enjoy working on arts and crafts as well as being involved in kitchen activities... Staff is always near by to assist (Client #1) with any activity (Client #1) chooses...It is important for...to have choice...such as what to do...understands...is able to choose between two or three items easier than many..."</p> <p>Observation on July 21, 2014, from 3:50 p.m. until 4:35 p.m., in the living room, revealed Client #1 positioned on a Quadruped Positioning Platform (Quad) in front of the television. Continued observation revealed Direct Support</p>	W 247	<p>Each client will be reviewed in the Active Treatment team meeting on 8-20-14 to determine appropriate categories and number of choices for each client in the home. It will be determined if the person can best make choices verbally, by picture book or by another method. Picture books offering choices will be made for those who will communicate best by that method. The COS will be notified of the changes and asked to participate in the creation of the books. The pictures will be changed out periodically to reflect seasonal activities, clothing and food options. The IPP's will be amended. Staff training for each individual will occur. Methods of determining individual's choices will be evaluated by the QIDP (Qualified Intellectual Disabilities Professional) monthly reviews and in communication with the ICF managers and direct support staff. Methods that are not effective will be modified and re-evaluated by the same process.</p>	9-20-14

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X5) DATE

*[Signature]* 8-14-14

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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W 247	<p>Continued From page 1</p> <p>Professional (DSP) #1 changed the television from a talk show to a cartoon (Sponge Bob) which remained on the television the entire time Client #1 was on the Quad. Continued observation revealed Client #1 was not offered the opportunity to choose watching Sponge Bob over watching a music video or the Food Network.</p> <p>Observation on July 21, 2014, from 5:22 p.m. until 5:49 p.m. in the dining room, revealed Client #1 in wheelchair in front of the pass through (an open passage way in the upper half of the wall between the kitchen and dining room) from the dining room to the kitchen observing DSP #2 preparing dinner. Continued observation revealed the door to the kitchen is closed and locked at all times. Continued observation revealed Client #1 was not offered the opportunity to choose to be involved in kitchen activities.</p> <p>Observation on July 21, 2014, from 5:50 p.m. until 6:07 p.m., in the dining room, revealed DSP #1 brought a pre-plated meal and pre-poured drink to the table for Client #1. Continued observation revealed Client #1 was not offered any choice in food or drink during the dinner meal. Client #1 finished the meal at 6:07 p.m. Further observation revealed Client #1 was not offered the opportunity to choose to place the clothing cover and the cup on the counter nor to wipe the table after the meal.</p> <p>Observation on July 22, 2014, from 7:00 a.m. until 8:10 a.m., in the living room, revealed Client #1 positioned on the Quad in front of the television which was tuned to the Cartoon Network. Continued observation revealed Client #1 was never offered the opportunity to choose</p>	W 247	This page left blank intentionally		

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W 247	<p>Continued From page 2</p> <p>watching a music video or the Food Network rather than watching the Cartoon Network. Continued observation revealed a magazine and a box, filled with pages torn from magazines, in front of Client #1. Continued observation revealed Client #1 would periodically rip a page from the magazine and place it in the box. Continued observation revealed Client #1 was not offered the choice to participate in any other activity during this time frame.</p> <p>Observation on July 22, 2014, from 8:18 a.m. until 8:33 a.m., in the dining room, revealed Client #1 wheeled chair to a spot in front of the pass through to the kitchen and observed breakfast being prepared by DSP #3. Continued observation revealed the kitchen door was closed and locked. Continued observation revealed Client #1 was not offered the opportunity to choose to be involved in kitchen activities. Further observation revealed Client #1 was not offered the opportunity to choose to place the clothing cover and the cup on the counter nor to wipe the table after the meal.</p> <p>Interview with the House Manager (HM), in the home office, on July 21, 2014, at 6:35 p.m., confirmed meal menus are completed by a dietician and Client #1 was not offered any choices for the dinner meal. Continued interview confirmed Client #1 was not offered a choice of what to drink because "we know what they like to drink." Continued interview confirmed Client #1 was not offered a choice of what to watch on television or what to do while positioned on the Quad.</p> <p>Interview with Nurse #1, in the dining room, on July 22, 2014, at 12:40 p.m., confirmed Client #1</p>	W 247	This page left blank intentionally		

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W 247	<p>Continued From page 3</p> <p>was not given the opportunity of what television program to watch while on the Quad from 7:00 a.m. until 8:10 a.m. Further interview confirmed Client #1 was not given choice when given a magazine to lear up while on the quad rather than being offered the opportunity to choose between two activities.</p> <p>Interview with the Nursing Office Coordinator/Qualified Intellectual Disabilities Professional (QIDP), in the Clinic, on July 23, 2014, at 11:00 a.m., revealed Client #1 should have been offered the opportunity to choose to be involved in kitchen activities during meal preparation. Continued interview confirmed Client #1 should have been offered the opportunity to choose to place the clothing cover and cup on the counter and the opportunity to wipe the table after meals. Continued interview confirmed Client #1 was not given opportunities to make choices.</p> <p>Medical record review revealed Client #2 has the diagnosis of Profound Intellectual Disability.</p> <p>Review of Client #2's TSN/IPP, dated September 12, 2013, revealed "...Having choice is important to (Client #2)...wants to decide where to go when in the community. Staff that is familiar with (Client #2) knows what...wants...Sometimes makes day-to-day decisions...if given either/or choices..."</p> <p>Observation at the residence, on July 21, 2014, from 4:00 p.m. until 5:50 p.m., revealed Client #1 walking around the interior common areas of the residence, in the yard/driveway area outside the house, down the street (for approximately 5 minutes) or to the neighboring Intermediate Care</p>	W 247	This page left blank intentionally	
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W 247	<p>Continued From page 4</p> <p>Facility next door (for approximately 7 minutes). Continued observation revealed Client #2 was always followed by DSP #3 or the HM. Continued observation revealed Client #2 sat on the couch for 2 minutes with DSP #1 when given the opportunity to complete a coin sorting activity. Continued observation also revealed Client #2 went to use the restroom when suggested by the HM. Further observation revealed Client #2 was not offered the opportunity to choose any other activities during this time.</p> <p>Observation on July 21, 2014, from 5:50 p.m. until 6:15 p.m., in the dining room, revealed DSP #4 brought a pre-plated meal and pre-poured drink to the table for Client #2. Continued observation revealed Client #2 was not offered any choice in food or drink during the dinner meal. Client #2 finished the meal at 6:15 p.m.</p> <p>Observation on July 22, 2014, from 8:00 a.m. until 8:42 a.m., in the home, revealed Client #2 walking continuously around the common areas. Continued observation revealed Client #2 was not offered the opportunity to choose another activity during this time.</p> <p>Interview with the House Manager (HM), in the home office, on July 21, 2014, at 6:35 p.m., confirmed meal menus are completed by a dietician and Client #2 was not offered any choice for the dinner meal. Continued interview confirmed Client #2 was not offered a choice of what to drink because "we know what they like to drink." Further interview confirmed Client #1 was not offered the opportunity to choose an activity other than walking from 4:00 p.m. until 5:50 p.m. on July 21, 2014.</p>	W 247	This page left blank intentionally		

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W 247	Continued From page 5 Interview with DSP #3, outside the home on July 22, 2014, at 9:45 a.m., confirmed Client #2 has board games and puzzles in the bedroom, and Client #2 will choose to do these activities when offered the opportunity by staff.	W 247			
W 249	Interview with the QIDP, in the Clinic, on July 23, 2014, at 11:00 a.m., confirmed Client #2 was not given opportunity for choice when staff did not offer the opportunity to choose what to do by presenting Client #2 with two options and allowing Client #2 to indicate the choice. <b>483.440(d)(1) PROGRAM IMPLEMENTATION</b>  As soon as the interdisciplinary team has formulated a client's individual program plan, each client must receive a continuous active treatment program consisting of needed interventions and services in sufficient number and frequency to support the achievement of the objectives identified in the individual program plan.  This STANDARD is not met as evidenced by: Based on record review, observation, and interview, the facility failed to ensure the individual program plans were implemented for one (#1) of two clients sampled.  The findings included:  Medical record review revealed Client #1 has the diagnosis of Severe Intellectual Disability.  Review of Client #1's Active Treatment Card, effective date December 2, 2010 and updated	W 249	All plans for client #1, and all other clients will be followed as written and trained. The house manager, two assistant house managers, the staff RN and the QIDP will monitor employees performance for the correct use of modalities, program plans, and adaptive equipment. Since the survey, the QIDP has been promoted to an assistant director position and will have the authority to provide immediate training or employee correction if needed. One of the assistant house managers, whose primary role is employee education and training has returned from maternity leave.  Four employee interviews will be conducted per month at the home on random plans to ensure employees know the plans they are implementing. Interviews will be conducted by supervisor level employees and above. Employee training will be conducted if determined necessary during the interviews. Follow up supervision will then take place.	9-20-14	

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NAME OF PROVIDER OR SUPPLIER  MICHAEL DUNN CENTER LEDA HERRON HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 104 VILLAGE TRACE KINGSTON, TN 37763		
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W 249	<p>Continued From page 6</p> <p>June 11, 2014, revealed "Adaptive Equipment:...Other:...Weighted scoop bowl, clothing protector, dycem mat to keep bowl from slipping..." Continued review revealed Client #1 could use either a regular drinking cup, with or without straw, or a fixed-straw cup.</p> <p>Observation on July 21, 2014, from 5:50 p.m. until 6:07 p.m., in the dining room, revealed Client #1 utilized a weighted scoop bowl, a clothing protector and a fixed-straw cup as adaptive equipment during dinner. Continued observation revealed a dycem mat was not used under the bowl during the dinner meal for Client #1. Continued observation revealed the scoop bowl slid to the right as the client scooped food onto the spoon from the left.</p> <p>Observation on July 22, 2014, from 8:42 a.m. until 9:00 a.m., revealed Client #1 ate breakfast utilizing only a weighted scoop bowl, a clothing protector, and a fixed-straw cup as adaptive equipment. Continued observation revealed no use of a dycem mat under the bowl during breakfast for Client #1. Further observation revealed the bowl was placed on top of the lower half of the clothing protector on the table while Client #1 was eating. Continued observation revealed the scoop bowl and clothing protector slid to the right as the client scooped food onto the spoon from the left.</p> <p>Interview with the Director of Health Services, in the Clinic, on July 23, 2014, at 9:30 a.m., confirmed active treatment was not implemented correctly for Client #1 because a dycem mat was not placed under the bowl at dinner and at breakfast.</p>	W 249	<p>Four direct observations of employees implementing plans will be completed each month by supervisory (or above) employees. The plans will be chosen randomly and any concerns will be corrected immediately with further training to follow if determined necessary. (Continued on page 7)</p> <p>The QIDP will review the interview and observation forms and develop further training if determined necessary. All clients will be encouraged and assisted with washing their hands before every meal. Hand sanitizing wipe will be offered when clients refuse to wash their hands or are eating in a location without a sink (ie: picnic). Clients who chose not to wash their hands will continue to be encouraged at every meal.</p> <p>(See attached Management Inspection Checklist)</p>		

