

# HEALTH SERVICES AND DEVELOPMENT AGENCY

## MINUTES

August 26, 2020

### AGENCY MEMBERS PRESENT

Douglas Scarboro, Chair

R.G. Rick Chinn, Vice-Chair

Thomas Alsup

Laura Beth Brown

Paul Korth

Corey Ridgway

Todd Taylor

Keith Gaither, Designee for TennCare

Jaclyn Harding, Designee for Comptroller

Lisa Jordan, Designee for Commerce & Insurance Commissioner

### AGENCY MEMBERS ABSENT

All Present

### AGENCY STAFF PRESENT

Logan Grant, Executive Director

Jim Christoffersen, General Counsel

Lowavia Eden-Hoback, Office and Resource Manager

Phillip Earhart, HSD Examiner

Steve Bock, Administrative Assistant I

Alecia Craighead, Information and Data Analyst

Dave Elenbaas, HSDA Health Data and Policy Administrator

### COURT REPORTER

April Daniel

### GUESTS PRESENT

Abby Lemons

Adrian Thompson

Alvin Word

Andre Lee

Andrea Bennett-Punke  
Ann R. Reed  
Bill Jones  
Bill West  
Blake Estes  
Brenda Capers  
Brian Lohrding  
Bricke Murfree  
Bruce Plummer  
Bryce Fitzgerald  
Byron Trauger  
Camille Barkalow  
Casey Wallace  
Charlotte Burns  
Chris Stirling  
Clark Malloy  
Clint Hall  
Courtney DeClercq  
Dan Middlebrook  
Daniel Probasco  
Daniel Sullivan  
David Stillwell  
David Turner  
David Whelan  
Dawn Crumel  
Dere Brown  
Devyn Myles  
Donovan Guidry  
Doug Mefford  
Dudley Carpenter  
Dustin Alvanas  
EB Jackson-Bratcher  
Elizabeth Jones  
Ellie Michael  
Fahad Tahir  
Grant Rutledge  
J Gehring  
Jay Hinesley  
Jeff Ockerman  
Jeffrey Fenn  
Jennifer Hygrell  
Jerry Taylor  
Jianne McDonald  
Jim Corum

Jim Poole  
Joe Burchfield  
Joel Hollingsworth  
Joey Peay  
Jordan Johnson  
Joy Powers  
JP Homik  
Justin McElroy  
Kathlyn Collins  
Kathy Platt  
Kenneth King  
Kerri Jones  
Kevin Kimbell  
Kim Looney  
Kyle Harris  
Kyndra Campbell  
Laura Young  
Lauren Hamley  
Lauren Nelson  
Lisa Cawood  
Lisa Davis  
Lisa Lowe  
Luke Sampson  
Lynn Guy  
Madeline Dozier  
Madelyn Harris  
Marc Rowland  
Matthew Scanlan  
Meg Trus  
Michael Brent  
Michelle Heard  
Mike Carlton  
Mike Richardson  
Morgan Lankford  
Morgan Wright  
Nicholas Cote, DO  
Olivia Velasquez  
Page Smith  
Sahlease Taylor  
Sandy Deakins  
Sarada Tilton  
Sharon Kolli  
Sue Dyer  
Tara MacDougall

Tim Siniard  
Tina Patel  
TNNAS - STR - McCullough-  
GroupSeries  
TRDV-BWC3-East Conf Rm  
Trent Sansing  
Trey Moore  
Trey Schablik  
Utpal Patel  
Wendy Monaci  
Wesley Geminn  
Will Taylor  
Yvonne Adkison  
Zac Talbott  
Zach Roberts

### **CALL TO ORDER:**

The meeting was called to order at 8:30 a.m. by Mr. Grant with the following members present: Ridgway, Jordan, Gaither, Korth, Brown, Chinn, Harding, Taylor, Alsup and Scarboro. A quorum was established with ten members being present.

### **DIRECTOR'S ANNOUNCEMENTS**

- The October 28, 2020 board meeting will probably be held by WebEx.
- Logan Grant called for nominations for Board Chair and Vice-Chair.

