

HEALTH SERVICES AND DEVELOPMENT AGENCY

MINUTES

October 24, 2018

AGENCY MEMBERS PRESENT

Scarboro, Douglas, Chair
Patric, Kenneth, M.D., Vice-Chair
Alsup, Thomas
Chinn, R.G. Rick
Korth, Paul
Ridgway, Corey
Gaither, Keith, Designee for TennCare
Harding, Jaclyn, Designee for Comptroller
Jordan, Lisa, Designee for Commerce & Insurance Commissioner

AGENCY MEMBERS ABSENT

Laura Beth Brown
Todd Taylor

AGENCY STAFF PRESENT

Christoffersen, Jim, General Counsel
Craighead, Alecia, Information and Data Analyst
Earhart, Phillip, HSD Examiner
Eden-Hoback, Lowavia, Executive Assistant
Farber, Mark, Deputy Director

COURT REPORTER

Daniel, April

GUESTS PRESENT

Adewumi, Anthony, Esq., Indian Lake Surgery Center
Baker, Graham, Esq., Anderson and Baker
Bark, Camille, Planning Specialist, VUMC
Bartels, Allen, C.O.O., Centennial Medical Center
Bollinger, Alison, M.D., Middle Tennessee Emergency Physicians
Boyd, Kenny, CEO, Maury Regional Hospital
Brent, Michael, Esq., Bradley Arant Boult Cummings
Brock, John, Surgeon in Chief, Vanderbilt Children's Hospital
Brown, Dere, Director of Health Planning and License/Certification, NHC
Browning, Thomas, Physician Owner, Eye Surgery Center of Lenoir City
Burns, Charlotte, SVP, TriStar Health
Carwell, Carol, CAO, West Cancer
Carter, Pamela, CNO, Advanced Nursing Solutions
Cihak, Scott, CEO, TriStar Centennial Medical Center
Clark, Richard, Group President, Acadia Healthcare
Cotton, Patti, Esq., Eye Surgery Center of Lenoir City
Cunningham, Chris, Account Executive, Saint Thomas Health
Davidson, Steve, Chief Development Officer, Acadia Healthcare
Davis, Ron, CFO, West Cancer Center
Demoville, Raymond, Otolaryngologist, Mid State ENT
Dyer, Sue, Sr Counsel, Hospital Corporation America
Eads, Judy, Owner, Key Management Associates
Elrod, Dan, Esq., Butler Snow
Estes, Blake, V.P., Saint Thomas Health
Farrell, Jenny, Administrator, United Surgical Partners International
Feike, Jeffrey, CAO, Fort Loudoun Medical Center

