

1  
HEALTH FACILITIES COMMISSION  
MARCH 27, 2024  
APPLICATION REVIEW

NAME OF PROJECT: Premier Radiology Clarksville Outpatient Diagnostic Center

PROJECT NUMBER: CN2401-001

ADDRESS: Unaddressed Lot 2 at the intersection of Chesapeake Lane  
and Dunlop Lane  
Clarksville (Montgomery County), Tennessee 37040

LEGAL OWNER: Middle Tennessee Imaging, LLC, dba Premier Radiology  
28 White Bridge Road, Suite 111  
Nashville (Davidson County), TN 37205

OPERATING ENTITY: PhyData, LLC c/o Premier Radiology  
28 White Bridge Road, Suite 111  
Nashville (Davidson County), TN 37205

CONTACT PERSON: John Wellborn, Consultant  
(615) 665-2022

DATE FILED: January 31, 2024

PROJECT COST: \$15,400,407

PURPOSE FOR FILING: The establishment of a licensed Outpatient Diagnostic Center ("ODC") and the initiation of MRI services with the acquisition of a fixed MRI.

---

## Staff Review

*Note to Commission members: This staff review is an analysis of the statutory criteria of Need, Consumer Advantage Attributed to Competition, and Quality Standards, including data verification of the original application and, if applicable, supplemental responses submitted by the applicant. Any Health Facilities Commission (HFC) Staff comments will be presented as a "Note to Commission members" in bold italic.*

## **PROJECT DESCRIPTION**

- Premier Radiology Clarksville is seeking approval for the establishment of a licensed Outpatient Diagnostic Center ("ODC") and the initiation of fixed MRI services with the acquisition of a fixed MRI. The address of the project will be Unaddressed Lot 2 at the intersection of Chesapeake Lane and Dunlop Lane, across Chesapeake Lane from Premier Medical Group's office building, and across Dunlop Lane 0.6 miles from the entrance drive to the Tennova Healthcare Clarksville hospital, Clarksville (Montgomery County), Tennessee 37040.

## **Executive Summary**

- If approved, the applicant projects the proposed project will open for service in January 2025.
- The applicant proposes to establish a newly constructed outpatient diagnostic center and to initiate fixed MRI services with breast imaging capability as well as a suite of other imaging services including CT, x-ray, mammography, bone densitometry and ultrasound.
- The applicant stated that if the project is approved, it will cease operation of its indirectly owned licensed ODC/mobile MRI licensed as Mobile MRI Medical Services, LLC and its trailer will be moved outside of Montgomery County to serve patients in other authorized counties.
- The applicant (which wholly owns the LLC that wholly owns the existing mobile MRI/ODC) will file a request to modify that unit's existing CON to remove Montgomery County from the unit's authorized service area.
- The mobile MRI's entire license will not be surrendered, because it authorizes service to several other counties in its approved CON application, and that authority will remain.
- The applicant's owner, Middle Tennessee Imaging, LLC (MTI) was created to own and operate outpatient diagnostic centers. It currently owns and operates 18 diagnostic imaging facilities in Middle Tennessee in partnership with Saint Thomas Health.
- The MRI's nonclinical operations will be managed by PhyData, LLC, a company that manages other Premier Diagnostic facilities in Middle Tennessee.
- Please see application Item 1E. on Page 6 for the applicant's executive summary overview that includes project description, ownership, service area, existing similar service providers, project cost, and staffing.
- Advanced Diagnostic Imaging Radiology (ADIR), a 52-physician radiologist group, now provides radiology reading services at the mobile ODC/MRI. That same group is expected to contract to provide reading services at the applicant's proposed new ODC facility.
- A second ODC facility located in Clarksville (Montgomery County), Clarksville Imaging Center and its equipment are owned by Clarksville Imaging Center,

**PREMIER RADIOLOGY CLARKSVILLE OUTPATIENT DIAGNOSTIC CENTER**

**CN2401-001**

**MARCH 27, 2024**

**PAGE | 2**

LLC – which is owned in equal 50% shares by (a) Clarksville Health Systems GP dba Tennova Healthcare, (the local hospital) and by (b) Clarksville Imaging Holdings, LLC. The applicant owns a subsidiary LLC that owns 50% of CIC. That subsidiary acquired that ownership on August 1, 2017.

*Note to Commission members: It is the applicant's stated intention to relinquish its licensed MRI service within Montgomery County while retaining its ability to serve the remaining 18 counties it is currently licensed to serve pending approval of this CON. When asked through supplemental questions why the mobile unit has been assigned to a fixed location since April 2021 and what the impact on utilization in the remaining 18 service area counties that will be licensed for MRI service once Montgomery County is removed the following response was provided:*

*"Due to Premier's low costs, high-quality of radiologist readings, rapid responsiveness to referring physicians, and population increases in Montgomery County, the applicant found that referrals to the Premier MRI grew quickly and were numerous. Demand for service would not be met without keeping the unit in Clarksville during the entire week. And from a business standpoint, there was no need for Premier to take the unit anywhere else to maximize its utilization. The applicant has not yet identified where the mobile unit would be taken if removed from Montgomery County. That decision would depend on population growth of an area, and on whether MRI patients in those counties needed faster or more convenient access to an MRI. Until such needs are identified, it is not possible to project the mobile unit's impact on these counties' MRI utilization and referral patterns. And until this CON application is granted, it would be premature for Premier to devote resources to such a planning process."*

**Consent Calendar:**             Yes             No

- Executive Director's Consent Memo Attached:  Yes             Not applicable

#### **Facility Information**

- The MRI project will be located within a newly constructed outpatient diagnostic center. The square footage of the ODC office space is 6,370 square feet.
- The applicant has provided a copy of a letter of intent to lease for the ODC facility property where the MRI suite will be located. The lease is between the landlord, Saint Thomas West Hospital and the tenant, Middle Tennessee Imaging, LLC for a 15-year term. See Attachment 9A.
- The MRI unit being purchased by the applicant is a 1.5 Tesla short-bore refurbished unit with breast-imaging capability. The fixed MRI unit will operating Monday through Friday from 7:00 am – 5:00 pm.

### **Ownership**

- The applicant is owned by Middle Tennessee Imaging, LLC, dba Premier Radiology which is a joint venture between Saint Thomas Health (70%), NOL, LLC (26.1%), and Murfreesboro Imaging (3.9%).
- NOL, LLC is owned (72.7%) by Radiology Partners, LLC and (27.2%) by unidentified physicians, none of whom owns a 5% or greater interest.

### **Project Cost Chart**

- The total project cost is \$15,400,407. Of this amount, the highest line-item costs of the project are Facility Costs (\$10,339,694), Fixed Equipment Costs (\$4,146,140), and MRI and CT Service Contract Costs (\$805,000).
- For additional information, please see Project Costs Chart on page 10 of the application.

### **NEED**

The applicant provided the following supporting the need for the proposed project:

- The applicant has been operating a mobile MRI service 6 days per week, 10 hours per day at its Mobile MRI Services, LLC – Clarksville ODC location in Clarksville since April 2021. Prior to stationing the mobile unit at its current Clarksville location, the unit was moved around to other locations in Clarksville, Hendersonville, and Briarville. The projected annualized utilization in CY2023 will be 3,900 procedures which exceeds the optimal utilization of 2,880 MRI procedures for a single MRI unit.
- Patient wait time at the applicant’s existing mobile MRI is 20 days according to the applicant.
- The applicant states that its new MRI services will exceed the optimal State Health Plan standard for a single MRI in each of the first three years of the project.
- The applicant states that it will remove its current mobile MRI from operation in the proposed service area diminishing the impact of the new MRI on existing service area providers.
- The applicant states that the new MRI will have advanced acceleration applications to enhance quality and speed compared to the mobile unit currently operating in the service area.
- The proposed MRI unit can perform breast imaging studies which no other Montgomery County providers offer as a service.

*(For applicant discussion, see Item 2.E., Pages 8 & 9)*

## SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

### **Outpatient Diagnostic Center Criteria**

All applicable criteria and standards appear to be met.

*Please see Attachment 1N for a full listing of the criteria and standards and the applicant's responses.*

### **MRI Criteria**

All applicable criteria and standards were met except for the following:

- Did not meet the standard of #4. **Need Standard for non-Specialty MRI Units: "A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3,600 procedures, or 2,880 procedures, during the most recent twelvemonth period reflected in the provider medical equipment report maintained by the HSDA."** 2022 utilization of service area MRI units is below the required threshold of (80% of 3,600 procedures = 2,880 procedures per unit). Utilization for the 8 units was 2,329 procedures per unit (2,329 procedures / 2,880 procedures = 80.9%). When only the Tennessee service area MRI units are considered, the historical utilization for the 6 Montgomery County TN units was 2,402 procedures per unit (2,402 procedures / 2,880 procedures = 83.4%)

*Note to Commission members: The applicant highlights the fact that it will be replacing a mobile MRI unit which is currently in service by voluntarily removing Montgomery County from its license and therefore is not initiating an "additional" MRI unit for the service area and therefore this standard is not applicable for this project. See Attachment 1N-R, Page 2.*

*The applicant requests consideration as an exception under Criterion #1, Section C. which states the following: "An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area." The MRI unit the applicant intends to purchase is equipped with breast coils which will represent a new imaging capability much more definitive than traditional mammography. See Attachment 1N, 1.c. for the applicant's response to this Criterion.*

*3) Regarding Criterion #9 which states "In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principal No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:*

- a. *Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration; Montgomery County is a designated Medically Underserved Area (MUA).*
- c. *Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; The applicant will contract with all area TennCare MCOs.*

### Service Area Demographics

- The proposed primary service area will consist of Montgomery County, Tennessee and Christian County, Kentucky (see Attachment 2N for a county level maps).
- The target population is the population age 18 and older for the service area. (See Attachment 3N-BR2 for more demographic details.)

County	2024 Population	2028 Population	% Change 2024-2028	2024 Population 18+	2028 Population 18+	% Change 2024-2028 18+	TennCare %
Montgomery (TN)	231,296	248,145	7.3%	168,977	181,085	7.2%	22.4%
Christian (KY)	72,363	71,908	-0.6%	52,318	51,989	-0.6%	NA
<b>Service Area Total</b>	<b>303,659</b>	<b>320,053</b>	<b>5.4%</b>	<b>221,295</b>	<b>233,074</b>	<b>5.3%</b>	<b>NA</b>
<b>Tennessee Total</b>	<b>7,125,908</b>	<b>7,331,859</b>	<b>2.9%</b>	<b>5,565,604</b>	<b>5,736,895</b>	<b>3.1%</b>	<b>23.4%</b>

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.

- The service area is projected to grow at a higher rate (5.3%) than the State of Tennessee as a whole (2.9%) from 2023-2027.
- The percentage of individuals enrolled in TennCare is lower in Montgomery County (22.4%) than the State of Tennessee (23.4%).

### Service Area- Historical Utilization (MRI)

Utilization for the (8) MRI units in the two-county project service area is detailed in the table below:

#### Historical Service Area MRI Unit Utilization 2022 by Provider

County	Provider Type	MRI Provider	Number of Units	Procedures in 2022	Average Procedures per MRI	% of Optimal Utilization (2,880 Procedures per Unit)
Montgomery (TN)	ODC	Premier Radiology - Mobile ODC	1	3,543	3,543	123.0%
Montgomery (TN)	ODC	Clarksville Imaging Center (CIC)	1	1,959	1,959	68.0%
Montgomery (TN)	Hospital	Tennova Healthcare - Clarksville	2	3,965	1,982	68.8%
Montgomery (TN)	PO	TN Orthopedic Associates	1	3,761	3,361	116.7%
Montgomery (TN)	PO	Premier Medical Group	1	1,184	1,184	41.1%
Christian (KY)	Hospital	Jennie Stuart Medical Center Hopkinsville	2	4,217	2,109	73.2%
		<b>TOTAL</b>	<b>8</b>	<b>18,629</b>	<b>2,329</b>	<b>80.9%</b>

Source: CN2401-001, Application Page 17

- The MRI units operated by Premier Radiology ODC in Montgomery County (123%); and Tennessee Orthopedic Associates in Montgomery County (116.7%) reported exceeding the optimum utilization standard of 2,880 procedures per unit in 2022.
- The remaining four MRI providers reported procedure volume below the optimum utilization standard of 2,880 procedures per unit in 2022.
- Combined, service area MRI providers operated at (80.9%) of the optimum utilization standard in 2022.

#### State Health Plan MRI Service Area MRI Utilization CY2020 - CY2022

		All Providers
<b>2020 MRI Utilization</b>		
	Units	8
	Procedures	15,506
	Procedures per Unit	1,938
<b>2022 MRI Utilization</b>		
	Units	8
	Procedures	18,629
	Procedures per Unit	2,329
<b>% Change in Procedures Per Unit, 2020-2022</b>		<b>+20.1%</b>

Source: CN2401-001, Application, Page 16

- Service area MRI utilization increase overall by (20.1%) from 2020 to 2022 from 15,506 procedures to 18,629 procedures.
- The average number of procedures per MRI unit increased from 1,938 in 2020 to 2,329 in 2022.

#### Applicant's Historical and Projected Utilization

The following tables indicates the applicant's projected utilization by county of patient origin.

#### Historic Utilization by County of Patient Origin (2023)

Service Area Counties	Historical Utilization Most Recent Year (2023)	% of Total
Montgomery (TN)	2,695	76.0%
Christian (KY)	245	6.3%
Other Counties	690	17.7%
<b>Total</b>	<b>3,900</b>	<b>100.0%</b>

Source: CN2401-001, Application, Page 12

- Most patients are projected to be residents of Montgomery County (76.0%), followed by Christian County (6.3%) and Other Counties (17.7%).
- The historical utilization of MRI services at Mobile MRI Services, LLC - Clarksville ODC for 2023 includes utilization of the single mobile unit which was operational.

### Projected Utilization by County of Patient Origin (Year 1 - 2025)

Service Area Counties	Projected Utilization Year 1 (2025)	% of Total
Montgomery (TN)	16,126	76.0%
Christian (KY)	1,337	6.3%
Other Counties	3,755	17.7%
<b>Total</b>	<b>21,218</b>	<b>100.0%</b>

Source: CN2401-001, Application, Page 12

- The projected utilization of all modalities at the ODC in Year 1 (2025) of the project mirrors the historical MRI utilization percentages from the most recent year of reported utilization (2023).
- Historical utilization for the applicant's MRI unit in the two-county project service area is detailed in the table below:

### Historic Utilization of Applicant's Mobile MRI Unit

Year	MRI Units	MRI Procedures	Procedures per Unit	% of Optimal Utilization (2,880 Procedures)
2020	1	2,829	2,880	98%
2021	1	*1,972	2,880	69%
2022	1	3,543	2,880	123%
2023	1	3,900	2,880	135%
<b>% Change from 2020-2023</b>			<b>+37.8%</b>	

Source: CN2401-001 Application, Page 18 \*Note: The applicant states that the 2021 data is from the Joint Annual Report for ODCs as it was not reported in the HFC Equipment Registry.

- The applicant attributes the low drop in MRI utilization in 2021 to a staffing shortage which was resolved in the next two years.

### Projected Utilization of Applicant's Fixed MRI Unit (ODC)

Year	MRI Units	MRI Procedures	Procedures per Unit	% of Optimal Utilization (2,880 Procedures)
2025	1	4,218	2,880	146%
2026	1	4,387	2,880	152%
2027	1	4,563	2,880	158%
<b>% Change from 2025-2027</b>			<b>+8.2%</b>	

- If the proposed MRI unit is approved, the Clarksville ODC is projected to perform 4,218 MRI procedures in total by CY2026 which represents (146%) of the optimal utilization standards for non-specialty MRI units.



## CONSUMER ADVANTAGE ATTRIBUTED TO COMPETITION

### Charges

In Year One (2025) and Year Two (2026) of the proposed project, the average charges are as follows:

	Year 1 (2025)	Year 2 (2026)
Gross Charges	\$961	\$957
Deduction from Revenue	\$741	\$738
Average Net Charges	\$220	\$219

Source: CN2401-001, Application, Page 24

- The applicant projects that its Average Net Charges will decrease slightly from \$220 per patient day in 2025 to \$219 per patient day in Year 2 (2026).

### Gross Charge Comparisons with Service Area MRI Providers 2022

County	Provider Name	Provider Type	Total Procedures	Total Gross Charges	Gross Charge per Procedure
Montgomery	Mobile MRI Medical Services, LLC - Clarksville	ODC	3,543	\$7,483,392	\$2,112
Montgomery	Clarksville Imaging Center, LLC	ODC	1,959	\$3,595,117	\$1,835
Montgomery	Tennova Healthcare - Clarksville	HOSP	3,965	\$21,947,176	\$5,535
Montgomery	Premier Medical Group, P.C.	PO	1,184	\$1,553,701	\$1,312
Montgomery	Tennessee Orthopedic Alliance	PO	3,761	\$3,224,017	\$857
	<b>TOTAL</b>		<b>14,412</b>	<b>\$37,803,404</b>	<b>\$2,330 (average)</b>

Source: CN2401-001, Attachment 9C

- The gross charges per MRI procedure reported by the applicant's Mobile MRI Services, LLC - ODC (\$2,112) in 2022, are the second highest among providers in Montgomery County. The average gross charge per MRI procedure of all service area providers in 2022 was \$2,330.

### Gross Charge Comparisons with Service Area CT Providers 2022

County	Provider Name	Provider Type	Total Procedures	Total Gross Charges	Gross Charge per Procedure
Montgomery	Clarksville Imaging Center, LLC	ODC	1,104	\$873,297	\$791
Montgomery	Tennova Healthcare - Clarksville	HOSP	26,023	\$149,750,443	\$5,755
Montgomery	Tennova Healthcare - Freestanding ED	HOSP	9,054	\$55,128,375	\$6,089
Montgomery	Premier Medical Group, P.C.	PO	1,970	\$1,326,982	\$674
Montgomery	Clarksville CT	PO	2,892	\$1,297,273	\$449
Montgomery	Vanderbilt Ingram Cancer Center	ASTC	3,993	\$2,163,784	\$542
	<b>TOTAL</b>		<b>38,151</b>	<b>\$207,079,097</b>	<b>\$2,383</b>

Source: CN2401-001, Attachment 9C

- The average gross charge per CT procedure of all service area providers in 2022 was (\$2,383).

### Project Payor Mix

The proposed project payor mix for Year One is as follows:

	Percentage of Gross Operating Revenue					
	Medicare	Medicaid	Commercial	Self-Pay	Other	Charity Care
<b>Year 1</b>	15%	12%	46%	0.5%	26.5%	1%

Source: CN2401-001, Application, Page 25

- The applicant states that it will continue to contract with all TennCare Managed Care Organizations: Amerigroup Community Care, BlueCross BlueShield of TN (BlueCare), and United Healthcare Community Plan.
- Please refer to Item 10C. in the Consumer Advantage section of the application for specific Payor Mix information.
- A full list of in-network payors is included as Attachment 2C.

### Agreements

- The applicant states that it has transfer agreements in place with Ascension Saint Thomas Midtown Hospital in Nashville (Davidson County) and states that it may request an additional transfer agreement from Tennova Healthcare-Clarksville hospital. See Attachment 1C.

### Staffing

The applicant's Year One proposed staffing includes the following:

	Year One
Direct Patient Care Positions	8.0
Non-Patient Care Positions	2.0
Contractual Staff	0.0
<b>Total</b>	<b>10.0</b>

Source: CN2401-001, Application, Page 29

- Direct Care positions includes the following: MRI Technologist (2.0 FTE); CT Technologist (1.0 FTE); Mammography Technologist (2.0 FTE); Ultrasound Technologist (2.0 FTE); and X-Ray Technologist (1.0 FTE).
- Non-Patient Care positions includes the following: Personal Service Representatives (2.0 FTE).
- There are no Contractual Staff positions proposed by the applicant.
- Please refer to Item 8Q. on page 29 of the application for additional detail regarding project staffing.

**QUALITY STANDARDS**

The applicant commits to obtaining and/or maintaining the following:

Licensure	Certification	Accreditation
Health Facilities Commission	Medicare / TennCare	American College of Radiology (ACR)

Source: CN2401-001, Application, Page 27.

- The applicant will pursue licensure through the Health Facilities Commission as an Outpatient Diagnostic Center.
- The ODC will pursue certification through Medicare and TennCare and will maintain accreditation for the MRI and CT services through the American College of Radiology (ACR).

**Application Comments**

Application Comments may be filed by the Department of Health, Department of Mental Health, and Substance Abuse Services, and the Department of Intellectual and Developmental Disabilities. The following department(s) filed comments with the Commission and are attached:

- Department of Health
- Department of Mental Health and Substance Abuse Services
- Department of Intellectual and Developmental Disabilities
- No comments were filed**

**CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:**

There are no other letters of intent, denied applications, or outstanding Certificates of Need on file for this applicant.

*Ascension Saint Thomas has an ownership interest in this proposed project and in the following outstanding CON projects:*

## Outstanding Applications

<b>Project Name</b>	<b>Premier Radiology Lebanon CN2309-021A</b>
<b>Project Cost</b>	\$1,529,500
<b>Date Received</b>	September 15, 2023
<b>Description</b>	The establishment of an Outpatient Diagnostic Center (ODC) and the initiation of Magnetic Resonance Imaging services ("MRI"), to be performed by an existing MRI unit at 101 Physicians Way, Suite 111, Lebanon (Wilson County), TN 37090. The applicant will acquire and operate the existing MRI Unit located at the proposed project site. The proposed primary service area will consist of DeKalb, Macon, Putnam, Smith, Trousdale, and Wilson Counties. The applicant is owned by Middle Tennessee Imaging, LLC, dba Premier Radiology.
<b>Project Status</b>	The project was recently approved with the following condition: limited to MRI services.
<b>Meeting Date</b>	December 13, 2023
<b>Expiration</b>	February 1, 2026.

<b>Project Name</b>	<b>Ascension Saint Thomas River Park Hospital, CN2202-005A</b>
<b>Project Cost</b>	<b>\$3,389,083</b>
<b>Approval Date</b>	April 27, 2022
<b>Description</b>	The initiation of diagnostic and therapeutic cardiac catheterization services at Ascension Saint Thomas River Park Hospital located at 1559 Sparta Street, McMinnville (Warren County) TN, 37110. The proposed service area includes Cannon, DeKalb, Grundy, Van Buren, White and Warren Counties. Ascension Saint Thomas River Park Hospital is owned by Ascension Health.
<b>Project Status</b>	Status Update November 2023 - The room construction portion of the project is complete. The remainder of the work is focused on the installation of the equipment. Per the contractor (Robins & Morton) the cost of construction has not increased for the project at this time.
<b>Expiration</b>	June 1, 2025

<b>Project Name</b>	<b>St. Thomas Rutherford Hospital, CN2103-009A</b>
<b>Project Cost</b>	<b>\$5,617,996</b>
<b>Approval Date</b>	June 23, 2021
<b>Description</b>	The establishment of an adult Open Heart Surgery service at its main hospital campus located at 1700 Medical Center Parkway in Murfreesboro (Rutherford County), TN 37129. Of note, the applicant has an existing cardiac catheterization lab service that performed 2,959 procedures in 2019. The project will be implemented by use of existing second floor Surgery Department space for surgical services and STR's Critical Care Unit for post-operative care. The project includes no new construction or renovation. The project's service area consists of Bedford, Cannon, Coffee, Rutherford, and Warren counties. Saint Thomas Rutherford is wholly owned by Saint Thomas Health. Saint Thomas Health is part of Ascension Health.
<b>Project Status</b>	Status Update August 2023 Annual Progress Report: The project is implemented the project as of April 2023. Final Project Report pending.
<b>Expiration</b>	August 1, 2024

<b>Project Name</b>	<b>St. Thomas Rutherford Hospital, CN2004-007A</b>
<b>Project Cost</b>	<b>\$24,631,165</b>
<b>Approval Date</b>	August 26, 2020
<b>Description</b>	The establishment of a satellite hospital under the single license of Saint Thomas Rutherford Hospital at the southwest intersection of Veterans Parkway, Murfreesboro (Rutherford County). The satellite hospital will have eight private inpatient medical beds, eight emergency treatment rooms, imaging (CT, x-ray, and ultrasound), as well as laboratory services and medical office space. The eight medical beds will be relocated from the main campus to the proposed satellite hospital campus. The applicant is owned by Ascension. The proposed service area is Rutherford County and will serve primarily the following four ZIP Codes: 37128 (Murfreesboro), 37219 (Murfreesboro), 37153 (Murfreesboro), and 37167 (Smyrna).
<b>Project Status</b>	Status Update: Final Project Report pending.
<b>Expiration</b>	October 1, 2023

<b>Project Name</b>	<b>Tenn SM, LLC dba Providence Surgery Center, CN1903-008A</b>
<b>Project Cost</b>	<b>\$8,082,908</b>
<b>Approval Date</b>	August 28, 2019
<b>Description</b>	The relocation of an existing ambulatory surgical treatment center (ASTC) from 5002 Crossing Circle, Suite 110, Mt. Juliet (Wilson County), TN approximately one mile to the southwest corner of the Belinda Pkwy and Providence Trail Mt. Juliet (Wilson County), TN. An additional procedure room will be added to the two existing operating rooms and procedure room. The applicant is owned by Tenn SM, LLC. The proposed service area consists of Davidson, Rutherford, and Wilson Counties.
<b>Project Status</b>	Status Update August 15, 2023 - The Providence Surgery Center relocation has been delayed due to the COVID pandemic and the significant cost increases for construction and medical equipment.
<b>Expiration</b>	February 1, 2024

<b>Project Name</b>	<b>Westlawn Surgery Center, CN1911-046A</b>
<b>Project Cost</b>	<b>\$13,950,419</b>
<b>Approval Date</b>	June 24, 2020
<b>Description</b>	The establishment of an ambulatory surgical treatment center (ASTC) limited to orthopedics and pain management with three operating rooms and one procedure room located at the West Corner of Veterans Parkway and Shores Road, Murfreesboro (Rutherford County), Tennessee, 37128. The proposed service area consist of Bedford, Coffee, Warren, and Cannon Counties. The applicant is owned by Saint Thomas Health / Tennessee Orthopaedic Alliance/ USP Surgery Centers, LLC (60%), and Piedmont Partners, LLC (40%).
<b>Project Status</b>	Status Update June 28, 2023 - The project was approved for a 21-month extension through May 1, 2025. Approval of an ownership change was approved at the June 2023 meeting of the Health Facilities Commission.
<b>Expiration</b>	May 1, 2025

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

There are no other Letters of Intent, Outstanding Certificates of Need, Pending or Denied applications on file for other entities proposing this type of service.

TPP (3/15/2024)

# **CRITERIA AND** **STANDARDS**

**Attachment 1N R – State Health Plan Criteria and Standards**



**STATE HEALTH PLAN  
CERTIFICATE OF NEED STANDARDS AND CRITERIA  
FOR  
MAGNETIC RESONANCE IMAGING (MRI) SERVICES  
REVISED ON ROUND ONE SUPPLEMENTAL**

**1. Utilization Standards for non-Specialty MRI Units.**

**a. An applicant proposing a new non-Specialty stationary MRI service should project a minimum of at least 2,160 MRI procedures in the first year of service, building to a minimum of 2,520 procedures per year by the second year of service, and building to a minimum of 2,880 procedures per year by the third year of service.**

Response: The project includes a non-specialty stationary MRI. It will replace the applicant's indirectly-owned non-specialty mobile MRI that remains continuously at one location, providing service 6 days a week, 10 hours per day, within a few yards of this project's site. So with respect to ownership, service, and general location, this project will not be a "new service" for the area.

Utilization of the applicant's indirectly-owned existing mobile unit in CY2023, and projections for its proposed stationary unit in Years 1-3, exceed the 3-year targets of this criterion. This is shown in the tables below, which are also provided in Section 6N of the body of the application. Projections were made by officers of Premier Radiology based on experience in similar markets and on demand for the new imaging capabilities of this MRI.

The Premier mobile MRI performed approximately 3,900 procedures last year, which was 135% of the three-year performance standards of this criterion.

<b>Year</b>	<b>Units</b>	<b>Procedures</b>	<b>State Health Plan Optimal Utilization Standard Yr 3</b>	<b>% of Optimal Utilization Standard</b>
CY2020	1	2,829	2,880	98%
CY2021	1	*1,972	2,880	69%
CY2022	1	3,543	2,880	123%
CY2023	1	3,900	2,880	135%

*Note: The Registry does not provide CY2021 utilization for this unit; CY2021 data shown is from the applicant's Joint Annual Report, p.6. A staffing shortage held utilization down for that year; but when fully staffed the next year, MRI procedures almost doubled, to 123% of the State Plan optimal utilization standard.*

MRI utilization is projected to increase 2% per year in CY2024 and in CY2025, using the existing mobile unit while this project is under construction. The projection for the first three years of the project, CY2026-CY2028, is for 4% annual increases in

utilization. This is based on continued area population growth, and on the faster scan capability of the new unit.

<b>Table 6N Part B: Projected Utilization of Applicant's MRI</b>				
<b>Year</b>	<b>Units</b>	<b>Procedures</b>	<b>State Health Plan Utilization Targets For Yrs 1-3</b>	<b>% of Utilization Targets</b>
CY2024	1 mob	3,978	NA	NA
CY2025	1 mob	4,058	NA	NA
Yr 1 CY2026	1 stat'y	4,218	2,160	195%
Yr 2 CY2027	1 stat'y	4,387	2,520	174%
Yr 3 CY2028	1stat'y	4,563	2,880	158%

**b. Providers proposing a new non-Specialty mobile MRI service should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.**

Response: Not applicable to a stationary MRI service.

**c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.**

Response: No exception seems necessary due to the high utilization demonstrated by the applicant's existing service and by utilization projections for this new project.

However, an exception is available under this criterion, because the proposed MRI will have breast imaging coils, bringing to the service area an important new imaging capability much more definitive than traditional mammography.

**d. Mobile MRI units shall not be subject to the need standard in paragraph 1 b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's Service Area are not adequate and/or that there are special circumstances that require these additional services.**

Response: Not applicable.

**e. Hybrid MRI Units.** The HSDA may evaluate a CON application for an MRI “hybrid” Unit (an MRI Unit that is combined/utilized with another medical equipment such as a megavoltage radiation therapy unit or a positron emission tomography unit) based on the primary purposes of the Unit.

Response: Not applicable. This is not a hybrid unit.

**2. Access to MRI Units.** All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the Service Area’s population. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRI units that service the non- Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

Response: The project will comply. The proposed ODC location is within sight of the local hospital and is accessible to more than 75% of the area’s population. Approximately 70% of the primary service area population (Montgomery and Christian counties) will be within 31 minutes drive time.

<b>Table State Health Plan Criterion 2: Access to MRI Units Mileage and Drive Times Between the Project and Communities in the Primary Service Area</b>				
<b>Community</b>	<b>County</b>	<b>County Population Age 18+ in CY2023</b>	<b>Distance in Miles</b>	<b>Drive Time in Minutes</b>
Clarksville (center)	Montgomery	166,005	7.3 mi	15 min
Sango	Montgomery		8.1 mi	15 min
Oakwood	Montgomery		20.5 mi	29 min
Cunningham	Montgomery		17.3 mi	31 min
Fort Campbell	Montgomery & Christian KY		18.9 mi	30 min
Hopkinsville	Christian, KY	73,037	29.0 mi	31 min

*Source: Google Maps, 12-20-23.*

**3. Economic Efficiencies. All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.**

**Response:** This is a replacement MRI unit, not a “new” MRI unit for the service area. However, it will introduce MRI breast imaging to the area, which is an important new capability needed by many patients for optimal diagnostic care. Performance of breast imaging studies requires significantly longer time. But the proposed MRI also has a shorter scan time for general purpose studies, which enables it to reach a higher daily utilization of general studies than the mobile MRI it is replacing. These two factors make this particular MRI more advantageous than any other option. They make a new type of imaging available at an accessible location, increasing the quality of diagnostic care, and at a very favorable cost when compared to hospital MRI costs.

**4. Need Standard for Non-Specialty MRI Units.**

**A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelve- month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:**

**Stationary MRI Units: 1.20 procedures per hour x twelve hours per day x 5 days per week x 50 weeks per year = 3,600 procedures per year**

**Mobile MRI Units: Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.**

**Response:** This standard is not applicable because this project is not proposing an additional non-specialty MRI unit for the service area. It is proposing to replace the applicant’s indirectly-owned existing mobile MRI with a stationary MRI in a fixed-location Outpatient Diagnostic Imaging Center, in the same county (which will be wholly owned by the applicant, not indirectly-owned). Although legal entities of these two units are changing somewhat, the number of MRI units in the area will not change and this is more a replacement MRI than an additional MRI.

The table on the following page summarizes area MRI providers’ CY2022 percent of compliance with the State Health Plan’s target for optimal 80% utilization, 2,880 procedures per year. The State Plan provides no targets for other modalities. The five providers together averaged 86.3% of the State Health Plan’s optimal utilization target,

**Table: State Health Plan MRI Criterion 4 Part A:  
Tennessee Service Area MRI Providers' Compliance  
With State Health Plan Targets in CY2022  
REVISED IN ROUND ONE**

County	Provider Type	Provider	Units	Procedures	Average Procedures Per Unit	Utilization Target for MRI Unit	% of TN Target Met
Montgomery	ODC	Premier ODC (The Applicant)	1	3,543	3,543	2,880	123.0%
Montgomery	ODC	Clarksville Imaging Center (CIC)	1	1,959	1,959	2,880	68.0%
Montgomery	Hosp	Tennova Healthcare— Clarksville	2	3,965	1,982.5	2,880	68.8%
Montgomery	PO	TN Orthopaedic Associates	1	3,761	3,361	2,880	116.7%
Montgomery	PO	Premier Medical Group	1	1,184	1,184	2,880	41.1%
<b>Totals</b>	<b>All</b>		<b>6</b>	<b>14,412</b>	<b>2,402</b>	<b>2,880</b>	<b>83.4%</b>

*Source: HFC Registry except for Premier ODC number of units. It operated 5 days a week in 2022. The applicant will provide this correction to the Registry.*

*Note: Hospital providers' data includes both hospital-based MRI units and MRI units in the hospital HOPDs (hospital outpatient departments).*

The applicant feels that it is appropriate for the Commission to strongly consider ODC utilization of MRI, giving it special weight when evaluating this application.

The 2 ODCs performed 5,502 procedures on 2 MRI units—an average of 2,751 procedures per unit, which approximately meets the 2,880-procedure target of the State Health Plan. The applicant's ODC performed at 123% of the State Plan target.

This high utilization of ODC MRIs is very significant because (1) the ODC units are more affordable than the hospital units for most consumers, and (2) they are more accessible than private physician office MRI units—whose use may be restricted to the physician office's own patients.

And in fact, the Tennessee service area's utilization of MRI is increasing so rapidly that in CY2025, when this facility opens, the average procedures per MRI likely will be at or above the State Plan target. The table on the following page documents the Tennessee service area's rapid growth in MRI average utilization per unit, in the two-year period of CY2020 through CY2022.

The average procedures per MRI unit in Montgomery County increased 22.1% in those two years. The utilization of *publicly accessible units* (in ODCs and hospitals) increased 17.2%. MRI utilization at Outpatient Diagnostic Centers increased 22.2%. This is a reliable predictor that in CY2025 when this project opens, the Tennessee service area's utilization of MRI will be significantly higher than it was in CY2022, and that the Premier ODC is an appropriate provider for the replacement and expansion of MRI capacity.

<b>Table: State Health Plan MRI Criterion 4 Part B: Rapid Increase of Tennessee Service Area MRI Utilization CY2020-CY2022 REVISED IN ROUND ONE</b>	
	<b>All Providers</b>
<b>2020 MRI Utilization</b>	
Units	6
Procedures	11,806
Procedures Per Unit	1,968
<b>2022 MRI Utilization</b>	
Units	6
Procedures	14,412
Procedures Per Unit	2,402
<b>% Change in Procedures Per Unit, 2020-2022</b>	<b>22.1%</b>

Source: Table for SHP MRI Criterion 4 Part A.

If reported MRI utilization from Christian County, KY is factored in to reflect both primary service area counties, it does not change the results significantly.

On the following page are the same Criterion 4 tables with Christian County's two reporting MRIs added in (the tables are labeled as Criterion 4, Parts C and D).

The average procedures per MRI unit in Montgomery and Christian Counties combined increased 20.1% from CY2020 to CY2022.

It should be noted that those MRIs are located at Jennie Stuart Medical Center in Hopkinsville, which is a half hour drive north of this project. The applicant does not feel that the Jennie Stuart MRI utilization should be given significant consideration in this review of a Clarksville, Tennessee project. It is Christian County's population near the State line (such as around Fort Campbell) that uses Clarksville healthcare resources more than Christian County residents who live near Hopkinsville. Nor is Christian County a population growth center, as is Montgomery County.

