

# HEALTH SERVICES AND DEVELOPMENT AGENCY

## MINUTES

June 24, 2020

### AGENCY MEMBERS PRESENT

Scarboro, Douglas, Chair  
Alsup, Thomas  
Brown, Laura Beth  
Chinn, R.G. Rick  
Patric, Kenneth, M.D.  
Ridgway, Corey  
Taylor, Todd  
Gaither, Keith, Designee for TennCare  
Harding, Jaclyn, Designee for Comptroller  
Jordan, Lisa, Designee for Commerce & Insurance Commissioner

### AGENCY MEMBERS ABSENT

Korth, Paul, Vice-Chair

### AGENCY STAFF PRESENT

Grant, Logan, Executive Director  
Christoffersen, Jim, General Counsel  
Eden-Hoback, Lowavia, Office and Resource Manager  
Earhart, Phillip, HSD Examiner  
Bock, Steve, Admin Assistant I  
Craighead, Alecia, Information and Data Analyst  
Elenbaas, Dave, HSDA Health Data and Policy Administrator

### COURT REPORTER

Daniel, April

### GUESTS PRESENT (Due to the webex, we were only able to pull sign on and not affiliations for all guests).

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Adams, Tim

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Albright, Tammy

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Alsup, Thomas

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Anku, Cindy

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Barkalow, Camille

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Bock, Steve

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Brent, Michael

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Brown, Dere

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Brown, Laura

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Brown, Richard

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Burchfield, Joe

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Burns, Charlotte

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Caputo, Louis

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Chinn, Rick

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Choo, James

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Christoffersen, Jim

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Coile, (Unknown)

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Cowden, Amy

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Craighead, Alecia

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Cunningham, Chris

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Daniel, April

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Dozier, Madeline

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Earhart, Phillip

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Eden-Hoback, Lowavia

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Elenbaas, Dave

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Felts, Ginna

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Fitzgerald, Bryce

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Fowler, Scott

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Fuller, Chip

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Gaffney, Lauren

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Gaither, Keith

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Germinn, Wesley

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Gooch, Warren

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Grant, Logan

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Guidry, Donovan

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Harding, Jaclyn

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Harrell, Daven

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Hatcher, Tom

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Heflin, Laura

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Higham, Jay

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Johnson, Keith

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Johnson, Sarah

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Jones, Elizabeth

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Jordan, Lisa

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Kopec, Kyle

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Kroplin, Matt  
Lankford, Morgan  
Limyansky, Bob  
Linn, Laura  
Martin, Maegan  
McFall, Joshua  
Miller, Chris  
Morris, Amy  
Owens, Tim  
Patric, Kenneth  
Phillips, Brant  
Reed, Ann R.  
Richardson, Mike  
Ridgway, Corey  
Rogers, Allison  
Sansing, Trent  
Scarboro, Douglas  
Schaeffer, Darcy  
Sermons, Randy  
Sims, Amber  
Smith, Page  
Steven, George  
Talbot, Zac  
Taylor, Jerry  
Taylor, Todd  
Tummel, Josh  
Tummel, Leslie  
Various (Roger Harrison, Dan Elrod, others)  
Various (McCullough, Bryon Trauger, others)  
Young, Laura  
Swearingen, Travis

### **CALL TO ORDER:**

The meeting was called to order at 8:30 a.m. by Mr. Scarboro with the following members present:

Ridgway, Jordan, Gaither, Patric, Brown, Chinn, Harding, Taylor, Alsup and Scarboro. A quorum was established with ten members being present.

### **DIRECTOR'S ANNOUNCEMENTS**

- The August meeting will be held on the 28<sup>th</sup>, further instructions will come on location.
- Logan Grant gave a Legislation update about the CON reform potential at next year's Session.

## **APPROVAL OF MINUTES**

Mr. Scarboro presented the February 26, 2020 minutes for approval.