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 08/04/2014  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  44G095	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____  B. WING _____	(X3) DATE SURVEY COMPLETED  07/23/2014
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NAME OF PROVIDER OR SUPPLIER  MICHAEL DUNN CENTER LEDA HERRON HOME	STREET ADDRESS, CITY, STATE, ZIP CODE 104 VILLAGE TRACE KINGSTON, TN 37763
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 263 W 263	<p>Continued From page 7</p> <p>483.440(i)(3)(ii) PROGRAM MONITORING &amp; CHANGE</p> <p>The committee should insure that these programs are conducted only with the written informed consent of the client, parents (if the client is a minor) or legal guardian.</p> <p>This STANDARD is not met as evidenced by: Based on record review, review of facility Human Rights Committee (HRC) documents, and interview, the facility's HRC failed to insure restrictive programs were conducted only with written informed consent for two (#1, #2) of two clients sampled and for two (#3, #4) of two clients not sampled, and failed to insure written informed consent is not blanketed for one (#3) of two clients not sampled.</p> <p>The findings included:</p> <p>Medical record review for Client #1 revealed a diagnosis of Severe Intellectual Disability.</p> <p>Review of Client #1's HRC Restrictive Intervention Plan Review 201, dated October 22, 2013, revealed HRC approval for "...restrictive intervention is: Side rails on...bed..." Continued review revealed "...Documents Reviewed During HRC Meeting...Consent (box is marked)...Verbal (handwritten under the word consent)..." Continued review revealed no evidence of written informed consent for this restriction.</p> <p>Medical record review for Client #2 revealed a diagnosis of Profound Intellectual Disability.</p> <p>Review of Client #2's HRC Restrictive</p>	W 263 W 263	<p>All Clients will have their restrictions reviewed before the HRC panel in September, 2014. The consent forms will be reviewed one week prior to the HRC meeting to ensure completeness. Items that do not have conservator consent will not be reviewed. If there are restrictions that do not have consent due to the conservator not replying at all to the request, a certified letter will be mailed requesting either signed consent or a meeting to explore safe options for the client. New restrictions will not be implemented until both conservator consent and HRC approval have been obtained. For ongoing restrictions (such as door chimes), the consent will be discussed and obtained in each annual ISP meeting. New restrictions throughout the year will not be implemented without written consent and HRC approval unless the person is in imminent danger without it. An emergency COS will then be held to evaluate the situation and obtain consent. The HRC Coordinator will not present any restriction to the panel without written consent. The active treatment committee will evaluate all restrictions for all clients quarterly to ensure no new restrictions have been implemented without conservator consent and committee approval, as well as look at the possible reduction of restrictions for each person. The QIDP will supervise this process and track all restrictions via Excel.</p>	9-20-14

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  44G095	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____  B. WING _____	(X3) DATE SURVEY COMPLETED  07/23/2014
NAME OF PROVIDER OR SUPPLIER  MICHAEL DUNN CENTER LEDA HERRON HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 104 VILLAGE TRACE KINGSTON, TN 37763	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 263	<p>Continued From page 8</p> <p>Intervention Referral and Review 201, dated August 27, 2013, revealed HRC approval for "...kitchen door...currently locked..". Continued review revealed "...Documents Reviewed During HRC Meeting...Consent (box is marked)...". Further review revealed the words "...Verbal Consent 8/26/13..." handwritten in the Documents Reviewed section. Further review revealed no evidence of written informed consent for this restriction.</p> <p>Medical record review for Client #3 revealed a diagnosis of Severe Intellectual disability.</p> <p>Review of Client #3's HRC Restrictive Intervention Referral and Review 201, dated August 27, 2013 revealed HRC approval for each of the following restrictive interventions: "...Cleaning supplies...are locked... and medications (handwritten onto the form);...kitchen door...currently locked;...Door chimes on exit doors;...(Client #3) will be line of sight (one-to-one supervision)...door alert system...placed on...bedroom door..." Continued review revealed "...Documents Reviewed During HRC Meeting...Consent (box is marked)..."</p> <p>Review of Client #3's Consent for Restrictive Intervention, dated August 28, 2013, revealed a consent form for "...The proposed restrictive intervention...Locked Hazardous materials/medications/cleaning supplies;...Locked Kitchen door;...Door Chimes;...Line of Sight (and) bedroom door chimes..." Continued review revealed the form to be a blanket consent form not specifying the restrictions separately with specific risks, benefits or impacts. Continued review revealed written signature by the conservator of Client #3, dated August 28, 2013.</p>	W 263	This page left blank intentionally.	

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 08/04/2014  
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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  44G095	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____  B. WING _____		(X3) DATE SURVEY COMPLETED  07/23/2014
NAME OF PROVIDER OR SUPPLIER  MICHAEL DUNN CENTER LEDA HERRON HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 104 VILLAGE TRACE KINGSTON, TN 37763		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X3) COMPLETION DATE	
W 263	Continued From page 9  Medical record review for Client #4 revealed a diagnosis of Profound Intellectual Disability.  Review of Client #4's HRC Restrictive Intervention Plan Review 201, dated October 22, 2013, revealed HRC approval for "...restrictive intervention is: Side rails on...bed..." Continued review revealed "...Documents Reviewed During HRC Meeting...Consent (box is marked)...Verbal (is handwritten under the word consent)..." Continued review revealed no evidence of written informed consent for this restriction.  Interview with the Director of Quality Assurance (the facility's HRC facilitator), by phone from the Clinic, confirmed the facility's HRC approved programs with restrictive interventions, including behavior modifying medications, before written informed consent was obtained.	W 263			
W 267	483.450(a)(1) CONDUCT TOWARD CLIENT  The facility must develop and implement written policies and procedures for the management of conduct between staff and clients.  This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to provide dignity while eating for two (#1, #2) of two clients sampled and for one (#3) of two clients not sampled.  The findings included:  Observation on July 21, 2014, at 5:50 p.m. in the dining room, revealed Clients #1, #2, #3 and #4, sitting at the dining room table for the evening	W 267	Clothing protectors will not be placed on the table, under the plate, or otherwise, for any client supported in this home. This has been specifically addressed to all employees in a house meeting by the QIPD on 8-12-14. The house manager, two assistant house managers, the staff RN and the QIPD will monitor employees performance for the	9-20-14	

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

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NAME OF PROVIDER OR SUPPLIER  MICHAEL DUNN CENTER LEDA HERRON HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 104 VILLAGE TRACE KINGSTON, TN 37763	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 267	Continued From page 10 meal. Continued observation revealed all four clients had clothing protectors applied; the tail of the clothing protectors were placed on the table, for Clients #2 and #3, with the clients' plates on top of the clothing protectors. Continued observation revealed the plates with the clothing protectors kept slid forward/backward or left/right depending on the direction from which the client scooped the food onto the spoon.  Observation on July 22, 2014, at 8:42 a.m., in the dining room revealed Clients #1, #2, and #3 sitting at the dining room table for breakfast. Continued observation revealed all three clients had clothing protectors applied; the tail of the clothing protectors were placed on the table with the clients' bowls of cereal on top of the clothing protectors for all three clients. Continued observation revealed the bowls slid forward/backward or left/right depending on the direction from which the clients scooped the food onto the spoon.  Interview with the Health Services Director, on July 23, 2014, at 9:30 a.m., in the clinic, confirmed placing the clients' plates/bowls on the clothing protectors on the table failed to provide the three clients with dignity.	W 267	correct use of modalities, program plans, and adaptive equipment.  Employee training will be completed on the MDC (Michael Dunn Center) Mission, Vision, and Values Statement, Expectations of Employment, and the Right of Individuals Supported Policy (see attached) on 9-9-14. All three items will be discussed with each new employee. A training that includes specific examples of how to treat a person with dignity will be conducted on 9-9-14 in a house meeting and then covered in new employee training for all new employees. The MDC employee evaluation process is being amended to reflect the employees' awareness and implementation of rights, dignity and person centered practices. (See Attached Template) Each person supported will have an annual rights assessment completed by the Quality Assurance department. (See Attached)  The house manager, assistant house managers, the staff RN, the QIDP as well as the MDC management team will observe staff interactions with the clients and correct concerning behavior immediately. Management inspections occur at one per year per person in the home. Employees were trained on 8-5-14 via email to make initial changes regarding the correct use of the clothing protectors, appropriate age related conversations etc. This was addressed by the QIDP in a house meeting on 8-12-14, and will be addressed more thoroughly at the 9-9-14 house meeting.	
W 441	483.470(i)(1) EVACUATION DRILLS  The facility must hold evacuation drills under varied conditions.  This STANDARD is not met as evidenced by: Based on review of Residential Fire Drill Reports and Tornado Drill Reports, and interview, the facility failed to hold evacuation drills under varied	W 441		

