

GENERAL COUNSEL'S REPORT COVER PAGE

October 26, 2016

- A. NHC/Maury Regional Transitional Care Center, Columbia (Maury County), TN – CN1307-025AE

A 3 month extension is requested , from January 1, 2017 to April 1, 2017.

The establishment of a 112-bed* Medicare skilled nursing home to be known as NHC/Maury Regional Transitional Care Center pursuant to T.C.A. § 68-11-1627, which permits the replacement of one or more currently licensed nursing homes with one single nursing home. The new facility will be created by relocating and replacing the 92-bed NHC Healthcare, Hillview and the 20-bed Maury Regional Hospital Skilled Nursing Unit to an 11 acre site at 5004 Trotwood Avenue, Columbia (Maury County), TN. The estimated project cost is \$18,161,672.

On October 23, 2013, the Agency approved the request to approve the certificate of need with an expiration date of December 1, 2015. Because of delays related to zoning approvals, sanitary sewer locations and final approval of schematic drawings, the applicant sought an extension of the expiration date until January 1, 2017 which was granted at the August 26, 2015 Agency meeting. The project has experienced additional delays but was 72% complete in July and construction is projected to be complete by November 11, 2016. While it is possible the project will be complete by the expiration date of January 1, there are concerns regarding installations of furnishings and scheduling final inspections for licensure during the holiday season. Therefore, a 3-month extension is requested.

- B. Campbell Clinic Surgery Center, Germantown (Shelby County), TN – CN1208-040AE

Request for 24 month extension, January 1, 2017 to January 1, 2019.

On November 14, 2012, the Agency unanimously approved the request to expand the surgery center, from 5 surgical rooms (4 operating rooms and 1 procedure room) to 10 surgical rooms (8 operating rooms and 2 procedure rooms), on its present site. It will add approximately 21,000 SF of space to the facility. The estimated project cost is \$13,277,258. The facility is licensed by the Department of Health as an ambulatory surgical treatment center. Its services are limited to orthopaedics and pain management.

On November 19, 2014, the Agency unanimously approved a request for a 24 month extension of the expiration date of the certificate of need, to January 1, 2017, due to 1) assessing needs in light of its acquisition of an additional licensed surgery center, and 2) additional design and approval issues pertaining to the medical office building in which it would be located.

This request for a 24 month extension is due to the continued design and approval issues pertaining to the medical office building in which it would be located, and zoning change and site plan variances it has obtained. The requested time anticipates the possibility of seeking any necessary modifications of the CON.

- C. Waynesboro Health & Rehabilitation Center, Waynesboro (Wayne County), TN – CN1411-045A

Request for a 24 month extension, From April 1, 2017 to April 1, 2019.

The relocation and replacement of Wayne Care Nursing Home located at 505 South Main Street, Waynesboro (Wayne County), TN, a 46-bed nursing facility, and the construction of an addition to Waynesboro Health and Rehabilitation Center (f/k/a Wayne County Nursing Home), a 109-bed nursing facility located at 104 J.V. Mangubat Drive, Waynesboro (Wayne County), TN 38485. The project will combine the two licensed facilities into one licensed nursing facility by closing the 46-bed facility and combining the beds by construction of an addition to the existing 109-bed facility. Upon completion, Waynesboro Health and Rehabilitation Center will house the combined 155-bed nursing facility, which will become dually certified for participation in Medicare and Medicaid and will include an 18-bed designated Memory Care Unit. The service area is Wayne County. The estimated project cost is \$5,658,318.00.

On February 25, 2015, the Agency unanimously approved the certificate of need with an expiration date of April 1, 2017. The extension is sought primarily due to delays related to architectural and engineering work required to finalize the site development plans and costs, as portions of the initial design proposal created a more challenging construction process than originally anticipated, given some of the limitations of the site. However, the design modifications now anticipated are not expected to increase the overall cost of the project.

- D. McKendree Village, Hermitage (Davidson County), TN – CN1202-010AEE and McKendree Village, Hermitage (Davidson County), TN – CN1303-007AE

Request for a 19 month extension, from December 1, 2016 to July 1, 2018.

McKendree Village, Hermitage (Davidson County), TN – CN1202-010AEE -

The addition of thirty (30)* Medicare skilled nursing facility nursing home beds to the 150 nursing home beds it currently operates. Upon Certificate of Need approval and the licensure of this project, McKendree Village will operate a 180 licensed bed nursing home facility. McKendree Village will provide Medicare/Medicaid skilled nursing facility services in these proposed 30 nursing home beds. The estimated project cost was \$1,303,000.00

*Subject to the 2011-2012 Nursing Home Bed Pool.

McKendree Village, Hermitage (Davidson County), TN – CN1303-007AE

The renovation, construction, and partial repositioning of fifty (50) existing dually certified beds in addition to the modification of CN1202-010A approved for thirty (30) dually certified nursing home beds. The nursing home's licensed bed complement of one hundred eighty (180) beds after implementation of CN1202-010A will not change. The estimated project cost was \$3,808,150.

- On May 23, 2013, CN1202-010A was approved unanimously to add 30 SNF beds to the existing 150-bed facility. On June 26, 2013, CN1303-007A was approved

unanimously for additional improvements to the facility with the understanding that both projects would be undertaken as a single construction project. On November 20, 2013, a 13-month extension of the expiration date was requested for CN1202-010A from July 1, 2014 to August 1, 2015 so that it would coincide with CN1303-007A.

- On May 27, 2015, a 16-month extension of the expiration date was requested for both certificates of need from August 1, 2015 until December 1, 2016. McKendree noted before beginning the renovations it was necessary to make significant renovations to the critical plant infrastructure, including replacement of the central mechanical plant, installation of environmental control technology and replacement of failed roofing systems.
- Construction delay is detailed in Item 2 of the September 30, 2016 letter on behalf of McKendree Village. Renovations that prompted earlier extension requests due to extensive upgrades or replacements are now complete (roof and mechanical supply systems). Subsequent architectural plan revisions and the bidding and negotiating process for construction services are identified as challenges which resulted in increased prices and lengthened schedules which required value engineering and a redesign to complete the project within a reasonable time period and budget.