The motion CARRIED [10-0-0] unanimously by voice vote. **APPROVED**

## **CONSENT CALENDAR**

Mr. Grant introduced the four applications under consideration, which were approved.

### **\*PCET Surgery Center, Knoxville (Knox County), TN CN2003-005**

**Request:** The relocation of a single-specialty ASTC limited to pain management from 1128 East Weisgarber Road, Knoxville, to 1301 Weisgarber Road, Knoxville, Tennessee 37909. The existing ASTC has one operating room and one procedure room. The proposed ASTC, if approved, will have two operating rooms. The estimated cost is \$6,993,788.

Dr. Patric moved for approval with Mr. Alsup providing the second.

### **Factual and Legal Basis for approval:**

**Need** - The applicant projects 7,908 surgical cases in year one, and 8,485 cases in year two of the proposed project.

**Economic Feasibility** - The net balance for the applicant will equal \$2,033,608 in year one, increasing to \$2,439,065 in year two. The project will be funded by a commercial loan and operating revenue.

**Healthcare that meets appropriate quality standards** - The applicant is licensed and in good standing with the Tennessee Department of Health. The applicant will seek to maintain its accreditation with the Accreditation Association For Ambulatory Healthcare.

**Contribution to the orderly development of healthcare** - This relocation would not result in any material change to the current service area of the applicant.

Ten members voted to approve the application- Ridgway, Jordan, Gaither, Patric, Brown, Chinn, Harding, Taylor, Alsup and Scarboro. The motion CARRIED [10-0-0].

### **\*Covenant Health Diagnostic Center, Knoxville (Knox County), TN CN2004-006**

**Request:** The establishment of an outpatient diagnostic center at 210 Fort Sanders West Boulevard, Building 3, Suite 100, Knoxville, Tennessee. The project involves the conversion and renovation of 9,751 square feet of existing hospital-based imaging space to a separately licensed outpatient diagnostic center. The proposed ODC will offer X-ray and fluoroscopy, MRI for adult, CT imaging, ultrasound, nuclear medicine imaging, mammography, bone densitometry, and cardiac diagnostic imaging. The estimated project cost is \$10,633,628.

Mr. Taylor moved for approval with Mr. Ridgway providing the second.

**Factual and Legal Basis for approval:**

**Need** - The applicant projects 19,175 total imaging procedures in year one and 22,918 in year two of the proposed project.

**Economic Feasibility** - The applicant projects free cash flow of \$543,406 in year one and \$589,712 in year two. The project will be funded by cash reserves.

**Healthcare that meets appropriate quality standards** - The applicant is licensed and in good standing with the Tennessee Department of Health, is Medicare/Medicaid certified, and accredited by the American College of Radiology.

**Contribution to the orderly development of healthcare** - Approval of this project only results in the reclassification of existing services licensed as a hospital to an outpatient diagnostic center.

Ten members voted to approve the application- Ridgway, Jordan, Gaither, Patric, Brown, Chinn, Harding, Taylor, Alsop and Scarboro. The motion CARRIED [10-0-0].

**\*Open Arms Care Corporation dba Knox County #5, Knoxville (Knox County), TN CN2004-008**

**Request:** The relocation of an 8 licensed bed ICF/IID home from 5407 Western Avenue, Knoxville (Knox County), TN to a parcel of approximately 3.25 acres, which is the southwest half of a parcel of approximately 6.50 acres, on the north side of Woodview Drive, with a street address of 813 Woodview Drive, Knoxville (Knox County), TN 37912. The 6.50-acre site consists of property identified as Parcel 058PB044 in the records of the Knox County Tax assessor. The estimated project cost is \$3,426,771Ms. Harding moved for approval with Ms. Jordan providing the second.

**Factual and Legal Basis for approval:**

**Need** - This project will transition eight residents from a 30-year-old facility to a new facility, which will be constructed to meet the resident acuity levels by the current life safety codes, designed floor plans, technologies, and building materials. Relocation to a newly constructed home rather than a renovation of the existing 30-year-old home is a much better option.