<b>Table: State Health Plan MRI Criterion 4 Part C: SERVICE MRI Providers' Compliance With State Health Plan Targets in CY2022 CHRISTIAN COUNTY KY ADDED IN ROUND ONE</b>							
<b>County</b>	<b>Provider Type</b>	<b>Provider</b>	<b>Units</b>	<b>Procedures</b>	<b>Average Procedures Per Unit</b>	<b>Utilization Target for MRI Unit</b>	<b>% of TN Target Met</b>
Montgomery	ODC	Premier ODC (The Applicant)	1	3,543	3,543	2,880	123.0%
Montgomery	ODC	Clarksville Imaging Center (CIC)	1	1,959	1,959	2,880	68.0%
Montgomery	Hosp	Tennova Healthcare—Clarksville	2	3,965	1,982.5	2,880	68.8%
Montgomery	PO	TN Orthopaedic Associates	1	3,761	3,361	2,880	116.7%
Montgomery	PO	Premier Medical Group	1	1,184	1,184	2,880	41.1%
Christian (KY)	Hosp	Jennie Stuart Medical Center—Hopkinsville	2	4,217	2,109	2,880	73.2%
<b>Totals</b>	<b>All</b>		<b>8</b>	<b>18,629</b>	<b>2,329</b>	<b>2,880</b>	<b>80.9%</b>

Source: TN data from HFC Registry except for Premier ODC's number of units. It operated 5 days a week in 2022. The applicant will provide this correction to the Registry. KY data from State Plan website.

Note: Hospital providers' data includes both hospital-based MRI units and MRI units in the hospital HOPDs (hospital outpatient departments).

<b>Table: State Health Plan MRI Criterion 4 Part D: Rapid Increase of Primary (TN+KY) Service Area MRI Utilization in CY2020-CY2022 CHRISTIAN COUNTY KY ADDED IN ROUND ONE</b>	
	<b>All Providers</b>
<b>2020 MRI Utilization</b>	
Units	8
Procedures	15,506
Procedures Per Unit	1,938
<b>2022 MRI Utilization</b>	
Units	8
Procedures	18,629
Procedures Per Unit	2,329
<b>% Change in Procedures Per Unit, 2020-2022</b>	<b>+20.1%</b>

Source: Table for SHP MRI Criterion 4 Part C.

## 5. Need Standards for Specialty MRI Units.

a. **Dedicated fixed or mobile Breast MRI Unit.** An applicant proposing to acquire a dedicated fixed or mobile breast MRI unit shall not receive a CON to use the MRI unit for non-dedicated purposes and shall demonstrate that annual utilization of the proposed MRI unit in the third year of operation is projected to be at least 1,600 MRI procedures (.80 times the total capacity of 1 procedure per hour times 40 hours per week times 50 weeks per year), and that:

1. It has an existing and ongoing working relationship with a breast-imaging radiologist or radiology proactive group that has experience interpreting breast images provided by mammography, ultrasound, and MRI unit equipment, and that is trained to interpret images produced by an MRI unit configured exclusively for mammographic studies;
2. Its existing mammography equipment, breast ultrasound equipment, and the proposed dedicated breast MRI unit are in compliance with the federal Mammography Quality Standards Act;
3. It is part of or has a formal affiliation with an existing healthcare system that provides comprehensive cancer care, including radiation oncology, medical oncology, surgical oncology and an established breast cancer treatment program that is based in the proposed service area.
4. It has an existing relationship with an established collaborative team for the treatment of breast cancer that includes radiologists, pathologists, radiation oncologists, hematologist/oncologists, surgeons, obstetricians/gynecologists, and primary care providers.

Response: The criteria above are not applicable. The proposed MRI is not a specialty unit and it is not a dedicated breast unit. The MRI is a general-purpose fixed unit that has been equipped with breast coils. Nonetheless, the applicant will meet all four criteria. The 52-physician radiology group (Advanced Diagnostic Imaging-Radiology) that reads MRI studies for the mobile unit currently has seven (7) board-certified and fellowship-trained breast imaging radiologists; and this group will be contracted to serve the applicant's proposed ODC. The applicant's proposed MRI unit and mammography units will be in compliance with the cited Federal statute. Saint Thomas Health owns 70% of the applicant and it is a system with large, tertiary Middle Tennessee hospitals that provide the services and teams listed in criteria 3 and 4.

b. **Dedicated fixed or mobile Extremity MRI Unit.** An applicant proposing to institute a Dedicated fixed or mobile Extremity MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total



**capacity. Non-specialty MRI procedures shall not be performed on a Dedicated fixed or mobile Extremity MRI Unit and a CON granted for this use should so state on its face.**

Response: Not applicable. The project does not propose this type of unit.

**c. Dedicated fixed or mobile Multi-position MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Multi-position MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity. Non-specialty MRI procedures shall not be performed on a Dedicated fixed or mobile Multi-position MRI Unit and a CON granted for this use should so state on its face.**

Response: Not applicable. The project does not propose a multi-position unit.

**6. Separate Inventories for Specialty MRI Units and non-Specialty MRI Units. If data availability permits, Breast, Extremity, and Multi-position MRI Units shall not be counted in the inventory of non-Specialty fixed or mobile MRI Units, and an inventory for each category of Specialty MRI Unit shall be counted and maintained separately. None of the Specialty MRI Units may be replaced with non-Specialty MRI fixed or mobile MRI Units and a Certificate of Need granted for any of these Specialty MRI Units shall have included on its face a statement to that effect. A non-Specialty fixed or mobile MRI Unit for which a CON is granted for Specialty MRI Unit purpose use-only shall be counted in the specific Specialty MRI Unit inventory and shall also have stated on the face of its Certificate of Need that it may not be used for non-Specialty MRI purposes.**

Response: The HFC Registry's reports do not show that any breast, extremity, or multi-position MRI units are located in the project service area. The units in the service area from CY 2020 to CY 2022 were all non-specialty units. They are the only units included in this application's inventories.

**7. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.**

**a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.**

Response: Documentation of FDA certification is not required for MRI technology certified more than five years ago. The unit being acquired is a technology that was FDA-certified more than five years ago.

**b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.**

Response: The proposed unit's location, installation and operation will conform to all applicable Federal, State and local requirements and to the manufacturer's specifications. Full compliance will be maintained.

**c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.**

Response: The MRI staff is now, and will continue to be, trained in emergency response. There will be at least one physician or physician extender on premises during MRI service hours. The MRI area will maintain a crash cart with appropriate equipment, medications, and supplies. For patients requiring an emergency admission to a hospital, the radiologist on site at the time will contact the local Emergency Medical Service (EMS) for emergency transport, keeping the patient stable while waiting for EMS to arrive. In consultation with the patient, EMS will decide where to transport the patient.

**d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.**

Response: As the HFC is aware, all non-emergency MRI orders (except for Medicare orders) must obtain from the patient's insurance provider a precertification approval of medical necessity, before the MRI study is performed. The applicant will also perform retrospective reviews of MRI necessity as part of its Quality Improvement program. In addition, the supervising radiologists who receive all physician requests for MRI will routinely identify requested studies that need to be reviewed with the referring physician as to appropriateness and necessity.

**e. An applicant proposing to acquire any MRI Unit or institute any MRI service, including Dedicated Breast and Extremity MRI Units, shall demonstrate that it meets or is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology, including staff education and training programs.**

Response: The applicant is committed to meet the staffing and staff education and training requirements of the American College of Radiology ("ACR") and to seek and maintain ACR accreditation. The Premier fixed/mobile unit being replaced by this project has ACR accreditation of its MRI service. The proposed unit will also achieve accreditation.

**f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.**

Response: The Premier fixed/mobile unit being replaced by this project already has ACR accreditation and the applicant will seek it for the proposed unit.

**g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.**

Response: Premier Radiology has protocols for dealing with an MRI patient emergency. For transport to a hospital, the applicant will stabilize the patient and will call in Montgomery County Emergency Medical Services, which will decide to transport the patient to the most appropriate hospital. The ODC will not have physicians on staff with hospital privileges to provide types of services other than diagnostic imaging.

**8. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.**

Response: The applicant so commits.

**9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:**

**a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;**

Response: Complies. Montgomery County is designated as a medically underserved area. .

**b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or**

Response: Not applicable to an ODC.

**c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or**

Response: Complies. The applicant's existing ODC/MRI in Clarksville participates in Medicare and in the four largest TennCare MCO's (Medicaid) in the service area. This proposed ODC in Clarksville will continue to participate in all of those. The applicant will bill the patient or insurer "globally"; the radiologist will not bill separately.

**d. Who is proposing to use the MRI unit for patients that typically require longer preparation and scanning times (e.g., pediatric, special needs, sedated, and contrast agent use patients). The applicant shall provide in its application information supporting the additional time required per scan and the impact on the need standard.**

Response: The applicant is not claiming this special consideration to offset any shortage of utilization, because this MRI will exceed the State Health Plan utilization standards each year. However, it has been noted that the unit will be equipped with coils for MRI breast imaging, a type of study that addresses a special need of the population (a need not being met at present), and which does require longer scan times.



**STATE HEALTH PLAN  
CERTIFICATE OF NEED STANDARDS AND CRITERIA  
FOR  
OUTPATIENT DIAGNOSTIC CENTERS  
REVISED ON ROUND ONE SUPPLEMENTAL**

**1. The need for outpatient diagnostic services shall be determined on a county by county basis (with data presented for contiguous counties for comparative purposes) and should be projected four years into the future using available population figures.**

Response:

The applicant has adequately addressed the relevant aspects of this criterion, in responses to the State Health Plan Guidelines for MRI, in the preceding section of this application.

The service area was defined by county. Population growth of the area was projected four years into the future. Utilization of the applicant's existing mobile MRI, which this project will replace, already exceeds utilization targets of the State Health Plan. Its replacement with a stationary MRI in a new ODC will also exceed those targets. Utilization of the proposed stationary MRI will continue to increase as the service area population increases, and as referring physicians and patients learn about the new unit's breast imaging capability (the first in the service area).

The service area needs for other specific ODC modalities are not projected because there are no criteria for areawide need for them, and because there is not adequate information available on their distribution throughout the service area. However, the applicant did provide the first three years of projected utilization of all imaging modalities in the project.

**2. Approval of additional outpatient diagnostic services will be made only when it is demonstrated that existing services in the applicant's geographical service area are not adequate and/or there are special circumstances that require additional services.**

Response:

Clarksville and Montgomery County have increasing populations. Other than services in private physician offices or in Tennova's Clarksville hospital, Montgomery County has only one diagnostic imaging facility (CIC) that offers multiple modalities including MRI; and that facility will lose its radiologist coverage in the first quarter of CY2024. ADI Radiology,

P.C. (which exclusively provides radiology reading services to CIC) anticipates that it will cease providing radiology reading services to Clarksville Imaging Center on March 31, 2024, and understands that the owners of Clarksville Imaging Center will shortly discuss mediation regarding the dissolution of Clarksville Imaging Center, which does not offer several diagnostic modalities that the CON applicant's proposed facility will offer (breast imaging; bone densitometry; X-ray).

A special circumstance also merits approval of the project. It will provide area patients with the important new medical technology of MRI breast imaging, which has been in high demand where it has been introduced (e.g., when it was introduced by Premier in Wilson County). This MRI technology is not currently offered in Montgomery County.

### **3. Any special needs and circumstances:**

#### **a. The needs of both medical and outpatient diagnostic facilities and services must be analyzed.**

Response:

In Attachment 5NR to the application, the applicant has provided Tables A and B showing three years of the publicly available data on utilization of MRI, CT, Ultrasound, and Mammography at all providers in the service area's hospitals, ODCs, and private physician offices. Utilization is one way to define need for these services. Every MRI and CT provider in the service area reported increased utilization in CY2022 compared to CY2021.

#### **b. Other special needs and circumstances, which might be pertinent, must be analyzed.**

Response:

The area needs access to the important new imaging technology of MRI-based breast imaging, which this project would provide. Referrals to the project will not be restricted in any way to patients of a particular medical practice. Charity care will be available. Federal, State, and most commercial insurance plans will be accepted. These three special advantages of this project will assure the broadest possible community access.

#### **c. The applicant must provide evidence that the proposed diagnostic outpatient services will meet the needs of the potential clientele to be served.**

**Response:** The project will offer diagnostic imaging services routinely used in healthcare. The project will replace and expand some of those services at a new location. The need for MRI is well-established by utilization trends over the past two years.

**d. The applicant must demonstrate how emergencies within the outpatient diagnostic facility will be managed in conformity with accepted medical practice.**

**Response:**

The MRI staff will be trained in emergency response. There will be at least one physician or physician extender on premises during MRI service hours. The MRI area will maintain a crash cart with appropriate equipment, medications, and supplies. For patients requiring an emergency admission to a hospital, the radiologist on site at the time will contact the local Emergency Medical Service (EMS) for emergency transport, keeping the patient stable while waiting for EMS to arrive. In consultation with the patient, EMS will decide where to transport the patient.

**e. The applicant must establish protocols that will assure that all clinical procedures performed are medically necessary and will not unnecessarily duplicate other services.**

**Response:**

As the HFC is aware, all non-emergency MRI orders (except for Medicare) must obtain precertification approval from the patient's insurance provider before the MRI study is performed. The applicant will also perform retrospective reviews of MRI necessity as part of its Quality Improvement program. In addition, the supervising radiologists who receive all physician requests for MRI will routinely identify requested studies that need to be reviewed with the referring physician as to appropriateness and necessity.



# **LETTER OF INTENT**



**State of Tennessee  
Health Facilities Commission**

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

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

[hsda.staff@tn.gov](mailto:hsda.staff@tn.gov)

**LETTER OF INTENT**

The Publication of Intent is to be published in The Clarksville Leaf Chronicle, which is a newspaper of general circulation in Montgomery County., Tennessee, on or before 01/15/2024 for one day.

This is to provide official notice to the Health Facilities Commission and all interested parties, in accordance with T.C.A. §68-11-1601 et seq., and the Rules of the Health Facilities Commission, that Premier Radiology Clarksville Outpatient Diagnostic Center, a/an Outpatient Diagnostic Center owned by Middle Tennessee Imaging, LLC d/b/a Premier Radiology with an ownership type of Limited Liability Company and to be managed by PhyData, LLC intends to file an application for a Certificate of Need for To establish in Clarksville a licensed, unrestricted multi-modality Outpatient Diagnostic Center (“ODC”) with fixed MRI and to initiate MRI services. The location of the proposed ODC is unaddressed Lot 2 at the intersection of Chesapeake Lane and Dunlop Lane, across Chesapeake Lane from Premier Medical Group’s office building, and across Dunlop Lane 0.6 miles from the entrance drive to the Tennova Healthcare-Clarksville hospital. The estimated project cost is \$15,400,407.. The address of the project will be Unaddressed Lot 2 at the intersection of Chesapeake Lane and Dunlop Lane, across Chesapeake Lane from Premier Medical Group’s office building, and across Dunlop Lane 0.6 miles from the entrance drive to the Tennova Healthcare-Clarksville hospital., Clarksvile, Montgomery County, Tennessee, 37040. The estimated project cost will be \$15,400,407.

The anticipated date of filing the application is 01/30/2024

The contact person for this project is Consultant John Wellborn who may be reached at Development Support Group - 4505 Harding Pike Suite 53-E, Nashville, Tennessee, 37205 – Contact No. 615-665-2022.

John Wellborn

01/08/2024

[john.wellborn.dsg@gmail.com](mailto:john.wellborn.dsg@gmail.com)

**Signature of Contact**

**Date**

**Contact’s Email Address**

The Letter of Intent must be received between the first and the fifteenth day of the month. If the last day for filing is a Saturday, Sunday, or State Holiday, filing must occur on the next business day. Applicants seeking simultaneous review must publish between the sixteenth day and the last day of the month of publication by the original applicant.

The published Letter of Intent must contain the following statement pursuant to T.C.A. §68-11-1607 (c)(1). (A) Any healthcare institution wishing to oppose a Certificate of Need application must file a written notice with the Health Facilities Commission no later than fifteen (15) days before the regularly scheduled Health Facilities Commission meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application may file a written objection with the Health Facilities Commission at or prior to the consideration of the application by the Commission, or may appear in person to express opposition. Written notice of opposition may be sent to: Health Facilities Commission, Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243 or email at [hsda.staff@tn.gov](mailto:hsda.staff@tn.gov) .



**State of Tennessee  
Health Facilities Commission**

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

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

[hsda.staff@tn.gov](mailto:hsda.staff@tn.gov)

## **PUBLICATION OF INTENT**

**The following shall be published in the “Legal Notices” section of the newspaper in a space no smaller than two (2) columns by two (2) inches.**

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

This is to provide official notice to the Health Facilities Commission and all interested parties, in accordance with T.C.A. §68-11-1601 et seq., and the Rules of the Health Facilities Commission, that Premier Radiology Clarksville Outpatient Diagnostic Center, a/an Outpatient Diagnostic Center owned by Middle Tennessee Imaging, LLC d/b/a Premier Radiology with an ownership type of Limited Liability Company and to be managed by PhyData, LLC intends to file an application for a Certificate of Need for To establish in Clarksville a licensed, unrestricted multi-modality Outpatient Diagnostic Center (“ODC”) with fixed MRI and to initiate MRI services. The location of the proposed ODC is unaddressed Lot 2 at the intersection of Chesapeake Lane and Dunlop Lane, across Chesapeake Lane from Premier Medical Group’s office building, and across Dunlop Lane 0.6 miles from the entrance drive to the Tennova Healthcare-Clarksville hospital. The estimated project cost is \$15,400,407.. The address of the project will be Unaddressed Lot 2 at the intersection of Chesapeake Lane and Dunlop Lane, across Chesapeake Lane from Premier Medical Group’s office building, and across Dunlop Lane 0.6 miles from the entrance drive to the Tennova Healthcare-Clarksville hospital., Clarksvile, Montgomery County, Tennessee, 37040. The estimated project cost will be \$15,400,407.

The anticipated date of filing the application is 01/30/2024

The contact person for this project is Consultant John Wellborn who may be reached at Development Support Group - 4505 Harding Pike Suite 53-E, Nashville, Tennessee, 37205 – Contact No. 615-665-2022.

The published Letter of Intent must contain the following statement pursuant to T.C.A. §68-11-1607 (c)(1). (A) Any healthcare institution wishing to oppose a Certificate of Need application must file a written notice with the Health Facilities Commission no later than fifteen (15) days before the regularly scheduled Health Facilities Commission meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application may file a written objection with the Health Facilities Commission at or prior to the consideration of the application by the Commission, or may appear in person to express opposition. Written notice of opposition may be sent to: Health Facilities Commission, Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243 or email at [hsda.staff@tn.gov](mailto:hsda.staff@tn.gov) .



**ORIGINAL**  
**APPLICATION**



**State of Tennessee  
Health Facilities Commission**

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

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

[hsda.staff@tn.gov](mailto:hsda.staff@tn.gov)

## CERTIFICATE OF NEED APPLICATION

### 1A. Name of Facility, Agency, or Institution

Premier Radiology Clarksville Outpatient Diagnostic Center

**Name**

Unaddressed Lot 2 at the intersection of Chesapeake Lane and Dunlop Lane, across Chesapeake Lane from Premier Medial Group's office building, and across Dunlop Lane 0.6 miles from the entrance drive to the Tennova Healthcare Clarksville hospital.

Montgomery County

**County**

**Street or Route**

Clarksville

Tennessee

37040

**City**

**State**

**Zip**

None

**Website Address**

**Note:** The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.

### 2A. Contact Person Available for Responses to Questions

John Wellborn

NA

**Name**

**Title**

DSG

[john.wellborn.dsg@gmail.com](mailto:john.wellborn.dsg@gmail.com)

**Company Name**

**Email Address**

4505 Harding Pike Suite 53-E

**Street or Route**

Nashville

Tennessee

37205

**City**

**State**

**Zip**

CON Consultant

615-665-2022

**Association with Owner**

**Phone Number**

### 3A. Proof of Publication

Attach the full page of newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent. (Attachment 3A)

**Date LOI was Submitted:** 01/31/24

Date LOI was Published: 01/31/24

---

**RESPONSE:** Please see revised Attachment 3A for proof of publication. The LOI was submitted to the HFC staff on 1-9-2024 and published on 1-15-2024.

---

**4A. Purpose of Review** (*Check appropriate box(es) – more than one response may apply*)

- Establish New Health Care Institution
- Relocation
- Change in Bed Complement
- Addition of a Specialty to an Ambulatory Surgical Treatment Center (ASTC)
- Initiation of MRI Service
- MRI Unit Increase
- Satellite Emergency Department
- Addition of Therapeutic Catheterization
- Positron Emission Tomography (PET) Service
- Initiation of Health Care Service as Defined in §TCA 68-11-1607(3)

Please answer all questions on letter size, white paper, clearly typed and spaced, single sided, in order and sequentially numbered. In answering, please type the question and the response. All questions must be answered. If an item does not apply, please indicate “N/A” (not applicable). Attach appropriate documentation as an Appendix at the end of the application and reference the applicable item Number on the attachment, i.e. Attachment 1A, 2A, etc. The last page of the application should be a completed signed and notarized affidavit.

**5A. Type of Institution** (*Check all appropriate boxes – more than one response may apply*)

- Hospital
- Ambulatory Surgical Treatment Center (ASTC) – Multi-Specialty
- Ambulatory Surgical Treatment Center (ASTC) – Single Specialty
- Home Health
- Hospice
- Intellectual Disability Institutional Habilitation Facility (ICF/IID)
- Nursing Home
- Outpatient Diagnostic Center
- Rehabilitation Facility
- Residential Hospice
- Nonresidential Substitution Based Treatment Center of Opiate Addiction
- Other

Other -

---

Hospital -

---

**6A. Name of Owner of the Facility, Agency, or Institution**



Middle Tennessee Imaging, LLC dba Premier Radiology

**Name**

28 White Bridge Pike, Suite 111

615-356-3999

**Street or Route****Phone Number**

Nashville

Tennessee

37205

**City****State****Zip****7A. Type of Ownership of Control** (*Check One*)

- Sole Proprietorship
- Partnership
- Limited Partnership
- Corporation (For Profit)
- Corporation (Not-for-Profit)
- Government (State of TN or Political Subdivision)
- Joint Venture
- Limited Liability Company
- Other (Specify)

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's website at <https://tnbear.tn.gov/ECommerce/FilingSearch.aspx>. If the proposed owner of the facility is government owned must attach the relevant enabling legislation that established the facility. (Attachment 7A)

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% ownership (direct or indirect) interest.

**RESPONSE:** The ODC will be wholly owned by Middle Tennessee Imaging, LLC d/b/a Premier Radiology. That entity is referred to in this application as "MTI" or "Premier" or "Premier Radiology". MTI is a joint venture between Saint Thomas Health (70%); NOL, LLC (26.1%) and several physicians (3.9% in total). NOL, LLC is owned 72.76% by Radiology Partners and 27.24% by individual physicians, none of whom owns 5% or more of that LLC. The applicant's active status is documented in Attachment 7A.

**8A. Name of Management/Operating Entity** (*If Applicable*)

PhyData, LLC

**Name**

28 White Bridge Road, Suite 111

Davidson

**Street or Route****County**

Nashville

Tennessee

37205

**City****State****Zip**

www.premierradiology.com

**Website Address**

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 schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. (Attachment 8A)

### **9A. Legal Interest in the Site**

Check the appropriate box and submit the following documentation. (Attachment 9A)

The legal interest described below must be valid on the date of the Agency consideration of the Certificate of Need application.

- Ownership (Applicant or applicant's parent company/owner) – Attach a copy of the title/deed.
  - Lease (Applicant or applicant's parent company/owner) – Attach a fully executed lease that includes the terms of the lease and the actual lease expense.
  - Option to Purchase - Attach a fully executed Option that includes the anticipated purchase price.
  - Option to Lease - Attach a fully executed Option that includes the anticipated terms of the Option and anticipated lease expense.
  - Letter of Intent, or other document showing a commitment to lease the property - attach reference document
  - Other (Specify)
- 

**RESPONSE:** See Attachment 9A. The lessor will be Saint Thomas Hospital West (or potentially a third-party developer), and MTI will be the lessee and the licensee of the ODC. Attachment 9A contains the executed letter of intent to enter into the lease, conditioned on CON approval. It states the terms and anticipated expenses of the intended lease.

---

### **10A. Floor Plan**

If the facility has multiple floors, submit one page per floor. If more than one page is needed, label each page. (Attachment 10A)

- Patient care rooms (Private or Semi-private)
- Ancillary areas
- Other (Specify)

**RESPONSE:** See Attachment 10A for the floor plan of this one-level facility, with major areas labeled.

---

### **11A. Public Transportation Route**

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. (Attachment 11A)

**RESPONSE:** The project is at Dunlop Lane and Chesapeake Lane, very close to Tennova Healthcare-Clarksville hospital whose location is well known to service area residents. Patients can come from the south on I-24, and exit at Dunlop Lane within sight of the hospital, and be no more than 3 minutes from this project on Dunlop Lane. Patients coming from the north on I-24 will exit on Wilma Rudolph Boulevard / US Highway 79 West, turning off it onto Dunlop Lane very close to the project. The Clarksville Transit Authority (CTA) operates bus lines throughout the city and to Fort Campbell in Christian County, Kentucky. CTA also provides vans with lifts for disabled and elderly passengers, scheduled on appointment. Bus route #8 has a stop at the hospital emergency department, which is approximately 500 yards from the site of this project. THE CTA transports residents into Clarksville from both the north and south of Clarksville. The CTA also operates route #1 that serves residents in the Fort Campbell area in nearby Kentucky. Outside of Clarksville, the low-cost Mid-Cumberland Public Transit system provides elderly and handicapped rural residents with transportation on an appointment basis, to and from Montgomery County destinations as needed.

---

**12A. Plot Plan**

Unless relating to home care organization, briefly describe the following and attach the requested documentation on a letter size sheet of white paper, legibly labeling all requested information. It **must** include:

- Size of site (in acres);
- Location of structure on the site;
- Location of the proposed construction/renovation; and
- Names of streets, roads, or highways that cross or border the site.

(Attachment 12A)

**RESPONSE:** See Attachment 21A for the plot plan, labeled as required.

---

**13A. Notification Requirements**

- TCA §68-11-1607(c)(9)(B) states that “... If an application involves a healthcare facility in which a county or municipality is the lessor of the facility or real property on which it sits, then within ten (10) days of filing the application, the applicant shall notify the chief executive officer of the county or municipality of the filing, by certified mail, return receipt requested.” Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.
  - Notification Attached (Provide signed USPS green-certified mail receipt card for each official notified.)
  - Notification in process, attached at a later date
  - Notification not in process, contact HFC Staff
  - Not Applicable
- TCA §68-11-1607(c)(9)(A) states that “... Within ten (10) days of the filing of an application for a nonresidential substitution based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of the municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution based treatment center for opiate addiction has been filed with the agency by the applicant.
  - Notification Attached (Provide signed USPS green-certified mail receipt card for each official notified.)
  - Notification in process, attached at a later date
  - Notification not in process, contact HFC Staff
  - Not Applicable

## **EXECUTIVE SUMMARY**

### **1E. Overview**

Please provide an overview not to exceed **ONE PAGE** (for 1E only) in total explaining each item point below.

- Description: Address the establishment of a health care institution, initiation of health services, and/or bed complement changes.

**RESPONSE:**

The project is establishment of an Outpatient Diagnostic Center (“ODC”) in Clarksville (Montgomery County), and the initiation of outpatient MRI service. The proposed ODC will offer MRI with the area’s first breast imaging capability, [IRPI](#) CT, ultrasound, x-ray, mammography, and bone densitometry. When the project is fully implemented, the applicant will remove from Montgomery County the applicant’s existing, indirectly-owned mobile MRI/ODC (which operates full-time at one location), and will surrender authorization for its future use in Montgomery County.

The project site is within an unaddressed tract of land currently owned by Saint Thomas West Hospital. The preliminary plan for the proposed ODC is that a "turnkey" fully built out ODC building will be developed on the site, and will be leased to MTI, the CON applicant, to equip, license, and operate as a Premier Radiology ODC. The proposed ODC will be managed by PhyData, LLC, the entity used by Premier to manage its other ODCs in Middle Tennessee.

[IRPI](#) with new breast imaging capability

---

- Ownership structure

**RESPONSE:** The ODC will be wholly owned by the applicant, Middle Tennessee Imaging, LLC d/b/a Premier Radiology. That entity is referred to in this application as “MTI” or “Premier” or “Premier Radiology”. MTI is a joint venture between Saint Thomas Health (70%); NOL, LLC (26.1%) and several physicians (3.9% in total). NOL, LLC is owned 72.76% by Radiology Partners and 27.24% by individual physicians, none of whom owns 5% or more of that LLC.

---

- Service Area

**RESPONSE:** The primary service area of the project consists of Montgomery County in Tennessee, and adjoining parts of Christian County, Kentucky. They will contribute more than 82% of the project’s patients. No other county will contribute as much as 5%.

---

- Existing similar service providers

**RESPONSE:** In the Tennessee sector of the primary service area in CY2022, there were 5 MRI providers operating 6 MRI units, and 6 providers operating 7 CT units. See Table 5N in the Attachments. In adjoining Christian County, Kentucky, the local hospital in Hopkinsville also operated two MRI units and also CT units.

---

- Project Cost

**RESPONSE:** The applicant's estimated total project cost (CON; equipping; licensure) is \$15,400,407, of which \$5,060,713 is the actual capital cost, the balance being the amount of space lease payments over a 15-year period. The lease cost covers the developer's costs for building the turnkey, finished facility for the applicant to equip and license.

---

- Staffing

**RESPONSE:** Year One utilization will require 8 FTE's of radiology techs. The mobile MRI indirectly owned by the applicant is already staffed with 2 MRI tech FTEs at its present location. Six techs will be recruited for the new modalities. Two patient services representatives will also be on staff to assist patients.

---

## 2E. **Rationale for Approval**

A Certificate of Need can only be granted when a project is necessary to provide needed health care in the area to be served, will provide health care that meets appropriate quality standards, and the effects attributed to competition or duplication would be positive for consumers

Provide a brief description not to exceed ONE PAGE (for 2E only) of how the project meets the criteria necessary for granting a CON using the data and information points provided in criteria sections that follow.

- Need

**RESPONSE:** Several factors justify approval of this application. First, the applicant’s existing mobile MRI is currently operating at a single location, 10 hours a day, 6 days a week, at 123% of the 2,880-procedure State Plan optimal use standard. Patient waiting time—currently at 20 days--will continue to increase with the area’s rapidly growing population. The existing mobile MRI (indirectly owned 100% by the applicant) will be replaced with a faster stationary MRI located in a stationary ODC licensed to the applicant. • Second, the proposed faster stationary MRI will substantially exceed the State Health Plan’s optimal targets of 2,160; 2,520; and 2,880 annual procedures in its first three years, which meets that goal of the State Health Plan. • Third, the applicant’s proposed stationary MRI will be opened when the existing mobile MRI is closed, so the project is not an additional MRI service or MRI unit for Clarksville. This makes it acceptable under the State Health Plan, which is focused on the need for additional MRIs. • Fourth, the applicant’s proposed stationary MRI will introduce MRI breast imaging technology to the service area, which is an important addition to healthcare services in this service area. Technological innovation and improved consumer access are supported by the State Health Plan. • Fifth, there is an indication that the ODC-based MRI in Clarksville (Clarksville Imaging Center or “CIC”) will lose its radiologist coverage in the first quarter of CY2024. ADI Radiology, P.C. (which exclusively provides radiology reading services to CIC) anticipates that it will cease providing radiology reading services to Clarksville Imaging Center on March 31, 2024 and understands that the owners of Clarksville Imaging Center will shortly commence mediation regarding the dissolution of Clarksville Imaging Center.

---

- Quality Standards

**RESPONSE:** The applicant operates 18 licensed and accredited ODCs in Middle Tennessee and has longstanding diagnostic imaging presence in the proposed service area. The applicant wholly owns and controls a subsidiary LLC that is licensed for an Outpatient Diagnostic Center with mobile MRI, which operates full time in Clarksville. This existing mobile MRI unit is accredited by the American College of Radiology. In the proposed new fixed ODC (which will be directly licensed to the applicant), optimal quality of care will be assured not only by MRI accreditation and ODC licensure, but also by the quality of Advanced Diagnostic Imaging’s staff of 52 radiologists, with their extensive depth of subspecialty clinical training, and by Saint Thomas Health's regionwide commitment to high quality care at a lower cost to consumers. In addition, the project’s MRI will introduce to Montgomery County an important advanced technology for sophisticated breast imaging, which is in high demand but is not yet available in this area.

---

- Consumer Advantage

- Choice

**RESPONSE:** Consumers will have improved access to several new imaging services in one comprehensive fixed outpatient imaging center, including MRI-based breast studies, X-ray, and bone densitometry. Additionally, consumer preferences for ODC-based MRIs is strong, compared to the lower utilization of hospital MRIs. The high utilization of ODC-based MRIs is significant because (1) the ODC units are more affordable than the hospital units for most consumers, and (2) they are more accessible than physician office MRIs, which may limit testing to their own patients.

---

- Improved access/availability to health care service(s)

**RESPONSE:** The project's stationary MRI will bring a valuable new breast coil technology to service area patients, who currently do not have it available at an easily accessible location. That improvement will also be financially accessible. Premier contracts with all area TennCare MCOs and has committed to follow Saint Thomas' charity care policies. Premier has committed to charity care for this ODC at 1% of gross revenues. The location of the project is close to Montgomery County's only hospital, only about 500 yards from the applicant's existing mobile MRI.

---

○ Affordability

**RESPONSE:** The project's cost advantages will provide savings to uninsured and underinsured patients, to insurers, and to insured patients whose co-pays are based on a percentage of provider charges. The CY2022 Registry shows a CY2022 average gross charge of \$2,112 for Premier's existing mobile MRI. This contrasts with much higher hospital charges, which in CY2022 averaged \$5,535.

---

### 3E. **Consent Calendar Justification**

- Letter to Executive Director Requesting Consent Calendar (Attach Rationale that includes addressing the 3 criteria)
- Consent Calendar NOT Requested

If Consent Calendar is requested, please attach the rationale for an expedited review in terms of Need, Quality Standards, and Consumer Advantage as a written communication to the Agency's Executive Director at the time the application is filed.

**4E. PROJECT COST CHART**

A. Construction and equipment acquired by purchase:		
1. Architectural and Engineering Fees		\$0
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees		\$75,000
3. Acquisition of Site		\$0
4. Preparation of Site		\$0
5. Total Construction Costs		\$0
6. Contingency Fund		\$0
7. Fixed Equipment (Not included in Construction Contract)		\$4,146,140
8. Moveable Equipment (List all equipment over \$50,000 as separate attachments)		\$0
9. Other (Specify): <u>MRI and CT service agreements</u>		\$805,000
B. Acquisition by gift, donation, or lease:		
1. Facility (inclusive of building and land)		\$10,339,694
2. Building only		\$0
3. Land only		\$0
4. Equipment (Specify): _____		\$0
5. Other (Specify): _____		\$0
C. Financing Costs and Fees:		
1. Interim Financing		\$0
2. Underwriting Costs		\$0
3. Reserve for One Year's Debt Service		\$0
4. Other (Specify): _____		\$0
D. Estimated Project Cost (A+B+C)		\$15,365,834
E. CON Filing Fee		\$34,573
F. Total Estimated Project Cost (D+E)	<b>TOTAL</b>	\$15,400,407



## GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with TCA §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, will provide health care that meets appropriate quality standards, and the effect attributed to completion or duplication would be positive for consumers.” In making determinations, the Agency uses as guidelines the goals, objectives, criteria, and standards adopted to guide the agency in issuing certificates of need. Until the agency adopts its own criteria and standards by rule, those in the state health plan apply.

Additional criteria for review are prescribed in Chapter 11 of the Agency Rules, Tennessee Rules and Regulations 01730-11.

The following questions are listed according to the three criteria: (1) Need, (2) the effects attributed to competition or duplication would be positive for consumers (Consumer Advantage), and (3) Quality Standards.

### **NEED**

The responses to this section of the application will help determine whether the project will provide needed health care facilities or services in the area to be served.

- 1N.** Provide responses as an attachment to the applicable criteria and standards for the type of institution or service requested. A word version and pdf version for each reviewable type of institution or service are located at the following website. <https://www.tn.gov/hsda/hsda-criteria-and-standards.html> (Attachment 1N)

#### **RESPONSE:**

See Attachment 1NR for responses to the State Health Plan's review criteria and standards for MRI Services and for Outpatient Diagnostic Centers.

---

- 2N.** Identify the proposed service area and provide justification for its reasonable ness. Submit a county level map for the Tennessee portion and counties boarding the state of the service area using the supplemental map, clearly marked, and shaded to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. (Attachment 2N)

#### **RESPONSE:**

See Attachment 2NR for the required map designating the counties in the project 's primary service area.

The primary service area ("PSA") consists of Montgomery County in Tennessee, and adjoining Christian County in Kentucky.

The PSA was identified by analyzing the CY2023 patient origin of Premier's existing mobile MRI. More than 82% of the applicant's patients were residents of the identified service area. No other county or state contributed as much as 5% of the mobile MRI patients. The proposed service area for the other modalities will reflect these same counties.

Complete the following utilization tables for each county in the service area, if applicable.

**PREMIER RADIOLOGY CLARKSVILLE UTILIZATION IN CY2023**

(At MTI's Indirectly-owned Mobile MRI)

Unit Type: <input checked="" type="checkbox"/> <u>Procedures</u> <input type="checkbox"/> Cases <input type="checkbox"/> Patients <input type="checkbox"/> Other (Specify): _____		
Service Area Counties	Historical Utilization Most Recent Year (2023) (Annualized on 11 months)	% of Total
Montgomery County	2,965	76.0%
KY (Christian Co.)	245	6.3%
Other Co./States <5%	690	17.7%
Total	3,900	100.0%

**PREMIER RADIOLOGY CLARKSVILLE ODC UTILIZATION -- ALL MODALITIES**

(At MTI's Proposed ODC)

Unit Type: <input checked="" type="checkbox"/> <u>Procedures</u> <input type="checkbox"/> Cases <input type="checkbox"/> Patients <input type="checkbox"/> Other (Specify): _____		
Service Area Counties	Projected Utilization Year 1 (2025)	% of Total
Montgomery County	16,126	76.0%
KY (Christian Co.)	1,337	6.3%
Other Co./States <5%	3,755	17.7%
Total	21,218	100.0%

Complete the following utilization tables for each county in the service area, if applicable.

