

# HEALTH SERVICES AND DEVELOPMENT AGENCY

## MINUTES

January 23, 2020

### AGENCY MEMBERS PRESENT

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

### AGENCY MEMBERS ABSENT

Brown, Laura Beth  
Harding, Jaclyn, Designee for Comptroller

### AGENCY STAFF PRESENT

Grant, Logan, Executive Director  
Farber, Mark, Deputy Director  
Christoffersen, Jim, General Counsel  
Eden-Hoback, Lowavia, Office and Resource Manager  
Craighead, Alecia, Information and Data Analyst  
Elenbaas, Dave, HSDA Health Data and Policy Administrator

### COURT REPORTER

Daniel, April

### GUESTS PRESENT

Baker, Graham, Esq., Anderson and Baker  
Boyd, Jason, COO, Skyline Medical Center  
Brent, Mike, Esq., Bradley Arant  
Brown, Dere, Director of Health Planning and License/Certification, NHC  
Carter, Jeff, M.D., Specialty Surgery Center  
Creekmore, Hunter, President, AHC Nashville  
Cruickshank, Roland, President, Methodist University Hospital  
Dunfee, Leslie, Director, Ascension Saint Thomas Health  
Ellie, Michael, Director, Saint Thomas Health  
Fitzgerald, Bryce, Esq., Kramer Rayson, LLP  
Gooch, Warren, Esq., Kramer and Rayson  
Graves, Dante, Director, Saint Thomas  
Hall, Clint, Government Affairs, NHC  
Key, David, SVP, Select Medical  
Kroplin, Matt, Esq., Burr Forman  
Lankford, Morgan, Strategy Analyst, Saint Thomas  
Looney, Kim, Esq., Waller Lansden  
Merville, LaDonna, VP, Hospital Alliance of Tennessee  
Nattress, Dave, CEO, Advanced Health Care  
Portacci, Ruth, VP, Ascension Saint Thomas  
Poteete, Robert, Manager, Saint Thomas  
Reed, Ann, Director of Licensure, TDH  
Rippey, Katherine, Esq., Waller Lansden  
Robbins, Justin, DDS, NMS  
Savage, John, DNP, Community Care  
Schneider, Jessica, SR Advisor, Saint Thomas

Stirling, Chris, CEO, The Surgical Clinic  
Stockard, Jeff, CPA, Community Care  
Stritikus, John, DDS, NMS  
Taylor, Jerry W., Esq., Burr & Forman  
Taylor, Marcia, CEO, Select Specialty Hospital Memphis  
Tahir, Fahad, President/CEO, Saint Thomas Midtown and West Hospitals  
Trauger, Byron, Esq., Trauger and Tuke

### **CALL TO ORDER:**

The meeting was called to order at 11:30 a.m. by Mr. Scarboro with the following members present: Ridgway, Jordan, Gaither, Patric, Korth, Chinn, Taylor, Alsup and Scarboro. A quorum<sup>1</sup> was established with nine members being present.

### **DIRECTOR'S ANNOUNCEMENTS**

- The February 26, 2020 board meeting will be held at The TN Department of Health Regulation and Boards.

### **APPROVAL OF MINUTES**

Mr. Scarboro presented the December 11, 2020 minutes for approval.

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

### **CONSENT CALENDAR**

Mr. Grant introduced the application under consideration, which was approved.

#### **\*AHC Nashville, LLC dba AHC of Nashville, Nashville (Davidson County), TN CN1908-029**

Request: For the relocation of AHC Nashville, LLC dba AHC of Nashville (formerly Belcourt Terrace Nursing Home), a 49 bed dually certified nursing home, currently with an inactive license, from its former location at 1710 Belcourt Avenue, Nashville (Davidson County), TN, 37212 to 627 19th Avenue North, Nashville (Davidson County), TN 37203. The applicant is owned by Advanced Health Care Corporation and Creek Capital Partners, LLC. The estimated project cost is \$16,821,534.

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

Factual and Legal Basis for approval:

Need - The applicant projects licensed occupancy of 93.9 percent in year two and year three of the proposed project by providing care to short-term rehabilitation patients;

Economic Feasibility - Relocation of the 49-bed licensed nursing home can be economically accomplished and maintained. The project will be funded by cash reserves;

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

Healthcare that Meets Appropriate Quality Standards - The applicant will seek Medicare certification;

Contribution to the Orderly Development of Healthcare - This relocation would not result in any material change to the current service area of the applicant. No new beds are being requested. The proposed project is not subject to the 125-bed nursing home bed pool for the 2019/2020 state fiscal year period.