**Economic Feasibility** - This project is economically feasible based upon a turn-key lease agreement between the facility's development group and will obtain a loan to construct the facility and lease it to Open Arms. The payer mix is projected to be 100 percent TennCare. Each facility has and is projected to continue with occupancy rates over 99 percent.

**Healthcare that meets appropriate quality standards** - Open Arms has operated in Tennessee for over 30 years and has a track record of providing ICF/IID services that meet quality standards.

**Contribution to the orderly development of healthcare** The proposed project relocates ICF/IID services to a newly constructed facility that will better meet the needs of its residents.

Ten members voted to approve the application- Ridgway, Jordan, Gaither, Patric, Brown, Chinn, Harding, Taylor, Alsup and Scarboro. The motion CARRIED [10-0-0].

**\*Open Arms Care Corporation dba Knox County #6, Knoxville (Knox County), TN CN2004-009**

**Request:** The relocation of an 8 licensed bed ICF/IID home from 5411 Western Avenue, Knoxville (Knox County), TN to a parcel of approximately 3.25 acres, which is the northeast half of a parcel of approximately 6.50 acres, on the north side of Woodview Drive, with a street address of 813 Woodview Drive, Knoxville (Knox County), TN 37912. The 6.50-acre site consists of property identified as Parcel 058PB044 in the records of the Knox County Tax assessor. The estimated project cost is \$3,426,771.

Dr. Patric moved for approval with Ms. Jordan providing the second.

#### **Factual and Legal Basis for approval:**

**Need** - This project will transition eight residents from a 30-year-old facility to a new facility, which will be constructed to meet the resident acuity levels by the current life safety codes, designed floor plans, technologies, and building materials. Relocation to a newly constructed home rather than a renovation of the existing 30-year-old home is a much better option.

**Economic Feasibility** - This project is economically feasible based upon a turn-key lease agreement between the facility's development group and will obtain a loan to construct the facility and lease it to Open Arms. The payer mix is projected to be 100 percent TennCare. Each facility has and is projected to continue with occupancy rates over 99 percent.

**Healthcare that meets appropriate quality standards** - Open Arms has operated in Tennessee for over 30 years and has a track record of providing ICF/IID services that meet quality standards.

**Contribution to the orderly development of healthcare** - The proposed project relocates ICF/IID services to a newly constructed facility that will better meet the needs of its residents.

Ten members voted to approve the application- Ridgway, Jordan, Gaither, Patric, Brown, Chinn, Harding, Taylor, Alsup and Scarboro. The motion CARRIED [10-0-0].

**\*Open Arms Care Corporation dba Knox County #7, Knoxville (Knox County), TN  
CN2004-010**

Request: The relocation of an 8 licensed bed ICF/IID home from 6010 Clayberry Drive, Knoxville (Knox County), TN to an unaddressed 1.83 acre lot being the northeast half of an approximately 3.66-acre parcel with no street address located behind two parcels identified as 607 Tate Trotter Road and 613 Tate Trotter Road, Powell (Knox County). The 3.66 acre site is described as Parcel 047 03606 in the records of the Knox County Tax Assessor. The estimated project cost is \$3,426,771.

Mr. Ridgway moved for approval with Mr. Taylor providing the second.

**Factual and Legal Basis for approval:**

**Need** - This project will transition eight residents from a 30-year-old facility to a new facility, which will be constructed to meet the resident acuity levels by the current life safety codes, designed floor plans, technologies, and building materials. Relocation to a newly constructed home rather than a renovation of the existing 30-year-old home is a much better option.

**Economic Feasibility** - This project is economically feasible based upon a turn-key lease agreement between the facility's development group and will obtain a loan to construct the facility and lease it to Open Arms. The payer mix is projected to be 100 percent TennCare. Each facility has and is projected to continue with occupancy rates over 99 percent.

