

HEALTH SERVICES AND DEVELOPMENT AGENCY

MINUTES

October 27, 2021

AGENCY MEMBERS PRESENT

Douglas Scarboro, Chairman
R.G. Rick Chinn
Dr. Kenneth Patric
Thomas Alsup
Paul Korth
Laura Beth Brown
Lisa Jordan, Designee for Department of Commerce and Insurance

AGENCY MEMBERS ABSENT

Todd Taylor
Corey Ridgway, Vice-Chairman
Nicole Shaffer, Designee for Comptroller
Keith Gaither, Designee for TennCare

AGENCY STAFF PRESENT

Logan Grant, Executive Director
Jim Christoffersen, General Counsel
Lowavia Eden-Hoback, Office and Resource Manager
Phillip Earhart, Deputy Director
Alecia Craighead, Information and Data Analyst
Thomas Pitt, HSD Examiner
Trang Wadsworth, HSD Examiner
Katie Thomas, Executive Administrative Assistant
Joel Clinton, Statistical Research Analyst
John Carr, Budget Analysis Director 2

COURT REPORTER

April Daniel

GUESTS PRESENT

Ann R Reed
Bo Hjilh
Byron Trauger
Camille Barkelow
Christie Strong
Clark Spoden
David Sanderson
Deann Thelen
Deena Kail
Dere Brown
Donna Klutts
Dr. Doug Holtom
Dr. Giacomo Meeker
Ginna Felts
Heather Leegan

Dr. Jason Hutchison
Elizabeth Jones
Jerry Churchwell
Jerry Taylor
John Wellborn
John Williamson
Kathy R. Nichole
Kelechi Onyensoh
Dr. Kerry Ross
M. Sarah Elliott
Michael Brent
Matthew Saub
Michael Wiggins
Michele McClain
Mitzi McCallister
Monica Meeker
Rev. Gerald Kiner
Rodney Lunn
Shelia Howe
Shirley Clark
Tina Prescott
Travis Swearingen
Trent Sansing

CALL TO ORDER:

The meeting was called to order at 9:00 a.m. by Mr. Scarboro with the following members present: Alsup, Patric, Korth, Brown, Jordan, Chinn, and Scarboro. A quorum was established with seven members being present.

DIRECTOR'S ANNOUNCEMENTS

- The next meeting in December will be held in Cordell Hull Building, Senate Hearing Room I.
- Mr. Grant introduced and welcomed two new staff members Joel Clinton and John Carr.
- As of today, board members no longer have to make detailed motions to approve applications.

APPROVAL OF MINUTES

Mr. Scarboro presented the August 25, 2021 minutes for approval.

Mr. Alsup moved for approval with Mr. Korth providing the second.

The motion CARRIED [7-0-0] unanimously by voice vote. **APPROVED**

CONSENT CALENDER

Methodist Healthcare-Memphis Hospitals dba LeBonheur Children's Hospital, Jackson (Madison County), TN – CN2107-023

Request: The establishment of a 21-bed acute care pediatric satellite location hosted within Jackson-Madison County General Hospital, at 620 Skyline Drive, Jackson (Madison County), TN, 38301. The proposed service area includes the following counties: Benton, Carroll, Chester, Crockett, Decatur, Dyer, Gibson, Hardeman, Hardin, Haywood, Henderson, Henry, Lake, Lauderdale, Madison, McNairy, Obion and Weakley. The applicant is owned by Methodist Healthcare-Memphis Hospitals. Estimated project cost: \$8,643,351.

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

Factual and Legal Basis for Approval:

Need – The project will introduce specialized pediatric acute care services, including access to the 42 different pediatric subspecialties which are available through LeBonheur Children's Hospital to the 18-county service area without adding additional acute care beds to the region. The project will also reduce travel time for pediatric patients and caregivers residing in the service area as well as decompress patient volumes at the main campus of LeBonheur Children's Hospital located in Shelby County, which serves as a regional referral center for pediatric acute care.

Economic Feasibility – The project is economically feasible and will be funded through cash reserves. Audited financial statements were provided that demonstrated a current ratio of 7.7 to 1.0 net operating. Net operating income before capital expenditures will equal \$246,722 in year one and \$285,712 in year two.

Healthcare that Meets Appropriate Quality Standards – The applicant is accredited by DNV GL Healthcare and is certified by Medicare and TennCare. The proposed children's hospital will operate under Methodist Healthcare - Memphis Hospitals' Department of Health license.

Contribution to the Orderly Development of Healthcare - The proposed project will increase the availability of dedicated and specialized pediatric services for the 18-county service area. The applicant plans to establish a transfer agreement with the host hospital, Jackson - Madison County General Hospital, and will also have access to the main children's hospital campus and other Methodist Healthcare facilities. If approved, this project will not increase the number of licensed acute care beds in the service area.

