

**HEALTH SERVICES AND DEVELOPMENT AGENCY**  
**MINUTES**  
**JULY 25, 2007**

**AGENCY MEMBERS PRESENT**

Koella, Carl, III, Chair  
Atchley, Bryan, Vice Chair  
Caldwell, Gene, M.D.  
Gaither, Keith, designee for the TennCare Director  
Jones, Clark  
Lammert, Gregory  
Morris, John, designee for the Commissioner of Commerce and Insurance  
Weaver, Faye, designee for the Comptroller of the Treasury

**AGENCY MEMBERS ABSENT**

Handorf, Charles, M.D.  
Troy, Peggy

**AGENCY STAFF PRESENT**

Hill, Melanie, Executive Director  
Bobbitt, Melissa, Administrative Services Assistant III  
Brogden, Reid, General Counsel  
Craighead, Alecia, Statistical Analyst III  
Farber, Mark, Assistant Executive Director  
Finchum, Rhonda, Office Manager  
Wells, Phil, Health Planner III

**GUESTS PRESENT**

Anderson, Richie L., Administrator, Rosewood Manor Nursing Center  
Baker, E. Graham, Esq.  
Barlar, Amanda, Baptist Hospital  
Barlett, Regina, COO, Skyline Medical Center  
Brawley, Carrie, Administrator, Behavioral Healthcare Center at Martin  
Brent, Michael D., Esq., Boulton, Cummings, Connors & Berry  
Brooks, Sonya, M.D., Skyline Medical Center  
Cain, Candy, RN, Assistant Regional Director of Clinical Services, Maxim Healthcare Services, Inc.  
Clayton, Pam, Director of Nursing, Baptist Hospital  
Corritore, Danell, Department of Health  
Duncan, Bruce, NHC  
Dutton, Gerald, Director of Development, Behavioral Healthcare Center at Martin  
Elrod, Dan H., Esq., Miller & Martin  
Garfield, Michael, CEO, Skyline Medical Center  
Goch, Warren, Esq., Kramer, Rayson  
Harrison, Johnny, Director of Rehab, Skyline Medical Center  
Hill, Ron, Jackson Madison County General Hospital  
Houchin, Barbara, St. Thomas Health System  
Huggins, Mike, THA

Kelley, John, Bailey Park, CLC-Humboldt  
Korth, Paul, Cookeville Regional Medical Center  
Lake, Victoria, Jackson Madison County General Hospital  
Limyansky, Robert M., Seton Corporation  
Mattingly, Bernard, CEO, Cookeville Regional Medical Center  
McBride, Janie D., Administrator, Bailey Park, CLC-Humboldt  
McCormack, Brian, Maxim Healthcare Services, Inc.  
McNelly, Sara, St. Thomas Health Systems  
Merville, LaDonna, Hospital Alliance of Tennessee  
Monette, J.G., M.D., Behavioral Healthcare Center at Martin  
Morrison, Michael, CFO, Hendersonville Medical Center  
Nichols, Jimmy, Regional Accounts Manager, Maxim Healthcare Services, Inc.  
O'Brien, Katie, Department of Mental Health and Developmental Disabilities  
Penny, Linda, Comptroller's Office  
Prescott, Tina, Jackson Madison County General Hospital  
Puthoff, Tim, CEO, Regional Hospital of Jackson  
Rowland, Marc S., Thomas, Miler & Partners, LLC  
Russell, Richard, THCA  
Serro, Robert, M.D., Medical Director, Skyline Medical Center  
Skelton, Damien R., Baptist Hospital  
Slaten, David, Administrator, Cornerstone Health Care Services  
Smith, Eddie, Administrator, Hendersonville-Portland Medical Center  
Stiles, Debbie, NHC, Milan  
Swan, Michael, Physician, Medical Director, St. Thomas Health Services  
Taylor, Jerry W., Esq., Farris, Mathews, Branan, Bobango, Hellen & Dunlap, PLC  
Taylor-Huff, Dixie, White House Health Center  
Thompson, Ann R., RN, BSN, MBA, Director of Licensure, Bureau of Health Licensure and Regulation,  
Division of Health Care Facilities, Department of Health  
Trauger, Byron R., Esq., Trauger & Tuke  
Wellborn, John, Consultant, Development Support Group  
West, William H., Esq., Baker, Donelson, Bearman, Caldwell & Berkowitz  
Whitlock, Martha, Department of Mental Health and Developmental Disabilities  
Wright, Doug, Jr., Bailey Park, CLC