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  44G695	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____  B. WING _____		(X3) DATE SURVEY COMPLETED  07/23/2014
NAME OF PROVIDER OR SUPPLIER  MICHAEL DUNN CENTER LEDA HERRON HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 104 VILLAGE TRACE KINGSTON, TN 37763		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
W 441	Continued From page 11 conditions for all residents of the facility.  The findings included:  Review of 36 Residential Fire Drill Reports, dated from September 4, 2013 through June 29, 2014, revealed no documentation of the drills being conducted under varying conditions (weather, location of fire, or routes of egress).  Review of Tornado Drill Reports, dated September 25, 2013 through June 23, 2014, revealed no indication of time of day for the drill for 8 of 9 reports.  Interview with the Director of Health Services, on July 21, 2014, at 11:20 a.m., in the Clinic confirmed the evacuation drill reports do not reflect evidence of drills having been conducted under varying conditions.	W 441	Fire drill forms will be distributed to the homes at the beginning of each month by the nursing office coordinator with the alternating fire locations, client locations and weather conditions already written in for the employees to follow. Staff training on how to utilize the new version of the evacuation drill form will be completed in the 9-9-14 house meeting. The nursing office coordinator will review the fire drill forms once completed to ensure both varied conditions were followed and that evacuation was achieved timely. If barriers are noted she will immediately notify the house manager and QIDP for additional employee training. The nursing office coordinator will review all other forms, including the tornado drills, to ensure all pertinent data is included on each drill. At any time barriers are noted and additional training or other intervention is needed, the QIDP will notify the Director of Health Services.	9-20-14	



STATE OF TENNESSEE  
Department of Intellectual and Developmental Disabilities  
Citizens Plaza, 10<sup>th</sup> Floor  
400 Deaderick Street  
NASHVILLE, TN 37243-0675

September 2, 2015

Melanie Hill  
Executive Director  
Health Services and Development Agency  
500 Deaderick Street  
Nashville, TN 37243

**RE: Application for Certification of Need submitted by Michael Dunn Center**

Dear Director Hill:

The Department of Intellectual and Developmental Disabilities (Department) strongly supports the application for a Certificate of Need (CON) on behalf of Michael Dunn Center. Based upon the Department's knowledge of Michael Dunn Center, it is the Department's belief that they meet the three (3) criteria necessary for approval which are namely, need, economic feasibility and contribution to the orderly development of health care.

The need for these facilities has resulted from the national trend away from caring for persons with intellectual disabilities in large, congregate institutional settings to more integrated, smaller homes in the community. In 2006, Tennessee, believing this to be best practice, passed legislation which created one hundred sixty (160) new ICF/IID beds to be used solely for persons transitioning from state developmental centers. At this time there remain eighty-four (84) of the one hundred sixty (160) beds available for development. The need for the development of these remaining eighty-four (84) beds comes as a direct result of the announced closure of the last large state owned developmental center, Greene Valley Developmental Center (GVDC), which is anticipated to close on June 30, 2016. The closure of GVDC is part of an Exit Plan in a nineteen (19) year old lawsuit against the state of Tennessee by the Department of Justice (*People First of Tennessee et. al. v. The Clover Bottom Developmental Center et. al.* No. 3:95-1227) regarding unconstitutional conditions at four (4) developmental centers in Tennessee. One of these developmental centers has already closed, another is set to close in the fall of 2015, the third is a small specialized developmental center for persons who are court ordered for competency evaluation and training, and GVDC. The last obligation in the Exit Plan, which once complete will result in a full dismissal of the law suit, is the closure of GVDC and the transition of all residents into smaller homes in the community. Therefore, the Department supports this application for a CON to facilitate the closure of and transition of the residents of GVDC.

Melanie Hill, Executive Director

RE: Application for Certification of Need submitted by INSERT NAME HERE

DATE

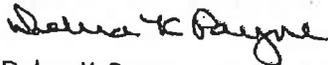
Page 2 of 2

Transitioning the residents from GVDC, a large institution, to four (4) person ICF/IIDs in the community is more economically feasible for the State, which pays for these services. The census at GVDC at the time of the announcement of closure was 101, but at its peak, GVDC supported 1100 residents. Operating a large developmental center is inefficient and does not produce economy of scale due to the large overhead associated with utilities and maintenance costs on older inefficient buildings that operate on a boiler system. The private operation of smaller four (4) person ICF/IIDs is much more efficient and economically feasible for the state.

For many of the same reasons stated above in relation to the criteria of "need", the approval of this CON and development of four person ICF/IID beds meets the criteria of contribution to the orderly development of health care. As a result of the Exit Plan in the nineteen (19) years old lawsuit described above, these homes and beds are needed to transition the remaining residences from GVDC and provide for the health and safety needs of these vulnerable persons. These beds will provide the same level of care that these persons are receiving at GVDC, namely the ICF/IID level of care. This application has been submitted by a current provider of services in Tennessee for persons with intellectual disabilities, therefore they have a proven track record of providing these services within both state and federal regulations which includes the availability and accessibility of human resources, prior contractual relationships with both the Department and TennCare and an understanding of the both the intellectual disability population and intellectual disability system in Tennessee.

Based on the above stated reasons the department strongly supports Michael Dunn Center, application for a CON to build four (4) person ICF/IIDs in East Tennessee in order to effectuate the safe transition of residents of GVDC and comply with the Exit Plan leading to the conclusion of the nineteen (19) years old *CBDC et. al* lawsuit. If you need any further information or have any questions please contact me.

Sincerely,



Debra K. Payne  
Commissioner

DKP:ts

ROANE NEWSPAPERS

Roane County News	Morgan County News	P.O. Box 610, 204 Franklin Street Kingston, TN 37763 (865) 376-3481 FAX (865) 376-1945
R.C. News-Record	Web Printing Plant	

TO: Michael Dunn Center

ADVERTISING: Legal Advertisement – Publication of Intent

**PUBLISHER’S AFFIDAVIT**

**State of Tennessee, Roane County**

I, Joe King, make oath that the attached advertisement or notice was published in:

  X   The Roane County News, tri-weekly newspaper published at Kingston

       The Morgan County News, a weekly newspaper published at Wartburg,

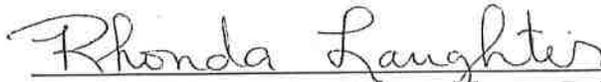
Also [www.tnpublicnotice.com](http://www.tnpublicnotice.com) for all runs as required by Tenn. Code Ann. 1-3-120(2013) There will be only one tear sheet attached to cover all runs.

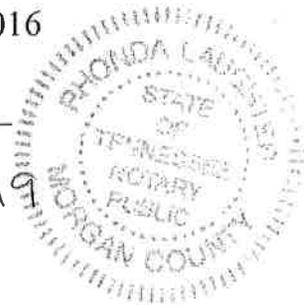
in said county and state, and that the advertisement or notice of: Substitute Trustee’s Sale, #6971271(Smith), Lana Harris, a single person, 132 Heidel Mill RD. Wartburg, TN 37887

was published in said newspaper on the following date: Feb. 1<sup>st</sup>, 2016  
knowledge and belief

Signed 

Subscribed and sworn to before me this 1<sup>st</sup> day of February, 2016

  
**Rhonda Laughter, Notary Public**  
My commission expires 11-17-2019



**NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED**

This is to provide official notice to the Health Services and Development Agency and all interested parties in accordance with T.C.A. § 68-11-1601 et seq. and the Rules of the Health Services and Development Agency that:

Michael Dunn Center Residential Habilitation  
(Name of Applicant) (Facility Type - Existing)

owned by Hope Haven Cooperation with an ownership type of Non Profit

and to be managed by Mike McElhinney, President/CEO intends to file an application for a Certificate of Need for the project described below and hereby: The conversion of a residential habilitation home located at 736 Clymersville Road, Rockwood, TN 37854 into a four person ICF/IiH home to facilitate the relocation of four individuals exiting Green Valley Developmental Center (GVDC), located at 4830 East Andrew Johnson Highway, Greeneville, TN 37744-0940. The estimated project cost, calculated according to the rules of the HSDA, is \$1,682,504.00. The project includes the relocation of individuals in the Residential Habilitation home to local Supportive Living Homes, the renovation of the Residential Habilitation home to meet ICF/IiH regulations, as well as bedroom modifications to best support the new residents. Services provided will include 24 hour care support, including nursing services. Appropriate therapies, community integration opportunities and active treatment plan implementation to increase independence will also be provided.

The anticipated date of filing the application is February 4th, 20 18

The contact person for this project is Mike McElhinney President/CEO  
(Contact Name) (Title)

who may be reached at: Michael Dunn Center 629 Gallaher Road  
(Company Name) (Address)  
Kingston TN 37763 865/376-3416  
(City) (State) (Zip Code) (Area Code) (Phone Number)

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency  
Andrew Jackson Building, 8<sup>th</sup> Floor  
492 Deaderick Street  
Nashville, Tennessee 37243

# Supplemental #1 -COPY

Michael Dunn Center

CN1602-006

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**February 12, 2016****11:15 am****State of Tennessee****Health Services and Development Agency**Andrew Jackson Building, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364/Fax:615/532-9940

February 10, 2016

Mike McElhinney  
 President/CEO  
 Michael Dunn Center  
 629 Gallaher Road  
 Kingston, Tennessee 37763

RE: Certificate of Need Application CN1602-006  
 Michael Dunn Center

Dear Mr. McElhinney:

This will acknowledge our February 2, 2016 receipt of your application for a Certificate of Need for the establishment of a four (4) bed ICF/IIDD home located at 763 Clymersville Road, in Rockwood (Roane County), Tennessee 37854.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

**Please submit responses in triplicate by 12:00 noon, Friday February 12, 2016.** If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

**1. Section A. (Applicant Profile) Item 6**

The fully executed lease agreement is noted. However, please address the following:

- The lease is post dated July 1, 2016. Please clarify.  
*Response: The individuals moving into this home near July 1, 2016. If the date is different the lease will be amended at that time to reflect the actual move in date.*
- The term is noted to commence on July 1, 2016 and end on June 30, 2016. Please clarify.  
*Response: This was a typo and should have read June 30, 2017. The lease has been amended and is attached. (Attachment 1)*
- The rent is estimated to be \$3,500 per month in advance on or before each calendar month beginning January 2016 (six months prior to the beginning of the lease). Please clarify.  
*Response: This has been modified to read July 2016 and is attached.*

If needed, please provide a revised lease agreement with correct key dates.