**PROJECTED UTILIZATION**

Unit Type: <input checked="" type="checkbox"/> Procedures <input type="checkbox"/> Cases <input type="checkbox"/> Patients <input type="checkbox"/> Other    _____		
<b>Service Area Counties</b>	<b>Projected Utilization Recent Year 1 (Year = 2025)</b>	<b>% of Total</b>
Other State	5,092	24.00%
Montgomery	16,126	76.00%
Total	21,218	100%

3N. A. Describe the demographics of the population to be served by the proposal.

**RESPONSE:**

From CY2024 to CY2027, the population of the Tennessee primary service area (Montgomery County only) is projected to increase 7.3%, more than twice the projected Statewide growth rate of 2.9%. The targeted adult population will also increase at more than twice the State rate: 7.2% versus 3.1%.

The service area has a younger population and a 6% higher household income than Tennessee. It has a lower percent of persons living in poverty, and a slightly lower percent of TennCare enrollment.

The combined Tennessee/Kentucky primary service area (Montgomery County, TN and Christian County, KY) has a total population projected to increase 5.4%, more than the projected Statewide growth rate of 2.9% but lower than just Montgomery County because Christian County is projected to decline in population in this period. The targeted adult population will also decline.

The combined service area has approximately 8% lower household income than Tennessee. It has a slightly lower percent of persons living in poverty, and a slightly higher percent of Medicaid enrollment.

---

**B.** Provide the following data for each county in the service area:

- Using current and projected population data from the Department of Health. ([www.tn.gov/health/health-program-areas/statistics/health-data/population.html](http://www.tn.gov/health/health-program-areas/statistics/health-data/population.html));
- the most recent enrollee data from the Division of TennCare (<https://www.tn.gov/tenncare/information-statistics/enrollment-data.html>),
- and US Census Bureau demographic information (<https://www.census.gov/quickfacts/fact/table/US/PST045219>).

**RESPONSE:**

See Attachment 3N-BR for demographic tables. Their population data is based on the latest available U.S.Census data from the Tennessee Department of Health in a preliminary projection scheduled for publication by March 31, 2024. Data for Christian County in KY is based on U.S, Census data, interpolated and projected by Docustat.

---

4N. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly those who are uninsured or underinsured, the elderly, women, racial and ethnic minorities, TennCare or Medicaid recipients, and low income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

**RESPONSE:**

These groups will have multiple options for insurance coverage at this proposed ODC, as they now have with Premier's other ODCs across Middle Tennessee. The applicant is contracted with Medicare, with the three largest TennCare MCO's serving this area, and with TennCare Select. As an affiliate of Saint Thomas Health, the applicant is also committing to annual charity care based on income guidelines (to be developed) and 1% of the MRI gross revenues.

5N. Describe the existing and approved but unimplemented services of similar healthcare providers 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. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days. Average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g. cases, procedures, visits, admissions, etc. This does not apply to projects that are solely relocating a service.

**RESPONSE:**

There do not appear to be approved/unimplemented services of this type in the project's primary service area.

Please see Attachment 5NR for a table of reported utilization data from existing providers in the service area, for the three years CY2020 through CY2022. With respect to MRI, in CY2022, the Tennessee part of the primary service area had 5 providers of MRI—2 ODCs; 1 hospital; and 2 private physician offices. They operated 6 MRI units.

Table MRI Criterion 4 Part AR below summarizes area MRI providers' CY2022 percent of compliance with the State Health Plan target for optimal utilization, which is 2,880 procedures per year. The State Plan provides no targets for other modalities. The five providers as a group averaged 83.4% of the State Health Plan's optimal utilization target.

<b>Table: State Health Plan MRI Criterion 4 Part AR                      Tennessee Service Area MRI Providers' Compliance                      With State Health Plan Targets in CY2022                      REVISED IN ROUND ONE</b>							
County	Provider Type	Provider	Units	Procedures	Average Procedures Per Unit	Utilization Target for MRI Unit	% of TN Target Met
Montgomery	ODC	Premier ODC (The Applicant)	1	3,543	3,543	2,880	123.0%
Montgomery	ODC	Clarksville Imaging Center (CIC)	1	1,959	1,959	2,880	68.0%

Montgomery	Hosp	Tennova Healthcare—Clarksville	2	3,965	1,982.5	2,880	68.8%
Montgomery	PO	TN Orthopaedic Associates	1	3,761	3,361	2,880	116.7%
Montgomery	PO	Premier Medical Group	1	1,184	1,184	2,880	41.1%
<b>Totals</b>	<b>All</b>		<b>6</b>	<b>14,412</b>	<b>2,402</b>	<b>2,880</b>	<b>83.4%</b>

Source: HFC Registry except for Premier ODC number of units. It operated 5 days a week in 2022. The applicant will provide this correction to the Registry.

Note: Hospital providers' data includes both hospital-based MRI units and MRI units in the hospital HOPDs (hospital outpatient departments).

It should be recognized that with the population growth in the service area, MRI utilization will increase. CY2022 utilization does not indicate the extent of area need three years later, in CY2025, when this project will open. For example, Table 5N Part B below documents the service area's growth in MRI average utilization per unit, in the two-year period of CY2020 through CY2022. The data are from Attachment 5N.

The average procedures per MRI unit increased almost 19% in only two years. This is a reliable predictor that in CY2025 when this project opens, area utilization of MRI will be significantly higher than it was in CY2022.

<b>Table: State Health Plan MRI Criterion 4 Part BR Rapid Increases of Service Area MRI Utilization CY2020 - CY2022 REVISED IN ROUND ONE</b>	
	<b>All Providers</b>
<b>2020 MRI Utilization</b>	
Units	6
Procedures	11,806
Procedures Per Unit	1,968
<b>2022 MRI Utilization</b>	
Units	6
Procedures	14,412
Procedures Per Unit	2,402
<b>% Change in Procedures Per Unit, 2020-2022</b>	<b>+18.7%</b>

Source: HFC Registry data, Attachment 5.

If reported MRI utilization from Christian County, KY is factored in to reflect both primary service area counties, it does not change the results significantly. On the following page are the same Criterion 4 tables with Christian County's two reporting MRIs added in (the tables are labeled as Criterion 4, Parts C and D). (There is a third MRI in Hopkinsville, an open MRI, that is in a private physician office and does not appear to report its utilization.)

The average procedures per MRI unit in Montgomery and Christian Counties combined increased 20.1% from CY2020 to CY2022.

It should be noted that those MRIs are located at Jennie Stuart Medical Center in Hopkinsville, which is a half hour drive north of this project. The applicant does not feel that the Jennie Stuart MRI utilization should be given significant consideration in this review of a Clarksville, Tennessee project. It is Christian County's population near the State line (such as around Fort Campbell) that uses Clarksville healthcare resources more than Christian County residents who live near Hopkinsville. Nor is Christian County a population growth center, as is Montgomery County.

<b>Table: State Health Plan MRI Criterion 4 Part CR</b> <b>Service Area MRI Providers' Compliance With State Health Plan Targets</b> <b>in CY2022</b> <b>CHRISTIAN COUNTY KY ADDED TO TABLE AR</b>							
County	Provider Type	Provider	Units	Procedures	Average Procedures Per Unit	Utilization Target for MRI Unit	% of TN Target Met
Montgomery	ODC	Premier ODC (The Applicant)	1	3,543	3,543	2,880	123.0%
Montgomery	ODC	Clarksville Imaging Center (CIC)	1	1,959	1,959	2,880	68.0%
Montgomery	Hosp	Tennova Healthcare—Clarksville	2	3,965	1,982.5	2,880	68.8%
Montgomery	PO	TN Orthopaedic Associates	1	3,761	3,361	2,880	116.7%
Montgomery	PO	Premier Medical Group	1	1,184	1,184	2,880	41.1%
Christian (KY)	Hosp	Jennie Stuart Medical Center--Hopkinsville	2	4,217	2,109	2,880	73.2%
<b>Totals</b>	<b>All</b>		<b>8</b>	<b>18,629</b>	<b>2,329</b>	<b>2,880</b>	<b>80.9%</b>

Source: TN data from HFC Registry except for Premier ODC number of units. It operated 5 days a week in 2022. The applicant will provide this correction to the Registry. KY data from State Plan website.

Note: Hospital providers' data includes both hospital-based MRI units and MRI units in the

hospital HOPDs (hospital outpatient departments).

<b>Table: State Health Plan MRI Criterion 4 Part DR Rapid Increase of Primary (TN+KY) Service Area MRI Utilization CY2020-CY2022 CHRISTIAN COUNTY KY ADDED TO TABLE BR</b>	
	<b>All Providers</b>
<b>2020 MRI Utilization</b>	
Units	8
Procedures	15,506
Procedures Per Unit	1,938
<b>2022 MRI Utilization</b>	
Units	8
Procedures	18,629
Procedures Per Unit	2,329
<b>% Change in Procedures Per Unit, 2020-2022</b>	<b>+20.1%</b>

Source: Table for SHP MRI Criterion 4 Part C.

- 6N. Provide applicable utilization and/or occupancy statistics for your institution services for each of the past three years and the project annual utilization for each of the two 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:**

<b>Table 6N Part A: Historic Utilization of Applicant’s ODC (MRI Only)</b>				
<b>Year</b>	<b>Units</b>	<b>Procedures</b>	<b>State Health Plan Optimal Utilization Standard</b>	<b>% of Optimal Utilization Standard</b>
CY2020	1	2,829	2,880	98.%
CY2021	1	*1,972	2,880	69%
CY2022	1	3,543	2,880	123%
CY2023	1	3,900	2,880	135%

*\*Note: The Registry does not provide CY2021 utilization for this unit; CY2021 data in the table is from the applicant’s Joint Annual Report, p.6. A staffing shortage held utilization down for that year; but when fully staffed the next year, MRI procedures almost doubled, to 123% of the State Plan optimal utilization standard.*



The Premier mobile MRI performed approximately 3,900 procedures last year. Projections were made by officers of Premier Radiology based on experience in similar markets and on demand for the new capacities of this MRI (breast imaging and faster imaging speed). The projected increase is 4% per year, each year, from CY2023 through CY2027, without significant growth in CY2028.

The other modalities were projected for CY2025 at their likely volumes in relation to the MRI utilization. After that first year, CT was increased by 250 procedures each year; Mammography was rapidly increased by 500 procedures each year; ultrasound was increased by 250 procedures each year; and x-ray was increased by 250 and 500 procedures, respectively. Growth projections of these modalities reflect population increases in the service area.

Table 6N R Part B: Projected Utilization of Applicant's MRI Service				
Year	Units	Procedures	State Health Plan Optimal Utilization Standard	% of Optimal Utilization Standard
Yr 1-CY2025	1	4,218	2,880	146.5%
Yr 2-CY2026	1	4,387	2,880	152.3%
Yr 3-CY2027	1	4,563	2,880	158.4%

Table 6NR Part C - Projected Utilization of Applicant's Major ODC Modalities						
Year	MRI	CT	Mammogr.	Ultrasound	X-Ray	TOTALS
Yr 1-CY2025	4,218	3,000	6,000	3,000	5,000	21,218
Yr 2-CY2026	4,387	3,250	6,500	3,250	5,250	22,637
Yr 3-CY2027	4,563	3,500	7,000	3,500	5,750	24,313

7N. Complete the chart below by entering information for each applicable outstanding CON by applicant or share common ownership; and describe the current progress and status of each applicable outstanding CON and how the project relates to the applicant, and the percentage of ownership that is shared with the applicant's owners.

**RESPONSE:**

Neither of these CONs has any relationship to this Premier application for an ODC in Montgomery County.

CN2309-021 is for Premier Radiology to establish an Outpatient Diagnostic Center limited to MRI services, and to initiate MRI services, using an existing MRI unit in Lebanon. Its purpose is to improve access to MRI for Premier patients who live closer to Lebanon than to Premier’s Mount Juliet ODC. It was approved at the December 2023 HFC Board meeting. It is scheduled to open on or before March 15, 2024.

CN23-10-024 was approved January 24, 2024. It authorizes addition of a second MRI to Premier’s ODC in Mount Juliet. A second MRI was already onsite and had been in operation without a Certificate of Need since 2021. It was shut down on September 1, 2023 when Premier learned that adding the second unit required CON approval which had not been obtained. The project required no new construction or new equipment.

The January 24, 2024 approval of CN23-10-024 allowed Premier’s ODC to quickly restart the second MRI and resume its patient care on January 29, 2024.

---

CON Number	Project Name	Date Approved	Expiration Date
CN2309-021	Premier Radiology Lebanon	12/13/2023	1/13/2025

**CONSUMER ADVANTAGE ATTRIBUTED TO COMPETITION**

The responses to this section of the application helps determine whether the effects attributed to competition or duplication would be positive for consumers within the service area.

1C. List all transfer agreements relevant to the proposed project.

**RESPONSE:** Premier has in place a transfer agreement with Ascension Saint Thomas Hospital Midtown in Nashville. See Attachment 1C. Another may be requested from Tennova Healthcare-Clarksville hospital. For patients requiring an emergency admission to a hospital, the radiologist on site at the time will contact the local Emergency Medical Service (EMS) for emergency transport, keeping the patient stable while waiting for EMS to arrive.

2C. List all commercial private insurance plans contracted or plan to be contracted by the applicant.

- Aetna Health Insurance Company
-

- Ambetter of Tennessee Ambetter
- Blue Cross Blue Shield of Tennessee
- Blue Cross Blue Shield of Tennessee Network S
- Blue Cross Blue Shiled of Tennessee Network P
- BlueAdvantage
- Bright HealthCare
- Cigna PPO
- Cigna Local Plus
- Cigna HMO - Nashville Network
- Cigna HMO - Tennessee Select
- Cigna HMO - Nashville HMO
- Cigna HMO - Tennessee POS
- Cigna HMO - Tennessee Network
- Golden Rule Insurance Company
- HealthSpring Life and Health Insurance Company, Inc.
- Humana Health Plan, Inc.
- Humana Insurance Company
- John Hancock Life & Health Insurance Company
- Omaha Health Insurance Company
- Omaha Supplemental Insurance Company
- State Farm Health Insurance Company
- United Healthcare UHC
- UnitedHealthcare Community Plan East Tennessee
- UnitedHealthcare Community Plan Middle Tennessee
- UnitedHealthcare Community Plan West Tennessee
- WellCare Health Insurance of Tennessee, Inc.
- Others

**RESPONSE:** Please see the list in Attachment 2C.

---

- 3C. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact upon consumer charges and consumer choice of services.

**RESPONSE:**

For practical purposes, the applicant is not an additional MRI provider in the service area because currently the applicant wholly owns a subsidiary LLC that wholly owns the mobile MRI. The mobile MRI will be moved out of Montgomery County once this proposed ODC is implemented. Charges will not be affected by this “replacement” of one MRI by another.

---

- 4C. Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements, CMS, and/or accrediting agencies requirements, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

**RESPONSE:**

The applicant has extensive experience in recruiting and retaining staff to operate an imaging facility. All of its similar centers are fully staffed and in compliance with requirements of accreditation agencies, CMS, and the State of Tennessee.

---

- 5C. Document the category of license/certification that is applicable to the project and why. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

**RESPONSE:**

The proposed facility will be licensed by the State of Tennessee as an Outpatient Diagnostic Center. The applicant operates 18 such centers in Middle Tennessee, and is familiar with and complies with applicable State licensure requirements and applicable regulations.

---

## PROJECTED DATA CHART

- Project Only  
 Total Facility

Give information for the *two (2)* years following the completion of this proposal.

	<b>Year 1</b>	<b>Year 2</b>
	<u>2025</u>	<u>2026</u>
A. Utilization Data		
Specify Unit of Measure <u>Procedures</u>	<u>21218</u>	<u>22637</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$0.00</u>	<u>\$0.00</u>
2. Outpatient Services	<u>\$20,390,498.00</u>	<u>\$21,663,609.00</u>
3. Emergency Services	<u>\$0.00</u>	<u>\$0.00</u>
4. Other Operating Revenue (Specify) _____	<u>\$0.00</u>	<u>\$0.00</u>
<b>Gross Operating Revenue</b>	<u>\$20,390,498.00</u>	<u>\$21,663,609.00</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$14,885,064.00</u>	<u>\$15,814,435.00</u>
2. Provision for Charity Care	<u>\$203,905.00</u>	<u>\$216,636.00</u>
3. Provisions for Bad Debt	<u>\$636,183.00</u>	<u>\$675,905.00</u>
<b>Total Deductions</b>	<u>\$15,725,152.00</u>	<u>\$16,706,976.00</u>
<b>NET OPERATING REVENUE</b>	<u>\$4,665,346.00</u>	<u>\$4,956,633.00</u>

---

- 7C. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Historical and Projected Data Charts of the proposed project.

**Project Only Chart**

	Previous Year to Most Recent Year	Most Recent Year	Year One	Year Two	% Change (Current Year to Year 2)
<b>Gross Charge</b> ( <i>Gross Operating Revenue/Utilization Data</i> )	\$0.00	\$0.00	\$961.00	\$957.00	0.00
<b>Deduction from Revenue</b> ( <i>Total Deductions/Utilization Data</i> )	\$0.00	\$0.00	\$741.12	\$738.04	0.00
<b>Average Net Charge</b> ( <i>Net Operating Revenue/Utilization Data</i> )	\$0.00	\$0.00	\$219.88	\$218.96	0.00

- 8C. Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

**RESPONSE:**

See response to question 9C, immediately below.

---

- 9C. Compare the proposed project charges to those of similar facilities/services in the service area/adjoining services areas, or to proposed charges of recently approved Certificates of Need.

If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

**RESPONSE:**

Please see Attachment 9C, Table 9C Part A, for a comparison of the latest available data on average gross charges of the MRI providers that reported CY2022 charges to the HFC Registry. In that year, the average MRI gross charge at the applicant's MRI in Clarksville was \$2,112, below the \$2,623 average of all Montgomery County MRI providers. The Premier charge was only 38% of the average hospital-based MRI charge that year.

Please see Attachment 9C, Table 9C Part B for a comparison of the project's frequent MRI charges to current Medicare allowables and to published charges of hospital providers.

---

**10C.** Report the estimated gross operating revenue dollar amount and percentage of project gross operating revenue anticipated by payor classification for the first and second year of the project by completing the table below.

If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

**Applicant’s Projected Payor Mix  
Project Only Chart**

Payor Source	Year-2025		Year-2026	
	Gross Operating Revenue	% of Total	Gross Operating Revenue	% of Total
Medicare/Medicare Managed Care	\$3,058,575.00	15.00	\$3,249,541.00	15.00
TennCare/Medicaid	\$2,446,860.00	12.00	\$2,599,633.00	12.00
Commercial/Other Managed Care	\$9,379,629.00	46.00	\$9,965,260.00	46.00
Self-Pay	\$101,952.00	0.50	\$108,319.00	0.50
Other(Specify)	\$5,403,482.00	26.50	\$5,740,856.00	26.50
<b>Total</b>	\$20,390,498.00	100%	\$21,663,609.00	100%
Charity Care	\$203,905.00		\$216,636.00	

*\*Needs to match Gross Operating Revenue Year One and Year Two on Projected Data Chart*

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.

**RESPONSE:** As shown in the table immediately above, the project will serve Medicare and TennCare/Medicaid patients, and will commit a minimum of 1% of its gross revenues to charity care for medically indigent patients.

**QUALITY STANDARDS**

**1Q.** Per PC 1043, Acts of 2016, any receiving a CON after July 1, 2016, must report annually using forms prescribed by the Agency concerning appropriate quality measures. Please attest that the applicant will submit an annual Quality Measure report when due.

- Yes
- No

**2Q.** The proposal shall provide health care that meets appropriate quality standards. Please address each of the following questions.

- Does the applicant commit to maintaining the staffing comparable to the staffing chart presented in its CON application?
  - Yes
  - No
  
- Does the applicant commit to obtaining and maintaining all applicable state licenses in good 3standing?
  - Yes
  -

No

- Does the applicant commit to obtaining and maintaining TennCare and Medicare certification(s), if participation in such programs are indicated in the application?

Yes

No



3Q. Please complete the chart below on accreditation, certification, and licensure plans. Note: if the applicant does not plan to participate in these type of assessments, explain why since quality healthcare must be demonstrated.

Credential	Agency	Status (Active or Will Apply)	Provider Number or Certification Type
Licensure	<input checked="" type="checkbox"/> Health Facilities Commission/Licensure Division <input type="checkbox"/> Intellectual & Developmental Disabilities <input type="checkbox"/> Mental Health & Substance Abuse Services	Will Apply	Outpatient Diagnostic Facility
Certification	<input checked="" type="checkbox"/> Medicare <input checked="" type="checkbox"/> TennCare/Medicaid <input type="checkbox"/> Other _____	Will Apply Will Apply	Outpatient Diagnostic Facility Outpatient Diagnostic Facility
Accreditation(s)	ACR – American College of Radiology	Will Apply	MRI

4Q. If checked “TennCare/Medicaid” box, please list all Managed Care Organization’s currently or will be contracted.

- AMERIGROUP COMMUNITY CARE- East Tennessee
- AMERIGROUP COMMUNITY CARE - Middle Tennessee
- AMERIGROUP COMMUNITY CARE - West Tennessee
- BLUECARE - East Tennessee
- BLUECARE - Middle Tennessee
- BLUECARE - West Tennessee
- UnitedHealthcare Community Plan - East Tennessee
- UnitedHealthcare Community Plan - Middle Tennessee
- UnitedHealthcare Community Plan - West Tennessee
- TENNCARE SELECT HIGH - All
- TENNCARE SELECT LOW - All
- PACE
- KBB under DIDD waiver
- Others

5Q. Do you attest that you will submit a Quality Measure Report annually to verify the license, certification, and/or accreditation status of the applicant, if approved?

- Yes
- No

6Q. For an existing healthcare institution applying for a CON:

- Has it maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action should be discussed to include any of the following: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions and what measures the applicant has or will put into place to avoid similar findings in the future.

- Yes
- No
-

— N/A

- Has the entity been decertified within the prior three years? If yes, please explain in detail. (This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility.)

- Yes  
 No  
 N/A

**7Q.** Respond to all of the following and for such occurrences, identify, explain, and provide documentation if occurred in last five (5) years.

**Has any of the following:**

- Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);
- Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or.

**Been subject to any of the following:**

- Final Order or Judgement in a state licensure action;
 

Yes  
 No
- Criminal fines in cases involving a Federal or State health care offense;
 

Yes  
 No
- Civil monetary penalties in cases involving a Federal or State health care offense;
 

Yes  
 No
- Administrative monetary penalties in cases involving a Federal or State health care offense;
 

Yes  
 No
- Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services;
 

Yes  
 No
- Suspension or termination of participation in Medicare or TennCare/Medicaid programs; and/or
 

Yes  
 No
- Is presently subject of/to an investigation, or party in any regulatory or criminal action of which you are aware.
 

Yes  
 No

8Q. Provide the project staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions.

Existing FTE not applicable (Enter year)

Position Classification	Existing FTEs(enter year)	Projected FTEs Year 1
<b>A. Direct Patient Care Positions</b>		
MrI Tech	2.00	2.00
CT Tech	0.00	1.00
Mammography Tech	0.00	2.00
Ultrasound Tech	0.00	2.00
X-Ray Tech	0.00	1.00
<b>Total Direct Patient Care Positions</b>	2	8

<b>B. Non-Patient Care Positions</b>		
Personal Service Representative	0.00	2.00
<b>Total Non-Patient Care Positions</b>	N/A	2
<b>Total Employees (A+B)</b>	2	10

<b>C. Contractual Staff</b>		
Contractual Staff Position	0.00	0.00
<b>Total Staff (A+B+C)</b>	2	10

**DEVELOPMENT SCHEDULE**

TCA §68-11-1609(c) provides that activity authorized by a Certificate of Need is valid for a period not to exceed three (3) years (for hospital and nursing home projects) or two (2) years (for all other projects) from the date of its issuance and after such time authorization expires; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificate 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 authorization which has been extended shall expire at the end of the extended time period. The decision whether to grant an extension is within the sole discretion of the Commission, and is not subject to review, reconsideration, or appeal.

- Complete the Project Completion Forecast Chart below. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
- If the CON is granted and the project cannot be completed within the standard completion time period (3 years for hospital and nursing home projects and 2 years for all others), please document why an extended period should be approved and document the “good cause” for such an extension.

**PROJECT COMPLETION FORECAST CHART**

Assuming the Certificate of Need (CON) approval becomes the final HFC action on the date listed in Item 1 below, indicate the number of days from the HFC decision date to each phase of the completion forecast.

<b>Phase</b>	<b>Days Required</b>	<b>Anticipated Date (Month/Year)</b>
1. Initial HFC Decision Date		03/27/24
2. Building Construction Commenced	90	06/24/24
3. Construction 100% Complete (Approval for Occupancy)	270	12/21/24
4. Issuance of License	274	12/25/24
5. Issuance of Service	280	12/31/24
6. Final Project Report Form Submitted (Form HR0055)	370	03/31/25

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

**Attachment 3A**  
**Proof of Publication**

Text of Ad: 01/10/2024

0005873027

**LETTER OF INTENT  
TO FILE CERTIFICATE OF NEED**

This is to provide official notice to the Health Facilities Commission and all interested parties, in accordance with T.C.A. §68-11-1601 et seq., and the Rules of the Health Facilities Commission, that Premier Radiology Clarksville Outpatient Diagnostic Center, an Outpatient Diagnostic Center owned by Middle Tennessee Imaging, LLC, dba Premier Radiology with an ownership type of Limited Liability Company, and to be managed by PhyData, LLC, intends to file an application for a Certificate of Need for the establishment of an Outpatient Diagnostic Center ("ODC") with fixed MRI and to initiate MRI services. The address of the project will be unaddressed Lot 2 at the intersection of Chesapeake Lane and Dunlop Lane, Clarksville, Tennessee 37040 (Montgomery County), across Chesapeake Lane from a medical office building, and across Dunlop Lane 0.6 miles from an entrance drive to the Tennova Healthcare-Clarksville hospital. The estimated project cost is \$15,400,407.

The anticipated date of filing the application is on or before January 30, 2024.

The contact person for this project is Consultant John Wellborn, who may be reached at Development Support Group -- 4505 Harding Pike Suite 53-E, Nashville, Tennessee, 37205 - Contact No. 615-665-2022.

(A) Any healthcare institution wishing to oppose a Certificate of Need application must file a written notice with the Health Facilities Commission no later than fifteen (15) days before the regularly scheduled Health Facilities Commission meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application may file a written objection with the Health Facilities Commission at or prior to the consideration of the application by the Commission, or may appear in person to express opposition. Written notice of opposition may be sent to: Health Facilities Commission, Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville TN 37243 or email at [hsda.staff@tn.gov](mailto:hsda.staff@tn.gov)

# AFFIDAVIT OF PUBLICATION

0005873027

Newspaper Leaf Chronicle

State of Tennessee

Account Number NAS-527806

Advertiser DEVELOPMENT SUPPORT GROUP

DEVELOPMENT SUPPORT GROUP  
4219 HILLSBORO PIKE STE 210  
NASHVILLE, TN  
37215

*V Felty*

\_\_\_\_\_ Sales Assistant for the above mentioned newspaper,

hereby certify that the attached advertisement appeared in said newspaper on the following dates:

01/15/24

*[Signature]*

Subscribed and sworn to before me this 7 day of Feb 2024

*Mariah Verhagen*

Notary Public

*exp. 8.25.26*

MARIAH VERHAGEN  
Notary Public  
State of Wisconsin

0005873027

**LETTER OF INTENT  
TO FILE CERTIFICATE OF NEED**

This is to provide official notice to the Health Facilities Commission and all interested parties, in accordance with T.C.A. 568-11-1601 et seq., and the Rules of the Health Facilities Commission, that Premier Radiology Clarksville Outpatient Diagnostic Center, an Outpatient Diagnostic Center owned by Middle Tennessee Imaging, LLC, dba Premier Radiology with an ownership type of Limited Liability Company, and to be managed by PhyData, LLC, intends to file an application for a Certificate of Need for the establishment of an Outpatient Diagnostic Center ("ODC") with fixed MRI and to initiate MRI services. The address of the project will be unaddressed Lot 2 at the intersection of Chesapeake Lane and Dunlop Lane, Clarksville, Tennessee 37040 (Montgomery County), across Chesapeake Lane from a medical office building, and across Dunlop Lane 0.6 miles from an entrance drive to the Tennova Healthcare-Clarksville hospital. The estimated project cost is \$15,400,407.

The anticipated date of filing the application is on or before January 30, 2024.

The contact person for this project is Consultant John Wellborn, who may be reached at Development Support Group -- 4505 Harding Pike Suite 53-E, Nashville, Tennessee, 37205 - Contact No. 615-665-2022.

(A) Any healthcare institution wishing to oppose a Certificate of Need application must file a written notice with the Health Facilities Commission no later than fifteen (15) days before the regularly scheduled Health Facilities Commission meeting of which the application is originally scheduled; and (B) Any other person wishing to oppose the application may file a written objection with the Health Facilities Commission at or prior to the consideration of the application by the Commission, or may appear in person to express opposition. Written notice of opposition may be sent to: Health Facilities Commission, Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville TN 37243 or email at [hscd.staff@tn.gov](mailto:hscd.staff@tn.gov)



**Attachment 7AR**  
**Legal Entity Existence Documents**  
**And Organization Chart**



Tennessee  
Secretary of State  
Tre Hargett

Business Services Online > Find and Update a Business Record

## Business Information Search

As of January 28, 2024 we have processed all corporate filings received in our office through January 24, 2024 and all annual reports received in our office through January 23, 2024.

Click on the underlined control number of the entity in the search results list to proceed to the detail page. From the detail page you can verify the entity displayed is correct (review addresses and business details) and select from the available entity actions - file an annual report, obtain a certificate of existence, file an amendment, etc.

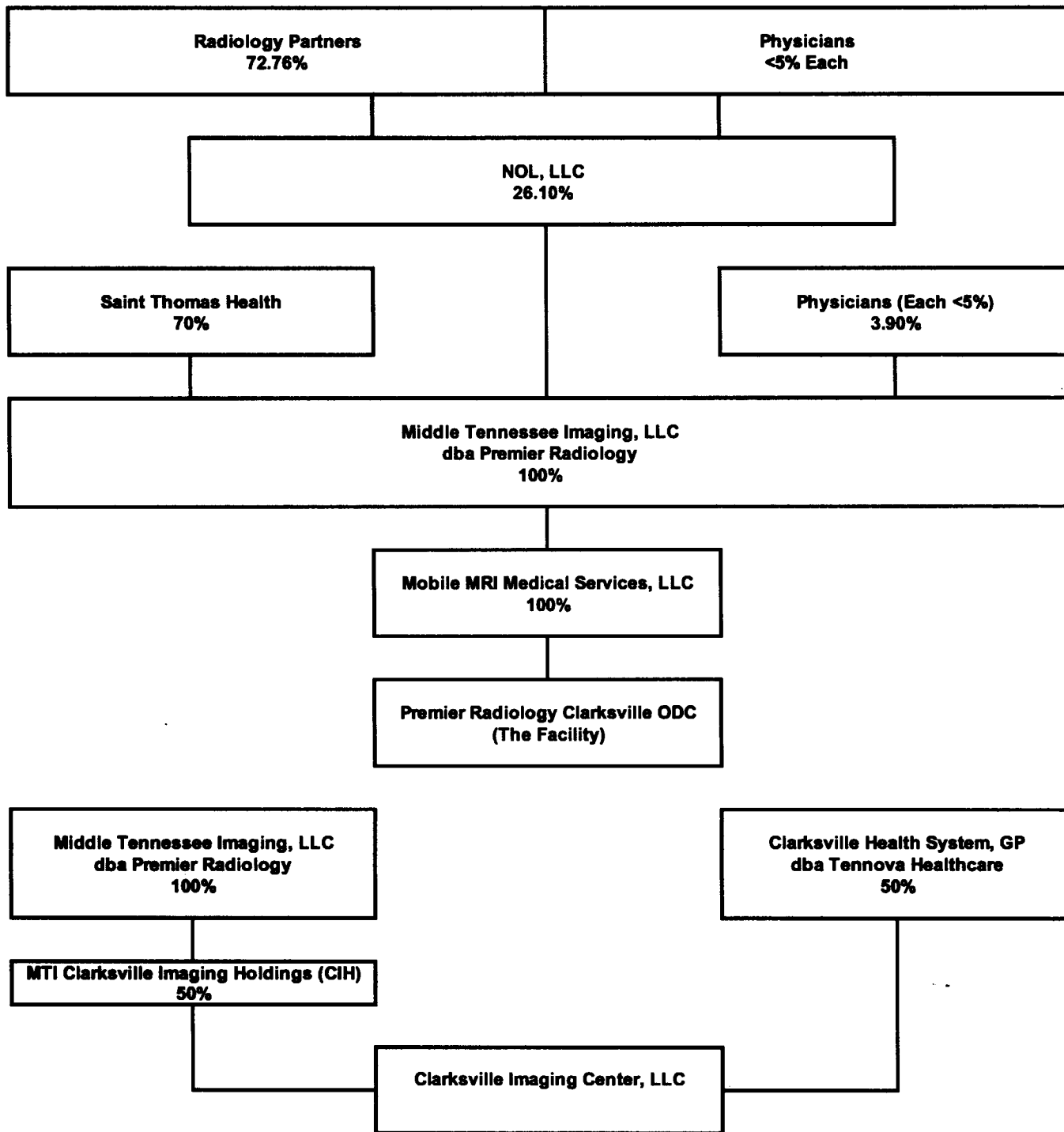
Search: <input type="text" value="Middle Tennessee Imaging, LLC"/>						1-1 of 1
Search Name: <u>Middle Tennessee Imaging, LLC</u>				<input checked="" type="radio"/> Starts With <input type="radio"/> Contains		
Control #: _____						
Active Entities Only: <input type="checkbox"/>						<u>Search</u>
Control #	Entity Type	Name	Name Type	Name Status	Entity Filing Date	Entity Status
<u>000396871</u>	LLC	MIDDLE TENNESSEE IMAGING, LLC TENNESSEE	Entity	Active	10/06/2000	Active
						1-1 of 1

Information about individual business entities can be queried, viewed and printed using this search tool for free.

If you want to get an electronic file of all business entities in the database, the full database can be downloaded for a fee by [Clicking Here](#).

[Click Here](#) for information on the Business Services Online Search logic.

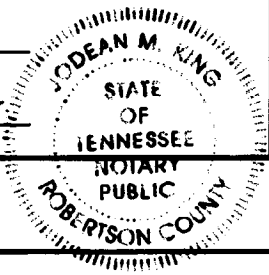
**ORGANIZATION CHART**



**Attachment 9A R**  
**Site Control (Legal Interest in Site)**

Connie E. Gunnett, Register  
 Montgomery County Tennessee  
 Rec #: 543846 Instrument #: 1361309  
 Rec'd: 30.00 Recorded  
 State: 9012.74 1/31/2022 at 10:01 AM  
 Clerk: 1.00 in Volume  
 Other: 2.00  
 Total: 9045.74 2182  
 Pages 2330-2335

<b>THIS INSTRUMENT PREPARED BY:</b>	STATE OF TENNESSEE COUNTY OF DAVIDSON
Brandi Norred Maiorino, Esq. Ottinger Law Group, PLLC 3835 Cleghorn Avenue, Suite 250 Nashville, Tennessee 37215	The actual consideration or value, whichever is greater, for this transfer is \$2,435,875.20.
	<u>Legan Cass</u> Affiant
	Subscribed and sworn to before me, this <u>27</u> day of January, 2022.
	<u>Jordan M. King</u> Notary Public
	My Commission Expires: <u>7/22/2025</u>



**SPECIAL WARRANTY DEED**

Address of New Owner(s):  
 300 20th Avenue North, Suite G6  
 Nashville, TN 37036  
 Attn: Heather Anderson

Send Tax Bills To:  
 New Owner

Map-Parcel Numbers:  
 A portion of 40-4.22  
 A portion of 40-4.11  
 A portion of 40-4.14  
 A portion of 40-4.15

FOR AND IN CONSIDERATION of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, PGF INVESTMENTS I, LLC, a Tennessee limited liability company ("Grantor"), has bargained and sold, and does hereby transfer and convey unto Saint Thomas West Hospital, a Tennessee not-for-profit corporation ("Grantee"), Grantee's successors and assigns, certain real property located in Clarksville, Montgomery County, Tennessee, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Property").

TO HAVE AND TO HOLD the Property, with all appurtenances, estate, title, interest, easements, and hereditaments thereunto belonging or in anywise appertaining, to Grantee, its successors and assigns, forever. Grantor does covenant with the said Grantee that it is lawfully seized and possessed of the Property in fee simple, has good right to convey it, and the same is unencumbered except as set forth on Exhibit B, attached hereto and incorporated herein by reference (the "Permitted Encumbrances"). Grantor does further covenant and bind itself, its successors, heirs, assigns, and representatives to warrant and forever defend the title to the Property to the said Grantee, its successors and assigns against the lawful claims of all persons claiming by, through or under Grantor, but not otherwise, except as set forth herein, to which this conveyance is expressly made subject.