**Chairman Koella, called the meeting to order at 8:30 a.m. in Meeting Room 12 of Legislative Plaza, Nashville, Tennessee.**

Mr. Koella announced the re-appointments of Mr. Atchley and Ms. Troy, each for a term of three (3) years.

### **DIRECTOR'S ANNOUNCEMENTS**

Melanie Hill, Executive Director, made general announcements and requested members to read and sign Conflict of Interest forms. Ms. Hill stated that the first order of business to be election of Vice-Chair.

### **Election of Vice-Chair**

Mr. Koella opened the floor for nominations.

Dr. Caldwell nominated Mr. Bryan Atchley for Vice-Chair. Mr. Lammert seconded. The motion CARRIED [7-0-1].

AYE: Jones, Gaither, Weaver, Caldwell, Lammert, Morris, Koella

NAY: None

ABSTAINED: Atchley

Mr. Koella congratulated Mr. Atchley as newly elected Vice-Chair and thanked Dr. Caldwell for his service of leadership and guidance as former Vice-Chair for the Agency.

### **CERTIFICATE OF NEED APPLICATIONS**

HEALTH SERVICES AND DEVELOPMENT AGENCY

JULY 25, 2007 MEETING

- PAGE 2 -

Mark Farber summarized the following CON applications:

**St. Mary's Cath Center - (Knoxville, Knox County) - Project No. CN0703-025**

The initiation of cardiac catheterization services and the acquisition and/or replacement /upgrade of existing cath lab equipment. The services will be provided in the existing catheterization lab space after renovations of St. Mary's Medical Center. The existing cath lab will perform both diagnostic and interventional procedures. Project Cost \$7,821,261.00.

**WITHDRAWN**

**Rosewood Manor Nursing Center - (Spring Hill, Maury County) - Project No. CN0703-021**

The replacement and relocation of the existing nursing home, and the addition of thirty (30) Medicare certified skilled nursing beds. Rosewood Manor is currently located at 1400 Rosewood Drive, Columbia (Maury County), TN and the proposed location is an undeveloped, unaddressed 16.6 acre tract of land located north of Saturn Parkway, between Old Kedron Road and Port Royal Road, adjacent to the Spring Hill Hospital site, in Spring Hill (Maury County), TN. Upon approval the facility's bed complement which is currently licensed for sixty-eight (68) beds, will increase to ninety-eight (98) SNF beds. These beds are subject to the 125 nursing home bed pool for 2006-2007. Project Cost \$10,668,976.00.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency. Richie L. Anderson, Administrator, spoke on behalf of the project.

Conditional opposition was presented by Dan H. Elrod, Esq., representing, NHC. Mr. Elrod stated if the project is limited to twelve (12) additional beds or less, opposition will be withdrawn.

Mr. Taylor waived rebuttal.

Summation was waived by applicant and opposition.

Mr. Atchley moved for approval of the project **with the addition of twelve (12) dually certified beds** based on: 1) Need – The need is established by the tremendous population growth in the area; 2) Economic Feasibility – The feasibility has been demonstrated; and 3) The project does contribute to the orderly development of adequate and effective health care with the population growth and the opposition being withdrawn. Mr. Jones seconded the motion. The motion FAILED [4-4-0]. **DENIED**

AYE: Jones, Caldwell, Atchley, Koella  
NAY: Gaither, Weaver, Lammert, Morris

Mr. Lammert moved for approval of the project based on: 1) Need – The need is evident for the replacement and relocation of the facility with the existing sixty-eight (68) beds and no bed increase; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care. Ms. Weaver seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Caldwell, Atchley, Lammert, Morris, Koella  
NAY: None

**Behavioral Healthcare Center at Columbia - (Columbia, Maury County) - Project No. CN0703-022**

The establishment of a twenty-six (26) bed mental health hospital and the initiation of inpatient psychiatric services. The inpatient beds and services will be focused on the geriatric population and designated as geriatric psychiatric beds. Project Cost \$3,391,349.40.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency. J.G. Monette, M.D., Psychiatrist, and Carrie Brawley, Administrator, Behavioral Healthcare Center at Martin, spoke on behalf of the project. Gerald Dutton, Director of Development, Behavioral Healthcare Center at Martin, was present in support of the project.