### **ELECTION OF CHAIR**

Nomination for Douglas Scarboro for Chair: MOTION: Jordan, 2nd: Alsup

The motion CARRIED [9-0-0] unanimously by voice vote. **APPROVED**

### **ELECTION OF VICE CHAIR**

Nomination for Rick Chinn for Vice-Chair: MOTION: Scarboro, 2nd: Jordan

The motion CARRIED [9-0-0] unanimously by voice vote. **APPROVED**

### **APPROVAL OF MINUTES**

Mr. Scarboro presented the June 24, 2020 minutes for approval.

The motion CARRIED [10-0-0] unanimously by voice vote. **APPROVED**

## **CERTIFICATE OF NEED APPLICATIONS**

Seven 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 seven applications under consideration with five being approved and two being denied.

### **Select Specialty-Nashville, Nashville (Davidson County), TN CN2005-013**

*Ms. Harding, Ms. Brown, Mr. Ridgway and Mr. Taylor recused*

Request: The establishment of a 30-bed satellite long-term care hospital, which will be a satellite of its existing location at 2000 Hayes Street, Nashville, Davidson County, Tennessee 37205. The satellite long-term care hospital will be located at Saint Thomas West Hospital at 4220 Harding Pike, Nashville, Davidson County, Tennessee 37205. The estimated project cost is \$13,484,692.

Ms. Jordan moved to approve the application with Mr. Chinn providing the second.

#### **Factual and Legal Basis for Approval:**

**Need** – The formula shows a bed need when considering both the primary and secondary service areas. The volume and anticipated referrals of patients needing LTAC services from Saint Thomas West ICU demonstrates the request for 30 beds is reasonable. The model of a hospital within a hospital will allow high acuity patients to receive a continuum of care that should improve health outcome.

**Economic Feasibility** – 51.4 percent of the total project cost is the fair value of the property lease, and the remainder of the project can be funded by the parent's assets. The project is expected to be profitable in year two of operation. Further, it is estimated that healthcare costs will be reduced significantly by being able to move patients out of much more expensive acute care ICU beds to the LTAC.

**Healthcare that Meets Appropriate Quality Standards** – The applicant will be a satellite of an existing LTAC and commence to maintaining licenses in good standing, certification by Medicare and Medicaid, and accreditation by Joint Commission.

**Contribution to the Orderly Development of Healthcare** – The applicant already has agreements with several Davidson County hospitals. The project will improve access for high acuity patients to receive appropriate and necessary care in a more cost-efficient environment. Since all of the referrals will come from Saint Thomas West, which does not currently refer patients to Secure Health, this project will not have a negative impact on this nonaffiliated LTAC in the service area. And it should be noted that Secure Health has not expressed opposition to this project.

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

**Christian Care Center Washington County, Johnson City (Washington County), TN CN2005-017**

Request: The relocation and replacement of Family Ministries John M. Reed Nursing Center, a 63-bed licensed nursing home currently in inactive license status from 14.4 miles northeast from 124 John M. Reed Nursing Home Road located in Limestone, Washington County, Tennessee 37681 to 2434 Boones Creek Road, Johnson City, Washington County, Tennessee, 37615. The proposed newly-constructed facility is under new ownership and will be renamed Christian Care Center of Washington County. The estimated project cost is **\$10,073,240**.

Mr. Taylor moved for approval with Mr. Chinn providing the second.

**Factual and Legal Basis for Approval:**

**Need** – The need for the approval has been met in that these beds were already in existence previously, and the beds were just on an inactive status. Anytime we can upgrade a facility in an area, we certainly want to do that.

**Economic Feasibility** – The applicant is projecting a favorable margin of 3.8 in the second year of operation, which would yield a little over \$100,000 in net profit. Financing for the project has been secured through a commercial loan issued by the Bank of Tennessee in the amount of \$7.1 million. There is an operating line of credit that has been confirmed by Carter County Bank and Bank of Tennessee, in the amount of \$1 million.

**Healthcare that Meets Appropriate Quality Standards** – It will be licensed by the State of Tennessee. Certified for participation by both Medicare and Medicaid program, and they will seek Joint Commission accreditation, as they have in all of their other facilities.

**Contribution to the Orderly Development of Healthcare** - The applicant will secure transfer agreements. Approval of this project will not negatively affect any other providers as the applicant is not requesting any additional beds.