**RESTRICTIONS:**

By acceptance of this deed, Grantee, on behalf of itself and its successors and assigns, takes title to the Property subject to the following restrictions:

No portion of the Property shall be (i) used for an ophthalmology practice and ophthalmology surgery center for a period of twenty-five (25) years after the date of recording of this deed, (ii) leased to or occupied by any government entity, including, without limitation, the Veteran's Administration, for a period of twenty-five (25) years after the recording of this deed, and (iii) used for general office purposes for a period of ten (10) years after the recording of this deed; provided, the restriction set forth in subparagraph (iii) shall not prohibit the Property from being used for medical offices, medical uses and any activities directly related to such medical office or medical uses.

*[Remainder of Page Intentionally Blank; Signature Page to Follow]*

IN WITNESS WHEREOF, Grantor has executed this Special Warranty Deed to be effective for all purposes as of this 27 day of January, 2022.

**GRANTORS:**

**PGF INVESTMENTS I, LLC, a Tennessee limited liability company**




By: \_\_\_\_\_  
Name: **Eric C. Powers**  
Its: **Managing Member**

STATE OF Tennessee  
COUNTY OF Davidson) SS:

Before me, the undersigned Notary Public, in and for the state and county aforementioned, personally appeared Eric C. Powers, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged such person to be the Managing Member of PGF Investments I, LLC, a Tennessee limited liability company, and that such person acting as the Managing Member executed the foregoing instrument for the purposes therein contained, by personally signing the name of the limited liability company as its Managing Member.

WITNESS my hand and seal at office this January 18, 2022.

  
Notary Signature

My Commission Expires: Sept. 6, 2022

Seal



**EXHIBIT A****Legal Description**

**BEING LOT 2 AS SHOWN ON THE MAP ENTITLED REPLAT OF INNOVATIONS GROUP LOT 1 MINOR PLAT & CHESAPEAKE LAND ROW DEDICATION, AS SHOWN BY PLAT OF RECORD IN INSTRUMENT NUMBER 1358797, PLAT M, PAGE 13, REGISTER'S OFFICE FOR MONTGOMERY COUNTY, TENNESSEE, TO WHICH PLAN REFERENCE IS HEREBY MADE FOR A MORE COMPLETE AND ACCURATE LEGAL DESCRIPTION.**

**Being those portions of real estate conveyed to PGF Investments I, LLC by Deed of record in Official Record Book 1434, Page 2171, in the Register's Office for Montgomery County, Tennessee and by Quitclaim Deed of record in Office Record Book 2182, Page 2304, Instrument Number \_\_\_\_\_, in the Register's Office for Montgomery County, Tennessee.**

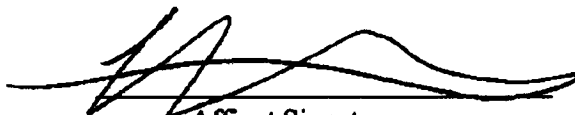


**EXHIBIT B****Permitted Encumbrances**

1. Real estate taxes and assessments for the year 2022 and subsequent years, not yet due and payable.
2. All matters shown on plat(s) of record in Instrument Number 1358797, Plat M, Page 13, in the Register's Office of Montgomery County, Tennessee.
3. Terms and provisions of Declaration of Restrictions, by James William Bell, Jr. and wife, Piper Bell, of record in Volume 1092, Page 1242, in the Register's Office for Montgomery County, Tennessee.
4. Terms and provisions of Agreement, by and between PGF I Investments and City of Clarksville, Tennessee, of record in Volume 1298, Page 214, in the Register's Office of Montgomery County, Tennessee.
5. Any facts, right, interests or claims that may exist or arise by reason of the following matters as disclosed by a survey prepared by Kenneth A. Bau, TN RLS No. 2019, Kimley Horn dated August 16, 2021 and last revised January 9, 2022, and designated Job No. 155-2, as follows:  
None.

Tennessee Certification of Electronic Document

I, Mary Kate Brandon, do hereby make oath that I am a licensed attorney and/or the custodian of the original version of the electronic document tendered for registration herewith and that this electronic document is a true and exact correct copy of the original document executed and authenticated according to law on 01/27/2022.



Affiant Signature

Date: 01/27/2022

State of Tennessee

County of Davidson

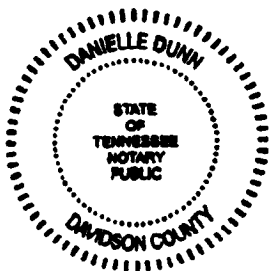
Sworn to and subscribed before me this 27 day of January, 2022.



Notary's Signature

My Commission Expires: May 5, 2025  
Date: 01/27/2022

Notary's Seal





## Ascension Saint Thomas

February 6, 2024

Mr. Jim Drumwright  
Chief Executive Officer  
Premier Radiology  
28 White Bridge Pike, Suite 111  
Nashville, TN 37205

**Re: Letter of Intent – Premier Radiology Clarksville Outpatient Diagnostic Center**

**Location:** Unaddressed Lot 2 at the intersection of Chesapeake Lane and Dunlop Lane, Clarksville, Tennessee 37040 (Montgomery County), across Chesapeake Lane from a medical office building, and across Dunlop Lane 0.6 miles from the entrance drive to Tennova Healthcare—Clarksville.

**Landlord:** SAINT THOMAS WEST HOSPITAL (herein referred to as “Landlord”)

**Tenant:** MTI, LLC d/b/a PREMIER RADIOLOGY (herein referred to as “Tenant”).

**Premises:** Approximately 6,390 Rentable Square Feet (the “Leased Premises”). The Leased Premises is as shown on Exhibit A.

**Initial Lease Term:** 15 years.

**Renewal Options:** Three (3) Five (5) Year Options.

**Base Rent:** The triple net (NNN) base rent for the Leased Premises will initially be \$75.00 multiplied by the Rentable Square Footage of the Leased Premises. The rent will escalate by 3.0% annually throughout the Initial Lease Term and Renewal Options.

**Tenant Improvement:** Landlord will complete the improvements (collectively, the “Initial Tenant Improvements”) based on a mutually agreeable floor plan, using Building Standard Finishes, for the Leased Premises.

**Lease Agreement:** Landlord’s standard lease agreement will be provided to Tenant for review and approval.

**Security Deposit:** None.

**Maintenance, Tax and Insurance:** Tenant shall pay for real estate taxes, maintenance and liability and casualty insurance in prorated amounts as estimated by Landlord and reconciled annually for the Premises. The lease shall be considered triple net (NNN).



## Ascension Saint Thomas

### Renovation or Building

**Modifications:** Tenant shall be permitted to renovate the Leased Premises and modify (excluding structural modifications) as necessary to permit the operation of Tenant's business with Landlord's prior written approval of Tenant's plans.

**Assignment/Sublet:** Tenant may not assign or sublet the Leased Premises without the prior consent of Landlord.

**Parking:** Parking shall be as generally shown on the attached Exhibit A and shall not be modified without Landlord's prior written consent.

**Signage:** Tenant may install a sign on the pylon or monument sign in a position determined by Landlord.

**Use:** Outpatient Diagnostic Center.

**Brokerage Fee:** Landlord and Tenant agree there were no brokers involved in this agreement. Landlord and Tenant each covenant to hold harmless and indemnify each other from and against any and all costs (including reasonable attorney's fees), expense or liability for any compensation, commissions and charges claimed by any other broker or agent with respect to this Lease or the negotiation thereof.

**Lease Contingency:** The Lease shall be contingent upon the approval by the appropriate governmental authority of Tenant's Certificate of Need for the Use identified herein.

### Delivery and Improvement Allowance:

The Leased Premises shall be delivered to Tenant with a completed building and parking lot in good working order per plans and specifications as developed jointly by both the Landlord and Tenant, paid for by Landlord. Tenant shall pay independently for its installation and material cost for any signage, furniture, fixtures, low voltage, security system and any medical equipment or system support.

### Stark/Fraud Abuse:

Landlord and Tenant intended to comply with all present and future local, state and federal statutes, rules and regulations applicable to the medical industry in connection with the Letter of Intent, including but not limited to, the Medicare/Medicaid Anti-Kickback statute (the "Anti-Kickback Law"), Section 1877 of the Social Security Act (the "Stark Law"), and rules applicable to tax exempt organizations (referred to herein collectively as the "Health Care Laws"). Should any provision of this Letter of Intent be determined by either party to be contrary to the provisions of the Health Care Laws, the parties agree to attempt in good faith to renegotiate such provision so it complies with the applicable provisions of the Health Care Laws and with the intention of staying as true to



# Ascension Saint Thomas

the economic and other material terms of the original structure of the Letter of Intent as is possible under the circumstances.

This Letter of Intent is not intended to be a legally binding offer or agreement for either party. Nothing contained herein shall be used or relied upon by either party hereto in any evidentiary manner, or otherwise, to subsequently attempt to demonstrate that the parties hereto have entered into any binding agreement or for any other purpose. It is the intent of the parties that no such legally binding agreement shall exist unless and until a formal and definitive lease agreement has been negotiated, drafted and approved by the respective parties and their legal counsel and executed and delivered by such parties.

Neither the expenditure of funds by you or any other party or commitments made, or action taken to implement any of the concepts in this request or otherwise shall be regarded as part performance of this letter or otherwise alter or modify the provisions of this paragraph. While the parties may commence or continue negotiations relating to the proposed Letter of Intent described in this Letter of Intent, each party reserves the right to terminate such negotiations at any time, with or without cause and for any reason, without any liability to the other party.

Please indicate your acceptance of the above terms by signing and returning a copy of this letter.


**Landlord:**  
**SAINT THOMAS WEST HOSPITAL**

Signature:   
311F9E494C284A2...

Title: CEO

Date: 2/7/2024

**Tenant:**  
**MTI, LLC d/b/a PREMIER RADIOLOGY**

Signature: DocuSigned by:  
  
85615678DE5E490...

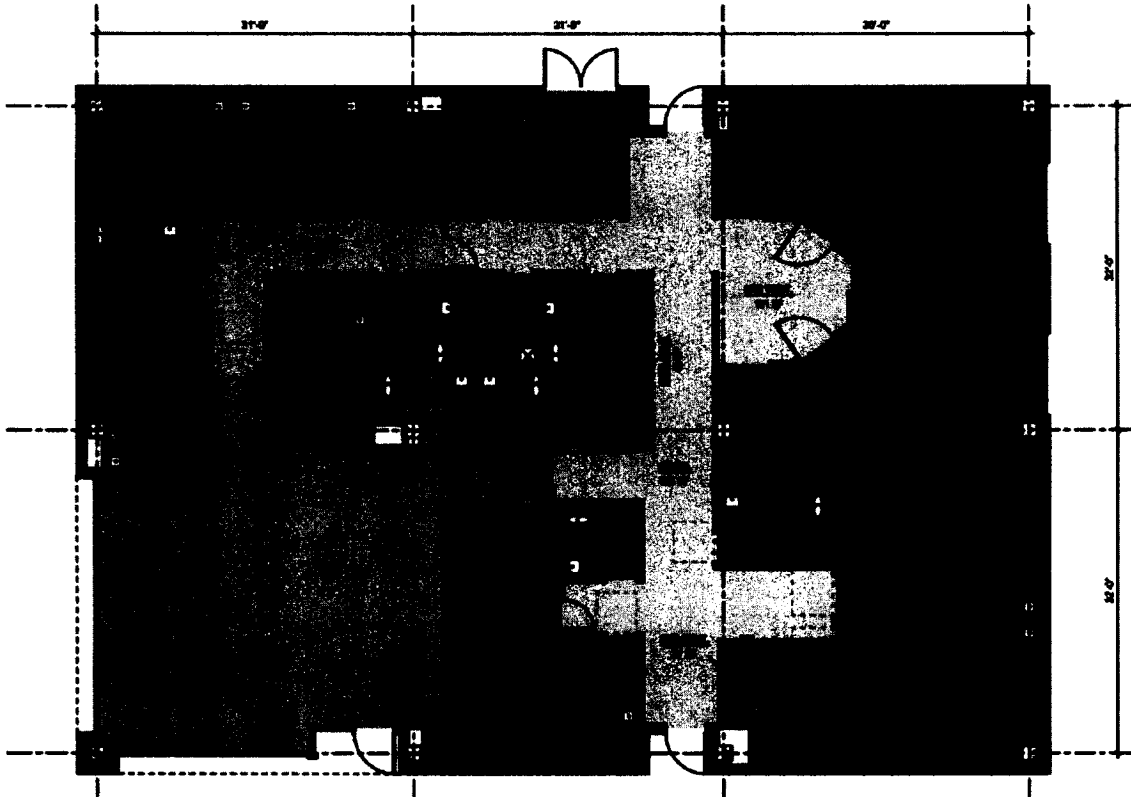
Title: Chief Executive Officer

Date: 2/7/2024



# Ascension Saint Thomas

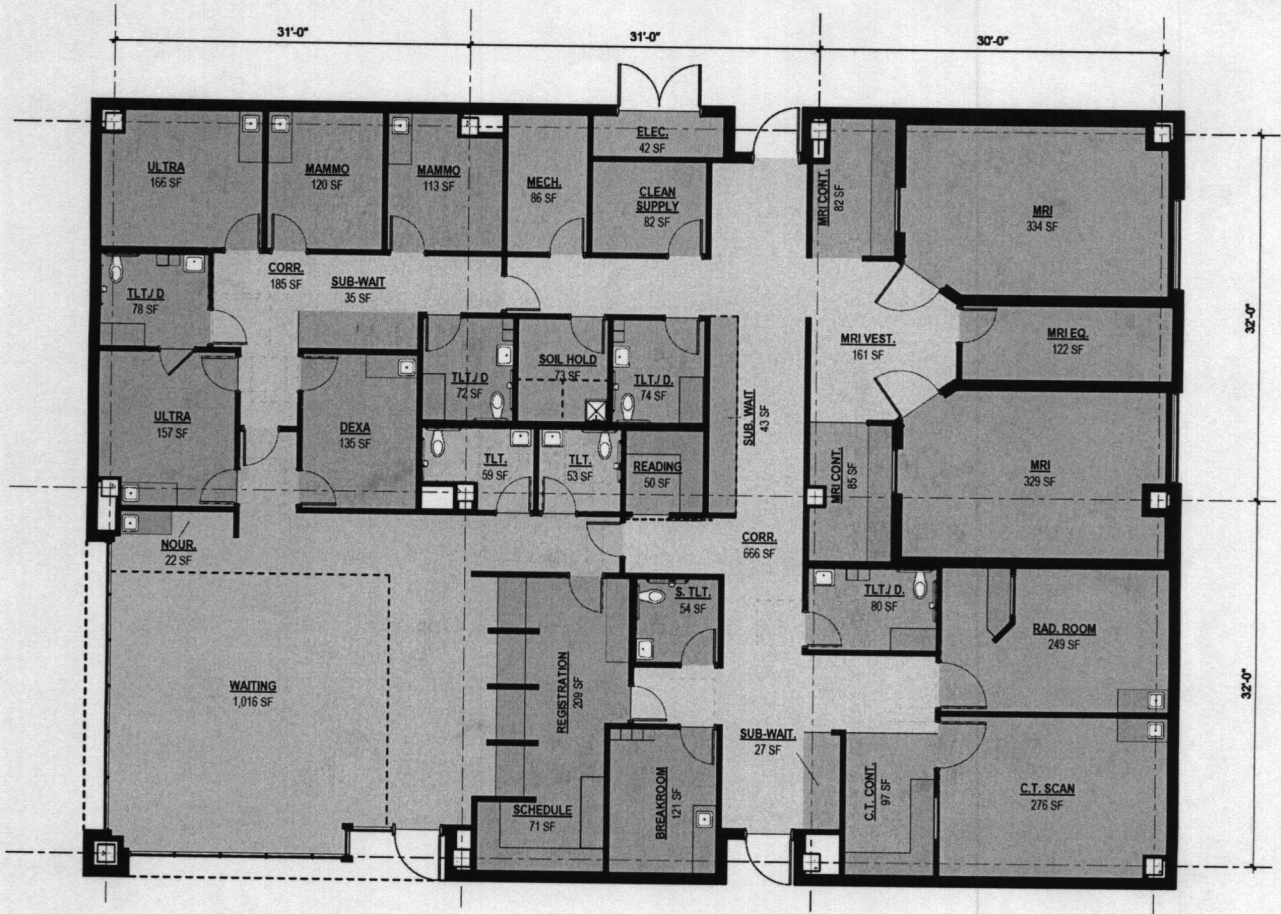
## Exhibit A Leased Premises



① Floor Plan

6,370 s.f.

**Attachment 10A**  
**Floor Plan**

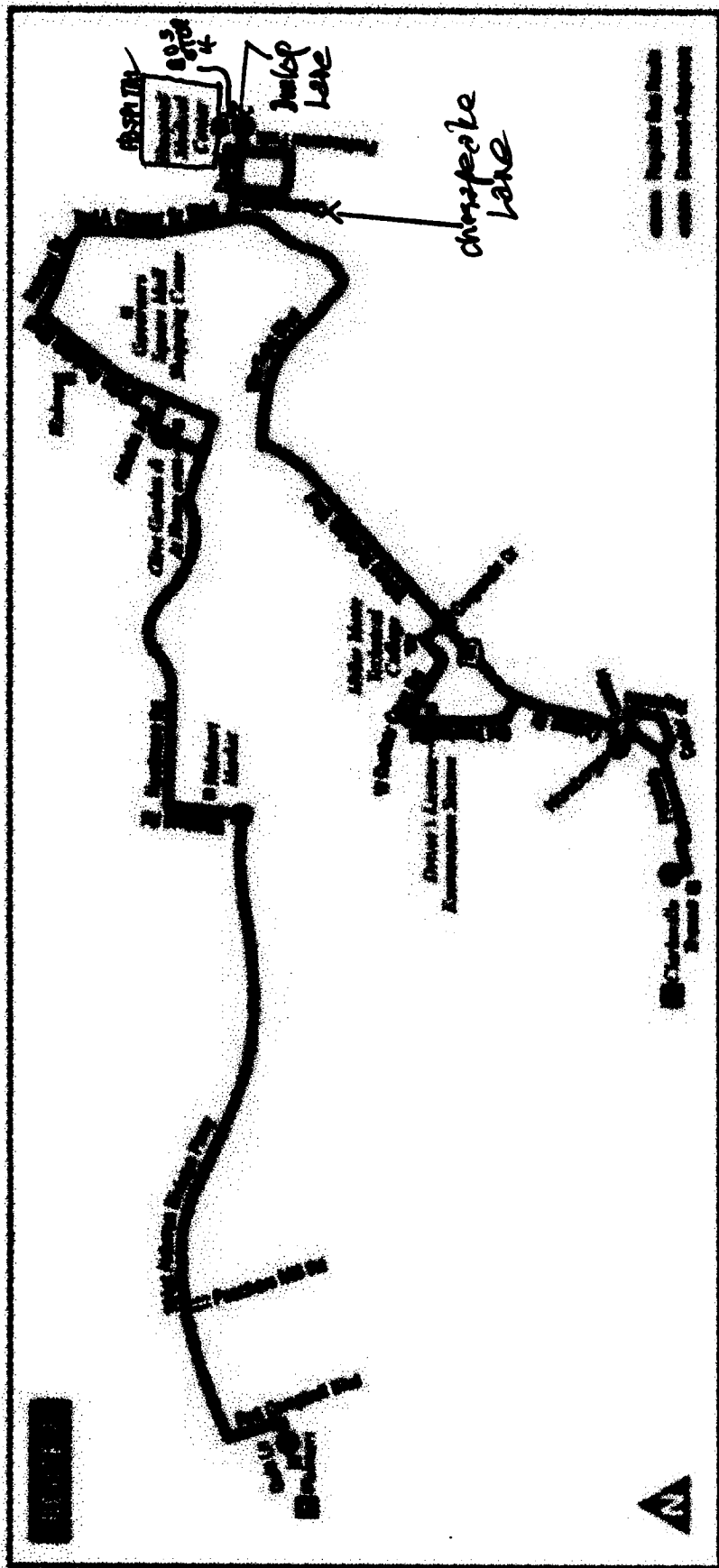


① Floor Plan

6,370 s.f.



**Attachment 11A**  
**Public Transportation Route**

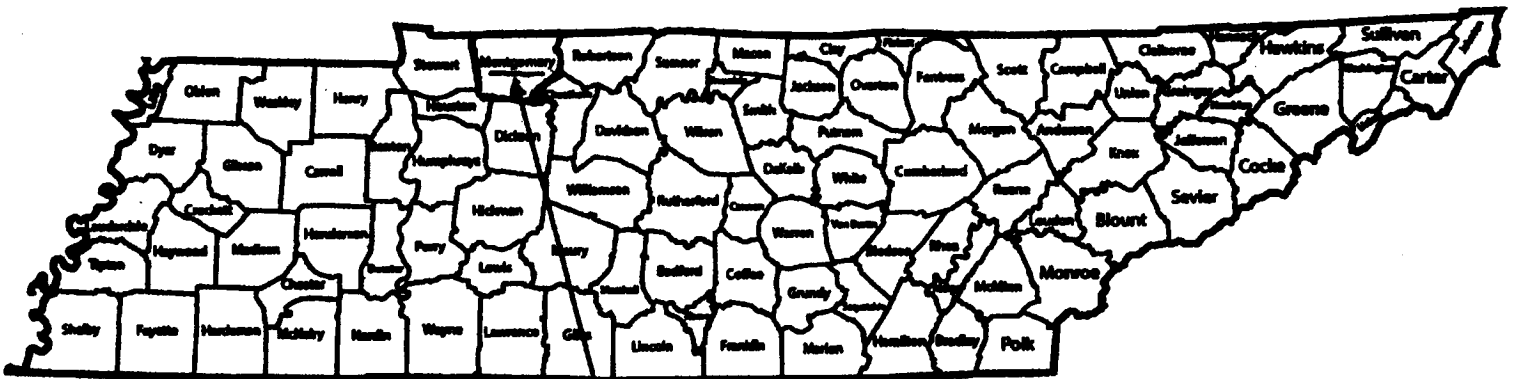


Clarkesville Transit System Route 8: 101 Express / Hospital

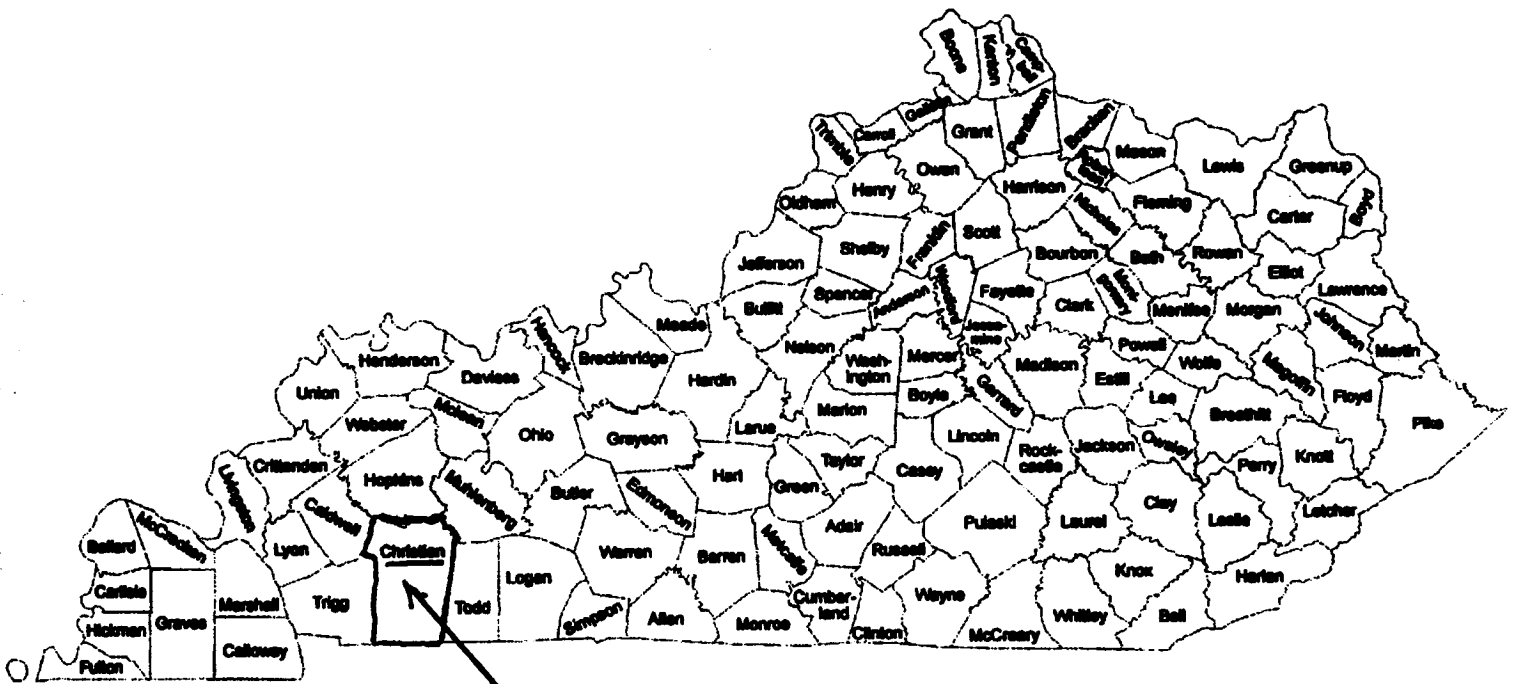
**Attachment 12A**  
**Plot Plan**



**Attachment 2NR**  
**County Level Map of Primary Service Area**  
**And Patient Origin Data**



**PREMIER RADIOLOGY - CLARKSVILLE ODC  
PRIMARY SERVICE AREA - TENNESSEE**



Get Printable Maps From:  
[WaterproofPaper.com](http://WaterproofPaper.com)

**PREMIER RADIOLOGY - CLARKSVILLE ODC  
PRIMARY SERVICE AREA - KENTUCKY**





201

**2N. Service Area****Question :**

**Please provide historical and projected utilization data by county or origin for the applicant affiliated ODCs and MRIs in the proposed service area in response to Item 2N. In the data provided, please provide the data by MRI (include the tesla strength of the MRI).**

Section 2N:

Patient origin tables in 2N have been revised within the application, for additional clarification.

MRI Field Strength:

Both the mobile MRI and CIC's stationary MRI are 1.5 Tesla units.

Project's MRI Patient Origin:

This application projects utilization and patient origin based on the mobile MRI's CY2023 patient origin. CY2023 is the most recent year available to the applicant. Also, the unit's patient origin changed significantly after CY2022 due to the opening of an MTI/Premier ODC in Sumner County, so CY2022 is not the best basis for projecting the patient origin for this new project.

On the following page, the applicant has provided a table showing the mobile MRI's patient origin by county for CY 2023, based on internal records.

Clarksville Imaging Center (CIC) MRI Patient Origin

This CON application does not base its utilization or patient origin projections on CIC's experience. CIC's publicly available JAR does not break out patient origin for just their MRI modality. Nor is the applicant a direct owner of CIC, The applicant is not authorized to publicly release data that has not been publicly reported by CIC itself. For both those reasons, the applicant cannot address CIC's MRI patient origin.

The table below was compiled after the end of September 2023 by the applicant's management. In early January 2024, management reported a preliminary count of 3,900 mobile MRI procedures for the entire calendar year.

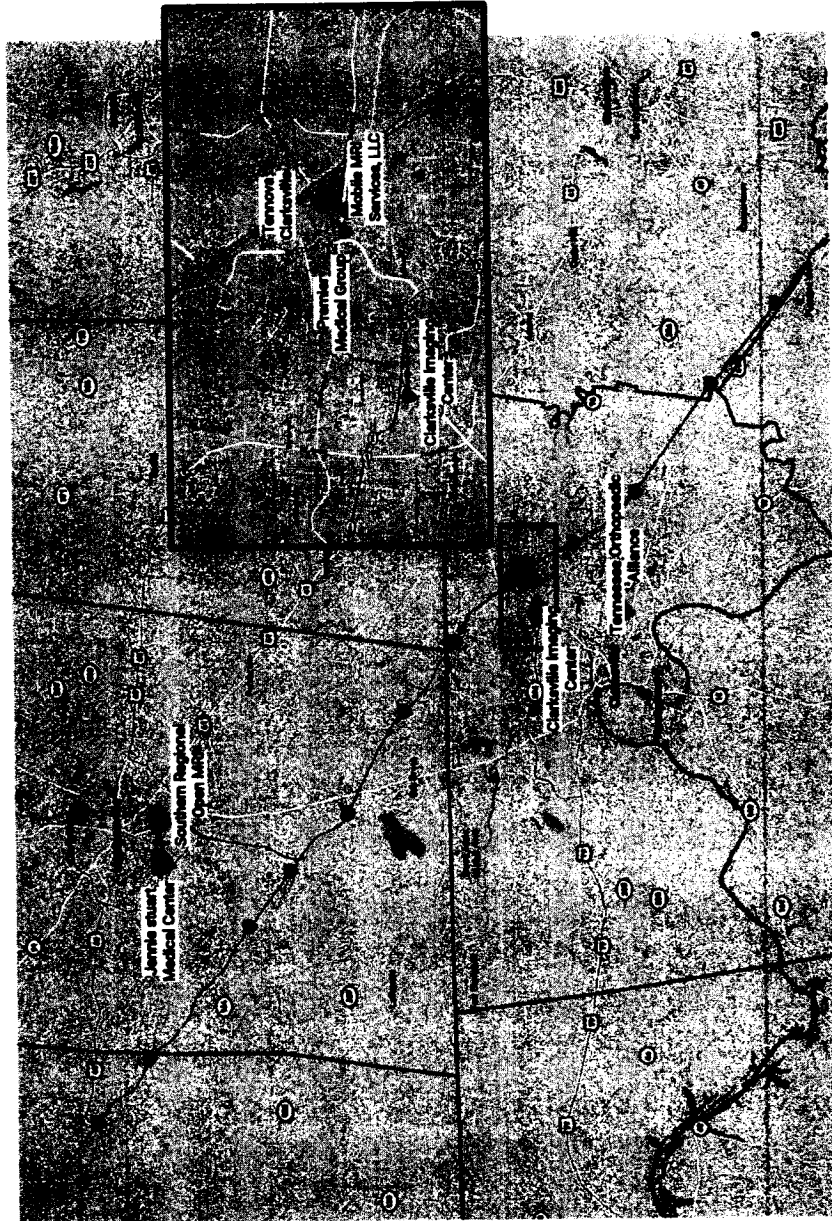
As shown in bold, Montgomery County TN and Christian County KY together contributed 82.3% of the mobile ODC's MRI utilization during the first three quarters of the year, demonstrating that they would be the primary service area for this project. The table's county-level percentages for Q1-Q3 of CY2023 were used for projecting annual utilization of this project going forward.

<b>Mobile MRI Patient Origin, 2023</b>				
<b>County</b>	<b>Q1-Q3 Procedures</b>	<b>Cumulative Procedures</b>	<b>County Percent of Total Procedures</b>	<b>Cumulative Percent of Total Procedures</b>
Montgomery County	2,080	2,080	76.0%	76.0%
Christian County	172	2,252	6.3%	82.3%
Stewart County	128	2,380	4.7%	87.0%
Houston County	47	2,427	1.7%	88.7%
Henry County	40	2,467	1.5%	90.2%
Dickson County	39	2,506	1.4%	91.6%
Cheatham County	35	2,541	1.3%	92.9%
Robertson County	30	2,571	1.1%	94.0%
Todd County KY	29	2,600	1.1%	95.0%
Trigg County KY	20	2,620	0.7%	95.8%
Davidson County	15	2,635	0.5%	96.3%
Humphreys County	14	2,649	0.5%	96.8%
Logan County KY	12	2,661	0.4%	97.3%
Hopkins County KY	9	2,670	0.3%	97.6%
Rutherford County	9	2,679	0.3%	97.9%
Other Counties & States	57	2,736	2.1%	100.0%
Q-1-Q3 SUBTOTAL	2,736			
ANNUAL TOTAL	3,900			

Source: MTI management.

**What other secondary service area counties are part of the project service area. Where have the remaining non-primary patients come from in the past?**

These are shown in the table above. All counties except for Montgomery and Christian Counties can be considered to be the secondary service area. Montgomery and Christian are the primary service area because (a) together they will exceed 80% of patient origin; and (b) no other county will contribute as much as 5%. As stated above, this reflects the actual CY2023 patient origin of the mobile MRI.



**Additional Document 2**  
**Insurance Plans**

<b>Premier Radiology - Current Insurance Plans</b>	
<b>AUTO</b>	<b>HMO</b>
MVA ERIE INS	AARP MEDICARE COMP PLUS HMO POS ADV
MVA PROGRESSIVE HAWAII INSUR	AETNA MEDICARE
MVA STATE FARM INS	AMERIVANTAGE MEDICARE
MVA USAA AUTO	BCBS MEDICARE ADVANTAGE
	HEALTHSPRING MEDICARE HMO
<b>BCBS</b>	HUMANA GOLD CHOICE MEDICARE
BCBS FEDERAL	HUMANA GOLD PLUS
BCBS MEDICARE SUPPLEMENTAL	UHC COMMUNITY DUAL COMPLETE
BCBS Network E	UHC COMMUNITY DUAL COMPLETE
BCBS PREFERRED	UHC MEDICARE (ALL MEDICARE PLANS)
BCBS SELECT	WELLCARE PLANS
BCBS TN BLUE CARE TENNCARE SELECT	ZZZ DNU UHC COMM DUAL COMPLETE WI
SMART HEALTH TIER 1	
	<b>MCAID</b>
<b>CHAMPUS</b>	AMERIGROUP MEDICAID
CHAMPVA	UHC COMMUNITY PLAN MEDICAID
TRICARE EAST	WELLCARE OF GEORGIA/KY
VACCN OPTUM	ZZZ DNU UHC COMMUNITY PLAN WI
	<b>MCARE</b>
<b>CIGNA</b>	AARP Medicare Advantage
CIGNA	ASCENSION COMPLETE SAINT THOMAS
CIGNA EVICORE	CARE OREGON
CIGNA OSCAR	MEDICARE RAILROAD PART A & B
CIGNA PPO	PALMETTO MEDICARE PART B TN
CIGNA SEL SOUR PL HMO POS	SNF NHC HENDERSONVILLE
	<b>OTHER</b>
<b>COMM</b>	
ADMINISTRATIVE CONCEPTS INC.	AMERICAN BUSINESS COALITION
AETNA HEALTH	Ascension WI Charity Care
AETNA LIFE INS	Charity
ALLIED BENEFIT SYSTEMS INC	RED ROCK DIAGNOSTIC
AMBETTER	St Thomas Charity
AMERICAN FIDELITY INS CO	THE TOWN DOCTOR
AMERICAN PLAN ADMINISTRATORS	
ANTHEM FIRST HEALTH CA	<b>PATIENT</b>
ARIZONA FOUNDATION FOR MEDICAL	PATIENT
ASR HEALTH BENEFITS	
BEAZLEY HEALTHPLAN SERVICES	<b>WCOMP</b>
BENEFIT ADMINISTRATIVE SYSTEM	US DEPARTMENT OF LABOR
BENEFIT DESIGN SPECIALISTS INC	VANDERBILT UNIVERSITY MEDICAL
BIND UNITED HEALTH	WC ABSOLUTE SOLUTIONS
CARE IQ/ANCICARE	WC ALLIANCE RESOLUTION MGT
CIGNA SUPPLEMENTAL	WC AMSTRUST NORTH AMERICA
COMMERCIAL GENERIC	WC AVERIT INC
CONSECO MEDICARE SUPPLEMENTAL	WC BROADSPIRE
FRINGE BENEFIT GROUP	WC CARE IQ
GOLDEN RULE /UNITED HEALTHCARE ONE	WC CareWorks
GPA	WC CINCINNATI INSURANCE
HEALTH NEW ENGLAND	WC CORVEL
HEALTHPLANS INC	WC DEPARTMENT OF LABOR
Healthscope	WC DFEC
HIGHMARK BLUE SHIELD	WC DIRECT PAY PROVIDER NETWORK
HUMANA COMMERCIAL	WC FEDERATED RURAL
LUCENT HEALTH	WC GALLAGHER BASSETT
MAGNOLIA HEALTH PLAN/CLAIMS	WC HOMELINK
MEDI-SHARE	WC INJURY CARE SOLUTIONS OF TN LLC
MEDISHARE/CHRISTIAN CARE MINISTRIES	WC INJURY FINANCE
MERITAIN HEALTH	WC KEY HEALTH
MERITAIN HEALTH	WC MEDCOMP USA INC
MUTUAL OF OMAHA	WC Navigere
NIPPON LIFE INS AMER	WC North American Risk Services
ONE CALL MEDICAL GRP HLTH COMMERCIA	WC ONE CALL MEDICAL
OSCAR	WC ORCHID MEDICAL
PAI	WC SEDGEWICK
PRAIRIE STATES ENTERPRISES	WC SEDGEWICK CMS FED EX/WALGREENS/C
PRIORITY HEALTH PPO	WC Sedgwick
PROJECT ACCESS NASHVILLE PRIMARY	WC SENTRY INS
PROJECT ACCESS NASHVILLE SPECIALTY	WC STATE FARM
SAMBA	WC Streamline Imaging
SELECT BENEFIT ADMINISTR	WC THE HARTFORD
TBCSP	WC TN RISK MNGMNT TRUST
TRUSTMARK LIFE INS CO	WC TRAVELERS
UGS GLOBALCARE INC	WC UNITED HEARTLAND
UHC	WC VANLINER INSURANCE
UHC ALLSAVERS INS	WC WELL STATES/WESTERN HEALTHCARE
UHC PPO, POS, HMO	WC YORK RISK MANAGEMENT
UMR/UNITED MEDICAL RESOURCES	WC ZURICH
UNITED HEALTH CARE	
UNITED HEALTH INTEGRATED/SHARED	
UNITED WORLD LIFE	
UNIVERA	
ZZDONOTUSEANTHEM BCBS	
ZZZ DNU TBCSP MID CUMBERLAND	

**Attachment 3N.B R (Round 1)**  
**Service Area Demographic Table**

**Table 3N-BR: Premier Imaging ODC-Clarksville  
Demographic Characteristics of Tennessee Primary Service Area  
2024-2028**

Primary Service Area Counties	Department of Health / Health Statistics							Bureau of the Census				TennCare	
	Current Total Population 2024	Projected Total Population 2028	Total Population % Change 2024-2028	Current Target* Population Age 18+2024	Projected Target* Population Age 18+2028	Projected Target* Population % Change 2024 - 2028	Projected Target* Population As % of Projected Total Population 2024	Median Age	Median Household Income	Persons Below Poverty Level	Persons Below Poverty Level as % of Total Population	Current TennCare/ Medicaid Enrollees	TennCare Enrollees as % of Current Total County or Zip Code Population
<b>Montgomery</b>	231,296	248,145	7.3%	168,977	181,085	7.2%	73.0%	31.2	\$67,890	25,905	11.2%	51,753	22.4%
<b>Service Area Total</b>	231,296	248,145	7.3%	168,977	181,085	7.2%	73.0%	31.2	\$67,890	25,905	11.2%	51,753	22.4%
<b>Tennessee (TDH)</b>	7,125,908	7,331,859	2.9%	5,565,604	5,736,895	3.1%	78.2%	38.0	\$64,035	947,746	13.3%	1,666,030	23.4%

Sources: UTCBER & TDH Population Projections, 2021; U.S. Census QuickFacts; TennCare Bureau.  
Service area data is either total, or average, as appropriate.