**Healthcare that meets appropriate quality standards** - Open Arms has operated in Tennessee for over 30 years and has a track record of providing ICF/IID services that meet quality standards.

**Contribution to the orderly development of healthcare** - The proposed project relocates ICF/IID services to a newly constructed facility that will better meet the needs of its residents.

Ten members voted to approve the application- Ridgway, Jordan, Gaither, Patric, Brown, Chinn, Harding, Taylor, Alsup and Scarboro. The motion CARRIED [10-0-0].

**\*Open Arms Care Corporation dba Knox County #8, Knoxville (Knox County), TN  
CN2004-011**

Request: The relocation of an 8 licensed bed ICF/IID home from 6505 Emory Road, Knoxville (Knox County), TN to an unaddressed 1.83 acre lot being the southwest half of an approximately 3.66-acre parcel with no street address located behind two parcels identified as 607 Tate Trotter Road and 613 Tate Trotter Road, Powell (Knox County). The 3.66 acre site is described as Parcel 047 03606 in the records of the Knox County Tax Assessor. The estimated project cost is \$3,426,771.

Dr. Patric moved for approval with Mr. Alsup providing the second.

## **Factual and Legal Basis for approval:**

**Need** - This project will transition eight residents from a 30-year-old facility to a new facility, which will be constructed to meet the resident acuity levels by the current life safety codes, designed floor plans, technologies, and building materials. Relocation to a newly constructed home rather than a renovation of the existing 30-year-old home is a much better option.

**Economic Feasibility** - This project is economically feasible based upon a turn-key lease agreement between the facility's development group and will obtain a loan to construct the facility and lease it to Open Arms. The payer mix is projected to be 100 percent TennCare. Each facility has and is projected to continue with occupancy rates over 99 percent.

**Healthcare that meets appropriate quality standards** - Open Arms has operated in Tennessee for over 30 years and has a track record of providing ICF/IID services that meet quality standards.

**Contribution to the orderly development of healthcare** - The proposed project relocates ICF/IID services to a newly constructed facility that will better meet the needs of its residents.

Ten members voted to approve the application- Ridgway, Jordan, Gaither, Patric, Brown, Chinn, Harding, Taylor, Alsup and Scarboro. The motion CARRIED [10-0-0].

## **CERTIFICATE OF NEED APPLICATIONS**

Five certificate of need applications were considered under TCA § 68-11-1609(b) which notes the conditions that must be met in order to grant a certificate of need—when the action proposed in the application is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care facilities or services.

Phillip Earhart introduced each of the five applications under consideration with four being approved and one being denied.

*Mr. Scarboro stepped out of the hearing.*

### **The Patricia Hall Talbott Legacy Centers, LLC, Maryville (Blount County), TN CN1912-051**

**Request:** The establishment of a non-residential substitution based treatment center for opiate addiction to be located at 1821 West Broadway, Maryville (Blount County), TN 37801. The estimated project cost is \$532,169.

Mr. Taylor moved to approve the application with Mr. Ridgway providing the second.



**Factual and Legal Basis for approval:**

**Need** – No such services are currently available in this five-county service area. Additionally, there are close to 4,000 residents in this service area who are in need of such services.

**Economic Feasibility** – The costs to implement this Certificate of Need of approximately \$532,000 seems to be reasonable with the majority of the funds going towards construction and lease costs. Also, the project will be funded by the four partners with cash reserves and a line of credit.

**Healthcare that Meets Appropriate Quality Standards** – The applicant will be licensed by the Tennessee Department of Mental Health and Substance Abuse Services.

**Contribution to the Orderly Development of Healthcare** – The applicant has working relationships with Blount Memorial Hospital and the other hospitals located in the service area, Approval of this project will not negatively affect any of the other providers as there are currently no such services offered in that service area

Nine members voted to approve the application- Ridgway, Jordan, Gaither, Patric, Brown, Chinn, Harding, Taylor, Alsup. The motion CARRIED [9-0-0].

