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

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

Date: **February 26, 2019**

To: **HSDA Members**

From: **Logan Grant, Executive Director**

Re: **CONSENT CALENDAR JUSTIFICATION**

Open Arms Care Corporation d/b/a Knox County #4–CN1912-055

The relocation of an 8-bed Intermediate Care home for Individuals with Intellectual Disabilities (ICF/IID) from 6059 Emory Road, Knoxville (Knox County), TN to an unaddressed 1.09 acre site between 10417 South Northshore Drive and 10520 Sandpiper Drive, Knoxville (Knox County), TN 37921. **The estimated project cost is $4,887,650.**

As permitted by Statute and further explained by Agency Rule later in this memo, I have placed this application on the Consent Calendar based upon my determination that the application appears to meet the established criteria for granting a Certificate of Need.

Need, Economic Feasibility, Health Care that Meets Appropriate Quality Standards and Contribution to the Orderly Development of Health Care appear to have been demonstrated as detailed below. <u>If Agency Members determine the criteria have been met, a member may move to approve the application by adopting the criteria set forth in this justification or develop another motion for approval that addresses each of the criteria required for approval of a Certificate of Need.</u>

<u>If you find one or more of the criteria have not been met, then a motion to deny is in order.</u>

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

Executive Director Justification -

I recommend approval of CN1912-055 for the relocation of an 8 licensed bed ICF/IID home approximately 14.4 miles from its current location.

My recommendation is based upon my belief the general criteria for a Certificate of Need have been met as follows:

- **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 meeting current life safety codes, designed floorplans, technologies and building materials. Relocation to a newly constructed home rather than renovation of the existing 30 year old home is the much better option.

- **Economic Feasibility**-This project is economically feasible based upon a turn-key lease agreement between Facilities Development Group (FDG) who will obtain a loan to construct the facility and lease it to Open Arms. The payor mix is projected to be 100% TennCare. Each facility has and is projected to continue with occupancy rates over 99%.

- **Health Care that Meets Appropriate Quality Standards-** Open Arms has operated in Tennessee for over 30 years and has a track record of providing ICF/DD services that meet quality standards.

- **Contribution to the Orderly Development of HealthCare**-The proposed project relocates ICF/DD services to a newly constructed facility that will better meet the needs of residents.

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

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

Rules of the Health Services and Development Agency-- 0720-10-.04 CONSENT CALENDAR.

(1) Each meeting's agenda will be available for both a consent calendar and a regular calendar.

(2) In order to be placed on the consent calendar, the application must not be opposed by anyone having legal standing to oppose the application, and the executive director must determine that the application appears to meet the established criteria for granting a certificate of need. Public notice of all applications intended to be placed on the consent calendar will be given.

(3) As to all applications which are placed on the consent calendar, the reviewing agency shall file its official report with The Agency within thirty (30) days of the beginning of the applicable review cycle.
(4) If opposition by anyone having legal standing to oppose the application is stated in writing prior to the application being formally considered by The Agency, it will be taken off the consent calendar and placed on the next regular agenda. Any member of The Agency may state opposition to the application being heard on the consent calendar, and if reasonable grounds for such opposition are given, the application will be removed from the consent calendar and placed on the next regular agenda.

(a) For purposes of this rule, the "next regular agenda" means the next regular calendar to be considered at the same meeting.

(5) Any application which remains on the consent calendar will be individually considered and voted upon by The Agency.

Authority: *T.C.A. §§ 4-5-201, et seq., 4-5-202, 68-11-1605, 68-11-1606, 68-11-1608, and 2016 Tenn. Pub. Acts Ch. 1043.* ***Administrative History:*** *Original rule filed August 31, 2005; effective November 14, 2005. Rule was previously numbered 0720-10-.05, but was renumbered 0720-10-.04 with the deletion of the original rule 0720-10-.02 filed October 24, 2017; effective January 22, 2018. Amendments filed October 24, 2017; effective January 22, 2018.*