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

CERTIFICATE OF NEED APPLICATIONS

Four 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 four applications under consideration with all four being approved.

Tennessee Quality Care Home Health, LLC, Parsons (Decatur County), TN – CN2106-022

Request: The addition of five Tennessee counties that includes Cheatham, Crockett, Dyer, Lake and Robertson Counties to an existing licensed service area that includes 30 counties in West and Western-Middle Tennessee. The applicant intends to deliver home health services and private duty nursing services in the five proposed service area counties. The applicant's home office is located at 580 Tennessee Avenue North, Parsons (Decatur County), Tennessee 38363. The applicant is owned by American Health Partners, Inc. The estimated project cost is \$119,321.

Mr. Scarboro stepped away before this project was presented and did not vote on this project

Dr. Patric moved for approval with Ms. Jordan providing the second. With a condition: Must become accredited by an external peer-review organization.

Factual and Legal Basis for Approval:

Need – Although the current data does project a surplus for the area, I think that the argument by the applicant is compelling that there is, with the number of letters that they obtained, despite the fact that a lot of them are form letters, it does show a demand by consumers and providers for that area. And, also, there is no opposition from the other providers to this staff application. The argument of high capacity, low utilization means that can be turned around to say that makes it also a need is an interesting one. The offering of private duty aids, despite the fact that it's largely a cash business, is an important factor.

Economic Feasibility – The cost is minimal and they have cash reserves.

Healthcare that Meets Appropriate Quality Standards – I would like to see them both certified and accredited by the appropriate agencies, but I think the certification of CMS does go a long way. Having indicated their willingness to seek outside accreditation, then I would accept that at this point. And they do have their own internal quality program, and their facilities are all accredited as well. And then the most important part of the quality area, I believe, what I thought was a compelling argument was the continuum of care that they can offer because of their diversity within this particular area of healthcare

Contribution to the Orderly Development of Healthcare - The need arguments are really the same as orderly development. So there is no opposition. Continuity of care is a good factor.

Six members voted to approve the application— Jordan, Patric, Korth, Brown, Alsup, and Chinn. The motion CARRIED [6-0-0].

Condition: Must be accredited by an external peer-review organization.

West Tennessee Bone and Joint Clinic of Dyersburg, Dyersburg (Dyer County), TN – CN2107-024

Request: The initiation of a 1.5T Extremity MRI service for adult and pediatric patients in the practice's medical office building at 2035 St. John Avenue, Building #1, Dyersburg (Dyer County), TN 38024. The proposed service area consists of Benton, Carroll, Chester, Crockett, Decatur, Dyer, Gibson, Hardeman, Hardin, Haywood, Henderson, Henry, Lake, Lauderdale, Madison, McNairy, Obion, and Weakley Counties. The applicant is owned by West Tennessee Bone and Joint Clinic, P.C. The estimated project cost is \$765,732.

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

Factual and Legal Basis for Approval:

Need – There are currently no extremity MRI units to accommodate patients for who a standard MRI is not appropriate. The project will help alleviate the utilization demand on the applicant's standard MRI, which is operating at over 200 percent of optimal capacity. The applicant projects the utilization of the extremity MRI will almost reach the optimal standard in year one of operations and will exceed it in years two and three.

Economic Feasibility – The project can be funded by cash reserves and is estimated to be profitable in year one of operations.

Healthcare that Meets Appropriate Quality Standards – The physicians in the practice will maintain Medicare and Medicaid certification, and the applicant commits to maintaining its accreditation by the American College of Radiology.

Contribution to the Orderly Development of Healthcare - The applicant will seek a transfer agreement with West Tennessee Healthcare in Dyersburg. This project will improve access to specialty MRI extremity MRI services in counties that are designated in part or in whole as medically underserved areas. Because there are no other extremity MRIs in the service area, this project will not duplicate existing services and will only divert MRI services from the practice's own MRI.

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

Dickson Surgical Partners, LLC, Dickson (Dickson County), TN – CN2106-021

Request: The establishment of a multi-specialty ambulatory surgical treatment center ("ASTC"), to provide outpatient surgery and ancillary services with two operating rooms and one procedure room. This project will be located at an undeveloped site located at 123 Crestview Park Drive, Dickson (Dickson County), Tennessee 37055. The proposed service area counties include Dickson, Hickman, and Humphreys Counties. The applicant is owned by Dickson Surgical Partners, LLC. The estimated project cost is \$9,492,288.

OPPOSED: Ramsey Way Surgery Center

Ms. Jordan moved for approval with Dr. Patric providing the second. With a condition: applicant cannot perform ophthalmology for the first four years after licensure.