Felts, Ginna, Business Development, Vanderbilt University Medical Center
 Fisher, Mark, CEO, Skyline Madison Campus
 Fitzgerald, Bryce, Esq., Kramer and Rayson, LLP
 Fowler, Scott, President/CEO, Holston Medical Center
 Galin, Evan, Strategy, Saint Thomas Health
 Gant, Susan, Regional VP, United Surgical Partners International
 Gooch, Warren, Esq., Kramer and Rayson, LLP
 Grant, Logan, Research Analyst, Senate Health & Welfare Committee
 Gravell, Jeremy, Administrator, Soddy Daisy Healthcare
 Gregory, Luke, CEO, Vanderbilt Children's Hospital
 Griffin, Christi, Esq., Griffin Law Office
 Harty, Stacie, V.P./Managed Care, Acadia Healthcare
 Herman, Mike, CFO, Alive Hospice
 Hess, Melissa, R.N., Advanced Nursing Solutions
 Hollender, Jim, COO, Vanderbilt Children's Hospital
 Humpe, Joe, CFO, Alive Hospice
 Kirshner, Michael, V.P. Business Development, Mental Health Cooperative
 Lahrting, Brian, Director/CFO, Acadia Healthcare
 Limyansky, Bob, Esq., The Strategy House
 Looney, Kim, Esq., Waller Lansden
 Lowrance, Matthew, Physician Owner, Eye Surgery Center of Lenoir City
 Mahone, Amy, Esq., Baker Donelson
 Mangrum, Tim, M.D., Saint Thomas Medical Group
 Matthews, George, M.D., TrustPoint Hospital
 McGhee, Hope, Director of Operations, TransSouth Healthcare
 McNair, Greg, Account Executive, Saint Thomas Health
 O'Neal, Anna Gene, CEO, Alive Hospice
 Otto, Steve, C.E.O., Skyline Medical Center
 Peach, Susan, C.E.O., Sumner Regional Medical Care
 Pilant, Jason, CAO, Roane Medical Center
 Pinkston, John, M.D., Sumner Regional Medical Center
 Puri, Christopher, Esq., Bradley Arant
 Reed, Ann, R., RN., BSN, MBA, Director of Licensure, TDH, Division of Health Care Facilities
 Richardson, Larry, Owner/Analyst, Senior Market Research Associates
 Richardson, Mike, V.P., Covenant Health
 Rudolph, Stephen, Consultant, Eye Surgery Center of Lenoir City
 Rush, Margaret, Chief of Staff, Monroe Carell Jr Children's Hospital
 Sermons, Randy, Esq., Meadowview ASC, LLC
 Siegel, Jane, Orthopaedic Surgeon, Tennessee Orthopaedic Alliance
 Sims, Amber, CSO, Saint Thomas Health
 Simmons, Rob, CEO, Tennessee Orthopaedic Alliance
 Spinks, Aaron, Director Business Development, Grace Healthcare Support Services
 Stephens, Ed, C.E.O., Goshen Health
 Swearingen, Travis, Esq., Butler Snow
 Tahir, Fahad, CEO, Saint Thomas West and Midtown Hospitals
 Taver, Kurt, Physician, West Clinic Center
 Taylor, Jerry W., Esq., Burr & Forman
 Tipton, Melissa, Accounting Manager, Meadowview ASC, LLC
 Trauger, Byron, Esq., Trauger and Tuke
 Trice, DeJarnette, Corporate Counsel, Advanced Nursing Solutions
 Vaden, Gregory, M.D., West Cancer Center
 Vallier, Raymond, C.E.O., Goshen Health
 Vetter, Stacia, AVP, NHC Healthcare
 Vidal, Gregory, M.D., West Cancer Center
 Voigtmann, Kari, Regional Director Operation, Tennessee Health Management
 West, Bill, Esq., Baker Donelson
 Williams, Michael, M.D., West Cancer Center
 Wilkes, Tony, Chief of Corrections, Davidson County Sheriff's Department
 Woods, Jeffrey, Division President, Acadia Healthcare
 Wright, Morgan, Administrator Director, Vanderbilt Children's Hospital
 York, Carrie, CFO, TransSouth Healthcare
 Young, Laura, CNO, TDMHSAS

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, Korth, Patric, Chinn, Harding and Scarboro. A quorum¹ was established with eight members being present. Mr. Alsop arrived at 8:56 a.m. after roll call.

DIRECTOR'S ANNOUNCEMENTS

- The December 12 board meeting will be held at the Cordell Hull Building and the February 27, 2019 is currently scheduled at the TBI Headquarters.

APPROVAL OF MINUTES

Mr. Scarboro presented the August 22, 2018 minutes for approval.

Mr. Chinn moved for approval of the minutes as presented. Ms. Harding seconded the motion. The motion CARRIED [8-0-0] unanimously by voice vote. **APPROVED**

STATE HEALTH PLAN UPDATE

TDH Division of Health Planning Director Jeff Ockerman reported the following regarding updates to the standards and criteria for certificate of need:

The current state health plan is on the governor's desk for his acceptance and approval. The state health plan contains revised standards for acute care inpatient beds and nonresidential substitution-based opioid treatment centers Certificate of Need standards.

This past month, public hearings were held on inpatient rehabilitation services, megavoltage radiation services, and home health services. A meeting that setup an advisory committee on cardiac cath was held also.

Advisory groups are being formed for inpatient rehab services and megavoltage radiation services. A number of recommendations have been received of names for those advisory committees. If there are any others who would wish to serve on those committees, send an e-mail at jeff.ockerman@tn.gov. The next round of advisory committee meetings will be held in December.

¹ Quorum Requirement- Six members shall constitute a quorum. TCA §-68-11-1604(e) (3)

CONSENT CALENDAR

Deputy Director Farber introduced each of the two applications under consideration with both being approved.