**2. Section A. (Applicant Profile) Item 9**

The bed complement bed chart is noted. The applicant has placed 4 beds in the current "CON" column. Since this application is for a new institution, there would not be any beds applicable to this column. Please revise and submit a revised page 10. *Please see Attachment 2; Labeled "Replacement- 10."*

**3. Section B, Project Description, Item I.**

The executive summary is noted. However, please provide a brief description of the proposed services and equipment.

*Response: This house will become home to four individuals from Green Valley Developmental Center. The individuals have varying healthcare needs from medication administration to tracheotomy care and oxygen administration. A nurse will be in the home or accessible to the individuals in the home twenty four hours per day. The individuals use hospital beds, mechanical lifts and shower trollies. The bathrooms are currently large enough to manage such equipment and will only need updating. A therapist conducted site assessment will be completed prior to the individuals moving in to this home.*

*Michael Dunn Center is currently working with both GVDC and Medline to ensure all furnishings and equipment are in place prior to any of the individuals moving in to the home.*

How can a facility housing 10 patients not require significant renovation to convert to a 4 bed home?

*Response: The home will be renovated to give each of the four individuals a suite type setting. Each individual will have a bedroom, a sitting room and share a bathroom with one other house mate. The renovations include added doorways between bedrooms to make the suite setting. The bathrooms are adequate and only need upgrading and cosmetic repairs. This will leave two extra rooms, which will be used as office space for the management and quality assurance personnel.*

What will happen to the spaces that currently house the 6 other beds?

*Response: Please see the answer above.*

**4. Section B, Project Description, Item II.A.**

Please complete Parts B.-E. of the Square Footage and Cost Per Square Footage Chart and submit. Please also discuss the justify the cost per square foot for this project. Please describe the renovations needed to increase each bedroom to approximately 180 square feet and to meet ICF/IID regulations and licensure rules.

*Response: The renovation cost estimate is \$144,400 and the total square footage is 4578. This is a cost of \$31.54 per square foot, which is much less than the cost of new construction. Of this cost of \$31.54 per square foot, \$28.27 is the cost to install a sprinkler system.*

*The current home has ten bedrooms. After the renovations, the home will house only four individuals. The plan is to turn two adjoining bedrooms into a suite for eight of*

*the bedrooms. This will provide approximately 300 or more square feet for each suite. Each suite will provide a sleeping area and a sitting area for each individual served in the home. See Attachment 3: Labeled Replacement- 16*

**5. Section B. (Plot Plan)**

Tennessee Code Annotated 33-2-418 indicates that the DMHDD "shall not license more than two (2) such residential facilities within five hundred (500) yards in any direction from other such facilities housing service recipients. Please verify that these proposed ICF/IIDD facility is not located at least 500 yards from other similar facilities.  
*Response: The next licensed home is 1.95 miles from the HH2 location. Please see the attached map and directions showing this. (See Attachments 4 and 5)*

**6. Section B. (Floor Plan) Item IV.**

Please clarify if the floor plan is for the renovated ICF/IIDD facility? If not, please provide.

*Response: Please see the attached updated floorplan post renovations. (Attachment 6)*

There appears to be 10 bedrooms. Which bedrooms will be used by the 4 residents?

*Response: Please see the attached floorplan. The bedrooms will be converted to suites and therefore 8 of the 10 bedrooms will be used by the residents residing in the home.*

**7. Section C. (Need) Item 1 (Specific Criteria- ICF/IIDD Facilities)**

The ICF/IIDD criterion appears to be answered out of sequence from pages 23-28 in the application. Please revise, submit replacement pages, and answer all the questions to the ICF/IIDD criteria in one location in the prescribed format.

*Response: Please see this entire document as an attachment. Attachment 7; 2 pages*

The Tennessee Code Annotated Title 33; Title 68, Chapter 11 and Section 71-5-105(b)(2) states "Only providers that have been providing services to persons with developmental disabilities under contract with the state for at least five (5) years shall be eligible to apply for these new beds." Please describe the services and the number of years which the applicant has provided each service through contract(s) with the state of Tennessee to persons with developmental disabilities.

*Response: Michael Dunn Center was established in 1971 and has been providing services to individuals under contract with the State of Tennessee since the late 1970's. The current ICF homes (Leda Herron and Julia Caillouette) have been licensed since 1996.*

**8. Section C. (Need) Item 1 (Service Specific Criteria-ICF/IIDD Facilities)**

**A. Need 1.**

The use of 2013 population statistics is noted. However, please use the most recent population statistics (2015) and revise your calculations. *Please see attachment 7: 6 pages*

**9. Section C. (Need) Item 6 - No projected utilization with documented methodology**

Please provide the projected number of annual bed resident days and the details regarding the methodology used to project "resident bed" days during the first year of operation and resident bed" days during the second year of operation.

*Response: We project we will have 1,460 annual bed resident days for both year one and year two. We have created a budget based on having 100% occupancy during the first and second year. Our actual utilization has been very close to 100% for our ICF homes.*

Using the chart below, please provide the occupancy and utilization for the past three years for the two ICF/IIDDs (Callouette Home and Herron Home) currently located in Roane County.

County	Facility/Address	2013	2013	2013	2014	2014	2014	2015	2015	2015
		Lic. Beds	ADC	% Occupancy	Lic. Beds	ADC	% Occup.	Lic. Beds	ADC	% Occup.
Roane	Callouette Home	4	3.88	96.9%	4	3.93	98.2%	4	3.87	96.7%
Roane	Herron Home	4	3.997	99.9%	4	4.00	100.00%	4	4.00	100.00%
	Total	8	7.877	98.46%	8	7.93	99.1%	8	7.87	98.4%

**10. Section C. (Economic Feasibility) Item 1. (Project Cost Chart)**

The amounts for sections D-F in the Project Costs Chart do not line up. Please revise and submit a replacement Project Costs Chart. *Please See Attachment 8*

Please clarify what is included in \$144,000 in construction included in the Project Costs Chart.

*Response:*

*The \$144,400 includes the following:*

*Sprinkler System \$129,400*

*Fire Panel 4,000*

*Concrete work 1,000*

*Construction of suites 10,000*

*Total \$144,400*

Please provide documentation from licensed construction industry professional (i.e., architect, builder, engineer) describing the project's facility required modifications and his/her estimate of the cost to complete the modifications to provide a physical environment, according to applicable federal state and local construction codes, standards, specifications, and requirements, including the latest AIA Guidelines for Design and Construction of Health Care Facilities and the Americans with Disabilities Act. *Please See Attachment 9*

**11. Section C. (Economic Feasibility) Item 2 (Funding)**

Your response is noted. Please provide appropriate documentation (letter) of the availability of cash reserves to fund the proposed project from the applicant's or parent company's Chief Financial Officer or equivalent. *Please See Attachment 10*

**12. Section C. (Economic Feasibility) Item 3**

Please provide a response to item #3.

*Response:*

*The projected renovation cost is \$144,400 and the cost per square foot is \$31.54. Of the \$31.54 \$28.27 is the cost of the sprinkler system. The cost of new construction would be much greater than the cost to renovate this home.*

**13. Section C. (Economic Feasibility) Item 4 (Historical Data Chart)**

**Historical Data Chart**

The Historical Data Chart is not in the correct format as prescribed in the application (A-F). Please review the Historical Data Chart in the application and submit a corrected revised Historical Data Chart. *Please See Attachment 11*

Why was there a loss of \$341,000 in 2014 in the Historical Data Chart?

*Response: We gave a 2% wage increase to staff. This had a cost of \$160,000 and we did not receive a rate increase to pay for these wage increases. In the prior year we had a DOT grant that we did not receive in FY2014. This grant was \$169,779. Compared to the prior year we lost \$57,000 of child day care fees from our child day care program, \$63,000 of revenue from contracts with the local school systems and lost \$91,799 of revenue from sales in our work program.*

Please specify "other operating revenue" in A.4 in the Historical Data Chart.

*Response: Other Operating Revenue is income from insurance proceeds, management fees, food stamp revenue, rental income, reimbursements and miscellaneous income.*

Please explain the reason salaries and wages increased from \$8,680,000 in 2013 to \$9,514,000 in 2014 in the Historical Data Chart.

*Response:*

<i>We gave a 2% increase in wages</i>	<i>\$164,000</i>
<i>We added two new homes</i>	<i>575,675</i>
<i>Increase in health insurance cost</i>	<i>96,579</i>
<i>Work Comp Premium increase</i>	<i>16,496</i>

The Historical Data Chart shows no Provision for Charity Care and/or Bad Debt. Please explain.

*Response: We expect to only serve individuals that are funded by the State of Tennessee or the Federal government. We expect to receive payment for all services provided.*

**Projected Data Chart**

The Projected Data Chart is not in the correct format as prescribed in the application (A-F). Please review the Projected Data Chart in the application and submit a corrected revised Projected Data Chart. *Please See Attachment 12*

Please clarify the reason revenue and expenses will decrease in Year Two.

*Response: Our budget is based on being reimbursed for our expenses so the income changes as the expenses change. The first year of operation we budgeted to furnish the home with furniture and appliances. The second year does not include purchases of furniture and appliances so the expenses will decrease.*

Why are supplies declining from \$138,934 in Year One to \$32,640 in Year Two?

*Response: The first year we have budgeted to purchase the furniture and appliances for the home. The following year we will only need to purchase expendable supplies such as food and cleaning supplies.*

Where are the 4 resident's dietary meals accounted for in the Projected Data Chart?

*Response: The resident's dietary meals are included under Supplies.*

If the applicant is a non-profit, why is there a \$65,399 tax expense in Year One and \$59,247 in Year Two?