Dr. Caldwell moved for approval of the project based on: 1) Need – There is a need for the aging population to be provided this service in the community; 2) Economic Feasibility – The project is economically feasible through the parent corporation; and 3) The project does contribute to the orderly development of adequate and effective health care by having a psychiatric hospital in the community improves mental health treatment significantly. Mr. Jones seconded the motion. The motion FAILED [4-4-0]. **DENIED**

AYE: Jones, Caldwell, Atchley, Koella  
NAY: Gaither, Weaver, Lammert, Morris

Prevailing vote: Mr. Lammert stated that there is a need but based upon recent beds approved for other facilities that are in close proximity of this location that the need will be met by those facilities once they are in use.

### **Skyline Medical Center - (Nashville, Davidson County) - Project No. CN0704-026**

To increase the rehabilitation bed complement at its main campus at 3441 Dickerson Pike, Nashville (Davidson County), TN 37207 by nine (9) beds, and to close nine (9) rehabilitation beds at the satellite campus at 500 Hospital Drive, Madison (Davidson County), TN 37115 satellite campus. The beds at the main hospital will be housed in existing space on the rehabilitation floor. The hospital is currently licensed for 467 hospital beds—consisting of 194 (including 22 rehabilitation beds) at the main campus and 273 (including 50 rehabilitation beds) at its satellite Madison campus. This project will increase the main campus to 203 beds (increasing rehabilitation beds to 31) while simultaneously reducing the satellite campus to 264 beds (decreasing rehabilitation beds to 41) and the total licensed beds will remain at 467. Project Cost \$493,552.00.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency. Robert Serro, M.D., Medical Director; Johnny Harrison, Director of Rehab; and, Michael Garfield, CEO, spoke on behalf of the project. Present in support of the project were: Sonya Brooks, M.D.; Regina Barlett, COO; and John L. Wellborn, Consultant.

Mr. Lammert moved for approval of the project based on: 1) Need – The need has been proven; 2) Economic Feasibility – The project is economically feasible through cash reserves of HCA; and 3) The project does contribute to the orderly development of adequate and effective health care by providing additional rehab beds in the area. Ms. Weaver seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Caldwell, Atchley, Lammert, Morris, Koella  
NAY: None

### **Maxim Healthcare Services, Inc. - (Memphis, Shelby County) - Project No. CN0704-029**

The establishment of a home care organization to initiate home health services limited to private duty services for pediatric, adult and geriatric populations in the counties of Fayette, Hardeman, Haywood, Madison, Shelby and Tipton. The parent office will be located at 6263 Poplar Avenue, Suite 620, Memphis (Shelby County), TN 38119. Project Cost \$30,594.00.

Byron R. Trauger, Esq., representing the applicant, addressed the Agency. Candy Cain, RN, Assistant Regional Director of Clinical Services, Jimmy Nichols, Regional Accounts Manager and Brian McCormack, Accounts Manager spoke on behalf of the project.

Mr. Lammert moved for approval of the project based on: 1) Need – The need is met by the applicant being a quality provider that currently provides services in Tennessee; 2) Economic Feasibility – The project is economically feasible through cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care being a provider that will provide private duty services to an underserved population that has a need in the Memphis and surrounding areas. **Condition: Upon the express representation by the applicant that it will not seek or receive certification or reimbursement from Medicare for any service and will serve private duty patients only.** Mr. Atchley seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Caldwell, Atchley, Lammert, Morris, Koella  
NAY: None

**Chattanooga Orthopaedic Group, PC - (Chattanooga, Hamilton County) - Project No. CN0704-030**

The establishment of a single specialty ambulatory surgery treatment center (ASTC) limited to orthopaedic services focusing specifically on pain management services. The ASTC will be located in 1,398 square feet of leased existing space at Memorial Healthcare System. The leased space will include one (1) procedure room, seven (7) pre and post-operative rooms and other support areas, along with appropriate support staff, equipment and other resources. Project Cost \$317,384.00.