Nine members voted to approve the application- Ridgway, Jordan, Gaither, Patric, Korth, Chinn, Taylor, Alsup and Scarborough. The motion CARRIED [9-0-0].

### **CERTIFICATE OF NEED APPLICATIONS**

Five 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.

Deputy Director Farber introduced each of the five applications under consideration with five being approved.<sup>2</sup>

#### **TriStar Skyline Medical Center, Nashville (Davidson County), TN CN1909-035**

Request: For the initiation of mobile positron emission tomography (PET) services up to 2 days a week at the campus of TriStar Skyline Medical Center located at 3441 Dickerson Pike, Nashville (Davidson County), TN 37207. The applicant is owned by HCA Healthcare, Inc. The estimated project cost is \$610,000.

Dr. Patric moved to approve the application with Mr. Taylor providing the second.

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

**Need** – There is a need in the area. Currently, patients have to travel a fair distance, and these are sick patients, making that inconvenient but a bit of a burden on them as well. There are no other available similar services in the immediate area;

**Economic Feasibility** – This is not an extremely expensive endeavor to start, particularly because it's based on a mobile PET unit, and the finances can be arranged through current reserves of the TriStar system;

**Healthcare that Meets Appropriate Quality Standards** – Both Alliance Healthcare and TriStar currently carry Tennessee licensures, certified by Medicare and TennCare, and are accredited by the appropriate accreditation organizations;

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<sup>2</sup> 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)

**Contribution to the Orderly Development of Healthcare** – This will help with those patients that are currently in the TriStar immediate area, and there's no opposition to this.

Nine members voted to approve the application— Ridgway, Jordan, Gaither, Patric, Korth, Chinn, Taylor, Alsop, and Scarboro. The motion CARRIED [9-0-0].

**St. Thomas West Hospital, Nashville (Davidson County), TN CN1909-039**

Request: For the initiation of Cardiac PET/CT services at Saint Thomas West Hospital, 4220 Harding Pike, Nashville (Davidson County), TN 37205. The applicant is ultimately owned by Ascension Health Alliance. The estimated project cost is \$1,640,673.

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

**Factual and Legal Basis for approval:**

**Need** – There's a need, a small shortage, in the year-two projection. It appears that their utilization will meet the criteria. They currently serve medically underserved people within their area of 5 percent TennCare and 49 percent Medicare. This will replace an 11-year-old SPECT general unit which, in medical years, is like light years;

**Economic Feasibility** – This is within the system's cash reserves, and they can fully pay for this;

**Healthcare that Meets Appropriate Quality Standards** – This is considered to be the gold standard by the American Society of Nuclear Imaging, and the facility is currently licensed, has Medicare and TennCare certification and is currently accredited by Joint Commission and by ACR and meets those standards;

**Contribution to the Orderly Development of Healthcare** - There's going to be no impact on other providers in the area. The only impact would be on themselves with less use of their SPECT, which is fine and a good thing and there is no opposition.

Nine members voted to approve the application— Ridgway, Jordan, Gaither, Patric, Korth, Chinn, Taylor, Alsop and Scarboro. The motion CARRIED [9-0-0].

+ The following two applications will be heard under Simultaneous Review procedures.

**+Nashville Midtown Surgical, Nashville (Davidson County), TN CN1908-030**

Request: For the establishment of a single specialty ambulatory surgical treatment center (ASTC) limited to oral and maxillofacial surgery and dentistry with three operating rooms and no procedure rooms located at 500 28th Avenue North, Nashville (Davidson County), TN 37203. The applicant is owned by Adam S. Pitts, M.D. The estimated project cost is \$4,559,044.