***Meadowbrook Health & Rehabilitation Center, Pulaski (Giles County), TN CN1807-031**

Request: The relocation and replacement of an existing 83-bed dually certified nursing home located at 1245 East College Street in Pulaski, Giles County, to an unaddressed 8.45 acre parcel on the north side of East College Street, immediately adjacent to the parcel in which the existing facility is located. The project involves no new beds and services and is not subject to the 2018-2019 nursing home bed pool. The applicant is owned by Meadowbrook Health and Rehabilitation Center, a wholly owned subsidiary of American Health Centers, Incorporated, of Parsons in Decatur County, Tennessee. The estimated project cost is \$13,894,436.

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

Factual and Legal Basis for approval:

Need – The need criteria is met as this will transition residents from an almost 40-year-old institutional-style building to a newly-constructed public square concept building that is more resident focused. The newly constructed building will not only be less costly to maintain, but it will also offer better resident protection because it will meet all current building and life safety codes.;

Economic Feasibility – The project meets the economic feasibility criteria because it can be economically accomplished at the new site. This is exactly the same service area, and with the new construction, will enhance rehabilitation space and will attract more skilled patients. The project will be financed by the parent company and projects to operate with a positive financial margin from the first year of operation;

Healthcare that Meets Appropriate Quality Standards – Since there is no change in ownership or management, the facility should easily continue to meet the quality standards criteria. It has made substantial compliance with licensure and Medicare and Medicaid requirements, and it's rated four star, which is an above-average facility, in Giles County ;

Contribution to the Orderly Development of Healthcare – Orderly development criteria is met as the applicant seeks to relocate an existing 83-bed nursing home just across the road from the existing site. There is no change in beds, services, market ownership or management. The relocation should be accomplished much quicker than an onsite renovation because the project will not have to be phased, and there will be no disruption to the residents. All 83 beds will continue to be dually certified for Medicare and Medicaid reasons.

Eight members voted to approved the application— Ridgway, Jordan, Gaither, Korth, Patric, Chinn, Harding, and Scarboro. The motion CARRIED [8-0-0] with the certificate of need being granted.

***West Cancer Center, Memphis (Shelby County), TN CN1808-037**

Request: The initiation of PET services at 1588 Union Avenue in Memphis, Shelby County. The West Cancer Center is currently a collaboration between Methodist Le BonHeur Healthcare, the University of Tennessee Health Science Center, and the West Clinic, a physician practice. The PET/CT scanner subject to this application is presently used for cancer diagnosis and treatment for West Cancer Center patients. The business relationship between the three parties will end effective January 1st, 2019. The applicant plans to purchase the existing PET/CT scanner from Methodist Le Bonheur Healthcare, thereby, becoming the sole owner and continuing its use as part of the West Cancer Center. The applicant is owned by West Clinic, PC. The estimated project cost is \$1,770,485.

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

Factual and Legal Basis for approval:

Need – This is an existing scanner, which is changing ownership, but will continue to serve the same service area population. While this scanner has not met the minimum standard for the number of scans per year, it will provide a convenient and successful service to cancer patients in the midtown area of Memphis, which includes a higher minority population and the greater percentage of TennCare patients;

Economic Feasibility – The project meets the economic feasibility criteria because it is an existing scanner. The cost of the equipment, the fair market value, will be funded through cash reserves of West Clinic. The net charge for the service is expected to decrease by approximately 20 percent with this change of ownership;

Healthcare that Meets Appropriate Quality Standards – The project is expected to meet the quality standards criteria since West Clinic is accredited by the American College of Radiology and it's licensed physicians participate in Medicare and Medicaid/TennCare. Additionally, the affiliation with One Oncology should permit collaboration and best practices in the field of oncology;

Contribution to the Orderly Development of Healthcare – The orderly development criteria is met as the applicant seeks to change the ownership of an existing PET/CT scanner that is currently serving its oncology practice at this location and has done so since 2014. The clinic will have a transfer agreement with Methodist Le Bonheur and will continue to serve Medicare and Medicaid/TennCare recipients.

Eight members voted to approved the application— Ridgway, Jordan, Gaither, Korth, Patric, Chinn, Harding, and Scarboro. The motion CARRIED [8-o-o] with the certificate of need being granted.

CERTIFICATE OF NEED APPLICATIONS

Nine certificate 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.

Deputy Director Farber introduced each of the nine applications under consideration with nine being approved.