Factual and Legal Basis for Approval:

Need – This project is needed because there is no other ASTC in the three-county primary service area, which are considered medically underserved areas. Because there aren't any other ASTCs, residents must have their surgeries done in a higher cost hospital-based facility or travel to Nashville to an in-network ASTC. The applicant has projected that the total operating room cases will be exceed the optimum utilization standard in year one. Although the total procedure room cases is estimated to be below the optimum standard, it is needed to support the range of procedures performed at the ASTC.

Economic Feasibility –The project will be funded by a commercial loan and capital provided by the four owner physicians. It's estimated the project will be profitable in the first year of operations.

Healthcare that Meets Appropriate Quality Standards – The applicant intends to obtain the required licensure from the Department of Health, Medicare and Medicaid certification, and accreditation by the Accreditation Association for Ambulatory Healthcare.

Contribution to the Orderly Development of Healthcare – The ASTC will have a transfer agreement with Horizon Medical Center and Saint Thomas Midtown, and Dickson Medical Associates will maintain its agreements with Horizon for physician recruiting and various medical services. The ASTC will be an open-staffed facility available to all qualified physicians in addition to those from Dickson Medical Associates. Having an ASTC in Dickson should help address the significant out migration of service area residents to Davidson County to obtain outpatient surgical services and should provide cost savings to

them. This project will likely negatively impact Horizon Medical as cases will be moved away from the hospital to the ASTC, but Horizon is not opposed to this project.

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

Limitation: Applicant cannot perform ophthalmology for the first four (4) years after licensure.

Grassland Surgery Center, Franklin (Williamson County), TN – CN2103-011

Request: The establishment of a single-specialty ambulatory surgical treatment center (ASTC) limited to plastic and reconstructive surgery with two operating rooms located at 1200 Old Hillsboro Road, Franklin (Williamson County), TN 37069. The proposed service area consists of Davidson, Rutherford, Sumner, and Williamson counties. The applicant is owned by Grassland Surgery Center, LLC. Estimated project cost is \$3,513,102.

Dr. Patric moved for approval with Mr. Chinn providing the second. With a condition: Limited to plastic and reconstructive surgery.

Factual and Legal Basis for Approval:

Need – There is no other single-specialty facility like that in the area that they plan to operate in. Currently, the area's average of other facilities that they might be able to operate in is about 2.9 percent in terms of reconstructive surgery with a range of 0 percent to four, four, eight percent. And this facility would be 100 percent. And also there is a need for, in my opinion, a need for two operating rooms because of the issues that were involved with long operating times, patients and complications.

Economic Feasibility – Their plan for a financial commercial loan, with other plastic surgery investors.

Healthcare that Meets Appropriate Quality Standards – The applicant intends to have AAAHC accreditation and CMS certification, and they have a list of four surgeons that were supportive and also a specialty, Anesthesia of Tennessee, that were supportive and also plan to have a unique plastic surgery staff.

Contribution to the Orderly Development of Healthcare – There's no opposition, and there would only be an impact on one other ASTC, which hasn't listed any opposition. And they have letters of support from both primary care and from another plastic surgeon.

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

Limitation: Limited to plastic and reconstructive surgery.

Karing Hearts Cardiology Heart and Vascular Center, Johnson City (Washington County), TN – CN2105-015

Request: The establishment of a single-specialty ambulatory surgical treatment center ("ASTC"), and the initiation of diagnostic cardiac catheterization services. The project will be limited to adult cardiac device surgery and adult diagnostic cardiac catheterization. This project will be co-located with Karing Hearts

Cardiology PC within a medical office building located at 701 North State of Franklin Road, Johnson City (Washington County), Tennessee 37604. The proposed service area consists of Carter, Greene, Johnson, Unicoi and Washington Counties. The applicant is owned by Karing Hearts Cardiology Heart and Vascular Center, LLC. The estimated project cost is \$2,963,606.

OPPOSITION: Ballard Health & Quillen College of Medicine, Office of the Dean

Due to the request of the applicant, this application was rolled to the next hearing.

GENERAL COUNSEL

Bone and Joint Institute of Tennessee Surgery Center, Franklin (Williamson County), TN – CN1807-035A

CON for the establishment of a Single-Specialty ASTC limited to orthopedic surgical cases performed by physicians who are employees of the Bone and Joint Institute of Tennessee.

Request for modification - to permit the performance of orthopedic surgery by orthopedic surgeons who are not employed by the Bone and Joint Institute of Tennessee

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

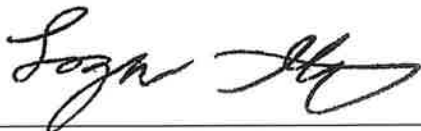
Seven members voted to approve the application— Scarboro, Patric, Brown, Jordan, Korth, Alsup, and Chinn. The motion CARRIED [7-0-0].

Mr. Christoffersen provided a Contested Case Update.

OTHER BUSINESS

ADJOURNMENT

There being no further business, the meeting adjourned.



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.