**BHG, XLIX, LLC, dba BHG Madison Treatment Center, Madison (Davidson County), TN CN2003-014**

**Request** The establishment of a non-residential substitution based treatment center for opiate addiction to be located at 104 Cude Lane, Madison (Davidson County), TN 37115. The estimated project cost is \$1,375,396.

Ms. Jordan moved for approval with Ms. Harding providing the second.

**Factual and Legal Basis for approval:**

**Need** – All of the counties comprising the OTP clinic's service area have been designated as high need because less than 20 percent of the estimated 8,400 residents with opioid use disorders were receiving OTP care in 2018 and 2019. The location of the existing OTP is a barrier to access for residents in most of the service area due to travel time and distance.

**Economic Feasibility** – The project can be funded by cash reserves and is expected to be profitable in the first year of operations. It's noted that the applicant estimates that over one-third of its revenue will be from TennCare and Medicare.

**Healthcare that Meets Appropriate Quality Standards** – BHG has a depth of experience operating these types of clinics throughout the country, including ten in Tennessee, and the applicant will obtain all of the appropriate licensure and certification.

**Contribution to the Orderly Development of Healthcare** - The applicant expects to have working relationships with various healthcare and behavioral health providers in the service area. Because the closest existing OTP is a sister company to the applicant, there is not expected to be a negative impact on other non-affiliated providers.

Nine members voted to approve the application- Ridgway, Jordan, Gaither, Patric, Brown, Chinn, Harding, Taylor, Alsup. The motion CARRIED [9-0-0].

Mr. Scarboro returned to the hearing

Westlawn Surgery Center, Murfreesboro (Rutherford County), TN CN1911-046

*Ms. Brown, Ms. Harding, and Mr. Ridgway recused*

**Request:** 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. Saint Thomas/USP Surgery Centers, LLC will own at least 50.1%, and Tennessee Orthopaedic Alliance will own no more than 49.9% of the applicant. The ASTC will be further limited to the medical staff of Tennessee Orthopaedic Alliance. The estimated project cost is \$13,950,419.

Dr. Patric moved for approval with Ms. Jordan providing the second.

**Factual and Legal Basis for approval:**

**Need** - There is ample evidence that current outpatient centers are already overloaded, and there is need for expansion. Plus, there is expansion of the population in the service area

**Economic Feasibility** - Both financing will be met with both reserves, loans and revenues. The joint venture with Saint Thomas Hospital.

**Healthcare that Meets Appropriate Quality Standards** - The facility will seek all appropriate licensure, certifications, and accreditation. Their mother organizations have been used for a number of years and have a long history of meeting quality measures.

**Contribution to the Orderly Development of Healthcare** - This kind of model which partnerships with hospitals and physician groups with strong support from the community. They plan to take all payers, including TennCare, Medicare, Tricare and the uninsured. They plan to have multiple services, not just the surgeries, but the physical therapy and the other things that go with it in one location. This improves access for patients and the confusion sometimes of where they are to go following these significant surgeries

Seven members voted to approve the application- Jordan, Gaither, Patric, Chinn, Taylor, Alsup and Scarboro. The motion CARRIED [7-0-0].

+ **The following two applications will be heard under Simultaneous Review Procedures.**

**+Healthstar Imaging, Greeneville (Greene County), TN CN1912-056**

**Request:** The establishment of an Outpatient Diagnostic Center (ODC), and initiation of MRI services located at 150 Serral Drive, Greeneville (Greene County), TN 37745. The estimated project cost is \$6,530,739.

Dr. Patric moved for approval with Ms. Jordan providing the second.

**Factual and Legal Basis for approval:**

**Need** – There is no current ODC as an alternative in the service area. This would help to improve both access and affordability for patients that live in that service area.