The nine approved applications and the factual and legal basis² for the decisions follow:

Intrathecal Care Solutions dba Advanced Nursing Solutions, Nashville (Davidson County), TN CN1804-019

Request: The establishment of a home care organization limited to intrathecal and immunological infusion nursing services. The applicant has common ownership with Advanced Infusion Solutions located in Mississippi, which compounds specialty pharmaceuticals and ships those drugs to Tennessee patients with implanted intrathecal infusion pumps. The principal office will be located at 555 Marriott Drive, Suite 315, Office Number 347, in Nashville, Davidson County, and the facility will service 94 of 95 counties, excluding Stewart County. The applicant is owned by Advanced Vascular Solutions, which is owned by Advanced Infusion Solutions Acquisitions, LLC. The estimated project cost is \$48,936.

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

Factual and Legal Basis for approval:

Need – This is a highly specialized service, and there are only two home health agencies currently providing this service in the coverage area. It has also been presented as an option to oral opioids;

Economic Feasibility – The organization has the cash reserves to fund the project cost. Based upon the projections provided through the consolidated financials, it represents financial viability in years one and two;

Healthcare that Meets Appropriate Quality Standards – This is a licensed organization by the Tennessee Board of Pharmacy, and they have plans to seek accreditation by the Accreditation Commission For Healthcare;

Contribution to the Orderly Development of Healthcare – The applicant provided a list of over 80 providers that the applicant has or plans to have contractual and/or working relationships with. This will provide an added convenience to patients so they do not have to travel back to their physician's office for the medication refills.

Nine members voted to approved the application— Ridgway, Jordan, Gaither, Korth, Patric, Chinn, Harding, Alsup, and Scarboro. The motion CARRIED [9-0-0] with the certificate of need being granted.

Cumberland Behavioral Health, Nashville (Davidson County), TN CN1806-022

Mr. Ridgway and Ms. Harding recused .

Request: This application is for the establishment of a 76-bed mental health hospital at 300 Great Circle Road in Nashville, Davidson County. The hospital will contain 40 adult inpatient psychiatric beds and 36

² Approve all or part of a certificate of need, upon any lawful conditions that the agency deems appropriate and enforceable on the grounds that those parts of the proposal appear to meet the applicable criteria. TCA §-68-11-1609 (a) (1)

geriatric inpatient psychiatric beds. If approved, Saint Thomas West Hospital will surrender 24 psychiatric beds and close the unit. The applicant is owned by Cumberland Behavioral Health, LLC, with Saint Thomas Health holding a majority interest of 50.1 percent and Acadia Nashville JV Holdings, LLC, holding a minority interest of 49.9 percent. The estimated project cost is \$32,216,800.

Ms. Jordan moved for approval of the project with Mr. Chinn providing the second.

Factual and Legal Basis for approval:

Need – There is a need for additional inpatient psychiatric beds to address admission delays due to the lack of availability which results in patients needing inpatient mental health treatment remaining in emergency departments for an extended period of time. There's also a need for more access to this care for low income and indigent persons suffering from mental illness;

Economic Feasibility – The project can be funded by the cash reserves of Saint Thomas Health and Acadia Healthcare and is expected to be profitable by year two of operations. The construction costs appear reasonable as it falls between the median and third quartile cost of statewide hospital new construction projects;

Healthcare that Meets Appropriate Quality Standards – The applicant has extensive experience operating inpatient and outpatient psychiatric and substance abuse programs. The applicant will obtain licensure from the Tennessee Department of Mental Health and Substance Abuse Services and will seek certification by Medicare and TennCare and accreditation from the Joint Commission;

Contribution to the Orderly Development of Healthcare – The project will provide access to care to mentally underserved populations, TennCare members, the indigent, and persons needing emergency involuntary admission. The applicant will also treat patients with intellectual and development disabilities. Saint Thomas and Acadia already have established direct linkages within their health systems and various community providers and will provide a comprehensive continuum of care, including intensive outpatient and partial hospitalization services. And as Dr. Patric noted earlier, there is very strong support for this project from the community, from the state Department of Mental Health, and from the National Alliance on Mental Health.

Seven members voted to approve the application— Jordan, Gaither, Korth, Patric, Chinn, Alsup, and Scarboro. The motion CARRIED [7-0-0] with the certificate of need being granted.

Northridge Surgery Center, Hendersonville (Sumner County), TN – CN1806-023

Mr. Ridgway and Mr. Korth recused.