**Table 3N-BR: Premier Imaging ODC-Clarksville  
Demographic Characteristics of Primary Service Area Including Christian County KY  
2024-2028**

Primary Service Area Counties	Department of Health / Health Statistics							Bureau of the Census				TennCare	
	Current Total Population 2024	Projected Total Population 2028	Total Population % Change 2024-2028	Current Target* Population Age 18+2024	Projected Target* Population Age 18+2028	Projected Target* Population % Change 2024 - 2028	Projected Target* Population As % of Projected Total Population 2024	Median Age	Median Household Income	Persons Below Poverty Level	Persons Below Poverty Level as % of Total Population	Current TennCare/Medicaid Enrollees	TennCare Enrollees as % of Current Total County or Zip Code Population
Montgomery	231,296	248,145	7.3%	168,977	181,085	7.2%	73.0%	31.2	\$67,890	25,905	11.2%	51,753	22.4%
Christian KY	72,363	71,908	-0.6%	52,318	51,989	-0.6%	72.3%	28.0	\$48,920	13,242	18.3%	22,452	31.0%
<b>Service Area Total</b>	<b>303,659</b>	<b>320,053</b>	<b>5.4%</b>	<b>221,295</b>	<b>233,074</b>	<b>5.3%</b>	<b>72.8%</b>	<b>NA</b>	<b>\$58,405</b>	<b>39,148</b>	<b>12.9%</b>	<b>74,205</b>	<b>24.4%</b>
<b>Tennessee (TDH)</b>	<b>7,125,908</b>	<b>7,331,859</b>	<b>2.9%</b>	<b>5,565,604</b>	<b>5,736,895</b>	<b>3.1%</b>	<b>78.2%</b>	<b>38.0</b>	<b>\$64,035</b>	<b>947,746</b>	<b>13.3%</b>	<b>1,666,030</b>	<b>23.4%</b>

Sources: UTCBER & TDH Population Projections, 2021; U.S. Census QuickFacts; TennCare Bureau; KY State Planning.  
Service area data is either total, or average, as appropriate.



**Attachment 5N R  
Utilization of Existing Services  
and Approved But Unimplemented Services**

**Table 5NR: Historic Utilization of ODC Modalities in the PSA of Premier Radiology ODC -- Clarksville (Part A: MRI & CT)**

Provider	Type	Year	MRI Units	MRI Procedures	CT Units	CT Procedures
<b>Premier Fixed/Mobile MRI</b>	ODC	2020	1	2,829	0	0
Montgomery County		2021	1	NR	0	0
		2022	1	3,543	0	0
<b>Clarksville Imaging Center</b>	ODC	2020	1	1,993	1	1,046
Montgomery County		2021	1	NR	NR	NR
		2022	1	1,959	1	1,104
<b>Tennova HC Clarksville</b>	Hosp	2020	2	3,812	3	31,787
Montgomery County		2021	2	3,992	3	33,963
<i>(includes freestanding ED)</i>		2022	2	3,965	3	35,077
<b>Tennessee Orthopedic Assoc</b>	PO	2020	1	2,114	0	0
Montgomery County		2021	1	3,831	0	0
		2022	1	3,761	0	0
<b>Premier Medical Group, P.C.</b>	PO	2020	1	1,058	1	1,454
Montgomery County		2021	1	1,122	1	1,574
		2022	1	1,184	1	1,970
<b>Clarksville CT</b>	PO	2020	0	0	1	2,573
Montgomery County		2021	0	0	1	2,556
		2022	0	0	1	2,892
<b>Jennie Stuart Medical Center</b>	Hosp	2020	2	3,700	2	14,049
Christian County, KY		2021	2	4,040	2	14,656
		2022	2	4,217	2	14,930

Sources: TN MRI and CT from HFC Registry; other modalities from Joint Annual Reports.

NR = Not reported.

Hospital OP Imaging Utilization is combined with the parent hospital's utilization for providers whose hospital is in the PSA.

KY data from CON Office.

Table 5NR: Historic Utilization of ODC Modalities in the PSA of Premier Radiology ODC – Clarksville (Part B: Other Imaging Modalities)							
Provider	Type	Year	Ultrasound Units	Ultrasound Procedures	Mammogr. Units	Mammog. Procedures	Bone Dens. Units
<b>Premier Fixed/Mobile MRI</b>	ODC	2020	0	0	0	0	0
Montgomery County		2021	0	0	0	0	0
		2022	0	0	0	0	0
<b>Clarksville Imaging Center</b>	ODC	2020	1	2,390	0	0	0
Montgomery County		2021	NR	NR	0	0	0
		2022	1	1,642	0	0	0
<b>Tennova HC Clarksville</b>	Hosp	2020	5	10,019	3	7,168	1
Montgomery County		2021	5	11,402	2	5,492	1
<i>(includes freestanding ED)</i>		2022	5	11,180	2	6,188	1
<b>Tennessee Orthopedic Assoc</b>	PO	2020	0	0	0	0	0
Montgomery County		2021	0	0	0	0	0
		2022	0	0	0	0	0
<b>Premier Medical Group, P.C.</b>	PO	2020	NR	NR	NR	NR	NR
Montgomery County		2021	NR	NR	NR	NR	NR
		2022	NR	NR	NR	NR	NR
<b>Jennie Stuart Medical Center</b>	Hosp	2020	NR	NR	NR	NR	NR
Christian County KY		2021	NR	NR	NR	NR	NR
		2022	NR	NR	NR	NR	NR

Sources: TN MRI & CT from HFC Registry; other modalities from JARs. NR=not reported.

Hospital OP Imaging is combined with the parent hospital's utilization for providers whose hospital is in the PSA.  
KY data from CON Office.

**Attachment 6NR**  
**Two-Year Utilization Projections**

<b>Year</b>	<b>Units</b>	<b>Procedures</b>	<b>State Health Plan Optimal Utilization Standard</b>	<b>% of Optimal Utilization Standard</b>
Yr 1-CY2025	1	4,218	2,880	146.5%
Yr 2-CY2026	1	4,387	2,880	152.3%
Yr 3-CY2027	1	4,563	2,880	158.4%

<b>Year</b>	<b>MRI</b>	<b>CT</b>	<b>Mammogr.</b>	<b>Ultrasound</b>	<b>X-Ray</b>	<b>TOTALS</b>
Yr 1-CY2025	4,218	3,000	6,000	3,000	5,000	21,218
Yr 2-CY2026	4,387	3,250	6,500	3,250	5,250	22,637
Yr 3-CY2027	4,563	3,500	7,000	3,500	5,750	24,313

**Attachment 1C**  
**Transfer Agreements**

**PATIENT TRANSFER AGREEMENT**

**THIS PATIENT TRANSFER AGREEMENT (this "Agreement") is made as of March \_\_, 2018, by and between SAINT THOMAS HEALTH SERVICES ("STHS"), a not-for-profit Tennessee corporation, MIDDLE TENNESSEE IMAGING, LLC ("Transferor"), and NOL, LLC, a Tennessee limited liability company ("NOL").**

**RECITALS:**

**A. Transferor, and its subsidiaries, operates or manages a number of health care entities located in Middle Tennessee ("Facilities" or singularly, a "Facility").**

**B. NOL owns two physician offices that provide imaging services under the name of Premier Radiology that are managed by Transferor.**

**B. STHS is a health system which includes multiple hospital campuses serving the Middle Tennessee area, which include, among others: St. Thomas Mid-Town Hospital, St. Thomas West Hospital, and St. Thomas Rutherford Hospital.**

**C. The parties desire to assure a continuity of care and appropriate medical treatment for the needs of each patient in their respective facilities, and have determined that, in the interest of patient care, the parties should enter into an agreement to provide for the transfer of patients from certain of Transferor's facilities to STHS hospitals on the terms and conditions set forth herein.**

**NOW THEREFORE, inconsideration of the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows.**

**1. Term and Termination.**

**(a) The Agreement shall have a two (2) year term commencing on March 12, 2018 (the "Initial Term"). Upon the expiration of the Initial Term, this Agreement shall automatically renew for up to three additional one-year renewal terms ("Renewal Term") unless either party provides written notice of its intent not to renew to the other party at least sixty (60) days prior to the end of the then current term (the Initial Term and any Renewal Terms are collectively referred to herein as the "Term").**

**(b) This Agreement may be terminated by either party:**

**(i) upon ninety (90) days prior written notice to the other party, or**

**(ii) immediately should the other party fail to maintain the licenses, certifications or accreditations, including Medicare certification, required to operate its facility as it is currently being operated.**

**2. Transfer.**

**(a) Transferor's Facilities to which this Agreement is applicable, and those STHS hospitals to which Transferor's patients may be transferred (the "Hospital" or "Hospitals"), are set forth on Exhibit A which is attached hereto and incorporated herein by this reference.**

**(b) Upon such time that a patient's physician determines that the patient needs to be transferred from a Transferor Facility to a Hospital pursuant to Transferor's physician's order, Hospital**

agrees to admit the patient as promptly as possible and provide healthcare services as necessary, provided all conditions of eligibility are met. Transferor agrees to send the following with each patient at the time of transfer, or as soon thereafter as possible in emergency situations:

- (i) an abstract of pertinent medical and other information necessary to continue the patient's treatment without interruption; and
  - (ii) essential identifying and administrative information.
- (c) Transferor shall also perform the following:
- (i) notify Hospital of the impending transfer;
  - (ii) receive confirmation that Hospital can accept the patient, and that a Hospital medical staff physician has done so;
  - (iii) obtain patient's consent to the transfer; and
  - (iv) arrange for the transportation of the patient, including mode of transportation and the provision of one or more health care practitioners as necessary.

### 3. Relationship of the Parties.

- (a) Nothing in this Agreement shall in any way affect the autonomy of either party. Each party shall have exclusive control of its management, assets and affairs. Neither party assumes any liability for the debts or obligations of the other party.
- (b) Neither party shall be responsible, financially or otherwise, for the care and treatment of any patient while that patient is admitted to, or is under the care of, the other party's facility.
- (c) Each party may contract or affiliate with other facilities during the term of this Agreement.

4. **EMTALA.** The parties agree that any patient transfers made pursuant to this Agreement shall be in compliance with 42 U.S.C. § 1395dd, et seq. and any amendments thereto ("EMTALA"). EMTALA's implementing regulations, such other requirements as may be imposed by the Secretary of Health and Human Services, and any other applicable Federal or State patient transfer laws.

5. **Indemnification.** Transferor agrees to indemnify, defend and hold STHS, its officers, trustees, employees and agents harmless, to the extent permitted by applicable law, from or against any loss, injury, damage or liability incurred by reason of any act or failure to act by Transferor, its officers, employees or agents in connection with the performance of this Agreement.

STHS agrees to indemnify, defend and hold Transferor, its officers, employees and agents harmless, to the extent permitted by applicable law, from or against any loss, injury, damages or liability incurred by reason of any act or failure to act by STHS, its officers, trustees, employees and agents in connection with the performance of this Agreement.

6. **Compliance.** In compliance with federal law, including the provisions of Title IX of the Education Amendments of 1972, Section 503 and 504 of the Rehabilitation Act of 1973, the Age Discrimination in Employment Act of 1967 and 1975 and the Americans with Disabilities Act of 1990, and



Title VI of the Civil Rights Act of 1964 each party hereto will not discriminate on the basis of race, sex, religion, color, national or ethnic origin, age, disability, or military service, AIDS and AIDS related conditions in its administration of its policies, including admissions policies, employment, or program activities.

7. **Record Availability.** Transferor agrees that, until the expiration of four (4) years after the furnishing of any goods and services pursuant to this Agreement, it will make available, upon written request of the Secretary of Health and Human Services or the Comptroller General of the United States or any of their duly authorized representatives, copies of this Agreement and any books, documents, records and other data of Transferor that are necessary to certify the nature and extent of the costs incurred by STHS in purchasing such goods and services. If Transferor carries out any of its duties under this Agreement through a subcontract with a related organization involving a value or cost of ten thousand dollars (\$10,000) or more over a twelve-month period, Transferor will cause such subcontract to contain a clause to the effect that, until the expiration of four (4) years after the furnishing of any good or service pursuant to said contract, the related organization will make available upon written request of the Secretary of Health and Human Services or the Comptroller General of the United States or any of their duly authorized representatives, copies of this Agreement and any books, documents, records and other data of said related organization that are necessary to certify the nature and extent of costs incurred by Transferor for such goods or services. Transferor shall give STHS notice immediately upon receipt of any request from the Secretary of Health and Human Services or the Comptroller General of the United States or any of their duly authorized representatives for disclosure of such information.

Transferor agrees to indemnify, defend and hold STHS harmless from and against any loss, liability, judgment, penalty, fine, damages (including punitive and/or compounded damages), costs (including reasonable attorneys' fees and expenses) suffered or incurred by STHS as a result of, in connection with, or arising from Transferor's failure to comply with this Section 7.

8. **Exclusion from Federal Health Care Programs.** Transferor represents and warrants that it has not been nor is it about to be excluded from participation in any Federal Healthcare Program. Transferor agrees to notify STHS within one (1) business day of Transferor's receipt of a notice of intent to exclude or actual notice of exclusion from any such program. The listing of Transferor or any Transferor-owned subsidiary on the Office of Inspector General's exclusion list (OIG website) or the General Services Administration's Lists of Parties Excluded from Federal Procurement and Nonprocurement Programs (GSA website) for excluded individuals and entities shall constitute "exclusion" for purposes of this paragraph. In the event that Transferor is excluded from any Federal Healthcare Program, this Agreement shall immediately terminate. For the purposes of this paragraph, the term "Federal Healthcare Program" means the Medicare program, the Medicaid program, the Maternal and Child Health Services Block Grant program, the Block Grants for State for Social Services program, any state Children's Health Insurance program, or any similar program. Further, Transferor agrees to indemnify and hold STHS harmless from and against any loss, liability, judgment, penalty, fine, damages (including punitive and/or compounded damages), costs (including reasonable attorneys' fees and expenses) incurred by STHS as a result of Transferor's failure to notify STHS of its exclusion from any Federal Healthcare Program.

9. **Corporate Compliance.** STHS has in place a Corporate Responsibility Plan, which has as its goal to ensure that STHS complies with federal, state and local laws and regulations. The plan focuses on risk management, the promotion of good corporate citizenship, including a commitment to uphold a

high standard of ethical and legal business practices, and the prevention of misconduct. Transferor acknowledges STHS' commitment to corporate responsibility. Transferor agrees to conduct its business transactions with STHS in accordance with the principles of good corporate citizenship and a high standard of ethical and legal business practices.

**16. Miscellaneous.**

(a) The parties agree to provide each other with information regarding the resources each has available and the type of patients or health conditions that each is able to accept.

(b) Neither party shall use the name of the other in any promotional or advertising material unless the other party has been given the opportunity to review the material and prior written approval for the material and its use has been obtained.

(c) This Agreement supersedes all prior agreements, whether written or oral, between the parties with respect to its subject matter and constitutes a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. This Agreement may not be amended, supplemented, or otherwise modified except by a written agreement executed by the party to be charged with the amendment.

(d) If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

(e) This Agreement shall be governed by and construed and enforced in accordance with the laws and in the courts of the State of Tennessee.

(f) STHS may assign this Agreement, without the consent of Transferor, to an entity that directly or indirectly controls, is controlled by, or is under common control with, STHS. For the purposes of this paragraph, the terms "control" means, with respect to a person, the authority, directly or indirectly, to (i) act as controlling member, shareholder or partner or such person, (ii) appoint, elect or approve at least a majority of the individual members, shareholders or partners of such person, or (iii) appoint, elect or approve at least a majority of the governing body of such person. Except as set forth above, neither party may assign this Agreement or any obligation hereunder without first obtaining the written consent of the other party. Any attempted delegation or assigning in violation of this paragraph shall be null and void. Subject to the foregoing, this Agreement shall be binding on and inure to the benefit of the parties and their respective heirs, administrators, successors and permitted assigns. Nothing expressed or referred to in this Agreement will be construed to give any person other than the parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement, except such rights as shall inure to a successor or permitted assignee pursuant to this paragraph.

(g) In the event that any legal action or other proceedings, including arbitration, is brought for the enforcement of this Agreement or because of an alleged dispute of breach, the prevailing party shall be awarded its costs of suit and reasonable attorney's fees.

(h) All notices, consents, waivers and other communications required or permitted by this Agreement shall be in writing and shall be deemed given to a party when (a) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); or (b) received or rejected by the addressee, if sent by certified mail, return receipt requested, in each case to the following address and marked to the attention of the person (by name or title) designated below (or to such other address or person as a party may designate by notice to the other parties):

If to STHS:                    Saint Thomas Health Services  
    102 Woodmont Boulevard, Suite 700  
    Nashville, Tennessee 37205  
    Attn: Chief Administrative Officer

With a copy to:                Saint Thomas Health Services  
    102 Woodmont Blvd., Suite 700  
    Nashville, TN 37205  
    Attn: Contract Administrator

If to Transferror:            Middle Tennessee Imaging  
    28 White Bridge Road, Suite 316  
    Nashville, Tennessee 37205  
    Attn: General Counsel

(i) The headings of the various sections of this Agreement are inserted merely for convenience and do not expressly or by implication limit, define or extend the specific terms of the sections so designated. Any rule of construction or interpretation otherwise requiring this Agreement to be construed or interpreted against any party shall not apply to any construction or interpretation thereof.

(ii) This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile shall be deemed to be their original signatures for all purposes.

[Signature page to follow]

FACILITIES	RECEIVING HOSPITAL
Premier Radiology Belle Meade 28 White Bridge Pike, Suite 111 Nashville, Tennessee 37205	St. Thomas West
Premier Radiology Brentwood 788 Old Hickory Blvd. Brentwood, TN 37027	St. Thomas Midtown
Premier Radiology Briarcliff 1200 Briarcliff Rd. Brentwood, TN 37115	St. Thomas Midtown
Premier Radiology Clarksville (Mobile MRI) 555 Professional Park Drive Clarksville, TN 37040	St. Thomas Midtown
Premier Radiology/Clarksville Imaging Center 2330 Wilma Rudolph Blvd. Clarksville, TN 37040	St. Thomas Midtown
Premier Radiology Cool Springs 3818 Aspen Grove Drive, Suite 101 Franklin, Tennessee 37067	St. Thomas Midtown
Premier Radiology Hendersonville 100 New Market Island Rd. Hendersonville, TN 37075	St. Thomas Midtown
Premier Radiology Hermitage 1000 Old Hickory Boulevard, Suite 100 Hermitage, Tennessee 37076	St. Thomas Midtown
Premier Radiology Mt. Juliet 1000 Creechings Circle Suite 140 Mt. Juliet, TN 37122	St. Thomas Midtown
Premier Radiology Murfreesboro 1200 Medical Center Plaza South Building, Suite 101 Murfreesboro, TN 37129	St. Thomas Rutherford

<b>FACILITIES CONTINUED</b>	<b>RECEIVING HOSPITAL</b>
Premier Radiology Charlotte 1800 Charlotte Avenue Nashville, Tennessee 37203	St. Thomas Midtown
Middle Tennessee Imaging Smyrna 741 President Place, Suite 100 Smyrna, Tennessee 37167	St. Thomas Rutherford
Premier Radiology - St. Thomas Midtown 300 20 <sup>th</sup> Ave. N., Suite 202 Nashville, TN 37203	St. Thomas Midtown
Premier Radiology - St. Thomas West 4230 Harding Pike Nashville, TN 37205	St. Thomas West
Premier Radiology - Lenox Village 6130 Nolensville Pike Suite 102 Nashville, TN 37211	St. Thomas West
Premier Radiology - Upright MRI 6130 Nolensville Pike Suite 102 Nashville, TN 37211	St. Thomas West
Premier Radiology - New Salem 2725 New Salem Hwy, Suite 103 Murfreesboro TN 37128	St. Thomas Rutherford
Premier Radiology- Gallatin 110 St. Blake Rd Gallatin, TN 37066	St. Thomas Midtown
Premier Radiology- Antioch 5754 Murfreesboro Pk Antioch, TN 37013	St. Thomas Midtown
Premier Radiology- Upright 1718 Charlotte Ave, Suite B Nashville TN 37203	St. Thomas Midtown

**IN WITNESS WHEREOF**, the parties have executed this Patient Transfer Agreement as of the date first above written.

**STHS:**

**SAINT THOMAS HEALTH SERVICES**

By: [Signature]  
Name: Lisa Brax  
Title: CO

**TRANSFEROR:**

**MIDDLE TENNESSEE IMAGING, LLC**

By: [Signature]  
Name: Michael R. Moeland  
Title: Manager

**NOL, LLC**

By: [Signature]  
Name: Michael R. Moeland  
Title: Administrator

**Attachment 9C**  
**Charges of Similar Providers**

**Attachment 9C**  
**Charges of Similar Providers**



<b>Table 9C PART A: Comparison of Most Recent Reported MRI Charges in the TN Service Area</b>						
County	Provider Type	Provider	Year	Procedures	Gross Charges	Gross Charge Per Procedure
Montgomery	ODC	Mobile MRI Services, LLC - Clarksville (F	2022	3,543	\$7,483,392.91	\$2,112
Montgomery	ODC	Clarksville Imaging Center, LLC	2022	1,959	\$3,595,117.66	\$1,835
Montgomery	HOSP	Tennova Healthcare - Clarksville	2022	3,965	\$21,947,176.00	\$5,535
Montgomery	PO	Premier Medical Group, P.C.	2022	1,184	\$1,553,701.00	\$1,312
Montgomery	PO	Tennessee Orthopaedic Alliance	2022	3,761	\$3,224,017.00	\$857
		<b>TOTALS</b>		<b>14,412</b>	<b>\$37,803,404.57</b>	<b>\$2,623</b>

Source: HFC Medical Equipment Registry - 11/8/2023. Mobile MRI Services, LLC is now licensed as an ODC.

<b>Table 9C PART B: Comparison of Most Recent Reported CT Charges in the KY Service Area</b>						
County	Provider Type	Provider	Year	Procedures	Gross Charges	Gross Charge Per Procedure
Montgomery	ODC	Clarksville Imaging Center, LLC	2022	1104	\$873,297.06	\$791
Montgomery	HOSP	Tennova Healthcare - Clarksville	2022	26023	\$149,750,443.00	\$5,755
Montgomery	HOSP	Tennova Healthcare Freestanding ED	2022	9054	\$55,128,375.00	\$6,089
Montgomery	PO	Premier Medical Group, P.C.	2022	1970	\$1,326,982.00	\$674
Montgomery	PO	Clarksville CT	2022	2892	\$1,297,273.00	\$449
Montgomery	ASTC	Vanderbilt-Ingram Cancer Center	2022	3993	\$2,163,784.00	\$542
		<b>TOTALS</b>		<b>38,151</b>	<b>\$207,079,097.06</b>	<b>\$5,428</b>

Source: HFC Medical Equipment Registry - 11/8/2023. Mobile MRI Services, LLC is now licensed as an ODC. Mobile MRI Services and Tennessee Orthopaedic Alliance do not offer CT services.

**Attachment 3Q**  
**Licensure/Certification/Accreditation**

# Board for Licensing Health Care Facilities

State of  Tennessee

License No. 000000000058

*This is to certify, that a license is hereby granted by the Health Facilities Commission to*  
MOBILE MRI MEDICAL SERVICES, LLC *to conduct and maintain*

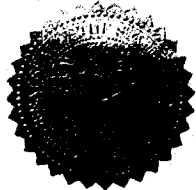
*an Outpatient Diagnostic Center* MOBILE MRI MEDICAL SERVICES, LLC

*Located at* 980 PROFESSIONAL PARK DRIVE, SUITE E, CLARKSVILLE

*County of* MONTGOMERY, *Tennessee.*

*This license shall expire* JULY 15, 2024, *and is subject to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the Health Facilities Commission, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the Health Facilities Commission issued thereunder.*

*In Witness Whereof, we have hereunto set our hand and seal of the State this* 18TH *day of* JULY, 2023.  
*For the Specialty (ies) of:* MRI



*By*, Caroline R. [Signature], *Esq. C.H.C.*  
DIRECTOR, LICENSURE & REGULATION

*By*, [Signature]  
EXECUTIVE DIRECTOR

**Additional Document 1**  
**7QB5 – Legal Settlements**

The applicant's legal Counsel advises that this small settlement, more than 4 years ago, is not mentioned in the attached press release by the EEOC (Equal Employment Opportunity Commission). The event was a disputed flu shot which had been required as a condition of employment by a company serving a hospital which was not even in this project's service area. The applicant does not consider the event to be relevant to the review of this project.



## U.S. Equal Employment Opportunity Commission

**Press Release**

04-18-2019

# Saint Thomas Health to Pay \$75,000 to Settle EEOC Religious Discrimination Suit

***Hospital Demanded Employee Take Flu Shot Despite His Religious Beliefs,  
Federal Agency Charged***

NASHVILLE, Tenn. - Saint Thomas Health (STH), operating Saint Thomas Rutherford Hospital in Murfreesboro, Tenn., will pay \$75,000 and furnish other relief to settle a religious discrimination lawsuit filed by the U.S. Equal Employment Opportunity Commission (EEOC), the federal agency announced today.

According to the EEOC's lawsuit, STH required all employees at Saint Thomas Rutherford Hospital to have an annual flu shot, including employees of

**TouchPoint Support Services.** TouchPoint provides food and environmental services at the hospital. Because of his religious beliefs, STH allowed a TouchPoint employee to wear a protective mask instead of having a flu shot in 2013 and 2014. When this employee asked again in 2015 not to have a flu shot, STH denied his request. When this employee refused to have a flu shot, STH told him and TouchPoint he could not work at the hospital. TouchPoint then fired the employee. The Nashville Area Office investigated the charge of discrimination.

Such alleged conduct violates Title VII of the Civil Rights Act of 1964 which requires employers to provide a reasonable accommodation for an employee's sincerely held religious beliefs. The EEOC filed suit (Civil Action No. 1:18-cv-00978 in the U.S. District Court for the Middle District of Tennessee) after first attempting to reach a pre-litigation settlement through its voluntary conciliation process. While denying any wrongdoing, STH chose to settle prior to trial.

According to the consent decree, STH will pay \$75,000 in compensatory damages to the employee. Additionally, STH must modify its accommodation policy to allow an employee to appeal the termination of an accommodation for a sincerely held religious belief. STH will provide annual training on that policy to its human resources employees and members of its flu committee for the next two years.

"We commend St. Thomas Rutherford Hospital for working quickly to resolve this litigation," said Faye A. Williams, regional attorney of the EEOC's Memphis District Office. "This settlement will ensure that employees who seek religious accommodations in the workplace for sincerely held religious beliefs are protected."

Delner Franklin-Thomas, district director of the Memphis Office, which has jurisdiction over Arkansas, Tennessee, and portions of Mississippi, added, "Title VII requires reasonable accommodations for sincerely held religious beliefs. Through this consent decree, we hope other employers learn to protect this right."

According to its website, STH is a family of Middle Tennessee hospitals and physician practices. STH is the leading faith-based health care system in Tennessee and is part of Ascension, the largest non-profit health system in the U.S. and the world's largest Catholic health system.

The EEOC advances opportunity in the workplace by enforcing federal laws prohibiting employment discrimination. More information is available at [www.eeoc.gov](https://www.eeoc.gov) (<https://www.eeoc.gov/>). Stay connected with the latest EEOC news by subscribing to our [email updates](https://public.govdelivery.com/accounts/USEEOC/subscriber/new) (<https://public.govdelivery.com/accounts/USEEOC/subscriber/new>).



**Additional Document 3**  
**Comparison of Lease Payments to FMV of Premises**

**PREMIER RADIOLOGY ODC - CLARKSVILLE  
COMPARISON OF LEASE OUTLAY VS. FMV OF LEASED SPACE**

<b>SPACE LEASE OUTLAY--FIRST TERM</b>						
<b>First Term of Years</b>	<b>Rentable SF</b>	<b>Base Lease Rate-\$PSF</b>	<b>Annual Base Lease Outlay</b>	<b>Pass-through Expenses-\$PSF</b>	<b>Annual PassThrough Expenses</b>	<b>Total Costs for Leased Space</b>
Year 1	6,390	\$75.00	\$479,250.00	12.00	76,680.00	\$555,930.00
Year 2	6,390	\$ 77.25	\$493,627.50	12.36	78,980.40	\$572,607.90
Year 3	6,390	\$ 79.57	\$508,436.33	12.73	81,349.81	\$589,786.14
Year 4	6,390	\$ 81.95	\$523,689.41	13.11	83,790.31	\$607,479.72
Year 5	6,390	\$ 84.41	\$539,400.10	13.51	86,304.02	\$625,704.11
Year 6	6,390	\$ 86.95	\$555,582.10	13.91	88,893.14	\$644,475.24
Year 7	6,390	\$ 89.55	\$572,249.56	14.33	91,559.93	\$663,809.49
Year 8	6,390	\$ 92.24	\$589,417.05	14.76	94,306.73	\$683,723.78
Year 9	6,390	\$ 95.01	\$607,099.56	15.20	97,135.93	\$704,235.49
Year 10	6,390	\$ 97.86	\$625,312.55	15.66	100,050.01	\$725,362.56
Year 11	6,390	\$ 100.79	\$644,071.92	16.13	103,051.51	\$747,123.43
Year 12	6,390	\$ 103.82	\$663,394.08	16.61	106,143.05	\$769,537.14
Year 13	6,390	\$ 106.93	\$683,295.91	17.11	109,327.34	\$792,623.25
Year 14	6,390	\$ 110.14	\$703,794.78	17.62	112,607.17	\$816,401.95
Year 15	6,390	\$ 113.44	\$724,908.63	18.15	115,985.38	\$840,894.01
<b>1st Term Total</b>			<b>\$8,913,529.48</b>		<b>\$1,426,165</b>	<b>\$10,339,694.20</b>

*Note: Base lease rate and estimated pass through expenses projected to increase at 3.0% per year.*

**PROJECT SPACE--FAIR MARKET VALUE**

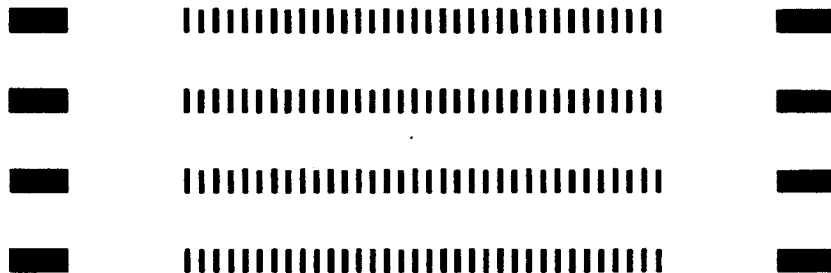
Project Space	6,390	Lease
Building Area	6,390	Developer's Documents
Project % of Building	100.0%	
Bldg and Land Value	\$5,935,320	site cost + site imprlvmt+constr costs+relateds+interim int
<b>Project Space FMV</b>	<b>\$5,935,320</b>	Project Space % X Bldg and Land Cost

**Additional Document 4 R (Round 1)**  
**Historical Documents for the Mobile MRI**

# Original Application -COPY-

## Middle Tn Imaging LLC

### CN1605-016



1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100



**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:** Please see the following executive summary.

**NEW ODC, INITIATE MRI SERVICE, ACQUIRE FIXED MRI**

**Ownership.** Middle Tennessee Imaging, LLC (MTI) d/b/a Premier Radiology (Premier) is a joint venture between Saint Thomas Health (53.86%), NOL, LLC (42.15%) and Murfreesboro Imaging Partners (3.99%). MTI was created to own and operate outpatient diagnostic centers (ODCs).

MTI currently operates 13 fixed site locations in the metro Nashville area. Premier also operates one mobile MRI (ODC License #058) through wholly-owned affiliates Premier Mobile, LLC and Mobile MRI Medical Services, LLC.

The applicant (Middle Tennessee Imaging, LLC d/b/a Premier Radiology) acquired all of the ownership interest of Mobile MRI Medical Services, LLC in September 2014. The fixed MRI that is the subject of this application will be owned by Middle Tennessee Imaging, LLC (MTI). Mobile MRI Medical Services, LLC is wholly owned by Premier Mobile, LLC which, in turn, is wholly owned by Middle Tennessee Imaging, LLC d/b/a Premier Radiology. Mobile MRI Medical Services, LLC has made the proper Outpatient Diagnostic Center (ODC) Joint Annual Report (JAR) filings, and MTI has been in contact with Alecia Craighead regarding the equipment registry following its purchase of Mobile MRI Medical Services, LLC.

**History.** It is the applicant's understanding that CON 87-CN-031 was originally granted to Horizon Mobile MRI d/b/a Tennessee Imaging Alliance. It is also the applicant's understanding that Horizon implemented the Mobile MRI services as permitted by CON 87-CN-031 in a timely manner. Following Horizon's implementation of the Mobile MRI services, the ownership was rightfully transferred and ultimately the right to conduct these services was legally transferred to other parties over a period of years, and ultimately the right to conduct such services was transferred to Mobile MRI Medical Services, LLC. The applicant is not aware of all of the history between Horizon's implementation of the mobile MRI services and the transfer of the right to provide the mobile MRI services to Mobile MRI Medical Services, LLC. The Health Department apparently did require that Mobile MRI Medical Services, LLC obtain an ODC license in

connection with its acquisition of the right to conduct the mobile MRI Services. The applicant does know that the change of ownership (CHOW) changing the ownership of the right to operate the mobile MRI services to Mobile MRI Medical Services, LLC was effective July 15, 2011, and that this change was ratified by the Board for Licensing Health Care Facilities. Further, the initial application for ODC license #58 authorizing Mobile MRI Medical Services to operate the mobile MRI services was approved effective July 13, 2011, and was ratified on September 14, 2011. See Tab 3 hereto. At this time, Mobile MRI Medical Services, LLC holds a valid ODC License (#58) that authorizes it to operate the mobile services. ✓

If this application is approved, the applicant will establish a new ODC with a fixed MRI in Clarksville. The current mobile MRI services, as originally approved per 87-CN-031A and as licensed by Outpatient Diagnostic Center License #58, will continue serving multiple counties in Middle Tennessee. The applicant does not intend to voluntarily surrender 87-CN-031A should CN1603-013 be approved. ✓

**Replacement Plan.** This application proposes to replace the four-day per week mobile MRI service now at 980 Professional Park Drive, Suite E in Clarksville, TN, 37040 (Montgomery County) with a fixed MRI at the same location. This requires minor renovations to 1,072 square feet of the existing 1,253 square feet of medical office building space currently leased by MTI.

**Services and Equipment.** A previously owned GE 1.5T short bore MRI unit will be purchased to replace the mobile unit now serving this location. No other diagnostic imaging services are proposed at this time.

**Service Area.** The transition from the mobile MRI unit to the proposed fixed MRI unit is not expected to significantly affect the service area. Based on the 2015 ODC JAR (Joint Annual Report) for the current mobile unit, the primary service area now includes Montgomery County (67.2% of patients). The secondary service area includes adjacent Stewart County (7.4%), four adjacent Kentucky counties (Christian, Logan, Todd, Trigg; 6.7%), adjacent Robertson County (4.5%) and adjacent Houston County (3.4%). These counties will account for approximately 89.2% of the patients served.