**Economic Feasibility** – The organization is able to meet their needs on this both with reserve loans and anticipated revenue

**Healthcare that Meets Appropriate Quality Standards** – The group has already established itself as a quality group in other aspects of care such as NCQA accreditation and certification for primary home care. They will seek the appropriate licensure certification accreditation for this facility as well

**Contribution to the Orderly Development of Healthcare** – There is opposition, but there also is significant support from the medical community, including groups that are unrelated to the HealthStar group. Including HMG, which is participating in ACO currently and will continue to do so. That will help to also facilitate access, affordability, quality, which are the three things that we're looking for to try to improve care for Tennesseans.

Five members voted to approve the application- Ridgway, Jordan, Patric, Harding, and Scarboro. Five members voted to deny the application – Gaither, Brown, Chinn, Taylor and Alsup. The motion FAILED [5-5-0].

**+Takoma Regional Hospital Inc., dba Greeneville Community Hospital, Inc., Greeneville (Greene County), TN CN2001-001**

**Request:** The establishment of an Outpatient Diagnostic Center (ODC) and initiation of MRI services to be located at 401 Takoma Avenue, Greeneville (Greene County), TN 37743. The project involves the conversion and renovation of 5,528 SF of existing hospitalbased imaging space (including MRI) to a separately licensed ODC. The estimated project cost is \$3,293,758.

Mr. Ridgway moved for approval with Ms. Brown providing the second.

**Factual and Legal Basis for approval:**

**Need** – There is no current ODC in the primary service area, and this particular project would not create any additional capacity within the PSA. It is simply a conversion from hospital to ODC delivery and billing.

**Economic Feasibility** - Ballard Health has documented that they have adequate cash reserves to fund the project.

**Healthcare that Meets Appropriate Quality Standards** – Ballard Health and Greeneville Community Hospital have been an established quality provider of care and plan to have the ODC ACR accredited..

**Contribution to the Orderly Development of Healthcare** This project is moving healthcare in the right direction and contemplating the cost and value element of healthcare and is in sync with the community hospital provider, Greeneville Community Hospital.

Ten members voted to approve the application- Ridgway, Jordan, Gaither, Patric, Brown,Chinn, Harding, Taylor, Alsup and Scarboro. The motion CARRIED [10-0-0].

**DEFFERED TO AUGUST**

**Metro Knoxville HMA, LLC., dba Tennova Healthcare North Knoxville Medical Center, Knoxville (Knox County), TN CN2001-002**

Request: The establishment of a Freestanding Emergency Department (FSED). The proposed FSED will be a satellite Emergency Department of Tennova Healthcare North Knoxville Medical Center at an unaddressed site located at Middlebrook Pike and Old Weisgarber Road, Knoxville (Knox County). The proposed FSED will include eight (8) treatment rooms provide emergency services, and will include a medical laboratory, CT, x-ray, and ultrasound medical equipment. The estimated project cost is \$11,953,821.

**OPPOSITION: Covenant Health.**

**GENERAL COUNSELS REPORT**

**Henderson County Community Hospital,**

Request: Request to increase MRI services to 7 days per week from 5 days.

8-25-2004 – CON approved for 1 day/week

8-27-2008 – Modified to 3 days/week 2-27-2019 –

Modified to 5 days/week.

Mr. Chinn moved for approval with Dr. Patric providing the second.

Ten members voted to approve the application- Ridgway, Jordan, Gaither, Patric, Brown,Chinn, Harding, Taylor, Alsup and Scarboro. The motion CARRIED [10-0-0].

**CONTESTED CASE UPDATE**

**ANNUAL CONTINUING NEED/QUALITY MEASURES REPORT UPDATE**

**OTHER BUSINESS**

**ADJOURNMENT**

There being no further business, the meeting adjourned.

A handwritten signature in black ink, appearing to read "Logan Grant", written over a horizontal line.

Logan Grant, Executive Director

HSDA Minutes provide a brief summary of agency actions. A detailed record of each meeting (recording and transcript) is available upon request by contacting the HSDA office at 615-741-2364.

11-11-11