*Response: This tax is the ICF tax imposed by the State of Tennessee on funds we receive. The tax rate is 5.5%.*

The Historical Data Chart and Projected Data Charts are noted. **Please complete the following tables and place the tables on separate pages labeled 32A and 33A, respectively to be located after the Historical and Projected Data Charts. Please See Attachment 13 Labeled 32A and 33A**

**PROJECTED DATA CHART-OTHER EXPENSES**

**D.9 OTHER EXPENSES CATEGORIES**

	Year 1	Year 2
1. Prof Fees	\$ 2,350	\$ 2,350
2. Telephone	3,470	3,539
3. Occupancy	21,030	22,291
4. Travel	20,550	20,550
5. Insurance	641	654
6. Depreciation	576	576
7. Miscellaneous	2,000	2,000
8. Administrative	127,439	116,080
Total Other Expenses	\$ 178,056	\$ 168,040

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**HISTORICAL DATA CHART-OTHER EXPENSES**

<u>D.9 OTHER EXPENSES CATEGORIES</u>	<u>Year 2012</u>	<u>Year 2013</u>	<u>Year 2014</u>
1. Professional Fees	\$582,780	\$569,792	\$554,046
2. Telephone	77,197	65,192	62,827
3. Postage & Shipping	8,510	6,328	8,864
4. Occupancy	341,989	336,694	322,911
5. Equipment Rental & Maint	17,868	24,849	16,103
6. Printing & Publications	15,855	15,838	3,610
7. Travel, Conf & Meetings	534,737	583,646	606,869
8. Insurance	53,041	56,311	62,840
9. Miscellaneous	212,318	274,339	215,782
<b>Total Other Expenses</b>	<b>\$1,844,295</b>	<b>\$1,932,989</b>	<b>\$1,853,852</b>

**14. Section C. (Economic Feasibility) Item 5**

Your response is noted. Please identify the project's gross charge, average deduction from operating revenue, and average net charge per patient day. The applicant should divide the total patient days in Year One of the Projected Data Chart into the total gross charges, deductions from operating revenue total, and total net charges to calculate the charges. Please revise and submit a replacement page. Please See Attachment 12

*Response:*

Project's Gross Charge	\$1,155,386
Less Avg Deduction from Operating Revenue	-0-
Net Operating Revenue	\$1,155,386
Total Patient Days in Year One	1,460
Average Net Charge Per Patient Day	\$791.36

**15. Section C. (Economic Feasibility) Item 6.a and 6.b**

Please discuss the proposed per diem (daily) charges of the project. In your response, please discuss if reimbursement increases yearly, if the rates are a set rate, and if managed care rates are negotiated with each TennCare MCO.

*Response: The per diem charges will be set by the Tennessee Comptroller's office based on the annual cost report submitted to them. It is my understanding the first year's per diem rates will be set by the projected first year cost of the project. The per diem rates on each year after the first year may go up or down based on the actual cost of the prior year. These rates are always set by the Comptroller's office.*

Please discuss and compare the proposed charges with similar (licensed-4 beds) institutions (ICF/IIDDs).

*Response: The only known rates we have are for the two ICF homes we operate. The first year rate for this project is higher than the rates for these homes. We expect the rates will drop to be in line with our current rates after the first year. The first year per diem rate for this project includes the cost of furnishing the home. It is our understanding this per diem rate is less than some other ICF/IIDDs.*

**16. Section C. (Economic Feasibility) Item 9**

It is noted the applicant projects Year One revenue will be \$1,155,000 100% from Medicaid and dedicated for care expenses. However, what percentage of the patient's SSI will be counted as revenue. If needed, please revise your response and the Projected Data Chart by designating patient's SSI in line B.4 (other operating revenue).

*Response: The tenant will only receive the amount of the personal allowance from their SSI payment, \$30. The balance of their SSI will be transferred to TennCare by Social Security to pay toward their total care. If the tenant receives more than their personal allowance then Dept. of Human Services will set up a patient liability and the tenant will pay this to the Agency and this patient liability will be deducted by TennCare from the payment made to the Agency by TennCare. Therefore -0-% of the patient's SSI will be counted as revenue.*

**17. Section C (Contribution to Orderly Development) Item 7.c**

It is noted the Michael Dunn Center Department of Health license for skilled services has expired (12-5-2015). Please submit a copy of the current license. *Please See Attachment 14*

**18. Project Completion Forecast Chart**

Please enter the agency initial decision date (May 25, 2016) on the top of the Project Completion Forecast Chart and resubmit a replacement page.

*Response: Some of the renovations are scheduled to be completed prior to the initial agency decision date of May 15<sup>th</sup>, 2016 in an effort to have the home ready for occupancy by the individuals from GVDC with a move in goal of July 1<sup>st</sup>, 2016. See Attachment 15; Labeled Replacement Page*

The anticipated dates of completion for key areas of the project are prior to the May 25, 2016 Agency Decision. Please revise and include any changes in the submitted replacement page.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application, the sixtieth (60<sup>th</sup>) day after written Notification is Tuesday, April 5, 2016. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Resubmittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed

affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Phillip M. Earhart  
Health Services Development Examiner

PME

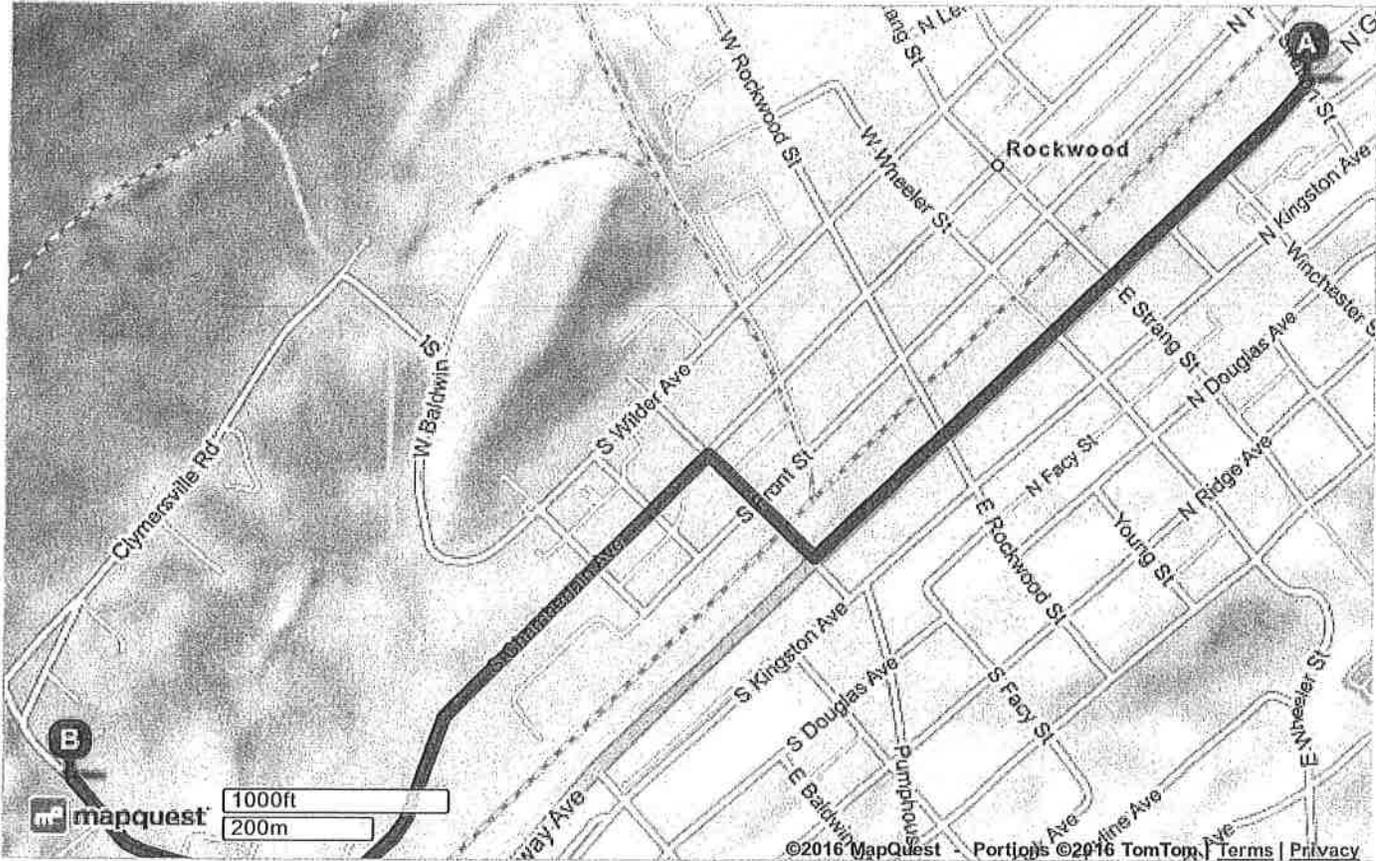
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Enclosure

Total Travel Estimate: 1.95 miles - about 4 minutes

**February 12, 2016**

**11:15 am**



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Trip to:  
**763 Clymersville Rd**  
 Rockwood, TN 37854-6508  
 1.95 miles / 4 minutes

Notes

distance between 313 Michael Dunn Drive, Rockwood, TN (LaCroix) and Hope Have II, 763 Clymersville, Rockwood, TN

February 12, 2016  
 11:15 am

**Rest In Peace**  
 With A \$350,000 Life Insurance  
 Policy For \$21/Month

**Tap Your Age:**

18-25    26-35    36-45  
 46-55    56-65    66-75    Over 75

Calculate New Payment

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**A Rockwood, TN**

Download  
Free App

- 1. Start out going southwest on N Gateway Ave / US-70 W / US-27 S / TN-1 / TN-29 toward Winchester St. [Map](#)

**0.8 Mi**  
0.8 Mi Total
- 2. Turn right onto W Rathburn St. [Map](#)  
*W Rathburn St is 0.2 miles past W Rockwood St  
 If you reach Nelson St you've gone about 0.3 miles too far*

**0.2 Mi**  
0.9 Mi Total
- 3. Turn left onto S Chamberlain Ave. [Map](#)  
*S Chamberlain Ave is just past S Front St  
 If you reach S Wilder Ave you've gone a little too far*

**0.7 Mi**  
1.7 Mi Total
- 4. Stay straight to go onto Clymersville Rd. [Map](#)

**0.3 Mi**  
1.9 Mi Total
- 5. 763 CLYMERSVILLE RD is on the right. [Map](#)  
*Your destination is just past Kirby Ln  
 If you reach Shadow Lodge Dr you've gone a little too far*

**B 763 Clymersville Rd, Rockwood, TN 37854-6508**

**ICF/MR FACILITIES Specific Questions****A. Need**

1. The population-based estimate of the total need for ICF/MR facilities is .032 percent of the general population. This estimate is based on the estimate for all mental retardation of 1 percent. Of the 1 percent estimate, 3.2 percent of those are estimated to meet level 1 criteria and be appropriate for ICF-MR services.