**DEFERRED TO THE SEPTEMBER MEETING**

**Seton Corporation d/b/a Baptist Hospital - (Nashville, Davidson County) - Project No. CN0704-031**

A neonatal intensive care unit (NICU) renovation and expansion of twenty-five (25) beds through a redistribution of existing licensed beds. The 683 licensed beds of Baptist Hospital will not change as a result of this project. The total square footage involved is 20,126 and includes the existing NICU and adjacent space. Project Cost \$9,684,742.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Michael Swan, Medical Director, St. Thomas Health Services, and Pam Clayton, Director of Nursing, Baptist Hospital spoke on behalf of the project. Present in support of the project were: Robert M. Limyansky and Marc S. Rowland, Thomas, Miler & Partners, LLC; Damien R. Skelton, Baptist Hospital; and Barbara Houchin, Executive Director, St. Thomas Health Services.

Dr. Caldwell moved for approval of the project based on: 1) Need – The need for the additional NICU beds is obvious; 2) Economic Feasibility – The project is economically feasible with cash reserves available; and 3) The project does contribute to the orderly development of adequate and effective health care with the additional NICU beds so that the babies will not have to be transferred which will obviously improve the healthcare for these infants. Mr. Jones seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Caldwell, Atchley, Lammert, Morris, Koella  
NAY: None

**CLC of Humboldt LLC d/b/a Bailey Park Community Living Center - (Humboldt, Gibson County) - Project No. CN0704-032**

A replacement nursing home with the addition of ten (10) skilled nursing facility beds. The existing nursing home is licensed for fifty (50) beds, thirty-six (36) of which are Level I beds with fourteen (14) dually-certified Level II beds for a total of sixty (60) licensed beds. The replacement facility will contain the afore-mentioned fifty (50) beds plus ten (10) additional Level II beds. \*These beds are subject to the 125 nursing home bed pool for 2006-2007. Project Cost \$3,758,939.00.

Graham Baker, Esq., representing the applicant, addressed the Agency. Janie D. McBride, Administrator, spoke on behalf of the project. Present in support of the project were: John Kelley, Plant Operations Director, Bailey Park, CLC-Humboldt and Doug Wright, Jr.

Opposing the project were: Dan H. Elrod, Esq., representing NHC, Milan and David Slaten, Administrator, Cornerstone Health Care Services.

Mr. Koella moved for deferral of the project to the August meeting. Dr. Caldwell seconded the motion. The motion CARRIED [8-0-0]. **DEFERRED TO THE AUGUST MEETING**

AYE: Jones, Gaither, Weaver, Caldwell, Atchley, Lammert, Morris, Koella  
NAY: None

**Regional Hospital of Jackson - (Jackson, Madison County) - Project No. CN0704-033**

The modernization and expansion of the hospital's same-day surgery area, and the expansion of obstetrical services wing. Approximately 21,000 square feet of new construction will be involved and approximately 2,500

square feet of renovated space. Seven (7) new labor, delivery and postpartum rooms (LDRPs) will be constructed for total of sixteen (16) LDRPs upon completion of the project. The 154 licensed bed complement will remain unchanged as a result of this project. Project Cost \$8,597,394.00.

William H. West, Esq., representing the applicant, addressed the Agency. Tim Puthoff, CEO, spoke on behalf of the project.