Request: The relocation of an existing multi-specialty ambulatory surgical treatment center (ASTC), with five operating rooms currently located at 647 Myatt Drive in Madison, Davidson County, to a new replacement facility with three operating rooms and one procedure room to be constructed on a 1.87 acre tract of a larger 17.8 acre tract located in the Indian Lake Village re-subdivision on Saundersville Road in Hendersonville, Sumner County. The applicant is owned by Northridge Surgery Center, LP. Entities and persons with 5 percent or more ownership in the Northridge Surgery Center, LP, include Saint Thomas/USP Surgery Centers II, LLC 71.34%, and Piedmont Partners, LLC, 8 percent. The remaining 20.66 percent ownership interest consists of various physicians and physician practices with no entity having 5 percent or more ownership share. The estimated project cost is \$17,141,813.

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

Factual and Legal Basis for approval:

Need – By the time the new facility will be built, the current facility will be a 35-year-old building. Absent renovation would most likely need either replacement on the existing facility or some major renovation. This would make continuing care, which is one of the requirements, an issue. The Department of Health Services even mentions the relocation as offering the ability to offer better care in a safer environment. With the increasing push for outpatient surgery, which has actually been mentioned by both sides, because of its efficiency and the need for new technology, also shows a need. I recognize the pressure this puts on regional hospitals, any hospitalization. That is the reality of the current healthcare economic situation;

Economic Feasibility – The applicant has sufficient assets and asset to liability ratio. There is evidence of financing via Pinnacle Financial Partners;

Healthcare that Meets Appropriate Quality Standards – They will seek and obtain state Tennessee licensure as they currently have and also Joint Commission accreditation;

Contribution to the Orderly Development of Healthcare – This move replaces a current aging Facility. Will move ten miles away, within the same region that they are currently serving but closer to the patient base. Based on numbers, to a safer location and one which will be able to offer the continuum of care more efficiently given the fact that it will be sitting in a medical office site. It right sizes the facility based on historical utilization to three operating rooms and one procedure room which, although it currently does not meet the standard, has met it in the past. There's explanation of that given the physician that will mostly use that and the fact that they will be seeking other additional gastroenterology physicians to replace the unfortunate doctor who had to retire. The updated facility will also allow their ability to provide efficient, greater care to the patients, including those that require TennCare sponsored transportation.

Six members voted to approve the application— Jordan, Gaither, Patric, Chinn, Harding, and Alsup. Mr. Scarborough voted to not approve the application. The motion CARRIED [6-1-0] with the certificate of need being granted.

Soddy Daisy Healthcare, Soddy Daisy (Hamilton County), TN CN1806-024

Request: The addition of 14 dually certified beds to the existing 120-bed nursing home. These beds are subject to the 125-bed nursing home bed pool for 2017-2018. The applicant is owned by Soddy Daisy Healthcare, LLC. The estimated project cost is \$4,205,798.

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

Factual and Legal Basis for approval:

Need – The bed need formula indicates a net bed need of over 1,300 beds. The addition of only 14 beds is well within the need criteria. Need is also demonstrated by the applicant's sustained occupancy rates, which have resulted in a denial of admissions due to lack of bed availability;

Economic Feasibility – The project will be financed through a commercial loan obtained by the applicant's parent and will be profitable in the first year of operations;

Healthcare that Meets Appropriate Quality Standards – The applicant is already licensed by the Department of Health and was found to be in full compliance with all Medicare conditions of participation effective May 22nd, 2017. The applicant is also Medicare and Medicaid certified;

Contribution to the Orderly Development of Healthcare – The addition of the 14 beds and the reconfiguring of the existing layout will improve access to private beds since the number of private rooms will increase from eight to 30. Because of the large number of beds needed in the service area, the addition of only 14 beds should not have a negative impact on other nursing home providers.

Nine members voted to approved the application— Ridgway, Jordan, Gaither, Korth, Patric, Chinn, Harding, Alsup, and Scarboro. The motion CARRIED [9-0-0] with the certificate of need being granted.

The Residence at Alive Hospice Murfreesboro, Murfreesboro (Rutherford County), TN CN1806-025

Request: The addition of six residential hospice beds to the existing ten-bed residential hospice facility. The residential hospice is located at 1629 Williams Drive in Murfreesboro, in Rutherford County. The applicant is owned by Alive Hospice, Incorporated. The estimated project cost is \$536,310.