*Response: The population of Roane County, TN in 2015 was reported as 55,411. There are currently 8 ICF/ MR beds in the county that are in use. There are 4 beds with an approved CON pending licensure and admissions. Using the need based estimate of 0.32 %, the need in Roane County is 17.7 beds.*

2. The estimate for total need should be adjusted by the existent ICF-MR beds operating in the area as counted by the Department of Health, the Department of Mental Health and Developmental Disabilities, and the Division of Mental Retardation Services in the Joint Annual Reports.

*Response: The total estimated need minus the existing 8 beds and 4 pending beds leaves a need of 5.7 beds in Roane County.*

**B. Service Area**

1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity.

*Roane County, Tennessee is 395 square miles. With a 2015 population of 55,411, the population density is 140.3 people per square mile. The population density in the United States is 84.7 people per square mile. Roane County has a major interstate passing through it, making Knoxville easily accessible. The geographic area offers a Covenant Health Hospital, Roane Medical Center, within 5 miles. Specialty physicians are available in nearby cities such as Knoxville and Oak Ridge, TN.*

2. The relationship of the socio-demographics of the service area and the project population to receive services should be considered. The proposal's sensitivity and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, and those needing services involuntarily.

*Please see the attached four pages from United States Census Quick Facts and the Tennessee Population Estimates 2015 and 2019 with all demographic information for Roane County.*

*This project involves the conversion of an existing, licensed Residential Habilitation home that will create 4 new ICF/IID beds in Roane County. There are individuals currently living at Greene Valley Developmental Center who need ICF / IID services in the community. These individuals have developmental disabilities and complex medical needs, which include tracheotomy care, tube feeding, oxygen administration, insulin injections, medication administration and daily medical assessments. The age range for the men and women with developmental disabilities who need ICF / IID services range from 18 – 70 years old. These services are accessible to all who need and qualify for services, including women, ethnic minorities, low-income groups and those needing services voluntarily.*

**C. Relationship to Existing Applicable Plans**

- 1. The proposal's relationship to policy as formulated in state, city, county, and/or regional plans and other documents should be a significant consideration.**

*Michael Dunn Center's proposal for this ICF home includes operating within the policies of DIDD, TennCare and Department of Health.*

- 2. The proposal's relationship to underserved geographic areas and underserved populations groups as identified in state, city, county, and/or regional plans and other documents should be a significant consideration.**

*DIDD has a statewide waiting list of more than seven thousand people awaiting placement. These additional beds will remain in place in the event someone being admitted from GVDC passes away. This will provide an opportunity to serve additional people from the waiting list.*

- 3. The impact of the proposal on similar services supported by state and federal appropriations should be assessed and considered.**

*There are currently eight ICF beds in Roane County operated by MDC. All of these beds are occupied. Newly vacant beds have been filled within 60 days. The four additional beds will not impact these ICF homes. The next closest homes are in Knoxville and Chattanooga, TN, greater than 40 miles away. The new home in the proposal will not impact the existing ICF beds.*

- 4. The degree of projected financial participation in the Medicare and TennCare programs should be considered.**

*Hope Haven Inc. will provide the funding for the renovations for this proposal. After the completion of the project, TennCare will remit payment to Michael Dunn Center for provisions provided to the individuals residing in the home.*

**D. Relationship to Existing Similar Services in the Area**

- 1. The area's trends in occupancy and utilization of similar services should be considered.**

*There are currently eight ICF beds in Roane County operated by MDC. All of these beds are occupied. Newly vacant beds have been secured within 30 days and filled within 60 days. There have only been two open ICF beds in Roane County in 18 years.*

- 2. Accessibility to specific special need groups should be an important factor.**

*Roane County Family Practice physicians see a majority of the individuals with developmental disabilities at MDC. One of these physicians is on the board of directors at MDC. The hospital administrator from Roane Medical Center, the local hospital, is also on the board of directors at MDC. MDC employs a therapy department consisting of a PT, PTA, OT, SLP, and two dieticians. MDC also employs nursing staff and contracts with behavioral analysts as needed.*

**February 12, 2016****11:15 am****MORRISTOWN**  
AUTOMATIC SPRINKLER CO.1310 Karnes Avenue  
Knoxville, TN 37917  
Office: 865.689.4480  
Fax: 865.687.8622  
TN Fire Alarm #C-1746

July 1, 2015

Michael Dunn Center  
629 Gallaher Rd,  
Kingston, TN 37763

Attn: Gary Hiedle

Re: Clymersville RD Property

Dear Gary,

Based on upon our recent site visit and conversations, we are pleased to offer this proposal to perform the fire protection work at the referenced. Our scope of work is based on the following:

**Exterior:**

- Beginning at the property line at an outlet left by the local utility company, install 6" fire protection underground piping approximately along the existing driveway.
- A new fire hydrant will be placed close to the driveway entrance supplied from the new underground piping.
- After the hydrant, install a yard post indicating gate valve (YPIV) and continue to an above ground heated enclosure with an approved backflow assembly and a Fire Department Connection (FDC).
- After the backflow assembly, continue with 6" underground piping approximately 275'-0" to the existing house and end with a flanged spigot piece located in a riser room near the pantry.
- All underground fire protection piping will be properly restrained with concrete thrust blocks, rodding and clamping.
- All underground fittings will be mechanical joint type fittings.
- Installation and testing will be per NFPA 24 and 13.

**February 12, 2016****11:15 am**Page 2 of 3  
Michael Dunn  
7/2/2015**Interior:**

- Beginning at flanged spigot piece in the riser room, install a dry pipe riser assembly complete with control valve, dry pipe valve, main drain, air supply, pressure switches, alarm bell and all other components necessary for a complete and functional system.
- From the dry riser assembly, install automatic sprinkler protection for all occupied spaces and for the combustible attic space.
- The occupied spaces will be designed for a Light Hazard Occupancy in accordance with NFPA 13. The sprinklers will be quick response, dry barrel type chrome pendent.
- The attic space will be designed for a Light Hazard Occupancy in accordance with NFPA 13. The sprinklers will be quick response brass upright.
- Seismic bracing will be provided per NFPA 13.
- All installation and testing will be per NFPA 13.
- Standard materials and components will be used including black steel pipe, grooved fittings and cast iron screwed fittings.

The price breakdown to perform the work described above is:

<b>Exterior:</b>	<b>\$ 52,600.00</b>
<b><u>Interior:</u></b>	<b><u>\$ 76,800.00</u></b>
<b>TOTAL:</b>	<b>\$ 129,400.00</b>

**Conditions:**

- This proposal assumes an adequate water supply.
- The piping will be sloped back to the riser. If this is not possible due to constraints of the existing building, we will provide low point drain assemblies where required.
- Our proposal begins at the property line. The local utility will bring service to the property line; however the fees to the local utility will be paid by the owner.
- This proposal assumes an NFPA 13 sprinkler system is required. If during code review it is found that a less comprehensive system is acceptable, we will provide a revised proposal.
- Our drawings will be signed by a State of Tennessee Responsible Managing Employee (RME). No Architect or Professional Engineer stamped or sealed drawings are included in this proposal.

**February 12, 2016****11:15 am**Page 3 of 3  
Michael Dunn  
7/2/2015

- This proposal assumes a method for bringing materials into the attic space from outside will be provided by others. The small access panel in the interior of the house will not be sufficient for getting materials into the attic.
- This quotation assumes work will be completed during normal working hours.
- This quotation is good for 30 days.

**Exclusions:**

Our quotation specifically excludes the following:

1. Payment and Performance bond – if required can be figured at 1.0% of contract.
2. Painting, marking and identification of piping.
3. Galvanized piping.
4. Fire Extinguishers.
5. Hose valves, stations or cabinets.
6. Alarm system.
7. Cutting, Patching or repairing asphalt and/or concrete.
8. Removal of unsuitable soil including rock and soil cement. It is assumed that excavated material is suitable for backfill.
9. Bollards for protection of risers.
10. Wiring of fire protection equipment.
11. Dry sprinkler protection for any areas outside the building.

Thank you for the opportunity to quote on this valued work. If you have any questions, please do not hesitate to contact me at your convenience at 865-689-4480.

Best regards,

MORRISTOWN AUTOMATIC SPRINKLER CO.

*Jeremy Cross*

Jeremy Cross

**February 12, 2016**

629 Gallaher Road

Kingston, TN 37763

(865) 376-3416

[www.michaeldunncenter.org](http://www.michaeldunncenter.org)

The Michael Dunn Center has or has access to the cash needed to fund the proposed project. Michael Dunn Center maintains a cash balance of \$800,000 to \$1,000,000 and the Michael Dunn Foundation has cash and investments that total around \$2,800,000. The Michael Dunn Foundation's Board of Directors has pledged their financial support if and when Michael Dunn Center needs financial support.

As of 6/30/15 Michael Dunn Center has current assets of \$2,589,140.07 and total liabilities of \$757,079.18.

As of 6/30/15 Michael Dunn Foundation has current assets of \$2,859,539.75 and total liabilities of \$18,920.62.

Balance sheets of both corporations are attached.

Glen Blevins, VP of Finance

4711210000  
FEB 12 2016

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Roane

NAME OF FACILITY: Michael Dunn Center

I, Mike McElhinney, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

[Signature]  
\_\_\_\_\_  
Signature/Title president/CEO 2-9-16

Sworn to and subscribed before me, a Notary Public, this the 9<sup>th</sup> day of February 2016, witness my hand at office in the County of Roane, State of Tennessee.