Mr. Morris moved for approval of the project based on: 1) Need – The need is shown for the additional space and modernization of the hospital; 2) Economic Feasibility – The project is economically feasible through the use of cash reserves as evidenced by their financial statement; and 3) The project does contribute to the orderly development of adequate and effective health care as they provide charity care and have contracts with all the area TennCare MCOs. Dr. Caldwell seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Caldwell, Atchley, Lammert, Morris, Koella  
NAY: None

### **Cookeville Regional Medical Center - (Cookeville, Putnam County) - Project No. CN0704-034**

A project cost increase in previously approved CN0505-039A, for the construction of an inpatient bed tower and acquisition of a second linear accelerator for radiation therapy at the main campus. The cost increase is due to increases in construction cost per square foot and minor expansion of floor space without a change in service scope. Project Cost \$16,632,559.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Bernard Mattingly, CEO, spoke on behalf of the project. John L. Wellborn, Consultant was present in support of the project.

Mr. Jones moved for approval of the project based on: 1) Need – The need is expressed in the original CON; 2) Economic Feasibility – The project is economically feasible as shown in their balance sheet; and 3) The project does contribute to the orderly development of adequate and effective health care as the project adds to the improvement of health care in Tennessee. Mr. Lammert seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Caldwell, Atchley, Lammert, Morris, Koella  
NAY: None

### **Hendersonville Medical Center Medical Office Building - (White House, Robertson County) - Project No. CN0704-035**

The initiation of mobile magnetic resonance imaging (MRI) scanning services two (2) days a month. The service will be provided at Hendersonville Medical Center's office building at 128 Raymond Hirsch Parkway, White House TN 37188 and will be operated under the hospital's license. Project Cost \$217,100.00.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency and John L. Wellborn, Consultant, spoke on behalf of the project. Present in support of the project were: Michael Morrison, CFO, Hendersonville Medical Center; and Eddie Smith, Administrator, Hendersonville-Portland Medical Center

Mr. Jones moved for approval of the project based on: 1) Need – The need is shown; 2) Economic Feasibility – The project is economically feasible through cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care. Ms. Weaver seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Caldwell, Atchley, Lammert, Morris, Koella  
NAY: None

### **GENERAL COUNSEL'S REPORT**

**White House Health Care, White House (Robertson County) – CN9409-062AEE, & White House Skilled Housing, White House (Robertson County) – CN0511-104A**

Request for modifications to both Certificates of Need to relocate two 12-bed nursing homes from the Sage Road site (CN0511-104A) to the Wilkinson Lane site (CN9709-062AEE). This modification will result with all eighty-four (84) nursing home beds (seven (7) 12-bed units) being located at the Wilkinson Lane site where a 68-bed assisted living facility and medical complex will be constructed. CN0511-104A was approved March 22, 2006 for the establishment of two 12-bed nursing homes with the 24-beds being taken from the unimplemented CN9409-062A. CN9409-062AEE was approved December 14, 1994 for a 140-bed intermediate and skilled care nursing facility. Several extensions of the expiration have been granted. On December 12, 2005 a cost over-run from \$5,100,000 to \$6,420,000 was approved. On March 22, 2006 an extension was granted to December 31, 2007 and the CON was modified to surrender 56-beds and to transfer 24-beds to the Sage Road site with 60-beds remaining at the Wilkinson Lane site and to allow the applicant to build five (5) 12-bed facilities. This request will not result in extension of the expiration dates or costs increase. All eighty-four (84) beds are to be licensed under one license by the Department of Health.

Graham Baker, Esq., representing the applicant, addressed the Agency and Dixie Taylor-Huff spoke on behalf of the request.

Mr. Jones moved for approval of the request as presented to relocate the two (2) facilities to where the other five (5) are located. Mr. Atchley seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Caldwell, Atchley, Lammert, Morris, Koella  
NAY: None

**OTHER BUSINESS**

- 1) Conflict of Interest forms were presented to members to read and sign.

**CURRENT REPORTS**

**Statistical Reports**

The reports were accepted into the record.

**Finance, Ways and Means Committee Reports**

The reports were accepted into the record.

**Minutes**

The minutes of the June 27, 2007 meeting were accepted by unanimous voice vote.

**ADJOURNMENT**

There being no further business, the meeting adjourned.

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Melanie M. Hill, Executive Director

MMH/MAB