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

**Factual and Legal Basis for approval:**

**Need** – The applicant reports that due to the unique patient mix of primarily children and adolescents with a majority of patients covered by TennCare, access to other ASTCs in the service area has been limited because serving this particular population is only marginally profitable. The applicant has submitted documentation from dentists which support the utilization projections, indicating utilization will exceed the minimal operating standard in year two of operations;

**Economic Feasibility** – The project can be funded by a commercial loan and proceeds from member syndication and is expected to be profitable in year two of operations;

**Healthcare that Meets Appropriate Quality Standards** – The applicant will seek accreditation from the American Association of Ambulatory Healthcare, licensure from the Department of Health, and Medicare/Medicaid certification;

**Contribution to the Orderly Development of Healthcare** The applicant intends to have transfer agreements with most of the hospitals in closest proximity to the ASTC in Nashville; and by having a single-specialty ASTC dedicated to oral and dental surgery, access to the lower-cost alternative to hospital-based surgeries will be assured for this special need and low income patient population .

Eight members voted to approve the application— Ridgway, Jordan, Gaither, Patric, Korth, Chinn, Taylor, and Scarboro. Mr. Alsup voted nay. The motion CARRIED [8-1-0].

**+Oral Facial Surgery Center, Inc., dba Specialty Surgery Center, Nashville (Davidson County), TN  
CN1909-034**

Request: For the relocation of a multi-specialty ambulatory surgical treatment center (ASTC) from 322 22nd Avenue North, Nashville (Davidson County), TN, 2 miles west to 410 42nd Avenue North, Nashville (Davidson County), TN. The ASTC has 3 operating rooms (ORs) at its current location and plans to expand to four ORs and 3 procedure rooms (PRs) at the proposed location. The applicant is an "S" Corporation owned by Jeffrey B. Carter, M.D., D.M.D. At some point after licensure it is planned that The Surgical Clinic, PLLC will take ownership and change the business structure to a limited liability company. The estimated project cost is \$10,279,970.09.

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

**Factual and Legal Basis for approval:**

**Need** – The facility is 27 years old and is in need of improvements and has a demand for services based upon the projections provided with the addition of the general surgery business;

**Economic Feasibility** – The facility has been operational for 27 years, has funding secured to finance the relocation, and with the addition of the new service lines, primarily general surgery, the economics of the partnership will improve and marketed based on the projections in year one and year two;

**Healthcare that Meets Appropriate Quality Standards** – The facility is currently AAAHC accredited and in good standing relative to licensure, and they will continue that status;

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**Contribution to the Orderly Development of Healthcare** – This being in partnership and in collaboration with The Surgical Clinic, to meet the needs, The Surgical Clinic has relative to general surgery; and, to also continue to allow for and extend the need for pediatric dental services.

Nine members voted to approve the application— Ridgway, Jordan, Gaither, Patric, Korth, Chinn, Taylor, Alsop and Scarboro. The motion CARRIED [9-0-0].

Mr. Alsop, Mr. Korth, and Mr. Taylor left at 2:30 p.m. before the Select Specialty project was heard.

**Select Specialty Hospital, Memphis (Shelby County), TN CN1909-032**

Request: For the relocation of Select Specialty Hospital-Memphis, Inc., a 39 Long-Term Acute Care Hospital, from Saint Francis Hospital-Memphis located at 5959 Park Avenue 12th Floor, Memphis (Shelby County), TN 38119, approximately 12 miles northeast to Methodist University Hospital's 10th floor located at 1265 Union Avenue, Memphis, (Shelby County), TN 38104. The applicant is wholly owned by Select Medical Corporation. The estimated project cost is \$17,038,818.

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

**Factual and Legal Basis for approval:**

**Need** – There is a need to relocate the LTAC in order to continue serving the same patient population in a significantly lower cost of care. In addition, because of Methodist Hospital's patient volume of high-acuity and complex patients, the relocation of the LTAC will place these services within the hospital generating the most demand for the LTAC services;

**Economic Feasibility** – The project can be funded by the operating revenues of the applicant and cash reserves of the parent company. And, as we've heard, the relocation will reduce the applicant's operating costs;

**Healthcare that Meets Appropriate Quality Standards** – The applicant is currently licensed by the Department of Health, is Medicare and Medicaid certified, and is accredited by Joint Commission;

**Contribution to the Orderly Development of Healthcare** – Because this project is not adding any beds and is a relocation within the city of Memphis, there is no change in service area and no duplication of services. There should not be a significant negative impact on other LTACs in the service area.

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

**OTHER BUSINESS**

**ADJOURNMENT**

There being no further business, the meeting adjourned.

A handwritten signature in black ink, appearing to read "Logan Grant", written over a horizontal line.

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.