[Signature]  
NOTARY PUBLIC

My commission expires 1-15-2018



**Copy  
Supplemental- #2**

**Michael Dunn Center**

**CN1602-006**

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FEB 24 10 AM EST '16

**SUPPLEMENTAL**

#2

February 24, 2016  
 9:48 am

Please indicate the number of patient days provided in Years 2012, 2013, and 2014 on line "A. Utilization Data" in the Historical Data Chart. Please revise and resubmit.

Why was there a loss of \$341,000 in 2014 in the Historical Data Chart?

We gave a 2% wage increase to staff. This had a cost of \$160,000 and we did not receive a rate increase to pay for these wage increases. In the prior year we had a DOT grant that we did not receive in FY2014. This grant was \$169,779. Compared to the prior year we lost \$57,000 of child day care fees from our child day care program, \$63,000 of revenue from contracts with the local school systems and lost \$91,799 of revenue from sales in our work program.

Please specify "other operating revenue" in A.4 in the Historical Data Chart.

Other Operating Revenue is income from insurance proceeds, management fees, food stamp revenue, rental income, reimbursements and miscellaneous income.

Please explain the reason salaries and wages increased from \$8,680,000 in 2013 to \$9,514,000 in 2014 in the Historical Data Chart.

We gave a 2% increase in wages	\$164,000
We added two new homes	575,675
Increase in health insurance cost	96,579
Work Comp Premium increase	16,496
Other Changes	(18,750)

The Historical Data Chart shows no Provision for Charity Care and/or Bad Debt. Please explain.

We expect to only serve individuals that are funded by the State of Tennessee or the Federal government. We expect to receive payment for all services provided.

### Projected Data Chart

The Projected Data Chart is not in the correct format as prescribed in the application (A-F). Please review the Projected Data Chart in the application and submit a corrected revised Projected Data Chart.

Please clarify the reason revenue and expenses will decrease in Year Two.

Our budget is based on being reimbursed for our expenses so the income changes as the expenses change. The first year of operation we budgeted to furnish the home with furniture and appliances. The second year does not include purchases of furniture and appliances so the expenses will decrease.

Why are supplies declining from \$138,934 in Year One to \$32,640 in Year Two?

AFFIDAVIT

FEB 24 10 09 AM '16  
**SUPPLEMENTAL**  
#2  
February 24, 2016  
9:42 am

STATE OF TENNESSEE

COUNTY OF Roane

NAME OF FACILITY: Michael Dunn Center

I, Mike McElhinney, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Mike McElhinney President/CEO  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 23<sup>rd</sup> day of February, 2016, witness my hand at office in the County of Roane, State of Tennessee.

Michele Mayton  
NOTARY PUBLIC

My commission expires January 15, 2018.



**COPY**

**SUPPLEMENTAL-3**

**Michael Dunn Center**

**CN1602-006**

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**February 29, 2016****12:15pm****2. Section C. (Economic Feasibility) Item 4 (Historical Data Chart)**

The Itemized expenses included in "Historical Data Chart-D.9 Other Expenses" in Attachment 13 for the Years 2012-2014 is noted. However, the totals in the attachment do not match the Historical Data Chart totals included in D.9 in Attachment 11. Please submit a revised Historical Data Chart, or revise the totals in "D.9 Other Expenses Categories" included in Attachment 13 and submit a replacement page.

Answer: The amounts in the Historical Data Chart was averaged to the thousands. Below is the breakdown of the Other Expenses averaged to the thousands.

Other Expenses	FY2012	FY2013	FY2014
Professional Fees	583,000.00	570,000.00	554,000.00
Supplies			
Telephone	77,000.00	65,000.00	63,000.00
Postage & Shipping	8,000.00	6,000.00	9,000.00
Occupancy	342,000.00	337,000.00	323,000.00
Equipment Rental & Maint.	18,000.00	25,000.00	16,000.00
Printing & Publications	16,000.00	16,000.00	3,000.00
Travel, Conf & Meetings	535,000.00	584,000.00	607,000.00
Insurance	53,000.00	56,000.00	63,000.00
SR Wages & Benefits			
Depreciation			
Other Non Personnel	212,000.00	274,000.00	216,000.00
Items For Resale			
Fund Raising Expenses			
Grant Expenses			
Equipment			
<b>TOTAL OTHER EXPENSES</b>	<b>1,844,000.00</b>	<b>1,933,000.00</b>	<b>1,854,000.00</b>

**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF Roane

NAME OF FACILITY: Michael Dunn Center

I, Mike McElhinney, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Mike McElhinney President/CEO  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 26<sup>th</sup> day of February, 2016, witness my hand at office in the County of Roane, State of Tennessee.

Michele Mayton  
NOTARY PUBLIC

My commission expires January 15, 2018.

HF-0043

Revised 7/02







**State of Tennessee  
Health Services and Development Agency**

Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

**LETTER OF INTENT**

The Publication of Intent is to be published in the Roane County News which is a newspaper  
(Name of Newspaper)  
of general circulation in Roane, Tennessee, on or before 02/04, 2016,  
(County) (Month / day) (Year)  
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Michael Dunn Center Residential Habilitation  
(Name of Applicant) (Facility Type-Existing)

owned by: Hope Haven Corporation with an ownership type of Non-Profit

and to be managed by: Mike McElhinney, President/ CEO intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]: The conversion of a residential habilitation home located at 736 Clymersville Road, Rockwood, TN 37854 into a four person ICF/ IDD home to facilitate the relocation of four individuals exiting Green Valley Developmental Center (GVDC), located at 4850 East Andrew Johnson Highway, Greeneville, TN 37744-0910. The estimated project cost, calculated according to the rules of the HSDA, is \$1,582,504.00 The project includes the relocation of individuals in the Residential Habilitation home to local Supported Living Homes or smaller Residential Habilitation Homes, the renovation of the Residential Habilitation home to meet ICF/ IDD regulations, as well as bedroom modifications to best support the new residents. Services provided will include 24 hour care support, including nursing services. Appropriate therapies, community integration opportunities and active treatment plan implementation to increase independence will also be provided.

The anticipated date of filing the application is: February 4<sup>th</sup>, 2016

The contact person for this project is Mike McElhinney President/ CEO  
(Contact Name) (Title)

who may be reached at: Michael Dunn Center 629 Gallaher Road  
(Company Name) (Address)

Kingston	TN	37763	865-376-3416 Ext. 215
(City)	(State)	(Zip Code)	(Area Code / Phone Number)

[Signature] 1.29.16 Mike.McElhinney@MichaelDunnCenter.org  
(Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

MEMORANDUM

TO: Melanie Hill, Executive Director  
Health Services and Development Agency

FROM: Theresa Sloan, Assistant Commissioner and General Counsel;  
Tennessee Department of Intellectual and Developmental Disabilities



DATE: March 4, 2016

RE: Review and Analysis of Certificate of Need Application  
Michael Dunn Center- CN11601-006

Pursuant to, and in accordance with, Tennessee Code Annotated (TCA) § 68- 11- 1608 and Rules of the Health Services and Development Agency including the Criteria and Standards for Certificate of Need (2000 Edition, Tennessee's Health Guidelines for Growth, prepared by the Health Planning Commission) [hereinafter Guidelines for Growth], staff of the Tennessee Department of Intellectual and Developmental Disabilities (DIDD) the licensing agency, have reviewed and analyzed the above-referenced application for a Certificate of Need.

Attached is the DIDD report. At a minimum, and as noted in TCA § 68-11-1608, the report provides:

- (1) Verification of application-submitted information;
- (2) Documentation or source for data;
- (3) A review of the applicant's participation or non-participation in Tennessee's Medicaid program, TennCare or its successor;
- (4) Analyses of the impact of a proposed project on the utilization of existing providers and the financial consequences to existing providers from any loss of utilization that would result from the proposed project;
- (5) Specific determinations as to whether a proposed project is consistent with the state health plan;
- (6) Further studies and inquiries necessary to evaluate the application pursuant to the rules of the agency.

If there are any questions, please contact me at (615) 253-6811

cc: Debra K. Payne, Commissioner, DIDD  
Jordan Allen, Deputy Commissioner, DIDD  
John Craven, ETRO Director, DIDD  
Lee Vestal, Director of Risk Management and Licensure, DIDD

**REVIEW AND ANALYSIS CERTIFICATE OF NEED APPLICATION  
 # CN 1601-006**

**Opening Remarks on the Project**

Pursuant to, and in accordance with, Tennessee Code Annotated (TCA) § 68-11-1608 and Rules of the Health Services and Development Agency including the Criteria and Standards for Certificate of Need (2000 Edition, Tennessee's Health Guidelines for Growth, prepared by the Health Planning Commission) [hereinafter Guidelines for Growth], staff of the Tennessee Department of Intellectual and Developmental Disabilities (DIDD), the licensing agency, have reviewed and analyzed the application for a Certificate of Need submitted by Mr. Michael McElhinney (President/CEO of the Michael Dunn Center) on behalf of the Michael Dunn Center for the establishment of a new, four bed Intermediate Care Facility for individuals with Intellectual Disabilities (ICF/IID) to be located, at 763 Clymersville Road in Rockwood, Roane County TN. This is a current ten bed residential habilitation facility owned by the Hope Haven Corporation that will be re-purposed into a four bed ICF/IID. Due to the closure of the state run Greene Valley Developmental Center (GVDC), these beds are being created for the transition of persons residing at the GVDC whose family members live in or near Roane County TN.

The report has three (3) parts:

- A. Summary of Project
- B. Analysis - in three (3) parts:

<b><u>Need</u></b>	<b><u>Economic Feasibility</u></b>	<b><u>Contribution to the Orderly Development of Health Care</u></b>
Evaluated by the following general factors: A. Relationship to any existing applicable plans; B. Population to be served; C. Existing or Certified Services or Institutions; D. Reasonableness of the service area; E. Special needs of the service area population (particularly women, racial and ethnic minorities, and low-income groups); F. Comparison of utilization/ occupancy trends and services offered by other area providers; G. Extent to which Medicare, Medicaid, and medically indigent patients will be served; and H. Additional factors specified in the Tennessee's Health Guidelines for Growth publication for this type of facility.	Evaluated by the following general factors: A. Whether adequate funds are available to complete the project; B. Reasonableness of costs; C. Anticipated revenue and the impact on existing patient charges; D. Participation in state/federal revenue programs; E. Alternatives considered; F. Availability of less costly or more effective alternative methods; and G. Additional factors specified in the Tennessee's Health Guidelines for Growth publication.	Evaluated by the following general factors: A. Relationship to the existing health care system (i.e., transfer agreements, contractual agreements for health services, and affiliation of the project with health professional schools); B. Positive or negative effects attributed to duplication or competition; C. Availability and accessibility of human resources required; D. Quality of the project in relation to applicable governmental or professional standards; and E. Additional factors specified in the Tennessee's Health Guidelines for Growth publication.