**Need.** This project is based on improving access to and the quality of cost-effective outpatient imaging services. The current mobile MRI unit is in Clarksville four days per week, including Saturdays. In 2015, the mobile MRI unit served 2,082 patients and performed 2,538 procedures. The vast majority of this volume (88.9%) was in Clarksville. MTI's Clarksville site is now at the point where its volume will support a fixed MRI unit, thus allowing the mobile MRI unit to better serve other locations in the approved 19-county mobile service area.

**Existing Resources.** Though a new ODC will be created upon approval, this project essentially will replace a mobile MRI unit with a fixed MRI unit to better serve MTI's existing patients. MTI will use the current leased space for the fixed MRI unit with only minor renovations. Though hours of operation will increase from four days per week to five, the existing receptionist, MRI technologist and radiologists are not expected to change.

**Project Cost.** The total cost of the project will be less than \$1 million -- \$941,648 including the valuation of the leased space. This also includes equipment costs of \$250,000 and renovation costs (construction, shielding, A&E fees) of \$541,101.

**Financial Feasibility.** MTI has more than enough cash and cash equivalents to fund the Clarksville project from existing reserves. The replacement ODC will produce a positive financial return. The project will have no adverse impact on patient charges.

**Staffing.** As stated above, the existing receptionist, MRI technologist and radiologists are not expected to change though hours of operation will increase from four days per week to five.

### **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.

**RESPONSE:** Under the "Tennessee Health: Guidelines for Growth" there are three sets of criteria applicable to the proposed project:

- Outpatient Diagnostic Centers,
- Construction, Renovation, Expansion & Replacement of Health Care Institutions and
- Magnetic Resonance Imaging (MRI).

### **OUTPATIENT DIAGNOSTIC CENTERS**

1. The need for outpatient diagnostic services shall be determined on a county by county basis (with data presented for contiguous counties for comparative purposes) and should be projected four years into the future using available population figures.

**RESPONSE:** Though a new ODC will be created upon approval, this project essentially will replace a mobile MRI unit with a fixed MRI unit. MTI will use the current leased space for the fixed MRI unit with only minor renovations. Hours of operation will increase from four days per week (including Saturdays) to five weekdays. The transition from the mobile MRI unit to the proposed fixed MRI unit is not expected to significantly affect the service area. This project will improve access to and the quality of cost-effective outpatient imaging services for MTI's existing patient base and referring physicians. ✓

MTI acquired the existing mobile MRI service in September 2014 and, after the transition, began operating it in December 2014. The proposed fixed MRI unit is ✓

projected to become operational in January 2017. Historical MRI utilization data are provided in Exhibit 1, below, for MTI. Volumes are then projected four years into the future based upon 88.9% of mobile MRI patients being served in Clarksville in 2015, increasing the days of service per week in Clarksville from four to five, and using service area population growth estimates<sup>1</sup>.

**EXHIBIT 1A**  
**PREMIER RADIOLOGY – CLARKSVILLE SITE**  
**MRI HISTORICAL AND PROJECTED UTILIZATION, 2016-2020**  
**POPULATION GROWTH AT 2.0% PER YEAR**

MRI Volume	JAR		Projected			
	2015	Interim 2016	2017	2018	2019	2020
<b>Procedures</b>	<b>2,538</b>	<b>2,589</b>	<b>2,817</b>	<b>2,873</b>	<b>2,931</b>	<b>2,989</b>
<b>Units</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Proc/Unit</b>	<b>2,538</b>	<b>2,589</b>	<b>2,817</b>	<b>2,873</b>	<b>2,931</b>	<b>2,989</b>

Sources: TN ODC JARs, MTI internal data, Nielsen, Inc.

These projections are based on a population growth rate which is a blend of the total population (0.7% per year) and the elderly population (3.3% per year). Imaging services such as those offered at the facility are historically utilized at a much higher level by the elderly population, an age cohort which is growing at nearly three times the rate of the total service area population.

In 2015, 88.9% of the total 2,538 procedures on the mobile MRI were performed in Clarksville. This amounts to 2,256 procedures in Clarksville. In Clarksville alone, in 2017, the fixed MRI unit is projected to perform 2,817 procedures. This is an increase of 561 procedures. An additional day of service, noting that one of the current days is a Saturday, is projected to increase services by 460 procedures. Population growth over two years is projected to account for another 100 procedures.

Please note that the applicant did not own Mobile MRI Medical Services, LLC or its ODC License #58 in 2013. Though it took possession of the service in September 2014, it began operations in December 2014 (one month only; no data for prior owner operations).

**EXHIBIT 1B**  
**APPLICANT'S HISTORICAL AND PROJECTED MRI UTILIZATION (PROCEDURES)**

	2013	2014	2015	% Change 13-15	2016 (est.)	Projected Year 1 (2017)	Projected Year 2 (2018)
<b>Mobile MRI Procedures</b>	<b>N/A</b>	<b>66 (1 mo.)</b>	<b>2,538 (full yr)</b>	<b>N/A</b>	<b>2,589</b>		
<b>Fixed MRI Procedures</b>						<b>2,817</b>	<b>2,873</b>
<b>as a % of 2,880 MRI standard</b>						<b>97.8%</b>	<b>99.8%</b>

Sources: Historical JARs; internal records

<sup>1</sup> Growth estimates provided in Question 4a of this section.



MTI has a history of successfully recruiting professional and administrative staff. It provides competitive benefits, compensation, and is committed to the retention of existing personnel.

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:** MTI has reviewed and understands the licensure and certification requirements for medical and clinical staff. As an existing licensed and ACR-accredited provider, MTI has administrative policies and procedures in place to ensure that licensure and certification requirements are followed. Furthermore, MTI maintains quality standards that are focused on continual improvement.

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:** The applicant is not currently involved in any training programs, but is willing to consider this under the auspices of an appropriate educated institution.

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:** MTI is licensed by the Tennessee Department of Health. The current license for mobile MRI expires July 15, 2016. MTI has reviewed and understands the licensure requirements.

There has been no change of ownership in the holder of the ODC License #58 since 2011. It has been and remains Mobile MRI Medical Services, LLC. Mobile MRI Medical Services, LLC has been in contact with the Department of Health since the applicant's acquisition of this entity for purposes of various filings required in connection with ownership of an ODC. ✓

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

**RESPONSE:** Licensure: Board of Licensing Health Care Facilities, State of Tennessee, Department of Health. The current license for the mobile MRI expires July 15, 2016. Please see Attachment C, Contribution to the Orderly Development of Health Care – 7.(b) (Tab 19). ✓

Accreditation: MTI is accredited by the American College of Radiology. Mobile MRI accreditation expires August 17, 2017.

Microsoft Word 2003  
File Edit Format Tools Window Help



Page 1 of 1

Microsoft Word 2003

Thank you.

W. J. Stewart, Admin Svcs. Assistant I  
Supervisor of Licensure

**HEALTH SERVICES AND DEVELOPMENT AGENCY  
OCTOBER 26, 2016  
APPLICATION SUMMARY**

**NAME OF PROJECT:** Middle Tennessee Imaging, LLC d/b/a Premier Radiology

**PROJECT NUMBER:** CN1605-016

**ADDRESS:** 980 Professional Park Drive, Suite E  
Clarksville (Montgomery County), TN 37040

**LEGAL OWNER:** Middle Tennessee Imaging, LLC (MTI)  
28 White Bridge Pike, Suite 111  
Nashville (Davidson County), TN 37205

**OPERATING ENTITY:** PhyData, LLC  
3024 Business Park Circle  
Goodlettsville (Sumner County), TN 37072

**CONTACT PERSON:** Robert M. Limyansky  
(770) 394-8465 x120

**DATE FILED:** May 4, 2016

**PROJECT COST:** \$941,648.00

**FINANCING:** Cash Reserves

**PURPOSE FOR FILING:** Establishment of an Outpatient Diagnostic Center and the initiation of Magnetic Resonance Imaging (MRI) Services

**DESCRIPTION:**

Middle Tennessee Imaging, LLC d/b/a Premier Radiology is seeking approval for the establishment of an outpatient diagnostic center (ODC), acquisition of fixed magnetic resonance imaging (MRI) equipment, and the initiation of MRI services. The ODC will be established at 980 Professional Park Drive, Suite E in Clarksville (Montgomery County). The applicant currently has a mobile MRI operating under an ODC license at this location four days per week. If approved, the mobile MRI will continue operations as an ODC at other locations. This will be explained in more detail in the Project Summary section.

**MIDDLE TENNESSEE IMAGING, LLC D/B/A PREMIER RADIOLOGY  
CN1605-016  
OCTOBER 26, 2016  
PAGE 1**

## **CRITERIA AND STANDARDS REVIEW**

### **CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS**

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

*The applicant is requesting the initiation of Magnetic Resonance Imaging (MRI) services. The applicant provided responses to the applicable criteria and standards to initiate MRI services.*

*It appears that this criterion has been met.*

3. For renovation or expansions of an existing licensed health care institution:
  - a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

*The mobile MRI unit currently operating at the site of the proposed project and all other locations performed 2,538 procedures in 2015, 88.9% or 2,256 procedures were performed at the Clarksville site. The applicant projects that the proposed fixed MRI unit at the Clarksville ODC site will perform 2,873 procedures in Year 2 of the project.*

*It appears that this criterion has been met.*

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

*To transition the site from one accommodating a mobile MRI unit to one that will accommodate a fixed unit, 1,072 square feet (SF) of the existing 1,253 square feet of medical office building space will require minor renovation.*

*It appears that this criterion has been met.*

### **OUTPATIENT DIAGNOSTIC CENTERS**

1. The need for outpatient diagnostic services shall be determined on a county by county basis (with data presented for contiguous counties for comparative

**MIDDLE TENNESSEE IMAGING, LLC D/B/A PREMIER RADIOLOGY  
CN1605-016  
OCTOBER 26, 2016  
PAGE 2**

purposes) and should be projected four years into the future using available population figures.

*The mobile MRI unit performed 2,538 procedures in 2015. 88.9% or 2,256 procedures were performed at the Clarksville site. The patient origin for the mobile unit was 67.2% Montgomery County residents, 7.4% Stewart County residents, 4.5% Robertson County residents, and 3.4% Houston County residents. Kentucky residents accounted for 6.7% of patients and the remaining 10.8% of patients resided elsewhere.*

*It appears that this criterion has been met.*

2. Approval of additional outpatient diagnostic services will be made only when it is demonstrated that existing services in the applicant's geographical service area are not adequate and/or there are special circumstances that require additional services.

*According to data from the HSDA Equipment Registry, the MRI providers in the Tennessee portion of the proposed service area have only attained MRI procedure volume that is at approximately 81% of the optimal MRI utilization standard.*

*It appears that this criterion has not been met.*

3. Any special needs and circumstances:

- a. The needs of both medical and outpatient diagnostic facilities and services must be analyzed.

*The applicant provided historical MRI volumes for units located at other ODCs, hospitals and physician offices.*

*It appears that this criterion has been met.*

- b. Other special needs and circumstances, which might be pertinent, must be analyzed.

*The applicant did not identify any special needs or circumstances.*

*It appears that this criterion is not applicable.*

- c. The applicant must provide evidence that the proposed diagnostic outpatient services will meet the needs of the potential clientele to be served.

1. The applicant must demonstrate how emergencies within the outpatient diagnostic facility will be managed in conformity with accepted medical practice.

*There will be a physician present when patients are receiving diagnostic services, technologists will be trained to handle emergency situations, a well-stocked crash cart will be available, and existing hospital transfer agreements will be maintained.*

*It appears that the application will meet this criterion.*

2. The applicant must establish protocols that will assure that all clinical procedures performed are medically necessary and will not unnecessarily duplicate other services.

*Existing policies regarding medical necessity and medical appropriateness will be maintained.*

*It appears that the application will meet this criterion.*

## MAGNETIC RESONANCE IMAGING SERVICES

### 1. Utilization Standards for non-Specialty MRI Units.

- a. An applicant proposing a new non-Specialty stationary MRI service should project a minimum of at least 2160 MRI procedures in the first year of service, building to a minimum of 2520 procedures per year by the second year of service, and building to a minimum of 2880 procedures per year by the third year of service and for every year thereafter.

*The proposed project will essentially replace a mobile MRI unit that is operating four days per week and performed 2,538 procedures in 2015. The applicant projects 2,817 procedures in Year 1, 2,873 procedures in Year 2, and 2,931 procedures in Year 3. The mobile unit will continue to operate at other locations.*

*It appears that the applicant is on track to meet the MRI standard and meet this criterion.*

b. Providers proposing a new non-Specialty mobile MRI service should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.

c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.

d. Mobile MRI units shall not be subject to the need standard in paragraph 1 b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's Service Area are not adequate and/or that there are special circumstances that require these additional services.

e. Hybrid MRI Units. The HSDA may evaluate a CON application for an MRI "hybrid" Unit (an MRI Unit that is combined/utilized with medical equipment such as a megavoltage radiation therapy unit or a positron emission tomography unit) based on the primary purposes of the Unit.

*The criteria identified in items 1.b - 1.e above are not applicable to the applicant's proposed project.*

2. Access to MRI Units. All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the Service Area's population. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

*Based on the operation of the current mobile MRI service, 89.2% of the projected patients will reside within the defined primary and secondary service area.*

*It appears that this criterion has been met.*

3. **Economic Efficiencies.** All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

*The applicant notes that MRI volume has outgrown the capacity of the current shared mobile MRI service.*

*It appears that the applicant will meet this criterion.*

4. **Need Standard for non-Specialty MRI Units.**

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelve month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

Stationary MRI Units: 1.20 procedures per hour x twelve hours per day x 5 days per week x 50 weeks per year = 3,600 procedures per year

Mobile MRI Units: Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

*The overall utilization of MRI units in the Tennessee portion of the applicant's primary and secondary service area was equal to approximately 65% of the total capacity standard of 3600 procedures.*



*It appears that this criterion has not been met.*

**5. Need Standards for Specialty MRI Units.**

*This standard does not apply to this application.*

**6. Separate Inventories for Specialty MRI Units and non-Specialty MRI Units.**

*This standard does not apply to this application.*

**7. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.**

- a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.

*The applicant has provided documentation in Tab 12 that the proposed MRI meets FDA certification requirements.*

*It appears that this criterion has been met.*

- b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

*The applicant has provided a letter dated June 16, 2016 from an architectural firm that affirms the proposed MRI physical environment conforms to applicable codes and standards.*

*It appears that this criterion has been met.*

- c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.

*There will be a physician present when patients are receiving diagnostic services, technologists will be trained to handle emergency situations, a well-stocked crash cart will be available, and existing hospital transfer agreements will be maintained.*

*It appears that the application will meet this criterion.*

d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.

*Existing policies regarding medical necessity and medical appropriateness will be maintained.*

*It appears that the application will meet this criterion.*

e. An applicant proposing to acquire any MRI Unit or institute any MRI service, including Dedicated Breast and Extremity MRI Units, shall demonstrate that it meets or is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology, including staff education and training programs.

*The applicant indicates that the existing mobile MRI unit is fully accredited by the American College of Radiology (ACR) and meets ACR staffing standards. The applicant states that it will continue to meet the accreditation standards after replacement with the fixed unit.*

*It appears that this criterion will be met.*

f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

*The applicant indicates that the existing mobile MRI unit is accredited by the American College of Radiology (ACR). The applicant states that it will continue to meet the accreditation standards after replacement with the fixed unit.*

*It appears that this criterion has been met.*

g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

*The applicant provided a transfer agreement with St. Thomas Health Services which included St. Thomas Midtown, St. Thomas West, St. Thomas Rutherford, and St. Thomas Hickman. None of these hospitals are located in the applicant's primary or secondary service area. The hospital closest to the applicant is St. Thomas Midtown at 47 miles. It is unclear if any of these hospitals listed could be considered local area hospitals. The applicant has indicated that a transfer agreement with Tennova Healthcare-Clarksville will be sought.*

*It is unclear as to whether this criterion is met.*

8. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

*The applicant indicates data will be submitted in a timely fashion.*

*It appears that this criterion has been met.*

9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration; or

*The applicant states that all of Houston, Montgomery, Robertson, and Stewart Counties are medically underserved areas.*

*It appears that this criterion has been met.*

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or

*The applicant is not a hospital. This criterion does not apply to this application.*

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

*The applicant contracts with four TennCare MCOs and participates in the Medicare program.*

*It appears that this criterion has been met.*

- d. Who is proposing to use the MRI unit for patients that typically require longer preparation and scanning times (e.g., pediatric, special needs, sedated, and contrast agent use patients). The applicant shall provide in its application information supporting the additional time required per scan and the impact on the need standard.

*It appears that this criterion is not applicable.*

## Staff Summary

*The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics as a Note to Agency members.*

### Application Synopsis

Middle Tennessee Imaging, LLC (MTI), d/b/a Premier Radiology (Premier) is proposing the establishment of an outpatient diagnostic center (ODC), the initiation of magnetic resonance imaging services (MRI), and acquisition of MRI equipment. The ODC will be located at a site, where the applicant is currently operating an ODC with a mobile MRI service four days a week.

If approved, the mobile MRI service will continue to operate at other locations.

*Note to Agency members: MRI services have been provided at this site by Premier Radiology under another CON [87-CN-031] for mobile MRI in 19 counties covering most of middle Tennessee. CN1605-016 might seek to treat the patients currently seen pursuant to 87-CN-031, but it would not replace that service - it would add to the MRI capacity in Montgomery County and Middle Tennessee, because patients would be seen both at the current location and at an additional location or locations because Premier Radiology would continue to operate MRI services under 87-CN-031 elsewhere in Middle Tennessee.*

The applicant expects to initiate services in March 2017.

### Facility and Equipment Information

The site for the proposed project is currently serving the applicant's mobile MRI. To accommodate the applicant's new ODC with a fixed MRI unit, 1,072 square feet (SF) of the currently existing 1,253 SF of medical office building space currently leased by MTI will undergo minor renovations. The cost of construction, shielding and architectural/engineering fees will be approximately \$541,101.

A previously owned GE 1.5 short bore MRI unit will be purchased by MTI. The expected useful life of the equipment is five years. The MRI will be used for musculoskeletal imaging, body and breast imaging, cardiac imaging, neuro imaging, and vascular imaging. MTI commits that the proposed ODC will be accredited by the American College of Radiology.

The applicant anticipates initiating services at the outpatient diagnostic center in June 2015. An overview of the project is provided on pages 6-9 of the original application.

**MIDDLE TENNESSEE IMAGING, LLC D/B/A PREMIER RADIOLOGY  
CN1605-016  
OCTOBER 26, 2016  
PAGE 11**

### **Ownership**

Middle Tennessee Imaging, LLC (MTI) d/b/a Premier Radiology (Premier) is a joint venture between Saint Thomas Health, (53.86%), NOL, LLC (42.15%), and Murfreesboro Imaging Partners (3.99%). NOL, LLC consists of 25 members none having greater than 3.759% ownership. Murfreesboro Imaging Partners, LLC consists of eleven members and each member has a 9.09% membership interest.

MTI was created to own and operate ODCs. MTI operates 13 fixed site locations in the metro Nashville area and the mobile service that will be replaced by the proposed project at the Clarksville site. The mobile service will serve other locations within in its 19 county service area. The mobile service, Mobile MRI Medical Services, LLC, was acquired by MTI in September 2014.

### **NEED**

#### **Project Need**

The applicant states that the proposed outpatient diagnostic center and fixed MRI unit are needed for the following reasons:

- The project is based on improving access and the quality of cost-effective outpatient imaging services.
- The mobile MRI unit performed 2,538 procedures in 2015, 88.9% of those procedures performed at the Clarksville location.
- The Clarksville site is now at the point where its volume will support a fixed MRI unit.
- This will allow the mobile MRI unit to serve other locations in its approved 19-county mobile service area.

#### **Service Area Demographics**

The Tennessee counties in the applicant's primary (PSA) and secondary service area (SSA) include Montgomery in the PSA; and Houston, Robertson, and Stewart in the SSA. The SSA also includes 4 counties in Kentucky (Christian, Logan, Todd, and Trigg).

- The total population of the Tennessee portion of the service area is estimated at 298,274 residents in calendar year (CY) 2016 increasing by approximately 8.6% to 323,838 residents in CY 2020.
- The overall Tennessee statewide population is projected to grow by 4.3% from 2016 to 2020.
- The Age 65+ population of the Tennessee portion of the service area is estimated at 33,897 residents in calendar year (CY) 2016 increasing by approximately 20.8% to 40,935 residents in CY 2020.

- The overall Tennessee statewide Age 65+ population is projected to grow by 16.0% from 2016 to 2020.
- The proportion of TennCare enrollees of the service area population is 18.5%, compared with the state-wide average of 22.5%. The proportions vary from 17.6% in Montgomery County to 24.0% in Houston County.

### Service Area Historical Utilization

#### \*Service Area Historical MRI Utilization, 2013-2015

Provider	Type	County	# of MRIs (1)	2013	2014	2015	% of MRI Standard in 2015 (2)	% Change
Clarksville Imaging Center, LLC	ODC	Montgomery	1	4,276	3,426	1,808	62.8%	-57.7%
Mobile MRI Services	ODC	Montgomery	0.8	1,404	65	2,555	110.9%	+81.98%
Premier Medical Group	PO	Montgomery	1	1,386	1,453	1,441	50.0%	+4.0%
Tennessee Orthopedic Alliance	PO	Montgomery	1	1,932	1,976	2,081	72.3%	+7.7%
Tennova Healthcare-Clarksville f/k/a Gateway Medical Center	HOSP	Montgomery	2	4,432	4,617	4,637	80.5%	+4.63%
Montgomery Co. Facility Sub-Total			5.8	13,430	11,537	12,522	75.0%	-6.8%
Northcrest Medical Center	HOSP	Robertson	1	3,232	3,407	3,377	117.3%	+4.5%
<b>Service Area Total</b>			<b>6.8</b>	<b>16,662</b>	<b>14,944</b>	<b>15,889</b>	<b>81.1%</b>	<b>-4.6%</b>

Source: HSDA Equipment Registry

\*There are currently no MRI units in Houston or Stewart Counties

- (1) The applicant states that the mobile MRI service operates 4 days per week.
- (2) 3<sup>rd</sup> Year of service standard of 2,880 MRI procedures per year is applied

- There are 6 MRI providers in the service area with 6.8 full time equivalent MRIs.
- The chart above indicates that MRI volumes in the service area declined 4.6% between 2013 and 2015. Despite the decline in total volumes, MRI utilization increased for 5 of the 6 providers during the period.
- Overall, the MRIs in the service area are operating at 81.1% of the MRI volume standard in 2015. Two of the six MRI providers met the utilization standard in 2015.
- The applicant states that three of the four Kentucky counties in the secondary service area have MRI providers. See page 20 of the application for more details.

The table below from HSDA Equipment Registry records illustrates where residents of service area counties went for MRI services in 2015.

## MRI PATIENT DESTINATION-2015

Resident County	Procedures at Montgomery Co. MRI Providers	% Total	Procedures at Robertson Co. MRI Providers	% Total	Procedures at Davidson Co. MRI Providers	% Total	Procedures at Other Co. MRI Providers	% Total	Total Resident Procedures
Montgomery	9,247	66.8%	271	2.0%	4,115	29.7%	212	1.5%	13,845
Houston	345	36.9%	2	0.2%	332	35.6%	255	27.3%	934
Robertson	338	4.7%	2,302	31.9%	4,000	55.5%	568	7.9%	7,208
Stewart	780	57.6%	7	0.5%	364	26.9%	203	15.0%	1,354
TN Service Area Total	10,710	45.9%	2,582	11.1%	8,811	37.7%	1,238	5.3%	23,341

Source: HSDA Equipment Registry

- The table above indicates that approximately two-thirds of Montgomery County resident procedures took place at a Montgomery County MRI provider, followed by approximately 30% of Montgomery County resident procedures taking place at Davidson County MRI providers.
- Approximately 37% of Houston County resident procedures took place at a Montgomery County MRI provider, followed by approximately 36% of Houston County resident procedures taking place at Davidson County MRI providers.
- Approximately 55% of Robertson County resident procedures took place at a Davidson County MRI provider, followed by approximately 32% of Robertson County resident procedures taking place at Robertson County MRI providers.
- Approximately 58% of Stewart County resident procedures took place at a Montgomery County MRI provider, followed by approximately 27% of Stewart County resident procedures taking place at Davidson County MRI providers.
- Approximately 46% of the TN portion of the service area resident procedures took place at a Montgomery County MRI provider, followed by approximately 38% of TN portion of the service area resident procedures taking place at Davidson County MRI providers.

#### Applicant's Historical and Projected Utilization

The applicant provides historical and projected MRI utilization as follows:

ODC	2013	2014	2015	2016 (est.)	Year 1 (2017)	Year 2 (2018)
Mobile Service	1,525	*65	2,538	3,500	2,600	2,600
Fixed MRI Unit (Applicant)	N/A	N/A	N/A	N/A	2,817	2,873

\*Operational for one month under Premier Radiology's new ownership  
Source CN1605-016

MIDDLE TENNESSEE IMAGING, LLC D/B/A PREMIER RADIOLOGY

CN1605-016

OCTOBER 26, 2016

PAGE 14



The following table identifies the mobile service's distribution of MRI procedures by site in 2015.

Location	2015 Procedures	%Total
Clarksville	2,319	88.9%
Hendersonville	34	1.3%
Madison	256	9.8%
<b>TOTAL</b>	<b>2,609</b>	<b>100.0%</b>

Source CN1605-016

*Note to Agency members: It is apparent from the above two tables that almost 90% of the procedures for the mobile service took place at the Clarksville site, which suggests that the majority of the projected volume for the proposed fixed unit will be a transfer of procedures from the mobile unit. As noted earlier the mobile service has a CON to operate in 19 middle Tennessee counties. The applicant was asked to provide the details on forecasting the mobile MRI volumes, since the majority of the Clarksville procedures would be moving to the fixed unit.*

*How was it expected that the mobile service would attain 2,600 procedures during each of the first two years after the initiation of service for the fixed unit? The applicant was asked during a request for supplemental information to supply the projected volumes by site for the mobile service. The applicant's response was as follows:*

*"For competitive reasons, site-specific volume projections for the mobile MRI unit will not be provided. Middle Tennessee Imaging, LLC respectfully declines to engage in re-evaluation of the need for the existing mobile MRI unit. Suffice it to say that the 19 authorized counties have a 2016 population of 2,273,954 persons and are expected to increase 7.0% by 2020 compared to a 4.3% growth rate for the state overall. In theory, the mobile MRI unit could serve each of these 19 authorized counties one day per month and still remain in compliance with its CON authorization."*

*The rationale for HSDA staff requesting this information was that with the transfer of procedures at the Clarksville site from the mobile unit to the fixed unit, it is unclear what impact the fixed unit will have on the mobile unit and subsequently the indirect impact this will have on other service area providers. Without this information to determine impact on existing providers it is in turn difficult to assess the contribution the proposed project will have to the orderly development of adequate and effective healthcare. Agency members may want to inquire regarding detailed projections by site for the mobile unit.*

## **ECONOMIC FEASIBILITY**

### **Project Cost**

The total revised project cost is \$941,648 (Supplemental #1 response). Of this amount, the major costs are as follows:

- Construction Cost - \$509,919 or 64.2% of total cost
- GE 1.5 short bore MRI unit - \$250,000 or 26.5% of total cost.
- For other details on Project Cost, see the Project Cost Chart on page 34 of the application.

### **Financing**

MTI plans to utilize cash reserves to pay for the proposed project.

- A March 10, 2016 letter from Mark Gaw, Chief Financial Officer, is provided in the application that attests to the hospital's ability to financially support the project.
- Review of MTI's audited financial statements revealed cash and cash equivalents of \$3,899,673, current assets of \$10,833,286 and current liabilities of \$11,547,671 for a current ratio of 0.94 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.*

### **Historical Data Chart**

MTI purchase the mobile service in September 2014 and became operational in 2014, so that the Historical Data Chart provided is for one year, 2015. Some of the highlights are as follows:

- Based on 2,538 MRI procedures, the applicant generated \$4,677,152 in gross operating revenue in 2015.
- Net operating income was \$122,962 which was favorable at approximately 13.1% of net operating revenue.

### **Projected Data Chart**

Highlights of the financial performance of the proposed ODC are as follows:

- Based on 2,817 procedures in 2017, estimated gross operating revenue is \$5,191,308. In 2018 based on 2,873 MRI procedures, gross operating revenue is expected to increase to \$5,294,508.
- Net operating revenue in 2017 and 2018 is expected to be approximately 25% of gross operating revenue.

- Net operating income of \$236,241 is projected for 2017 and is expected to be mainly unchanged in 2018 at \$236,719.
- The applicant expects to serve approximately 17 charity care patients in Year 1 and Year 2.

#### **Charges**

- The applicant projects an average gross charge of \$1,843. This amount is between the first quartile and median of MRI charges in Tennessee in 2015. The average deduction from gross revenue is \$1,318, resulting in a net charge of \$525.

#### **Medicare/TennCare Payor Mix**

- The applicant expects to contract will all TennCare managed care plans available in the service area. These plans are AmeriGroup, BlueCare, United Healthcare Community Plan, and TennCare Select.

The applicant's projected payor mix for Year 1 (2017) is as follows:

Payor Source	Gross Revenue	% Gross Revenue
Medicare	\$882,303	17.0%
TennCare	\$1,117,233	21.5%
Managed Care	\$1,612,089	31.1%
Commercial	\$1,219,615	23.5%
Self-Pay	\$28,784	0.6%
Other	\$331,285	6.4%
<b>TOTAL</b>	<b>\$5,191,308</b>	<b>100.0%</b>

- TennCare/Medicaid-2017 projected revenue \$1,117,233 representing 21.5% of total revenue in Year 1.
- Medicare- The applicant expects \$882,303 in Medicare revenue representing 17.0% of total gross revenue in Year 1.
- Managed Care/Commercial combined is projected to total \$2,831,703 or 54.5% of total revenue.

### **PROVIDE HEALTHCARE THAT MEETS APPROPRIATE QUALITY STANDARDS**

#### **Licensure**

- The proposed ODC will seek licensure by the Tennessee Department of Health.

**MIDDLE TENNESSEE IMAGING, LLC D/B/A PREMIER RADIOLOGY  
CN1605-016**

**OCTOBER 26, 2016**

**PAGE 17**

**Certification**

- The applicant will apply for Medicare and TennCare/Medicaid certification.

**Accreditation**

- MTI expects the proposed ODC to be accredited by the American College of Radiology.

***Note to Agency Members: The Agency may want to consider placing a condition on this application pertaining to the ODC obtaining accreditation from the American College of Radiology as this would be applicable to Public Chapter 1043.***

## **CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE**

**Agreements**

The applicant expects to have transfer agreements with St. Thomas Midtown and St. Thomas West in Davidson County, St. Thomas Rutherford in Rutherford County, and St. Thomas Hickman in Hickman County. The closest of these four hospitals to the applicant location is St. Thomas Midtown at 47 miles. The applicant has indicated that a transfer agreement with Tennova Healthcare-Clarksville will be sought.

The applicant also lists twenty five managed care contracts.

**Impact on Existing Providers**

The applicant states that the proposed project will essentially replace the mobile MRI service currently operating at the proposed site.

***Note to Agency members: The mobile service will continue to operate at other sites within its 19 county service area. HSDA staff requested detailed information regarding the projected volumes for the mobile service. See Note to Agency members on pages 15-16 of this summary.***

**Staffing**

The applicant's proposed clinical staffing for the proposed project is 1.0 FTE MRI Tech and 1.0 FTE Med Assist/Ofc.

***Corporate documentation and office lease information 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, or outstanding Certificates of Need for this applicant.

*Note: Saint Thomas Health has a financial interest in the proposed project and the following.*

**Outstanding Certificates of Need**

**Saint Thomas West Hospital f/k/a Saint Thomas Hospital, CN1110-037AM, has an outstanding Certificate of Need which will expire on March 1, 2017. The project was approved at the January 25, 2012 Agency meeting for construction of a three phase hospital construction project, including the renovation of 89,134 square feet of existing hospital space and the construction of a six level 135,537 sq. ft. patient tower to be adjoined to the hospital located at 4220 Harding Road, Nashville, TN. The services and areas affected include critical care, operating rooms, patient registration, patient admission and testing, surgery waiting, surgery pre/post-op, emergency department, chest pain clinic, cardiac short stay, PACU, cath lab holding and support space. Major medical equipment included in the project will include one additional GE Discovery CT750 HD 128-slice CT scanner. No additional services or licensed beds are being requested in the project. Note: Modification of the project was approved at the June 25, 2014 Agency. The total estimated cost of the project was reduced by approximately \$15 million as a result of the elimination of 4 ORs and changes in the construction/renovation of 3 patient floors, shelled space & related infrastructure. The revised estimated project cost is \$95,780,000. Project Status update: A 10/3/16 email update from a representative of the applicant indicated that the project is continuing and nearing completion. Scheduled for completion in late 2016. The operating rooms and new lobby and patient waiting area are complete, and many of the nursing units have been modernized, with only a few units remaining.**

**Baptist Plaza Surgicare, CN1307-029AM, has an outstanding Certificate of Need which will expire on June 30, 2017. It was approved at the October 23, 2013 Agency meeting for the relocation and replacement of the existing ASTC from 2011 Church Street Medical Plaza I Lower Level, Nashville (Davidson County) to the northeast corner of the intersection of Church Street and 20<sup>th</sup> Avenue North, Nashville (Davidson County). The facility will be constructed in approximately 28,500 SF of rentable space in a new medical office building and will contain nine (9) operating rooms and one (1) procedure room. Note: Modification of the project was approved at the July 23, 2014 Agency meeting. The total estimated project cost**

**MIDDLE TENNESSEE IMAGING, LLC D/B/A PREMIER RADIOLOGY**

**CN1605-016**

**OCTOBER 26, 2016**

**PAGE 19**

was reduced by approximately \$10 million. The ASTC will remain in its current location at Medical Plaza 1 on the hospital campus of Saint Thomas-Midtown and relocate from the basement to a new 3<sup>rd</sup> floor addition with slightly more space. The modification is a significant change to the project's original plan to relocate to a new building constructed on the northeast corner of Church Street and 20<sup>th</sup> Avenue North near the hospital campus. The revised estimated project cost is \$19,095,948.00. *Project Status Update: An 18 month extension was granted by the Agency at the October 28, 2015 Agency meeting. A 10/3/2016 email update from a representative of the applicant stated that the project is progressing and it is anticipated that construction will be complete in the 1<sup>st</sup> quarter of 2017; late February or early March.*

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

There are no Letters of Intent, denied or pending applications, or outstanding Certificates of Need for similar service area entities proposing this type of service.

**PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, HEALTH CARE THAT MEETS APPROPRIATE QUALITY STANDARDS, 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.**

MAF  
10/5/16

**Attachment (R)**  
**Medical Equipment**

Attachment - MRI, PET, and/or Linear Accelerator <sup>160</sup>

- 1a. For Magnetic Resonance Imaging (MRI) in a county with a population less than 175,000, describe the initiation of MRI services or addition of MRI scanners as part of the project, or
- 1b. For Magnetic Resonance Imaging (MRI) in a county with a population greater than 175,000, describe the initiation of MRI services or addition of MRI scanners as part of the project if more than 5 patients per year under the age of 15 will be treated, and/or
2. Describe the acquisition of any Positron Emission Tomography (PET) scanner that is adding a PET scanner in counties with population less than 175,000 and/or
3. Describe the acquisition of any Linear Accelerator if initiating the service by responding to the following:

A. Complete the chart below for acquired equipment.

<input type="checkbox"/> Linear Accelerator	Mev _____	Types:	<input type="checkbox"/> SRS <input type="checkbox"/> IMRT <input type="checkbox"/> IGRT <input type="checkbox"/> Other _____ <input type="checkbox"/> By Purchase <input type="checkbox"/> By Lease   Expected Useful Life (yrs) _____ <input type="checkbox"/> If not new, how old? (yrs) _____
	Total Cost*:		
	<input type="checkbox"/> New <input type="checkbox"/> Refurbished		
<input checked="" type="checkbox"/> MRI	Tesla: <u>1.5</u>	Magnet:	<input type="checkbox"/> Breast <input type="checkbox"/> Extremity <input type="checkbox"/> Open <input checked="" type="checkbox"/> Short Bore <input type="checkbox"/> Other _____ <input checked="" type="checkbox"/> By Purchase <input type="checkbox"/> By Lease   Expected Useful Life (yrs) _____ <input type="checkbox"/> If not new, how old? (yrs) <u>not known</u>
	Total Cost*: <u>\$2,198,750</u>		
	<input type="checkbox"/> New <input checked="" type="checkbox"/> Refurbished		
<input type="checkbox"/> PET	<input type="checkbox"/> PET only <input type="checkbox"/> PET/CT <input type="checkbox"/> PET/MRI <input type="checkbox"/> By Purchase		
	Total Cost*:		
	<input type="checkbox"/> New <input type="checkbox"/> Refurbished		

\* As defined by Agency Rule 0720-9-.01(4)(b). *Includes Service Contract*

- B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.
- C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart. **NA**

D. Schedule of Operations:

Location	Days of Operation <i>(Sunday through Saturday)</i>	Hours of Operation <i>(example: 8 am - 3 pm)</i>
Fixed Site (Applicant)	<u>Monday through Friday</u>	<u>7am-5pm</u>
Mobile Locations <b>NA</b> (Applicant)		
(Name of Other Location)		
(Name of Other Location)		



**PREMIER RADIOLOGY CLARKSVILLE ODC  
 MEDICAL EQUIPMENT COSTING \$50,000 OR MORE  
 (DOES NOT INCLUDE SERVICE CONTRACTS FOR MRI & CT)**

	<b>Base Cost</b>	<b>Tax (9.5%)</b>	<b>Total</b>
<b>MRI</b>	<b>\$1,500,000</b>	<b>\$138,750</b>	<b>\$1,638,750</b>
<b>Service Contract</b>	<b>7 years X \$80,000</b>		<b>\$560,000</b>
<b>CT</b>	<b>\$275,000</b>	<b>\$25,438</b>	<b>\$300,438</b>
<b>Service Contract</b>	<b>7 years X \$35,000</b>		<b>\$245,000</b>
<b>Mammography Unit 1</b>	<b>\$275,000</b>	<b>\$25,438</b>	<b>\$300,438</b>
<b>Mammography Unit 2</b>	<b>\$275,000</b>	<b>\$25,438</b>	<b>\$300,438</b>
<b>X-Ray</b>	<b>\$165,000</b>	<b>\$15,263</b>	<b>\$180,263</b>
<b>Dexa</b>	<b>\$85,000</b>	<b>\$7,863</b>	<b>\$92,863</b>
<b>Ultrasound Unit 1</b>	<b>\$70,000</b>	<b>\$6,475</b>	<b>\$76,475</b>
<b>Ultrasound Unit 2</b>	<b>\$70,000</b>	<b>\$6,475</b>	<b>\$76,475</b>

**Attachment 8A**  
**Management Agreement**

## ADMINISTRATIVE SERVICES AGREEMENT

This Administrative Services Agreement (the "Agreement") is made and to be effective this 1<sup>st</sup> day of April, 2011 ("Effective Date"), by and between Middle Tennessee Imaging, LLC (the "Company"), a Tennessee limited liability company, and PhyData, LLC ("Administrator"), a Tennessee limited liability company.