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

Factual and Legal Basis for approval:

Need – It is noted that while there is a surplus of hospice care in the service area, this is the only residential hospice in that same service area. It is at 100 percent occupancy, therefore, creating the need;

Economic Feasibility – The half-million-dollar cost could be done through cash reserves, but they do plan a donor reimbursement on that, and they were successful for that with the original build;

Healthcare that Meets Appropriate Quality Standards – They already meet those standards on the current existing facility and will continue those with the additional beds;

Contribution to the Orderly Development of Healthcare – This clearly is a need for not just respite but other patients at various times in their dying experience and one of which clearly is a need in the service area based on the 100 percent occupancy that already exists.

Nine members voted to approved the application— Ridgway, Jordan, Gaither, Korth, Patric, Chinn, Harding, Alsup, and Scarboro. The motion CARRIED [9-0-0] with the certificate of need being granted.

Meadowview ASC, LLC, Kingsport (Sullivan County), TN CN1807-028

Mr. Ridgway and Mr. Korth recused.

Request: The establishment of a multi-specialty ASTC with three operating rooms and no procedure rooms to be located at 2033 Meadowview Lane, Suite 210, in Kingsport, Sullivan County. The sole member of the applicant is currently Scott R. Fowler, M.D. Other physician members of Holston Medical Group, P.C. are expected to purchase ownership interests. The estimated project cost is \$9,829,321.

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

Factual and Legal Basis for approval:

Need – While this does not fit precisely the current definition of need based on the numbers of utilization in the service area, there is no opposition from those other ASCs, and this is a need that actually applies to a new model of care known as value-based care. It also has broad support within the community;

Economic Feasibility – The project is well-funded by a very successful and well-financed group of physicians and healthcare providers in the area;

Healthcare that Meets Appropriate Quality Standards – They will seek Tennessee Department of Health Services licensure and Joint Commission accreditation;

Contribution to the Orderly Development of Healthcare – This represents a new model of how to approach this type of care, a value-based care, supported by a major national payor and it has no opposition.

Seven members voted to approved the application— Jordan, Gaither, Patric, Chinn, Harding, Alsup, and Scarboro. The motion CARRIED [7-0-0] with the certificate of need being granted.

Vanderbilt University Medical Center, Murfreesboro (Rutherford County), TN CN1807-030

Ms. Harding recused.

Request: The initiation of pediatric MRI services at an unaddressed site on the east side of Garrison Drive near the intersection of Garrison Drive and West College Street in Murfreesboro, Rutherford County. The applicant is owned by Vanderbilt University Medical Center. The estimated project cost is \$3,537,915.

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

Factual and Legal Basis for approval:

Need – There is a need in the community clearly operating with other MRIs operating at above capacity. This new service will increase access to the Rutherford County region, provide more convenience rather than folks coming down to the Nashville Vanderbilt area;

Economic Feasibility – The applicant has the cash reserves and will be profitable within the first year of operation;

Healthcare that Meets Appropriate Quality Standards – The applicant meets all the required licensures, certifications, and accreditations needed to operate the MRI in this area;

Contribution to the Orderly Development of Healthcare – This MRI does not impact other providers in the area and does provide greater access to care within the Rutherford County area.

Eight members voted to approved the application— Ridgway, Jordan, Gaither, Korth, Patric, Chinn, Alsup, and Scarboro. The motion CARRIED [8-0-0] with the certificate of need being granted.

Eye Surgery Center of Lenoir City, Lenoir City (Loudon County), TN CN1807-033

Mr. Ridgway recused

Request: The establishment of a single-specialty ophthalmic ASTC providing eye and related laser procedures in two operating rooms. The ASTC will be located at 5491 Creekwood Park Boulevard in Lenoir City, in Loudon County. The applicant is owned by Eye Surgery Center of Lenoir City, LLC, which currently includes only the two physician members of the affiliated practice Eye Care Centers, PLLC, doing business as Tennessee Eye Care or TEC. The facility will be primarily practice-based for the TEC physicians who will consider extending privileges and ownership to the affiliated physicians of the Eye Surgery Center of Knoxville. The estimated project cost is \$2,183,350.