**Ten members voted to approve the application— Ridgway, Jordan, Gaither, Korth, Brown, Chinn, Harding, Taylor, Alsup and Scarboro. The motion CARRIED [10-0-0].**

**Hermitage Comprehensive Treatment Center, Hermitage (Davidson County), TN CN2005-014**

Request: The establishment of a non-residential substitution-based treatment center for opiate addiction to be located at 589 Stewarts Ferry Pike, Hermitage, Davidson County, TN 37214. The estimated project cost is **\$1,209,068**.

**OPPOSITION: Patricia Hall Talbott Legacy Center, LLC, TLC.**

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

**Factual and Legal Basis for Approval:**

**Need** – There is support primarily from Bipartisan, from Sergeant Dickerson and Jeff Yarbrow. Legislative supports the project because of the need in the Hermitage area. This project is backed up by the applicant's primary competitor in the state of Tennessee and beyond. BHG has also given their support for this application.

**Economic Feasibility** – The applicant will be paying for this project with cash. It doesn't appear that there's any borrowing or the applicant has not mentioned that they will borrow any additional money.

**Healthcare that Meets Appropriate Quality Standards** – All of the facilities are accredited and this project will be accredited also. The applicant meets all of the initial standards of the care for this facility.

**Contribution to the Orderly Development of Healthcare** - This does meet the orderly development of healthcare based on the area of where it is and with the amount of support from their competitors.

**Ten members voted to approve the application— Ridgway, Jordan, Gaither, Korth, Chinn, Brown, Harding, Taylor, Alsup and Scarboro. The motion CARRIED [10-0-0].**

**Cleveland Comprehensive Treatment Center, Cleveland (Bradley County), TN CN2005-016**

Request: The establishment of a non-residential substitution based treatment center for opiate addiction to be located at 3575 Keith Street NW, Cleveland, Bradley County, TN 37212. The estimated project cost is **\$1,340,780**.

**OPPOSITION: Was filed by Patricia Hall Talbott Legacy Center, LLC, TLC., but withdrew prior to this project being heard.**

Ms. Jordan moved for approval with Mr. Alsup providing the second.

**Factual and Legal Basis for Approval:**

**Need** – All the counties in the applicant's service area are considered high-need counties based on the need formula. The applicant calculated that, in 2020, there were approximately 3,400 residents needing treatment in the service area, but only 510 were in treatment. Further, from 2014 to 2018, deaths from opioid and heroin overdoses increased by 24 percent and 1,950 percent respectively.

**Economic Feasibility** – The project can be funded by the parent's cash reserves and is expected to be profitable in the first year of operation.

**Healthcare that Meets Appropriate Quality Standards** – The applicant will seek licensure from the Department of Mental Health and Substance Abuse Services, certification by Medicare and Medicaid, and accreditation by the Commission on Accreditation of Rehabilitation Facilities. The applicant also operates Volunteer Comprehensive Treatment Center in Chattanooga that has demonstrated compliance with the state rules.

**Contribution to the Orderly Development of Healthcare** – The applicant will seek transfer agreements with the Tennova hospitals in Bradley County and Erlanger in Chattanooga. This project would alleviate capacity pressures at the Volunteer OTP.

**Ten members voted to approve the application— Ridgway, Jordan, Gaither, Korth, Chinn, Brown, Harding, Alsup, Taylor, and Scarboro. The motion CARRIED [10-0-0].**

**Metro Knoxville HMA, LLC., dba Tennova Healthcare North Knoxville Medical Center, Knoxville (Knox County), TN CN2001-002**

*Ms. Brown and Mr. Taylor recused*

Request: The establishment of a Freestanding Emergency Department (FSED). The proposed FSED will be a satellite Emergency Department of Tennova Healthcare North Knoxville Medical Center at an unaddressed site located at Middlebrook Pike and Old Weisgarber Road, Knoxville (Knox County). The proposed FSED is located approximately 11 miles south of the host hospital. The proposed FSED will include eight (8) treatment rooms, provide emergency services, and will include a medical laboratory, CT, x-ray, and ultrasound medical equipment. The estimated project cost is \$11,953,821.

Mr. Ridgway moved for denial with Mr. Korth providing the second.

**Factual and Legal Basis for Denial:**

On the basis of a lack of need evidenced by the actual net increase of treatment rooms that have occurred over the marketplace since the closure of PRMC (Physicians Regional Medical Center) and the representative decline in ED (Emergency Department) visits in the market of 6.2 percent. I feel the need of the community has currently met its existed capacities.