### RECITALS

**WHEREAS**, the Company owns and/or operates, either directly or through wholly-owned subsidiaries, one or more imaging centers that provide diagnostic imaging services and an ambulatory surgery center (collectively, the "Facilities"); and

**WHEREAS**, Administrator possesses capabilities and experience in the business of developing, managing and operating such Facilities; and

**WHEREAS**, the Company and Administrator desire to enter into this Agreement for Administrator to develop, oversee, manage and subcontract for the business operations of the Company (the "Business");

**NOW, THEREFORE**, in consideration of the premises and mutual promises and covenants contained herein, the sufficiency of which consideration is hereby acknowledged, the Company and Administrator do hereby agree as follows:

### 1. RELATIONSHIP OF THE PARTIES

**1.1 Independent Contractor Status.** Except as otherwise expressly set forth herein, for purposes of this Agreement it is acknowledged and agreed that Company and Administrator are at all times acting and performing hereunder as independent contractors. Each party shall be solely responsible for compliance with all state and federal laws pertaining to employment taxes, income withholding, unemployment compensation contributions and other employment related statutes regarding their respective employees, agents and servants. Administrator must exercise at all times its independent judgment and shall not be subject to direction, control, or supervision by Company in the performance of Administrator's services under this Agreement, except as specifically set forth in this Agreement. Neither Administrator nor any of its employees, agents, or subcontractors shall have any claim under this Agreement or otherwise against Company for workers' compensation, unemployment compensation, vacation pay, sick leave, retirement benefits, Social Security benefits, disability insurance benefits, unemployment insurance benefits, or any other benefits. Company shall not withhold, or in any way be responsible for, the payment of any federal, state, or local income taxes, F.I.C.A. taxes, unemployment compensation or workers' compensation contributions, Social Security, or any other payments on behalf of Administrator or any of Administrator's employees, agents, or subcontractors providing services on behalf of Company pursuant to this Agreement, all such withholdings or obligations shall be the sole responsibility of Administrator, and Administrator shall indemnify, defend, and hold harmless Company from any and all loss or liability arising with respect to such withholdings or obligations. In the event that the Internal Revenue Service ("IRS") or other governmental agency should question or challenge the independent contractor status of Administrator, the Company shall have the right to participate in any discussion or negotiation occurring with the IRS or other such governmental agency, irrespective of by whom such discussions or negotiations were initiated.

**1.2 Non-Assumption of Liabilities.** Unless otherwise specifically provided for under the terms of this Agreement, all debts, obligations and liabilities of the Company to third parties, whether

existing or future, shall be the debts, obligations and liabilities of the Company. Administrator shall not be liable for any such debts, obligations or liabilities, and the Company shall, and hereby does agree to, indemnify Administrator for any loss, liability, judgment, penalty, fine, damage or cost incurred by Administrator as a result of such debts, obligations or liabilities of the Company. Except as specifically provided for in this Agreement, all debts, obligations and liabilities of Administrator to third parties, whether existing or future, shall be the debts, obligations and liabilities of Administrator, and the Company shall not be liable for any such debts, obligations or liabilities and the Administrator shall, and hereby does agree to, indemnify Company for any loss, liability, judgment, penalty, fine, damage or cost incurred by Company as a result of such debts, obligations or liabilities of Administrator.

**1.3 Controlling Nature of Company's Operating Agreement.** Reference is hereby made to the Amended and Restated Operating Agreement of the Company of even date herewith as it may be amended, restated, supplemented or otherwise modified from time to time (the "**Operating Agreement**"), a copy of which has been provided to Administrator. Capitalized terms not otherwise defined in this Agreement shall have the meaning set forth in the Operating Agreement. Subject at all times and for all purposes to any applicable provisions of the Operating Agreement and the respective rights of the Company's Members, Board of Governors and Managers, Administrator shall carry out the terms and conditions of this Agreement and its responsibilities and obligations hereunder. Administrator acknowledges that the Company and its Board of Governors retain ultimate authority for management and operation of the Company. Administrator agrees that it shall perform its management functions under this Agreement in accordance with all applicable policies and procedures of the Company, the Budgets approved by the Company's Board of Governors, and the Operating Agreement, and that Administrator shall not be liable for, and shall be released from the performance of any of its obligations hereunder, as a result of any exertion of such ultimate authority by the Company or its Board of Governors that conflicts with this Agreement. Notwithstanding anything in this Agreement to the contrary, in the event of any conflict between the terms and conditions of this Agreement and the terms and conditions of the Operating Agreement, the Operating Agreement shall control at all times and for all purposes.

**1.4 Operation in Furtherance of Charitable Purposes.** Notwithstanding any contrary provision contained in this Agreement, in providing its services hereunder, Administrator shall cause the Company to be operated and managed in a manner that furthers the charitable purposes of Saint Thomas Health Services ("**STHS**"), a Tennessee corporation and a member of the Company, and in a manner that complies with the Ethical and Religious Directives for Catholic Health Care Services, as approved and amended from time to time by the United States Conference of Catholic Bishops or its successor organization, and as promulgated and/or interpreted by the Roman Catholic Bishop of Nashville, Tennessee.

## **2. COVENANTS AND OBLIGATIONS OF ADMINISTRATOR**

**2.1 Administrative Services.** Pursuant to this Agreement, Administrator shall provide or arrange for the provision of the items and services described in this Section 2.1 to the Company and for its Business (collectively, the "**Administrative Services**"), but in each instance only as and to the extent the item or service is (a) in compliance with the Budget then in effect and (b) specified and/or limited with respect to each obligation of the Administrator by or within the capital and other resources allocated for the discharge of such obligation under such Budget. Company does not delegate, nor does Administrator assume, any of the powers, duties and responsibilities which Company is required to maintain under applicable law.

**2.1.1 General.** Administrator shall provide to Company or arrange for the provision to, by or on behalf of Company, all Administrative Services necessary for the Company to conduct its Business. Except as otherwise expressly set forth herein, Administrator is hereby

expressly authorized to perform and provide the Administrative Services hereunder to, for, by and/or on behalf of Company in whatever reasonable manner Administrator deems appropriate to meet the day-to-day requirements of the Business. Administrator shall have power and authority to administer, manage, control, and operate the business and affairs of the Company, and to make decisions affecting such business and affairs, consistently and in accordance with the Operating Agreement and with the Budgets then in effect, and in accordance with any policies or directives approved by the Board of Governors from time to time; provided, however, that Administrator shall have no power or authority under this Agreement to take any action that requires the approval of the Members (or any Member) or Board of Governors under the Operating Agreement unless such approval is or has been given.

**2.1.2 Business Services.** Administrator shall provide and manage, or arrange for the provision and/or management of, all business functions and services related to the Business during the term of this Agreement. Without limiting the generality of the foregoing, in providing the Administrative Services, Administrator shall perform or arrange for the performance of the following functions on behalf of Company:

- (a) Ordering and purchasing or subcontracting for such office equipment and supplies as are required or appropriate in the day-to-day operation of the Business and as are included in the approved Budgets. Any purchase by Administrator in any year for an amount in excess of One Hundred Thousand and NO/100 Dollars (\$100,000.00) made pursuant to this Agreement shall be subject to the prior approval of the Board of Governors or within guidelines and/or the Budget approved in advance by the Board of Governors;
- (b) Such business, legal and financial consultation and advice as may be reasonably required or requested by Company, and which is directly related to the operations of the Business and approved by the Board; provided that Administrator shall not be responsible for any services requested by or rendered to any Member or Manager of Company, nor shall Administrator itself be responsible or liable for any legal, accounting or tax advice or services or personal financial services rendered to the Company or to any Member or Manager of Company;
- (c) Securing or sub-contracting for necessary repairs, maintenance and replacements of furniture, fixtures, equipment and other assets owned by Company;
- (d) Overseeing any design, engineering and construction related to any owned or leased real estate of the Company in accordance with specifications approved by the Board of Governors;
- (e) Managing the negotiation and maintenance of service agreements utilized by the Business and providing support, where necessary, in the coordination of services supplied to the Business under such agreements;
- (f) Evaluating and negotiating equipment acquisitions, dispositions, leases, and financings included in approved Budgets or otherwise approved by the Board of Governors;

- (g) Evaluating, selecting and negotiating access agreements, equipment services and medical supplies contracts;
- (h) Assisting in the development of policies and procedures, quality improvement, utilization management, and systems for review and adoption by the Board of Governors and assist in the oversight and implementation of such policies and procedures once adopted by the Board of Governors;
- (i) Assisting in the creation of new or the adaptation of existing marketing materials and plans; provided, that Administrator shall have no involvement in direct sales for or marketing of Company or of any of its customers;
- (j) Scheduling of patients for the provision of services by the Company at the Facilities;
- (k) Obtaining and maintaining written physician orders for each imaging study performed by the Company at the Facilities as and to the extent required by the Patient Protection and Affordable Care Act of 2010;
- (l) Obtaining precertification from payors (subject to limitations and requirements, if any, imposed by each applicable payor specifying who is responsible for obtaining such precertification) in a timely manner for patients receiving services performed by the Company at the Facilities;
- (m) Assisting Company in its regulatory and other legal compliance efforts and causing Company to take such steps as are required to obtain and maintain all necessary licenses, permits, approvals, certificates of need and authorizations for the Company to conduct its Business and as are required to remain in material compliance with applicable laws, regulations and ordinances, subject to the rights of the Members and Board of Governors to address and resolve compliance issues in accordance with the Operating Agreement;
- (n) Implementing data processing and management information systems and procedures and make such changes in said systems and procedures as may be required from time to time for the Company's business operations, including assisting in planning and negotiating with third party vendors and selecting, installing and operating appropriate hardware and software to provide management, billing and clinical information systems support, in each case, in accordance with Section 2.5 below; and
- (o) Supervise the disbursement of funds for the operating expenses of the Facilities, including processing vendor's invoices and other accounts payable (including payment of the fees to Administrator required under this Agreement), in accordance with the Budget and the terms of this Agreement.

### 2.1.3 Budget Development; Preparation of Financial Reports.

(a) **Budget.** Administrator shall prepare the annual Budget for the Company, which Budget shall be subject to approval by the Board of Governors in accordance with the Operating Agreement. The first Budget shall be developed by the Administrator and approved by the Board of Governors within thirty (30) days after execution of the Operating Agreement, with subsequent annual Budgets to be developed by the Administrator and approved by the Board of Governors at least sixty (60) days in advance of the commencement of each fiscal year of the Company and to apply to the succeeding fiscal year. Subject to and except as provided in the Operating Agreement, the Administrator and the Company shall use commercially reasonable efforts to act consistently and in accordance with the applicable Budget. The Budget shall be prepared in reasonable detail and shall include all matters necessary and appropriate for the efficient administration, management and operation of Company, including, but not limited to, revenue assumptions, proposed price increases, a summary of major programs to generate new business, detailed assumptions for all major expense categories, proposed capital expenditures and a summary of projected principal and interest payments and/or lease payments.

(b) **Financial Reports.** Administrator shall deliver to the Company financial reports, prepared on an accrual basis, as follows:

- (1) On or before the fifteenth (15<sup>th</sup>) day of each month, a balance sheet, profit and loss statement, supporting detail general ledger schedules and key management statistics showing the results of operation of the Company and its Business for the preceding month as compared to the Budget and comparable year to date information.
- (2) Within sixty (60) days after the end of each fiscal year of Company, utilizing the information to be provided in accordance with Section 2.1.3(b)(1), a balance sheet and related statements of profit and loss for such fiscal year most recently ended.
- (3) Within at least twenty (20) days in advance of the commencement of each fiscal year, an estimated profit and loss statement and an estimated cash flow projection statement in reasonable detail for the succeeding fiscal year of the Company, all as part of the Budget described in Section 2.1.3(a).

**2.1.4 Personnel.** Administrator shall provide or sub-contract for the provision, or arrange for the employment by Company, of all clinical, technical, and office personnel (including the patient scheduling function) required to provide services on-site at the Facilities and other Company locations as necessary for the day-to-day operation of the Business (the "Company Staff"). The number and type of Company Staff shall be consistent with the Budget and any staffing plan for the Facilities approved by the Board of Governors. All Company Staff shall have the basic qualifications, training and proficiency necessary to provide the services being performed by such personnel and shall possess all licenses, certifications, credentials, and

other permits as may be required by applicable federal, state or local law and regulations, and Administrator shall maintain documentation available for review that these requirements are met. Administrator shall determine the salaries and fringe benefits of all Company Staff in a manner consistent with the Budget and any guidelines approved by the Board of Governors. The prior approval of the Board of Governors will be required for (a) the payment of any bonus or other compensation to any Company Staff in addition to ordinary salary amounts, (b) any material increase in salary or compensation for any Company Staff other than as part of the establishment of the Budget for a new fiscal year, or (c) any material increase in the cost of the benefits provided to Company Staff which results from greater or expanded benefits (as opposed to increases in premiums for continuation of existing benefits). Administrator shall provide all payroll processing and payroll tax reporting and related obligations relating to the Company Staff. In exercising its judgment with regard to personnel as provided in this Agreement, Administrator agrees not to discriminate against such personnel on the basis of race, religion, age, sex, disability, national origin or other prohibited factor. If the Company is dissatisfied with the services of any of the Company Staff provided by Administrator, the Company shall consult with Administrator. Administrator shall in good faith and in consultation with the Company determine whether the performance of that employee could be brought to acceptable levels through counsel and assistance, whether such employee should be reassigned to responsibilities not involving the Company, or whether such employee should be terminated. Hiring and firing decisions with respect to the Company Staff shall be within Administrator's sole and absolute discretion; provided, however, that Company may require Administrator to remove any Company Staff from providing services under this Agreement if such removal is approved by the Board of Governors, and provided further that any hiring shall be consistent with any staffing plan and Budget approved by the Board of Governors. In addition, the employee who shall serve as the executive director of the Company's Business shall be subject to the prior approval of the Board of Governors, shall be subject to ongoing review by the Board of Governors on a regular basis to be determined by the Board, and shall also be subject to removal by the Board of Governors.

**2.1.5 Financial Records.** Administrator shall maintain all files and records relating to the operation of the Business including, but not limited to, customary financial records and files. Notwithstanding anything in this Agreement to the contrary, the administration of all files and records shall comply with all applicable federal, state and local statutes and regulations. Administrator shall have the sole responsibility for preparing, or having prepared, on behalf of Company, and making payment, or causing payment to be made, on behalf of the Company all applicable federal, state and local income taxes, gross receipt taxes, FICA taxes, and all other withholding taxes, unemployment and disability benefits, and workers' compensation obligations, and any and all license and permit fees of whatever nature which may be applicable to Company and for filing all information and other tax returns and other returns or reports as may be required of Company; provided, however, that Administrator shall not itself be responsible for paying, and shall have no liability with respect to, the actual amount of any taxes, benefits, obligations, fees or other amounts described in this sentence or for which the Company has any obligation to pay. Company or any Member of Company, or any authorized representative of Company or any Member, including any auditor engaged by Company or any Member, shall have the right, upon reasonable, advance written notice, during normal business hours, to audit any and all files and records maintained by Administrator related to Company and/or the operation of the Business. Notwithstanding the preceding sentence or anything contained in the Business Associate Agreement, attached as Exhibit A to the contrary, at such time as this Agreement expires or terminates, and upon reasonable request and for a bona fide business purpose of Administrator or an affiliate of Administrator related to professional liability matters or regulatory or legal compliance, Company shall provide Administrator with true and complete copies of patient records of all continuing patients of the Company, to the extent such records have been



maintained by or on behalf of Company, with Administrator to pay the cost of making and providing such copies.

**2.1.6 Patient Records.** Administrator shall manage the preparation of, and direct the contents of, patient medical records, all of which shall be and remain confidential and the property of the Company. Administrator shall maintain, on behalf of the Company, all books, records, documents, and other evidence necessary to certify the nature and extent of the services provided by the Company in accordance with accepted business practices, appropriate billing and accounting procedures, and applicable federal, state or local law and regulations. Administrator shall preserve the confidentiality of patient medical records and use the information in such records only for the limited purposes necessary to perform the Administrative Services and other services hereunder.

**2.1.7 Charity Care.** Administrator acknowledges that Company has adopted the charity care policy of STHS. Administrator will provide services under this Agreement in a manner that enables Company to comply with this policy, including without limitation, providing patients with appropriate notice of Company's charity care policy and confirming patient eligibility under the policy. In addition Administrator will track charity care provided by the Company in accordance with standards established by STHS, and will include this information in monthly financial reports provided to Company.

**2.1.8 Quality Control.** Administrator shall implement and maintain a quality improvement program to provide ongoing objective measurements of the quality and efficiency of health care services provided at the Facilities and shall provide data and make regular reports to the Board of Governors regarding quality assurance measures.

**2.1.9 Planning.** Administrator will assist Company in developing and reviewing short, medium and long-range objectives of the Facilities and in formulating recommendations with respect thereto. Any long-range or strategic plans for the Facilities must be adopted by the Board of Governors prior to implementation.

**2.1.10 Governmental Regulations.** Administrator shall use commercially reasonable efforts to cause all things to be done in and about the Facilities necessary for the operations at the Facilities to be in compliance with the requirements of any applicable statute, ordinance, law, rule, regulation, or order of any governmental or regulatory body having jurisdiction over the use of the Facilities. In the event of any change in laws, rules and/or regulations governing the operation of the Facilities to the detriment of either Administrator or Company, Administrator will fully advise Company of such changes and of any actions initiated by any agency which might reasonably be expected to adversely affect the Facilities. Administrator shall immediately notify the Company of any and all facts known to Administrator relating to conduct that presents a material issue of compliance with applicable laws or standards related to Company's business or the Facilities' operations, and shall notify Company of any inquiries outside of normal business practices and/or claims made by third parties, including but not limited to federal health care programs, relating to Company's business or the Facilities' operation of which Administrator becomes aware. Company, acting with the approval of the Board of Governors, shall be solely responsible for reporting any actual or perceived violation of law by Company to any governmental entity.

**2.1.11 Utilization Review.** Administrator shall review the appropriateness and cost-effectiveness of services rendered at the Facilities to its patients and shall provide data and make regular reports to the Board of Governors regarding utilization review measures. The scope and

timing of such review, data provision and reporting shall be as mutually agreed by Administrator and the Company.

**2.1.12 Patient and Referring Physician Satisfaction.** Administrator shall implement procedures to measure patient and referring physician satisfaction at the Facilities and shall provide data and make regular reports to the Board of Governors regarding patient and physician satisfaction measures. The scope and timing of such procedures, measurement, data provision and reporting shall be as mutually agreed by Administrator and the Company.

**2.2 No Billing and Collection Services.** Administrator shall not be responsible under this Agreement for providing or arranging for the provision of health care service billing, collection and accounts receivable management services to Company and/or its Business.

**2.3 Archiving Services.** Pursuant to this Agreement, Administrator shall provide, or arrange for the provision of, archiving services ("Archiving Services") for digital diagnostic imaging services. Such Archiving Services will include the storing, indexing, and archiving, for a reasonable period of time as determined by the Administrator, but not less than five (5) years or such longer time as may be required by applicable law, of all digital radiographs transmitted to Administrator by online system or other electronic media and the provision of reasonable backup devices. The Archiving Services shall enable the images to be accessible by all radiologists providing the professional component of services provided at Facilities as well as by physicians whose patients receive services at such Facilities.

**2.4 Transcription Services.** Pursuant to this Agreement, Administrator shall provide, or arrange for the provision of, transcription services ("Transcription Services") for diagnostic imaging services provided at the Facilities. Such Transcription Services shall consist of an electronic speech recognition system which will produce an electronic report based on dictation by physicians of professional radiology interpretations rendered by the physicians for imaging studies. Such electronic speech recognition system shall initially be Nuance PowerScribe unless a different system is selected by Company subject to the written approval of Administrator, which approval shall not be unreasonably withheld or delayed.

**2.5 Information Systems.** Pursuant to this Agreement, Administrator shall provide, or arrange for the provision of information systems ("Information Systems") for diagnostic imaging services provided at the Facilities. Such Information Systems shall include a radiology information system, a speech recognition system and a PACS system and shall initially be comprised of Fuji Synapse, Nuance PowerScribe and IntelRad, in each case, unless a different system or systems is or are selected by Company subject to the written approval of Administrator, which approval shall not be unreasonably withheld or delayed.

**2.6 Additional Services.** In the event that Company wishes to obtain services in addition to those enumerated herein, Administrator shall discuss with the Company the options available for obtaining such services, and the related costs hereof.

**2.7 Cooperation.** Administrator shall cooperate with Company in the transition of the services provided hereunder as described in Section 5.5.

### **3. COVENANTS AND OBLIGATIONS OF COMPANY**

**3.1 Exclusive Arrangement.** Company acknowledges that, during the term of this Agreement, Administrator is and shall be the exclusive provider to Company of Administrative Services, Archiving Services and Transcription Services for any and all Facilities directly or indirectly wholly-

owned by Company during the term of this Agreement. Except with Company's prior written consent, which consent may be withheld in its sole discretion, Administrator will not, during the term of this Agreement, provide services substantially similar to the Administrative Services, Archiving Services, Transcription Services or the Information Systems for any Competing Imaging Center (as hereinafter defined) that is located within a twenty (20) mile radius of any imaging center, ambulatory surgery center, or other location at which the Company provides outpatient imaging services or any other health care diagnostic imaging and/or therapeutic services. For purposes hereof, the term "Competing Imaging Center" has the meaning set forth in Section 2(b) of that certain Professional Services Agreement dated as of the date hereof by and between Company and Advanced Diagnostic Imaging P.C., a Tennessee professional corporation.

**3.2 Performance by Company.** Company expressly acknowledges and agrees that performance of Administrator's obligations hereunder will require the timely cooperation and support of Company, its Governing Board, Managers and agents, and affirm that they will cooperate and use reasonable efforts to ensure that Administrator is provided in timely fashion the information, including financial data, required by it in the performance of its duties hereunder.

**3.3 Remedies.** In the event of a breach of Section 3.1, Administrator recognizes that monetary damages shall be inadequate to compensate Company and Company shall be entitled, without the posting of a bond or similar security, to an injunction restraining such breach, with the costs (including attorneys' fees) of securing such injunction to be borne by Administrator. Nothing contained herein shall be construed as prohibiting Company from pursuing any other remedy available to it for such breach or threatened breach. The parties hereto hereby acknowledge the necessity of protection against the competition of Administrator and that the nature and scope of such protection has been carefully considered by the parties. The promises of Company contained herein are deemed to be sufficient and adequate to compensate the Administrator for agreeing to the restrictions contained in Section 3.1. If, however, any court determines that the foregoing restrictions are not reasonable, such restrictions shall be modified, rewritten or interpreted to include as much of their nature and scope as will render them enforceable.

#### **4. FEES TO ADMINISTRATOR AND PAYMENT OF OPERATING EXPENSES**

##### **4.1 Administrative Fee.**

**4.1.1 Payment of Preliminary Payment.** In exchange for the Administrative Services provided by the Administrator, the Company shall pay a monthly administrative fee to Administrator (the "Preliminary Payment") in an amount equal to four and one-half percent (4.5%) of the product of (a) eighty percent (80%) multiplied by (b) Net Collections (as hereinafter defined) for the immediately preceding calendar month, subject to the reconciliation mechanism described in Section 4.1.2 below. "Net Collections" shall mean, for any calendar month, the sum of all monies collected or received in such month for health care services billed by or for the Company, less amounts refunded or credited in such month to a patient or third party payor for any reason, including as a result of overpayments, erroneous payments or bad checks. When unpaid billings are referred to a collection agency, the amount of Net Collections shall include the net amount received through the efforts of the collection agency after deducting the collection agency's fees. Except as otherwise provided in Section 4.1.2, the Preliminary Payment shall be billed to Company on or before the fifteenth (15<sup>th</sup>) day of the immediately succeeding calendar month and shall be payable monthly in arrears on or before forty-five (45) calendar days after the end of the applicable month.

##### **4.1.2 Reconciliation.**

172

(a) Within thirty (30) days after the end of each successive three (3) month period (such period, the "Payment Period") beginning on the Effective Date, Company shall do and calculate each of the following:

(1) Determine (on a cash basis of accounting) the amount of the Net Collections it has received during the Payment Period that is attributable to the technical component only of the services provided by the Company as follows: Net Collections for each imaging study performed by the Company shall be multiplied by the Technical Component Percentage (as hereinafter defined) applicable to each such imaging study (the product of such amounts for each such imaging study, the "Imaging Study Technical Collections"). For purposes hereof, (i) the "Technical Component Percentage" means the percentage (based on the split between the professional component and technical component set forth in the Resource Based Relative Value Scale (the "RBRVS") used in the Medicare Physician Fee Schedule in effect on the date of service of such imaging study) of the global billing for the technical component that Medicare pays (or would pay if it were the applicable third-party payor) for such imaging study; (ii) the sum of all Imaging Study Technical Collections shall be referred to as the "Aggregate Technical Collections"; and (iii) the product of four and one-half percent (4.5%) multiplied by the Aggregate Technical Collections shall be referred to as the "Actual Quarterly Administrative Fee".

(2) The Actual Quarterly Administrative Fee shall be compared against the aggregate of the Preliminary Payments made by Company for the first two (2) months of the period plus the Preliminary Payment to be made for the third (3<sup>rd</sup>) month.

(3) The amount, if any, by which the Actual Quarterly Administrative Fee exceeds the aggregate of the Preliminary Payments shall be added to the third (3<sup>rd</sup>) Preliminary Payment, and the amount, if any, by which the Actual Quarterly Administrative Fee is less than the aggregate of the Preliminary Payments shall be subtracted from the third (3<sup>rd</sup>) Preliminary Payment.

(b) The third (3<sup>rd</sup>) Preliminary Payment shall be payable in arrears on or before fifteen (15) calendar days after the date of determination of the Actual Quarterly Administrative Fee.

**4.1.3 Refund or Credits.** If Company is required to refund or credit any patient or third party payor after this Agreement expires or is terminated, Company will invoice Administrator for fees already paid to Administrator on such refunded or credited amounts and Administrator will pay such invoice within thirty (30) days after receipt thereof. This provision shall survive the expiration or earlier termination of this Agreement.

**4.2 Archiving, Transcription and Information Services Fee.** In exchange for the Archiving Services, the Transcription Services and use of the Information Systems, in each case, provided

by the Administrator, the Company shall pay a fee to Administrator (the "IT Services Fee") equal to Two Dollars and Eighty Cents (\$2.80) per CPT code billed (each a "Procedure Code") for each procedure (that generated the Procedure Code) performed during the term of this Agreement. The IT Services Fee shall be billed to Company on or before the fifteenth (15<sup>th</sup>) day of the month immediately succeeding the month in which the procedure that generated the Procedure Code was performed and shall be payable monthly in arrears on or before forty-five (45) calendar days after the end of such month.

4.3 **Company Staff.** In exchange for the Company Staff provided by the Administrator, the Company shall pay Administrator the "Reimbursable Amount" (as defined below). The term "Reimbursable Amount" for any period is an amount equal to the following costs paid or expenses accrued by Administrator during such period for the Company Staff based on the proportionate share of the time in which the Company Staff provides services to the Company relative to other activities or services for Administrator or its affiliates: (i) salaries and wages; (ii) Administrator's share of social security taxes, Medicare taxes, and other payroll taxes; (iii) premiums, contributions and other amounts paid by Administrator for coverage by any welfare or pension plans; (iv) premiums for worker's compensation insurance; (v) vacation, holiday, sick pay and other paid time off attributable to the Company Staff, to the extent such amounts are actually paid out to Company Staff as additional compensation; and (vi) any expense reimbursement for reasonable business expenses incurred by Company Staff while providing services on behalf of the Company to the extent consistent with the business expense policy adopted by the Board of Governors from time to time. The proportionate share of the time in which members of the Company Staff provide services to the Company relative to other activities or services for Administrator or its affiliates shall be consistent with the Budget and with the terms of any staffing plan for the Facilities approved from time to time by the Board of Governors. Administrator shall issue an invoice to the Company semi-monthly (*i.e.*, twice per month) specifying the Reimbursable Amount for the immediately preceding pay period. Company shall pay the Reimbursable Amount specified in each invoice via electronic funds transfer on approximately the 11<sup>th</sup> and the 27<sup>th</sup> day of each month, which is the approximate date on which Administrator pays its payroll (the "Payroll Date"). If the Payroll Date falls on a holiday, Company will pay the Reimbursable Amount on the business day immediately preceding the holiday. Administrator will provide Company with written instructions for the electronic funds transfer, and Company will be responsible for any costs of making the electronic funds transfer. The Company shall not have any liability to any of the Company Staff with respect to compensation or benefits provided by Administrator. The sole liability of the Company shall be to reimburse Administrator for the Reimbursable Amount. As used in this Agreement and for purposes of calculating the Reimbursable Amount, the term "Company Staff" shall not include the Administrator's President (as of the Effective Date, Chad L. Calendine, M.D., serves in such position), Chief Executive Officer (as of the Effective Date, Michael Moreland serves in such position), Chief Financial Officer (as of the Effective Date, Mark Gaw serves in such position), Chief Operating Officer (as of the Effective Date, Joy Sweeney serves in such position), Director of Information Technology (as of the Effective Date, James C. King, III, M.D., *de facto* serves in such position, although he does not hold this title), any physician (unless reimbursement for the services of the physician has been specifically approved by the Board of Governors), or any personnel providing Transcription Services, Archiving Services or access to and use of the Information Systems for the Company, it being the intention of the parties that the Actual Quarterly Administrative Fee and the IT Services Fee, respectively, shall compensate Administrator for the provision of these services by these personnel. In addition, the term "Company Staff" shall not include any personnel providing billing and collection services.

4.4 **Other Reimbursable Expenses.** To the extent Administrator, in providing services to Company pursuant to this Agreement, pays or incurs any other Company expenses, the Company shall reimburse Administrator for such Company expenses to the extent they are included in or consistent with the approved Budgets (such expenses being referred to herein as "Operating Expenses"). Any Operating Expenses to be reimbursed to Administrator pursuant to this Section 4.4 shall be billed and paid with the

Actual Quarterly Administrative Fee as provided in Section 4.1.2 of this Agreement.

**4.5 Method of Calculation.** All calculations under this Article 4 including, but not limited to, those related to the determination of collections or receipts of the Company, shall be made on an accrual basis of accounting in accordance with United States of America Generally Accepted Accounting Principles ("GAAP"), reasonably and consistently applied.

**4.6 Access to Books and Records.** For purposes of confirming the compensation due and owing Administrator: (a) Company shall provide Administrator and its authorized representatives reasonable access, during regular business hours and upon reasonable, advance written notice, to those books and records of Company which directly relate to the calculation of such compensation; and (b) Administrator shall provide Company and its authorized representatives reasonable access, during regular business hours and upon reasonable, advance written notice, to those books and records of Administrator which directly relate to the calculation of such compensation. All such information and access shall be subject to the terms and conditions of Section 7.4 herein.

## **5. TERM OF AGREEMENT**

**5.1 Term.** Unless earlier terminated as set forth herein, this Agreement shall be effective as of the Effective Date hereof and shall continue in full force and effect for an initial term of one (1) year through March 31, 2012. This Agreement may be renewed by the Company on the same terms set forth in this Agreement for one (1) additional one (1) year term upon delivery of written notice of renewal to Administrator not less than thirty (30) days prior to the end of the initial term, subject to the written consent of Administrator, which consent shall not be unreasonably withheld or delayed.

### **5.2 Termination Upon Cause or Upon a Specified Event.**

**5.2.1** Either party shall be entitled to terminate this Agreement upon written notice if the other party breaches any material covenant, agreement, term or provision of this Agreement (other than Section 1.4, the breach of which Section shall be governed by Section 5.2.5 below) required to be kept, observed or performed by such party, and such failure shall continue and is not cured to the reasonable satisfaction of the non-breaching party within a period of thirty (30) days after written notice thereof to the defaulting party.

**5.2.2** Either party shall be entitled to terminate this Agreement upon written notice if the other party enters a plea of *nolo contendere* for or is convicted of a criminal offense (including, but not limited, to fraud or embezzlement), is convicted of violating any federal, state or local law, rule or regulation related to the provision of or billing for health care services, or is excluded from Medicare or any other governmental health care program.

**5.2.3** This Agreement shall automatically terminate if either party dissolves or voluntarily files a petition in bankruptcy or makes an assignment for the benefit of creditors or otherwise seeks relief from creditors under any federal or state bankruptcy, insolvency, reorganization or moratorium statute, or either party is the subject of an involuntary petition in bankruptcy which is not set aside within sixty (60) days of its filing.

**5.2.4** This Agreement shall automatically terminate on the date that NOL, LLC, a Tennessee limited liability company, or any Affiliate thereof, ceases, for any reason, to be a Member of the Company.

**5.2.5** Company shall be entitled to terminate this Agreement upon written notice if

Administrator breaches Section 1.4 and such failure shall continue and is not cured to the reasonable satisfaction of Company within a period of thirty (30) days after written notice thereof to Administrator.

5.2.6 Company shall be entitled to terminate this Agreement upon not less than thirty (30) days prior written notice to Administrator in connection with the establishment of a successor billing and administrative services company as contemplated in the Operating Agreement (the "Successor Administrator").

### 5.3 Jeopardy.

5.3.1 Change in Law. In the event that legislation is enacted (or any final legislation is proposed and will become effective within one (1) year thereafter), new regulations are promulgated (or any final rule is issued and will become effective within one (1) year thereafter), a decision of a court with jurisdiction over Company is rendered or an opinion of a government agency is issued that, in the written opinion of Administrator's or Company's legal counsel issued to such party with respect to the specific matter in question, affects or may affect the legality of this Agreement or the ability of any party hereto to operate in accordance with applicable laws, rules and regulations ("Change in Law"), then the affected party (the "Affected Party") shall send the other party a notice of the Change in Law and the parties shall negotiate in good faith to amend this Agreement to comply with such Change in Law, while also preserving, to the maximum extent possible, the underlying economic, financial and operational arrangements and delegation of responsibilities and discretion among the parties hereto. In the event that the parties hereto are unable to reach an agreement on how to amend this Agreement to comply with such Change in Law within forty-five (45) days of notice of the Change in Law from the Affected Party to the other party, then any party may, by delivery of written notice thereof to the other party, promptly terminate this Agreement.

5.3.2 Tax-Exempt Status Issues. If, in the reasonable and good faith judgment of STHS (so long as it is a Member of Company) and its legal counsel, any term or provision of this Agreement or the manner in which the Company is being operated or managed pursuant to this Agreement, could result in a Tax-Exempt Issue, then STHS shall send a notice to Administrator and the parties shall negotiate in good faith to amend this Agreement to address such Tax-Exempt Issue, while also preserving, to the maximum extent possible, the underlying economic, financial and operational arrangements and delegation of responsibilities and discretion among the parties hereto. In the event that the parties hereto are unable to reach an agreement on how to amend this Agreement in a manner that is satisfactory to STHS to address the Tax-Exempt Issue within forty-five (45) days of notice of the Tax-Exempt Issue from STHS to Administrator, then Company (at the direction of STHS) may, by delivery of written notice thereof to Administrator, promptly terminate this Agreement.

5.4 Actions Upon Termination. Upon termination of this Agreement for any reason: (a) Company may retain any information and materials prepared for Company by Administrator, including, but not limited to, administrative, accounting and personnel policy and procedure manuals prepared by Administrator, and all data accumulated through Administrator's provision of Administrative Services, Archiving Services or Transcription Services or through its business administration, utilization management or quality improvement systems, programs, plans or procedures; (b) Company shall return to Administrator any software or hardware systems owned, leased or licensed by Administrator; (c) Administrator shall cooperate with the Company to effect the transition to another administrative company if one is appointed by the Company to succeed Administrator; (d) Administrator shall return to Company all books, records, files, information and other property of Company, including, without

limitation, all patient records (including PACS images), billing records, licenses, accreditations, supplies, inventory, contracts, and financial and accounting records; and (e) Administrator shall deliver to the Company all funds, if any, controlled by or in the possession of Administrator as agent for the Company; provided, however, that, except as otherwise provided in Section 4.1, Administrator shall be entitled to all Actual Quarterly Administrative Fees, IT Services Fees and Operating Expenses which have accrued or are owed to Administrator under this Agreement.