C. Conclusions

A: SUMMARY OF PROJECT

Submission of Application

Mr. Michael McElhinney (President/CEO of the Michael Dunn Center) on behalf of the Michael Dunn Center, has submitted this CON, for the establishment of a new, four bed Intermediate Care Facility for individuals with Intellectual Disabilities (ICF/IID) to be located, at 763 Clymersville Rd in Rockwood, Roane County TN. This is a current ten bed residential habilitation facility owned by the Hope Haven Corporation that will be re-purposed into a four bed ICF/IID. Due to the closure of the state run Greene Valley Developmental Center (GVDC), these beds are being created for the transition of persons residing at the GVDC whose family members live in or near Roane County TN.

The Applicant Profile indicates that the type of institution is "Mental Retardation Institutional Habilitation Facility (ICF/MR)" (Item 7.H.) and the purpose of review is "New Institution" and "Change of Location" (Item 8.A. and 8.H).

Applicant Profile, Ownership, Management, and Licensure

As previously noted, the Applicant Profile indicates that the type of institution is "Mental Retardation Institutional Habilitation Facility" (Item 7.H.) and the purpose of review is "New Institution" and Change of location (Items 8.A. and 8.H). The Applicant Profile also shows that the Owner of the Facility, Agency or Institution, is Hope Haven Corporation which will be operated by the Michael Dunn Center (Item 3). There is not a management company. Michael Dunn Center will operate the facility in all aspects with the exception of the initial start-up costs. Item 9 of the Applicant Profile shows the bed complement as noted previously: four ICF/IID beds all of which are the number of proposed beds and beds at completion since this project is for the conversion of a ten bed Residential Habilitation Facility.

In Section B Project Description the Applicant explains and details the project as being a conversion of a ten bed Residential Habilitation Home into a four bed ICF/IID, with the existing management staff managing the new home. The Michael Dunn Center foundation has financial resources to open this home as shown in the Michael Dunn Foundation Inc. Financial Statements with Supplemental Financial Information (Attachment 15 of Original CON and Supplemental #1 Financial Statements with Supplemental Financial Information).

Since the Applicant is applying for a conversion of a current Residential Habilitation Facility, there is a current Mental Retardation Residential Habilitation license issued by DIDD. If the project is approved, the current license would be surrendered to DIDD and a new license for a Mental Retardation Institutional Facility would be issued by DIDD.

Scope of the Proposed Project

As noted, the Applicant seeks to establish a new, four bed ICF/IID by making modifications/conversions to

an existing ten bed Residential Habilitation Home. The new facility will serve individuals with severe Intellectual Disabilities who require institutional level of care. These individuals have multiple special needs including health care, assistance with hygiene, dietary services, physical therapy, and activities of daily living. The Michael Dunn Center is a private, not-for-profit Corporation which currently operates both ICF/IIDs and Home and Community based waiver services licensed by and under contract with DIDD.

### Operations

The proposed service area identified by the applicant is Roane County in East Tennessee.

The need for the development of four bed ICF/IID home comes as a direct result of the announced closure of the last large state owned developmental center, Greene Valley Developmental Center (GVDC), which is anticipated to close on June 30, 2016. The closure of GVDC is part of an Exit Plan in a nineteen (19) year old lawsuit against the state of Tennessee by the Department of Justice (People First of Tennessee et. al. v. The Clover Bottom Developmental Center et. al. No. 3:95-1227) regarding unconstitutional conditions at four (4) developmental centers in Tennessee. The last obligation in the Exit Plan, which once complete will result in a full dismissal of the law suit, is the closure of GVDC and the transition of all residents into smaller homes in the community, such as the home this CON is being requested to build.

Project costs are estimated at \$1,582,504 for modification of the current facility as described above. No major medical equipment is contained within this project. The projected date of completion of the project and the initiation of services is July 2016.

### B: ANALYSIS

#### NEED:

The Guidelines for Growth include a population-based estimate of the total need for ICF/IID facilities of 0.032 percent of the general population. This estimate is based on the estimate for all Intellectual Disabilities of 1 percent of the general population. Of the 1 percent estimate, 3.2 percent are estimated to meet level 1 criteria and be appropriate for ICF/IID services. The applicant identified the proposed service area for this project as Roane County, since that is where this new four bed ICF/IID facility will be located. According to population estimates from the Tennessee Department of Health, the 2015 population estimate for Roane County is 54,411. Applying the Guidelines for Growth formula to this population estimate indicates a need for 17.7 ICF/IID beds in the proposed service area in 2015. The Health Services and Development Agency has approved two previous MDC four bed ICF/IID facilities to be located in Roane County for a current total of eight ICF/MR beds. This project in conjunction with the conversion of a second home will add a total of eight ICF/IID beds in Roane County. At completion there will be a total of 16 ICF/IID beds in Roane County. All eight new ICF/IID beds will be created to support persons moving out of the GVDC. Therefore, the need for these ICF/IID beds is supported by the Guidelines for Growth formula.

#### ECONOMIC FEASIBILITY:

The anticipated cost for this project is \$1,582,504 for modification of the current facility as described above. Based on information submitted by the applicant, sufficient cash reserves appear to be in place to fund this project. This project will be financed through cash reserves of the Michael Dunn Foundation, Inc. The project involves the modification of a home located in Rockwood, Tennessee. It is a 3,341 square foot, one story ranch style home located on a 2.93 acres lot. As explained on page 15 of the application, the facility design includes four suites; each suite will consist of a bedroom that will be approximately 180 square feet, a 180 square foot TV lounge or sitting room, and a large bathroom with a handicapped accessible shower (to be shared between two suites). There will also be larger common living room to socialize with the other persons living in the four person home, a kitchen and dining area for persons and/or staff to prepare meals and for the persons residing in the home to sit and eat together in a "family style" environment, medication and equipment rooms, and laundry rooms. The Applicant reports, on Page 15 of the application, that the conversion of this home to an ICF/IID home will add four additional ICF beds in Roane County.

Michael Dunn Center projects an occupancy rate of 100% for this project for both year 1 and year 2, since the beds will be immediately filled by the relocation of residents from The Greene Valley Developmental Center. Occupancy rates of the two current ICF/IID homes operated by The Michael Dunn Center have ranged between 97% and 99.5% in the past three years. There have been two vacancies within the past year, both of which were filled within a month of the vacancy. Based on this information the projected occupancy rate appears to be reasonable.

Net operating revenue is anticipated of \$688,971 the first year of operation 1,155,000. All revenue will be from Medicaid. The average gross charge is expected to be \$791 per day the first year of operation and \$716 per day the second year. The per diem rates for ICF/IID facilities are set by the State of Tennessee Comptroller's Office, based on the "Intermediate Care Facility Statement of Reimbursable Cost" form submitted annually by all ICF/IID providers.

#### CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE:

Michael Dunn Center plans to fill the four ICF/MR beds associated with this project by relocating four residents from the Greene Valley Developmental Center. There are no other ICF/IID facilities in the Roane County Tennessee, East Tennessee area with vacant ICF/IID beds, so this proposal should not have a negative impact on other providers. Michael Dunn Center will provide complete support services for residents of this facility based on their individual care plans. Michael Dunn Center has working relationships with all area hospitals, Michael Dunn Center also states that these homes will increase the need for nursing and management employees, thus bringing more experience and knowledge into the field in Roane County.

The proposed staffing pattern reported by the applicant provides for the current staffing levels of the other Michael Dunn Center ICF/IIDs, which includes 4.4 FTE hours for LPN staff, 9.8 FTE hours for Direct Support Professionals and .33 FTE for RN staff. This appears to be a sufficient number of nurses and direct support professionals to staff the four bed home.

This Michael Dunn Center ICF/IID facility would be licensed by the Tennessee Department of Intellectual and Developmental Disabilities as a mental retardation institutional habilitation facility. The applicant already operates two mental retardation institutional habilitation facilities and, therefore, is familiar with the licensing requirements for this type of facility.

C: CONCLUSIONS:

As noted above, the Department of Intellectual and Developmental Disabilities (DIDD) is the agency responsible for licensing Mental Retardation Institutional Habilitation Facilities, which provide ICF/IID service and is also the department that is responsible for the provision of services for individuals with intellectual disabilities. Therefore, DIDD as the experts in the field of intellectual and developmental disabilities has reached the following conclusion regarding this Michael Dunn Center Certificate of Need application for establishment of a four bed ICF/IID facility in Roane County to serve individuals being relocated from the GVDC.

The Need for the approval of a four bed ICF/IID operated by The Michael Dunn Center is supported by the Guidelines for Growth population-based formula. Need for the four bed ICF/IID facility is also supported by the Exit Plan in a nineteen (19) year old lawsuit against the state of Tennessee by the Department of Justice (People First of Tennessee et. al. v. The Clover Bottom Developmental Center et. al. No. 3:95-1227), which requires the state of Tennessee to close the Greene Valley Developmental Center and relocate the residents to smaller four person ICF/IIDs in the community.

The cost of the project appears to be reasonable, and will save the state money based on the closure of the GVDC and the cost associated with running an older larger congregate facility. The project can be completed in a timely manner. Adequate funding is available and projected utilization and revenue should be sufficient to ensure the economic feasibility of the project.

This project would contribute to the orderly development of healthcare by allowing residents of The GVDC to receive services in a smaller, more personal living environment consistent with current standards of care for individuals requiring ICF/IID services.

In conclusion, the Department of Intellectual and Developmental Disabilities supports approval of Michael Dunn Center Certificate of Need application for the establishment of a four bed ICF/IID in Roane County Tennessee.