Six members voted to deny the application— Ridgway, Jordan, Gaither, Alsup, Korth and Scarboro. Chinn and Harding voted nay. The motion CARRIED [6-2-0].

**+ The following two applications were heard under Simultaneous Review Procedures.**

**+St. Thomas Rutherford Hospital, Murfreesboro (Rutherford County), TN CN2004-007**

*Ms. Harding, Ms. Brown, Mr. Ridgway and Mr. Korth recused*

Request: The establishment of a satellite hospital under the single license of Saint Thomas Rutherford Hospital to the southwest intersection of Veterans Parkway in Murfreesboro, located in Rutherford County. The proposed satellite hospital is located approximately 4.4 miles west from Saint Thomas Rutherford Hospital. The satellite hospital will have eight private inpatient medical beds, eight emergency treatment rooms, imaging, which includes CT, X-ray, and ultrasound, as well as laboratory services and medical office space. The eight medical beds will be relocated from the main campus to the proposed satellite hospital campus. The estimated project cost is \$24,631,165.

**OPPOSITION: Williamson Medical Center, TriStar Stone Crest Medical Center, and Hughston Clinic Orthopaedics.**

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

**Factual and Legal Basis for Approval:**

**Need** – The main campus's ED is operating at over 100 percent capacity based on the American College of Emergency Room Physician guidelines. This project will relieve some of that demand on the main campus ED. The eight inpatient beds are needed to provide better care for those ED patients needing observation rather than keeping them in an ED treatment room for several hours or days. Considering the high population growth of the area, demand for ED and inpatient services is expected to grow.



**Economic Feasibility** – The project can be financed from the parent cash reserves, and it is expected to be profitable in the first year of operation.

**Healthcare that Meets Appropriate Quality Standards** – Saint Thomas maintains a license in good standing with the Department of Health, is Medicare and Medicaid certified, and is accredited by the Joint Commission.

**Contribution to the Orderly Development of Healthcare** - The eight inpatient beds will be relocated from the main campus. This project will not add any beds to the service area. The eight inpatient beds will allow the ED to function more efficiently and cost effectively and will allow patients needing observation to receive care in a more appropriate setting. The neighborhood hospital format will provide better access to acute care and ED services in a high population growth area without duplicating other services like surgical and specialty care, for which there appears to be no capacity issues. Because of the high population growth in Rutherford County, it is not expected that this project will have a significant negative impact on the other hospital in the service area.

**Five members voted to approve the application— Jordan, Gaither, Chinn, Alsup and Scarboro. Taylor voted nay. The motion CARRIED [5-1-0].**

**+ Vanderbilt Rutherford Hospital, Murfreesboro (Rutherford County), TN CN2004-012**

*Ms. Harding, Ms. Brown, Mr. Ridgway and Mr. Korth recused*

Request: The establishment of a 48-bed full service acute care hospital, the initiation of diagnostic and therapeutic cardiac catheterization, and the initiation of neonatal intensive care services at an unaddressed site on Veterans Parkway located southeast of the intersection of Veterans Parkway and S.R. 840 in Murfreesboro, Rutherford County, TN. The estimated project cost is \$134,344,227.

**OPPOSITION: St. Thomas Rutherford Hospital, St. Thomas River Park Hospital, St. Thomas Stones River Hospital, TriStar Stone Crest Medical Center, Williamson Medical Center, The Surgical Clinic and Hughston Clinic Orthopaedics.**

Mr. Chinn moved for denial of this application with Ms. Jordan providing the second.

**Factual and Legal Basis for Denial:**

I don't think there is adequate need. It has been presented at this time, the amount of utilization of the existing hospital beds is around 50 percent, and I don't think that there's adequate need for this application. Also, I don't think it would be within the orderly development of our application process because it would hurt the existing medical facilities that are in the four-county zone.

**Four members voted to deny the application— Jordan, Gaither, Chinn, and Taylor. Alsup and Scarboro voted Nay. The motion CARRIED [4-2-0].**

**ADJOURNMENT**

There being no further business, the meeting adjourned.

A handwritten signature in cursive script, appearing to read "Logan Grant", written in black ink.

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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 at 615-741-2364.