**5.5 Transition of Services.** Administrator will cooperate with and reasonably assist Company in transitioning the Administrative Services and other services provided hereunder from the Administrator to the Successor Administrator, such that the Successor Administrator can assume responsibility for such services effective as of the termination of this Agreement without any disruption in the operations of any of the Facilities. Without limitation, Administrator shall cooperate with the Company and the Successor Administrator in transitioning employment of Company Staff to the Successor Administrator provided such transitioning of personnel has been approved by the Company.

## **6. INSURANCE; RESPONSIBILITY FOR CLAIMS**

**6.1 Insurance to be Maintained by Administrator.** Throughout the term of this Agreement, Administrator shall, at its sole cost and expense, procure, keep and maintain insurance coverage in the minimum amount of \$1,000,000 per occurrence and \$3,000,000 annual aggregate for errors and omissions and commercial general liability, and applicable state statutory limits for workers compensation. Said insurance policies shall be issued by an insurance company licensed in the state where Administrator is located, and the policy shall cover all services Administrator, its directors, officers, employees, agents, Company Staff and/or contractors provide. Administrator shall arrange to have Company named as additional insured as its interests may appear with respect to such insurance coverage and shall provide Company with a certificate evidencing such insurance and endorsement upon request.

**6.2 Insurance to be Maintained by Company.** Throughout the term of this Agreement, Company shall, at its sole cost and expense, procure, keep and maintain insurance coverage in the minimum amount of \$1,000,000 per occurrence and \$3,000,000 annual aggregate for professional liability and commercial general liability, and applicable state statutory limits for workers compensation. Said insurance policies shall be issued by an insurance company licensed in the state where Company is located, and the policy shall cover all services Company, its directors, officers, employees, agents and/or contractors provide. Company shall provide Administrator with a certificate evidencing such insurance upon request.

**6.3 Indemnification.** Company shall indemnify, hold harmless and defend Administrator, its members, managers, governors, employees, agents, successors and assigns, from and against any liability, loss, damage, claim, cause of action, cost or expense, including reasonable attorneys' fees, caused by or as a result of the any acts or omissions of Company or any of its managers or employees. Administrator shall indemnify, hold harmless and defend Company, its members, managers, governors, employees, agents, successors and assigns, from and against any liability, loss, damage, claim, cause of action, cost or expense, including reasonable attorney's fees, caused by or as a result of any acts or omissions of Administrator or any of its managers or employees, including Company Staff.

## **7. PROPRIETARY/CONFIDENTIAL INFORMATION AND ACCESS TO BUSINESS**

### **7.1 Access to Records.**

**7.1.1** Administrator shall, during the term hereof, be given complete access to



Company, the Business and their respective records, offices and the Facilities, equipment, personnel and vendors, in order that Administrator may carry out its obligations hereunder, subject to confidentiality requirements of patient medical records.

7.1.2 Administrator shall keep all records relating to this Agreement open and available for inspection by the Company or other authorized persons, and shall maintain all books, records, documents and other evidence necessary to certify the nature and extent of the services provided under this Agreement consistent with accepted business practice, appropriate accounting procedures and applicable federal, state or local law and regulations. The Company or any other duly authorized person shall have reasonable access during normal business hours to such books, records, documents, and other evidence of the Administrator for the purpose of inspection, audit, and copying, at its sole cost and expense.

7.2 **Confidentiality.** Administrator recognizes that all information and records, and all business information, documents, and records, including but not limited to those located at any Facility which the Company operates are the property of Company (collectively the "**Confidential Information**"), and that during and after the term of this Agreement, Administrator shall not remove, use, disclose or reproduce such Confidential Information except for the limited purpose of fulfilling Administrator's obligations under this Agreement or as otherwise directed in writing by Company. Administrator shall not have any rights to such Confidential Information or records or to copies thereof except as may be required by applicable law. Administrator may disclose Confidential Information in response to any valid subpoena or other valid compulsory process, provided that Company shall have the right, at its discretion, to first use its best efforts to make all legitimate, good faith objections, if any, to the production of such information and, if production is required, shall have the right, at its discretion, to use its best efforts to seek a protective order limiting dissemination of such Confidential Information, the contents thereof and the transactions contemplated thereby solely to persons having a need to know for purposes of the proceeding in which the production is sought. In the event that Administrator is requested or becomes legally compelled (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) to make any disclosure which is prohibited or otherwise constrained by this Section 7.4, Administrator shall (i) provide Company with prompt notice of such request(s) so that Company may seek an appropriate protective order or other appropriate remedy (at Company's sole expense) and/or waive Administrator's compliance with the provisions of this Section 7.4, and (ii) cooperate with Company in its efforts to decline, resist or narrow such requests. Administrator also acknowledges that any damages for breach of this Section 7.4 may be incalculable and an insufficient remedy. Accordingly, Administrator agrees that in the event of any breach of this Section 7.4, Company shall be entitled to equitable relief, including injunctive relief and specific performance.

## 8. MISCELLANEOUS

8.1 **Excluded Provider.** Administrator and Company hereby represent and warrant to each other that they are not and at no time have been excluded from participation from any federally funded health care program, including Medicare and Medicaid. Administrator agrees to immediately notify the Company and Company agrees to immediately notify Administrator of any threatened, proposed or actual exclusion from any federally funded health care program, including Medicare or Medicaid. In the event that Administrator or Company is excluded from any federally funded health care program during the Term of this Agreement, this Agreement shall, as of the effective date of such exclusion, automatically terminate. In addition, each party agrees that it will not employ, contract with, or otherwise use the services of any individual whom it knows or should have known, after reasonable inquiry, (a) has been convicted of a criminal offense related to health care (unless the individual has been reinstated to participation in Medicare and all other Federal health care programs after being excluded because of the conviction), or (b) is currently listed by a Federal agency as excluded, debarred, or otherwise ineligible

for participation in any Federal health care program and further agrees that it will immediately notify the other in the event that any person in its employ, has been excluded, debarred, or has otherwise become ineligible for participation in any Federal health care program. Each party agrees to continue to make reasonable inquiry regarding the status of its employees and independent contractors on a regular basis by reviewing the General Services Administration's List of Parties Excluded from Federal Programs and the HHS/OIG List of Excluded Individuals/Entities. If an employee or contractor of either party is excluded from any Federal health care program, the applicable party shall immediately remove that employee or contractor from providing services under this Agreement. Each party will indemnify and hold the other party harmless from and against any loss, liability, judgment, penalty, fine, damages (including punitive and/or compounded damages), costs (including reasonable attorneys' fees and expenses) incurred by the other party as a result of an exclusion with respect to the indemnifying party or any employee or contractor thereof, or the indemnifying party's breach of this Section.

**8.2 Assignment; Subcontracting.** This Agreement shall be binding upon, and shall inure to the benefit of, the parties and their respective legal representatives, successors, and permitted assigns. Company may not assign this Agreement nor any rights hereunder, nor may it delegate any of its duties to be performed hereunder, without the prior written consent of Administrator. Administrator may not assign or transfer this Agreement in its entirety, or assign or subcontract any of the responsibilities or duties of Administrator hereunder, without the prior written consent of Company; provided, however, that Administrator shall have the right to assign certain responsibilities under this Agreement and/or to subcontract with any responsible party(ies) (including affiliates of Administrator) to arrange for the provision of certain items and services hereunder (but not for substantially all of Administrator's responsibilities and obligations under this Agreement) as long as: (a) any assignment or subcontracting by Administrator is consistent with or specifically contemplated by the applicable Budget and is for items or services that either: (i) Administrator is incapable of providing, (ii) will be provided through such assignment or subcontract on only a reasonably temporary basis, or (iii) must be provided on an assigned or subcontracted basis in order to address or respond to urgent or emergent circumstances; (b) Administrator shall remain primarily responsible for any assignee's or subcontractor's performance; and (c) Administrator shall be solely responsible for payment of any fees, expenses or other amounts due to any assignee or subcontractor, and Company shall not be liable for any such fees, expenses or other amounts either directly or as expenses of Administrator charged to Company.

**8.3 Confidentiality of Agreement.** This Agreement and the terms and conditions hereof shall be maintained in confidentiality by both parties except where disclosure is required by law or in performance hereof.

**8.4 Amendment.** This Agreement may only be amended or modified by a written instrument executed by both parties. Subject to the severability provisions set forth in Section 8.9 and to the terms of Section 5.3.1 above, this Agreement shall be subject to immediate review and amendment if required by any change in state or federal regulations, including regulations pertaining to state, federal, or other third-party reimbursement programs; provided, however, that any such amendment shall be subject to the approval of the parties hereto.

**8.5 Headings.** The headings of the various sections of this Agreement are for convenience of reference only, and shall not modify, define, limit or expand the express provisions of this Agreement.

**8.6 Entire Agreement.** This Agreement represents the entire agreement between the parties with respect to the subject matter hereof and any representation, promise, or condition in connection therewith not incorporated herein shall not be binding upon either party. This Agreement supersedes any prior agreement between the parties with respect to such subject matter.

8.7 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which, including facsimiles thereof, shall be deemed to be an original, and each such counterpart shall together constitute the same agreement.

8.8 **Notices.** All notices or other communications pursuant to this Agreement shall be in writing and shall be deemed to have been duly given, if by hand delivery, upon receipt thereof; by telefax upon confirmation of transmission; or if mailed by certified or registered mail or nationally recognized courier service, postage or delivery costs prepaid, on the date of deposit at the courier service or in the United States mail, and in any event, to be addressed to either party at the addresses provided in the signature blocks below, or at such other address as may hereafter be provided by proper notice. A courtesy copy of any notice required hereunder shall also be sent to each party's counsel at such address as may be requested, but failure to do so shall not in any way affect the rights, obligations, and liabilities of the parties hereto.

8.9 **Effect of Invalidity.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the effective period of this Agreement, such provision shall be fully severable. This Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of each illegal, invalid or unenforceable provision there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

8.10 **Applicable Law.** The parties agree that this Agreement shall be construed and enforced in accordance with the laws of the State of Tennessee without regard to principles of conflicts of laws.

8.11 **HIPAA Compliance.** As of the Effective Date, Company and Administrator shall enter into the Business Associate Agreement attached as **Exhibit A**.

8.12 **No Obligation to Make Referrals.** The parties acknowledge that none of the benefits granted the parties under this Agreement is conditioned on any requirement or expectation that the parties make referrals to, be in a position to make or influence referrals to, or otherwise generate business for the other party. The parties further acknowledge that neither party is restricted from referring any service to, or otherwise generating any business for, any other entity of its choosing.

8.13 **Waiver.** No consent or waiver, express or implied, by a party to or of any breach or default by any other party in the performance by such party of its obligations under this Agreement shall be deemed or construed to be a consent or waiver to or of any breach or default in the performance by such party of the same or any other obligations of such party hereunder. Failure on the part of a party to complain of any act or failure to act of any other party or to declare any other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of such default or its rights under this Agreement. The giving of consent by a party in any one instance shall not limit or waive the necessity to obtain such party's consent in any future instance.

8.14 **Prevention of Performance by Administrator.** Administrator shall not be liable for any loss or damage to Company (including, without limitation, direct, indirect, incidental and consequential damages) due to any failure in Administrator of its performance hereunder (a) because of compliance with any order, request, or control of any governmental authority or person purporting to act therefore, whether or not said order, request or control ultimately proves to have been invalid; or (b) when Administrator's performance is interrupted, frustrated or prevented, or rendered impossible or impractical

because of wars, terrorism, hostilities, public disorders, acts of enemies, sabotage, riots, insurrection, strikes, lockouts, fires, or acts of God, or any other cause beyond Administrator's control similar to any of the foregoing. Without limitation of the foregoing, Administrator shall not be required to challenge or resist any such order, request or control, or to proceed or attempt to proceed with performance, if such performance shall involve material additional expense or a material departure from Administrator's normal practices, unless the parties shall expressly agree as to the further obligations (including, without limitation, an obligation to bear all or part of any such additional expense) to be borne by Company as a result thereof.

8.15 **Interpretation.** All section headings contained in this Agreement are for convenience of reference only, do not form a part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine, or neuter as the context requires.

8.16 **No Strict Constriction.** The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent and agreement, and no rule of strict construction shall be applied against any party.

[remainder of page intentionally left blank]

Pamela Kramer  
Mintz Levin  
Jun 11, 2019 15:50

**Project Name :** Premier Radiology Clarksville Outpatient Diagnostic Center

**Supplemental Round Name :** 1

**Due Date :** 2/9/2024

**Certificate No. :** CN2401-001

**Submitted Date :** 2/11/2024

### 1. 1E. Overview

Please complete and attach a copy of the required medical equipment attachment for this project.  
[https://www.tn.gov/content/dam/tn/hfc/documents/HFC\\_CON\\_Attachment-MedEquip.pdf](https://www.tn.gov/content/dam/tn/hfc/documents/HFC_CON_Attachment-MedEquip.pdf)

**Response :** The requested form is in revised Attachment R for Medical Equipment.

### 2. 3A. Proof of Publication

Please attach proof of publication as Attachment 3AR.

**Response :** See Attachment 3AR.

### 3. 9A. Legal Interest in the Site

The attached Letter of Intent does not include any reference to the specific property or project site involved in the project. Please include a revised Letter of Intent which details the proposed project site. Please also include documentation that the project site is owned by the proposed landlord. Please revise and resubmit Attachment 9A. (labeled as Attachment 9AR).

**Response :** Attached as Attachment 9AR are two items. One is a deed documenting ownership of the site by the proposed landlord. The second item is a revised letter of intent to lease, from the landlord, with the location description as it appeared in the approved legal notice published January 15.

### 4. 10A. Floor Plan

Please clarify why the proposed floor plan includes two MRI suites?

**Response :** This CON application is for only one (1) MRI unit. The second MRI suite will be shelled space only. Potential future expansion space is most economical to construct, and less intrusive on the ODC operation, if it is constructed at the outset before patient care begins.

### 5. 1E. Overview

Does the applicant intend to serve pediatric patients at the ODC? Will any specialized imaging equipment be available for pediatric patients?

**Response :** The project will serve almost entirely adults. However, on occasion it may serve patients 13-17. The facility's most recent Joint Annual Report shows that only 4.0% of its patients were 13-17 years of age.

## 6. 1E. Overview

What historical certificate of need project numbers are associated with the existing applicant owned MRIs in the proposed service area?

Please discuss the CON history (including dates and CON Project Descriptions) for the mobile MRI that is being replaced.

Please confirm whether this is the only mobile MRI being operated by the applicant or its affiliates in the proposed service area.

**Response :** The CON application number for Clarksville Imaging Center is CN0109-075 according to the THFC website; it was approved in December 12, 2001. MTI was not its owner. The original ownership appears to have been Cumberland Care, Inc. and Radiology Associates Imaging Venture, LLC.

The mobile MRI was originally approved as 87-CN-031 on November 18, 1987. At that time its owner was Horizon Mobile MRI, Dickson County. MTI's association with that unit began approximately three decades later. We have no information on the use or locations of the unit prior to that time.

Currently, MTI (Middle Tennessee Imaging dba Premier Radiology) owns 100% of Mobile MRI Medical Services, LLC, which owns 100% of the mobile MRI/ODC and holds the license for that ODC. MTI is the applicant for this new project, of which MTI will own 100%.

Currently, MTI also owns 100% of MTI Clarksville Imaging Holdings, LLC, which owns 50% of Clarksville Imaging Center, LLC.

Regarding the history and description of the mobile MRI and ODC License # 58, see the attached pages 6, 7, 15, 16, 46 from the Certificate of Need application filed by Middle Tennessee Imaging, LLC, to establish a new ODC in Clarksville, Tennessee (CN1605-016),

and your Staff Summary regarding that application. These documents are uploaded for your convenience as Additional Document 4R, a new attachment for Round One.

At the present time, the mobile ODC/MRI is wholly owned by, and is licensed to, Mobile MRI Medical Services, LLC; which is wholly owned by Middle Tennessee Imaging, LLC dba Premier Radiology, the applicant for this project.

Yes, it is the only mobile MRI being operated by the applicant or its affiliates in the proposed service area. The applicant owns or indirectly owns other mobile MRIs but they are outside of this proposed service area.

### 7. 1E. Overview

With regard to the removal of the applicant's existing MRI/ODC being surrendered, please clarify the following:

What is the address and license number of the facility where the fixed/mobile unit has been operating?

What is being closed pending approval of this project, the mobile MRI service or the ODC facility license# 58 Mobile MRI Medical Services, where the MRI unit is currently operating?

**Response :** The address of the mobile MRI is 980 Professional Park Drive, Suite E. The suite is an office for patient intake and registration. After registration, patients are escorted through an exterior door to enter the trailer, which is docked adjoining the building. The license number of the facility is #58. It is an ODC.

The mobile MRI was granted CON approval years ago to serve any location in a large number of Middle Tennessee counties. It was licensed as an ODC by the Board for Licensing Health Care Facilities. A copy of its current license #58 was submitted in Attachment 3Q.

The MRI service will be closed when the proposed fixed MRI/ODC has been implemented. At that time, the applicant will move the mobile MRI out of Montgomery County, and will ask Licensure to remove Montgomery County from its list of authorized counties. The applicant has no more specific information on the technical aspects of the process; for further information about that, please consult the HFC 's Licensure staff.

## 8. 1E. Overview

There are two ODCs operating in Montgomery County according to the 2022 Joint Annual Report for Outpatient Diagnostic Centers.

License #14 - Clarksville Imaging Center and;

License #58 - Mobile MRI Medical Services

These facilities list contact information indicating ownership by Premier Radiology. Please confirm whether these licensed ODC facilities are owned or affiliated with the applicant.

What are the future plans for the existing licensed ODC location if this application is approved?

It is noted the applicant will remove from Montgomery County the applicant's existing mobile MRI/ODC, and will surrender authorization for its future use in Montgomery County. Does that mean the applicant will surrender the current ODC license?

Please clarify if the applicant will purchase a new CT, ultrasound, x-ray, mammography and bone densitometry equipment, or will that equipment be transferred to the new site from the existing ODC?

What is the strength of the existing CT, and the CT that will occupy the proposed CT?

**Response :** MTI, LLC dba Premier Radiology (the CON applicant for this project) owns 100% of Clarksville Imaging Holdings, LLC, which owns 50% of the Clarksville Imaging Center (license #14). PhyData, LLC, a subsidiary of Radiology Partners, manages that Center.



The mobile MRI/ODC facility is wholly owned by Mobile MRI Medical Services, LLC, which is wholly owned by MTI, LLC, dba Premier Radiology. This application often references Premier or MTI “ownership” of the mobile MRI, but technically it is owned by MTI’s wholly owned subsidiary, to whom it is licensed (license #58). The mobile MRI/ ODC is managed by PhyData, LLC.

The applicant is not an owner or affiliate of any other facilities in Montgomery County.

If the project is approved, the Mobile MRI Medical Services location will cease operation and the applicant’s indirectly owned licensed ODC/mobile MRI and its trailer will be moved outside of Montgomery County to serve patients in other authorized counties. The adjacent office space now occupied by ODC staff may then be utilized by another tenant not associated with the applicant.

The applicant (which wholly owns the LLC that wholly owns the mobile MRI/ODC) will file a request to modify that unit’s existing CON to remove Montgomery County from the unit’s authorized service area. The mobile MRI’s entire license will not be surrendered, because it authorizes service to several other counties in its approved CON application, and that authority will remain.

The equipment you list does not exist at the applicant’s mobile site; only an MRI exists. The first Attachment to the submitted application, labeled Equipment, includes a listing of that specific equipment with their estimated purchase and service contracts prices.

There is no CT in the applicant’s existing mobile ODC/MRI. The applicant proposes to purchase a new 64-slice CT unit for the proposed ODC.

#### **9. 2E. Rationale for Approval**

The HFC equipment registry reflects that the mobile unit is operating 4 days per week rather than the 6 six days per week as referenced in response to the Need Section of Item 2E. Also, the Joint Annual Report for 2022 indicates that the mobile MRI has only operated 1 day per week. How many days per week the mobile MRI unit been operating over the past 3 years?

**Response :** Page 6 of the mobile unit’s 2022 Joint Annual Report shows that the facility has 1 MRI that operated 5 days per week.

The applicant does not know why 4 days a week were reported to the Registry for CY2022. At the time the reports were filed with the Registry, MTI was undergoing a management change and its personnel have changed. Below is the accurate information.

The applicant will amend the 2022 report to the Registry when and as directed by the HFC staff.

This CON application and responses to Round One of supplemental questions have been revised for CY2022 to change 4 days per week (0.8 units for planning purposes) to 5 days a week (1.0 units for planning purposes); and the resulting utilization data have been changed throughout the application narratives and tables. Those minimal changes made no significant differences in the need for this project.

Mobile Unit's Operational Days per Week

CY 2020—6 days a week

CY 2021—5 days a week

CY 2022—5 days a week

CY 2023—5 days a week January through June; 6 days a week July through December.

**10. 2E. Rationale for Approval**

Please clarify who owns and operates the fixed MRI unit located at Clarksville Imaging Center at 2320 Wilma Rudolph Blvd., Clarksville, TN 37040.

Please provide additional information regarding the potential closure of this facility as referenced in Attachment 1N - ODC Criteria, Pages 1 & 2.

If the applicant owns the fixed MRI unit located at CIC, what will be done with that MRI unit post-closure?

Who will be providing the radiology reading services moving forward for the applicant?

**Response :** As shown in the revised and more complete organization chart submitted in Attachment 7AR, Clarksville Imaging Center and its equipment are owned by Clarksville Imaging Center,

LLC—which is owned in equal 50% shares by (a) Clarksville Health Systems GP dba Tennova Healthcare, (the local hospital) and by (b) Clarksville Imaging Holdings, LLC.

The applicant has no additional information other than what is provided in the application and in these responses. The applicant is not able to comment on the current intentions of the owners of CIC.

The applicant does not own the CIC's fixed MRI. The applicant does not have information on what CIC's owners will decide to do with the MRI unit, if and when, CIC closes. As a factual matter, the applicant knows that CIC's MRI is older and it is slower in acquiring images, compared to current MRI technology that the applicant is proposing in this CON application. Presumably, if CIC's MRI service is discontinued permanently, then the MRI, or parts of it, could be offered for sale on the open market.

Advanced Diagnostic Imaging Radiology (ADIR), a 52-physician radiologist group, now provides radiology reading services at the mobile ODC/MRI. That same group is expected to contract to provide reading services at the applicant's proposed new ODC facility.

### 11. 2E. Rationale for Approval

The text of the response to the Need section of Item 2E. appears to cut off at the end of the 2E Need field. Please provide any additional text in response to this item as an Attachment (labeled as Attachment 2E.)

**Response :** This has been added back to the body of the 2E field where the application software cut it off. It is also provided as Attachment 2ER.

### 12. 2N. Service Area

Please provide historical and projected utilization data by county or origin for the applicant affiliated ODCs and MRIs in the proposed service area in response to Item 2N. In the data provided, please provide the data by MRI (include the tesla strength of the MRI).

What other secondary service area counties are part of the project service area. Where have the remaining non-primary patients come from in the past?

**Response :** Please see Attachment 2NR.

### 13. 3N. Demographics

There appears to be a typo in number of years listed in response to Item 3N on Page 12 of the application "From CY2028 to CY2027". Please revise in the main application as appropriate.

Austin Peay State University (APSU) is located in Montgomery County. What is the current enrollment of the university and what is the distance of the proposed project from APSU?

Please include demographic data for Christian County, KY for the demographic table. Please revise and resubmit Attachment 3NB (labeled as Attachment 3NBR).

**Response :** This typo has been corrected to read "From CY2024 to CY2027..."

Total Austin Peay University enrollment, graduate and undergraduate, was 9,609 in 2021. The distance between this project site and APSU is approximately 6.5 miles.

Please see Attachment 3NBR for an additional table showing both primary service area counties, as well as the original table for Montgomery County only.

**14. 6N. Utilization and/or Occupancy Statistics**

Please detail the number of patients expected to utilize breast imaging capacity.

How will that capacity impact projections?

**Response :** Premier estimates that as much as 20% of the referrals would be for MRI breast imaging:

	Projected Procedures	Breast Imaging 20%	Other Imaging 80%
Year One CY2025	4,218	844	3,374
Year Two CY2026	4,387	877	3,510

Breast imaging takes approximately one hour compared to a half-hour for most other tests. However, the proposed stationary MRI in this project is much faster for the other types of studies than is the applicant's mobile MRI. That should offset the longer times needed for breast studies, allowing the MRI projections to be based on the mobile unit's history of general MRI procedures.

### 15. 5N. Unimplemented services

Please adjust the MRI unit Average Procedures per Unit listed in Table 5N Part A to reflect the actual number of days of operation per week associated with the Premier ODC unit if it was not 4-days per week in 2022.

There appears to be an error in the following item in Table 5N, Part A:

- 16. Tennessee Orthopaedic Associates - Procedures.
- 17. Totals - Procedures

Please revise and resubmit this table in all appropriate locations through the application and associated attachments.

**Response :** This has been revised to show 1.0 units, which is 5 days per week, in both the revised Attachment 1N MRI Criteria and in the application.

This minor data typo has been corrected in all tables and narratives.

### 18. 5N. Unimplemented services

There appears to be an error in Table 5N Part B for the following items:

2022 MRI Utilization - Procedures & Procedures per Unit.

Please revise the data in Table 5N Part B anywhere it is located throughout the application.

**Response :** This has been corrected in all tables and narratives, both in 5N and in the body of the application where that data is used.

### 19. 6N. Utilization and/or Occupancy Statistics

Why is there no JAR data reported for Clarksville Imaging Center, LLC in 2021?

**Response :**

The applicant does not know the reason. Management at CIC has changed recently. Also, CIC is not directly or wholly owned by the applicant; and the applicant cannot unilaterally address CIC's history or predict its future beyond what is in the public record.

## 20. 7N. Outstanding CoN

Please include the recently approved CON for Premier Radiology Mount Juliet.

**Response :** This has been added to 7N in the application as requested, although the CON was fully implemented on January 29, 2024.

## 21. 3C. Effects of Competition and/or Duplication

Was the mobile unit ever deployed anywhere else besides its current fixed location? Will other counties be losing access to mobile MRI services?

What are the differences in capacity for the proposed unit vs the existing mobile unit?

**Response :** This project will not cause any other county to lose access to mobile MRI service. Prior to being parked at its present Clarksville location in April 2021, almost 3 years ago, the mobile unit moved between Clarksville, Hendersonville, and Briarville on varying schedules. It no longer serves any location other than its current one in Clarksville. When the applicant's subsidiary moves this licensed ODC out of Montgomery County, there are numerous other Middle Tennessee counties where the unit has CON authority to provide service.

Please see response #203 above. The proposed unit is capable of performing breast imaging but the existing mobile unit is not. Breast imaging takes approximately one hour compared to a half-hour for most other tests. However, the proposed stationary MRI in this project is significantly faster than the mobile MRI, for tests other than breast imaging. The newer MRI will have advanced acceleration applications to enhance quality & speed.

## 22. 9C. Other Facilities Charges

Please provide the referenced attachments (labeled as Attachment 9C R.)

**Response :** To be submitted under separate cover.

## 23. 5N. Unimplemented services

There appears to be an error in the following items in Attachment 5N. Table 5N.

Tennessee Orthopedic Association - MRI Procedures 2020-2022.

Clarksville Imaging Center - Ultrasound Procedures 2020

**Response :** These have been corrected in all locations in the application.

#### 24. 6N. Utilization and/or Occupancy Statistics

Attachment 6N includes a misalignment of the years in Table 6N Part B. Please revise and resubmit Attachment 6N (labeled as Attachment 6NR).

**Response :** This typographical error has been corrected in Attachment 6NR.

#### 25. 1N. Criteria and Standards

##### Attachment 1N, MRI Criterion #1, Page 1

Please discuss the high utilization of the mobile MRI unit and the decision to assign it to a fixed location at a licensed ODC site as it appears to be the most heavily utilized mobile MRI unit in the state.

If the applicant does not own the fixed MRI unit at Clarksville Imaging Center, when did it transition from a position of ownership. If the applicant owns the Clarksville Imaging Center and ODC, what is the number of patients who are projected to shift from CIC to the new proposed ODC facility?

**Response :** The high utilization of the mobile MRI unit reflects its physical and financial accessibility, the cost savings it provides to payors compared to a hospital MRI, the efficiency of its staff in serving large numbers of patients, and its responsiveness to referring physicians. It also is driven by the rapid increase of the area's growing population.

The current structure housing the mobile MRI is a trailer that cannot be expanded to request a CON for a second unit, as demand continues to grow. The most feasible way to prepare for future increases in referrals is to replace this unit with a faster unit with additional capability (for example, breast imaging). That requires a fixed building that can provide shell space for a second unit, if one is ever needed and is granted CON approval. And with such a structure, Premier can offer other needed imaging modalities, so that its physician staff can provide additional services to referring physicians and their patients.

The applicant itself does not own CIC or its equipment. The applicant owns a subsidiary LLC that owns 50% of CIC. That subsidiary acquired that ownership on August 1, 2017.

The applicant wholly owns a subsidiary LLC that owns one half of the LLC that owns the Clarksville Imaging Center. The applicant's projections for the applicant's proposed ODC facility do not assume any shifts of CIC patients to the proposed ODC. The applicant cannot speculate on what shifts might occur if CIC suspends operation.

## 26. 1N. Criteria and Standards

### Attachment 1N, MRI Criterion #2, Page 2

Please provide a map of the specific site locations of the existing MRI units in the service area including those in Kentucky.

**Response :** The requested map is provided in Attachment 2NR. The MRI addresses and their number of MRI units are as follows.

#### CHRISTIAN COUNTY, KY

Jennie Stuart Health Medical Center (Hospital, 2 units)

320 West 18th Street

Hopkinsville, KY 42240

#### MONTGOMERY COUNTY, TN

Clarksville Imaging Center (ODC, 1 unit)

2320 Wilma Rudolph Blvd

Clarksville, TN 37040

Mobile MRI Medical Services, LLC (ODC, 1 unit)

980 Professional Park Drive, Suite E



Clarksville, TN 37040

Tennova Healthcare Clarksville (Hospital, 2 units)

651 Dunlop Lane

Clarksville, TN 37040

Premier Medical Group, P.C. (Physician Office, 1 unit)

490 Dunlop Lane

Clarksville, TN 37043

Tennessee Orthopaedic Alliance (Physician Office, 1 unit)

141 Hillcrest Drive

Clarksville, TN 37043

The map and this list omit one open MRI that may be located in a physician clinic in Hopkinsville, in Christian County, KY. Its availability is not known and its location and utilization have not been shown in the State's inventory of MRIs in Christian County.

## 27. 1N. Criteria and Standards

### Attachment 1N, MRI Criterion #5, Page 6 & 7

Please respond to the following as the MRI unit proposed includes breast imaging capabilities.

28. It has an existing and ongoing working relationship with a breast-imaging radiologist or radiology proactive group that has experience interpreting breast images provided by mammography, ultrasound, and MM unit equipment, and that is trained to interpret images produced by an MRI unit configured exclusively for mammographic studies;
29. Its existing mammography equipment, breast ultrasound equipment, and the proposed dedicated breast MRI unit are in compliance with the federal Mammography Quality Standards Act;
30. It is part of or has a formal affiliation with an existing healthcare system that provides comprehensive cancer care, including radiation oncology, medical oncology, surgical oncology and an established breast cancer treatment program that is based in the proposed service area.

31. It has an existing relationship with an established collaborative team for the treatment of breast cancer that includes radiologists, pathologists, radiation oncologists, hematologist/oncologists, surgeons, obstetricians/gynecologists, and primary care providers.

**Response :** These review criteria in the State Health Plan for MRI are part “a” of criterion #5. The Plan states that they apply to dedicated breast MRI units, which this project does not include. Nonetheless, the applicant will meet all four criteria. The 52-physician radiology group (Advanced Diagnostic Imaging-Radiology) that reads MRI studies for the mobile unit currently has seven (7) board-certified and fellowship-trained breast imaging radiologists; and this group will be contracted to serve the applicant’s proposed ODC. The applicant’s proposed MRI unit and mammography units will be in compliance with the cited Federal statute. Saint Thomas Health owns 70% of the applicant and it is a system with large, tertiary Middle Tennessee hospitals that provide the services and teams listed in criteria 3 and 4.

### 32. 1N. Criteria and Standards

#### Attachment 1N, MRI Criterion #7g., Page 9

Please discuss whether the applicant's arrangements with its physician medical director specify that said physician be an active member of the subject transfer agreement hospital medical staff.

**Response :** Yes. Dr. Gabe Starace of Advanced Diagnostic Imaging-Radiology (ADIR) is the medical director for the mobile MRI and will continue in that role at the new ODC. Dr. Starace is an active member of the medical staff of Ascension Saint Thomas Hospital West, a transfer agreement hospital for this facility.

### 33. 1N. Criteria and Standards

#### Attachment 1N, ODC Criterion #2, Pages 1 & 2

Please discuss the existence of the two licensed ODC in the service area and how this project fits into the market. Which ODC are still expected to remain open when this proposed ODC facility is available? How is utilization of outpatient imaging services projected to be impacted by the implementation of this project.

Why is the application referring to only one diagnostic imaging facility in Montgomery County in response to this criteria when there are currently two licensed facilities?

**Response :** When this project is open, the applicant's indirectly-owned mobile MRI/ODC will be closed. The market will lose that mobile MRI/ODC but will gain a new stationary MRI/ODC owned by and licensed to the applicant. So the total number of MRI units in the market will not be changed by implementation of this project.

Other than what was stated in the application, the applicant has no additional information regarding CIC nor data related to the projected impact of this project on CIC. The applicant's utilization projections for its own proposed ODC do not assume shifts of utilization from CIC to this project. The projections reflect service area population growth, the addition of MRI-based breast imaging for this market, and favorable low costs to consumers and insurers. The applicant cannot project the entire service area's MRI utilization until CIC makes public its plans for its future.

The sentence with that error is the second sentence responding to ODC Criterion #2: "Other than services in private physician offices or in Tennova's Clarksville hospital, Montgomery County *has only one diagnostic imaging facility (CIC)*..."

In Attachment 1NR, in the ODC Criteria, the sentence has now been corrected with the underlined words to read: "Other than imaging services in private physician offices or in Tennova's Clarksville hospital, Montgomery County has only one diagnostic imaging facility (CIC) that offers multiple modalities including MRI..."

### 34. 1N. Criteria and Standards

#### Attachment 1N, ODC Criterion #3 Page 2

Please include references to specific data supporting the responses to the ODC criteria.

Item b. is missing from the response.

**Response :** Attachment 1NR in the ODC standards and criteria has been amended in criterion #3a, to reference the data as follows:

“In Attachment 5NR to the application, the applicant has provided Tables A and B showing three years of the publicly available data on utilization of MRI, CT, Ultrasound, and Mammography at all providers in the service area’s hospitals, ODCs, and private physician offices. Utilization is one way to define need for these services. Every MRI and CT provider in the service area reported increased utilization in CY2022 compared to CY2021. “

### 35. 10C. Project Only Payor Mix

Please specify the payor mix “other” in the amount of \$5,405,482 that represents 26.5% of the gross operating revenue.

The applicant is in close proximity to a major military installation (Fort Campbell).

Please clarify why the applicant is not accepting insurances such as Champus (Civilian Health and Medical program of the Uniformed Services).

**Response :** MTI reports that almost all of that payor category is for patients covered by CHAMPUS AND TRICARE. Those are the Federal programs covering members of the armed services and their dependents. It is an unusually high percent of the payor mix because Fort Campbell is close to Clarksville and the base has a very large service member population that relies heavily on Montgomery County healthcare providers.

Premier does accept CHAMPUS (which now is often called TriCare). It is listed in the insurance plans submitted in the Attachment labeled “Additional Document 2B”.

**Project Name :** Premier Radiology Clarksville Outpatient Diagnostic Center

**Supplemental Round Name :** 2

**Due Date :** 2/14/2024

**Certificate No. :** CN2401-001

**Submitted Date :** 2/13/2024

### 1. 1E. Overview

Why was the mobile unit assigned to a fixed location starting in 2021?

What is the projected impact in terms of utilization on the remaining 18 service area counties that will be licensed for MRI service once Montgomery County is removed?

**Response :** Due to Premier's low costs, high-quality of radiologist readings, rapid responsiveness to referring physicians, and population increases in Montgomery County, the applicant found that referrals to the Premier MRI grew quickly and were numerous. Demand for service would not be met without keeping the unit in Clarksville during the entire week. And from a business standpoint, there was no need for Premier to take the unit anywhere else to maximize its utilization.

The applicant has not yet identified where the mobile unit would be taken if removed from Montgomery County.

That decision would depend on population growth of an area, and on whether MRI patients in those counties needed faster or more convenient access to an MRI.

Until such needs are identified, it is not possible to project the mobile unit's impact on these counties' MRI utilization and referral patterns. And until this CON application is granted, it would be premature for Premier to devote resources to such a planning process.

### 2. 9C. Other Facilities Charges

Please upload an attachment for 9C.

**Response :** This has now been uploaded.