Mr. Korth moved to deny the application based on the project does not meet the Contribution to the Orderly Development of Healthcare due to burdens for other providers in the area, with Mr. Chinn providing the second. Three members voted to deny the application— Korth, Chinn, and Alsup. The motion FAILED [3-5-0].

A second motion to approve the application was made by Dr. Patric with a second by Ms. Jordan.

Factual and Legal Basis for approval:

Need – There is optimal utilization of general ambulatory surgery centers located at the hospitals in the area and that ophthalmic is nearly a sub-unit of that utilization and that utilization is considered to be 243 percent of the service area;

Economic Feasibility – The applicants have demonstrated that they have financing available through First Citizens Bank that has been assured and that the revenues from their patient care in that area will ultimately repay for that debt;

Healthcare that Meets Appropriate Quality Standards – They have stated that they will seek Department of Health licensure and also accreditation through AAAHC;

Contribution to the Orderly Development of Healthcare – The applicants have supplied support from surrounding physician groups of multi-specialties unrelated to the ophthalmologists themselves in that group and also from community members. They have argued that patients will often choose to stay

with them in the service area as opposed to going outside of the service area at other specialty outpatient facilities in order to be able to take advantage of lower costs that are associated with freestanding ambulatory surgery centers.

Five members voted to approved the application— Gaither, Jordan, Patric, Harding and Scarboro. The motion CARRIED [5-3-0] with the certificate of need being granted with the condition of being limited to single specialty ophthalmic surgery.

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

Mr. Ridgway recused

Request: The establishment of a single-specialty ASTC limited to orthopedic surgery by the physician employees of the Bone and Joint Institute of Tennessee. The facility will be located in a medical office building currently under construction at 3000 Edward Curd Lane in Franklin, Williamson County. The proposed ASTC will consist of eight operating rooms, two of which will be built out but not yet equipped for potential future use. The applicant is owned by the Bone and Joint Institute of the Tennessee Surgery Center, LLC, which currently has one member, Williamson Medical Center. If approved, the applicant plans to convert to a multi-member LLC of which 51 percent will be owned by Williamson Medical Center and up to 49 percent by the physician employees of the Bone and Joint Institute, which currently includes 13 physicians. The estimated project cost is \$25,644,460.

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

Factual and Legal Basis for approval:

Need – There is a need for the project since the existing multi-specialty ASTCs in the service area are operating at 120 percent of the utilization standard, and the existing single-specialty ASTCs are limited to pain management and radiological and oncology treatments. The applicant also projects it will operate over the minimum utilization standards in the first year of operations because of the volume of surgeries performed by the physicians employed by the Bone and Joint Institute;

Economic Feasibility – The project can be funded by cash reserves of the Williamson County Medical Center and is expected to be profitable in the first year of operations;

Healthcare that Meets Appropriate Quality Standards – The applicant plans to obtain and maintain the required Department of Health licensure, Medicare and Medicaid certification, and Joint Commission accreditation;

Contribution to the Orderly Development of Healthcare – The implementation of this project will improve access to a lower-cost alternative for orthopedic surgeries since these cases are now being performed in hospital-based operating rooms. The applicant will be located on the campus of Williamson Medical Center, which is a part owner, and whose nursing and other clinical staff will be available to work on the project. There will not be a negative impact to existing providers since the orthopedic surgeons involved in the project are not currently performing these surgeries at any other ASTCs. Those ASTCs are already operating above the minimum requirement.

Eight members voted to approved the application— Jordan, Gaither, Korth, Patric, Chinn, Harding, Alsup, and Scarboro. The motion CARRIED [8-o-o] with the certificate of need being granted with the condition of being limited to single specialty orthopedic surgery.

GENERAL COUNSEL'S REPORT

Contested Case Update

Mr. Christoffersen provided the following update:

The contested case for Trex TriCities federal litigation has been concluded in the Agency's favor and, therefore, the litigation hold is released.

OTHER BUSINESS

Executive Director Search

Mr Scarboro presented the competencies that he had drafted to the Board and requested a selection committee to serve as Director Search Subcommittee. The following members volunteered: Alsup, Chinn, Ridgway, Gaither, Scarboro, and Patric. The Board by voice vote approved the competencies to be posted on the State website with job description. The staff will schedule a telephone conference for members and public to conduct a meeting on resumes received and interviewing process.

ADJOURNMENT

There being no further business, the meeting adjourned.



Mark Farber, Deputy 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.

