

I. August 2017—Tennessee Certificate of Need Meeting

The agency **approved** the following applications during the August 23 meeting.

A. Consent Agenda

- 1. Vanderbilt University Medical Center, Nashville (Davidson County), TN - CN 1705-016.** Acquisition of dedicated pediatric MRI. The estimated project cost is \$5,097,234.
- 2. Life Bridges, Inc., Cleveland (Bradley County), TN – CN-1706-019.** Relocation of six-bed ICF/IID home from 2611 Bower Lane, Cleveland, Tennessee to 4755 Frontage Road NW, Cleveland, Tennessee. The estimated project cost is \$635,000.

B. Certificate of Need Review

- 1. AxelaCare Health Solutions – East Tennessee, Memphis (Shelby County), TN – CN1702-008.** Addition of 34 East Tennessee counties to home care organization limited to home infusion of immune globulin pharmaceuticals. The estimated project cost is \$70,000.
- 2. AxelaCare Health Solutions – Middle Tennessee, Memphis (Shelby County), TN – CN1702-009.** Addition of 40 Middle Tennessee counties to home care organization limited to home infusion of immune globulin pharmaceuticals. The estimated project cost is \$70,000.
- 3. Knoxville Eye Surgery Center, LLC d/b/a Tennessee Valley Eye Center, Knoxville (Knox County), TN – CN1702-010.** Replacement of ambulatory surgical treatment center and expansion from four to six operating rooms. The estimated project cost is \$7,063,651.
- 4. Woodridge Behavioral Care, LLC, Jackson (Madison County), TN - CN 1703-011.** Addition of 16 geriatric inpatient psychiatric beds requested, but the agency approved the addition of only eight such beds. The estimated project cost is \$787,190.

5. Franklin PET Scan Center, Franklin (Williamson County), TN – CN1703-012. Initiation of Positron Emission Tomography (PET) service. The estimated project cost is \$3,828,653.

6. UCH Vascular Access ASC, LLC, Memphis (Shelby County) TN – CN1704-013. The establishment of a single-specialty ambulatory surgical treatment center (ASTC) to be located on the second floor of an existing building located at 6490 Mt. Moriah Road Extended, Memphis. The ASTC will include one operating room and one procedure room and will be limited to surgeries and procedures related to vascular access and other hemodialysis-oriented procedures. The estimated project cost is \$2,144,000.

7. Horizon Surgery Center, Atoka (Tipton County), TN – CN1705-014. The establishment of a single-specialty ASTC limited to endoscopy to be located in an existing building located at 340 Atoka McLaughlin Drive, Atoka. The ASTC will include only one operating room. The estimated project cost is \$1,108,764.

8. Behavioral Health of Rocky Top, Rocky Top (Anderson County), TN – CN1705-015. The establishment and initiation of a geriatric psychiatric services with 18 geriatric inpatient psychiatric beds located at 204 Industrial Park Road, Rocky Top. The estimated project is \$1,160,500.

9. Perimeter Surgery Center, Cookeville (Putnam County), TN – CN1705-0173. The relocation of a single-specialty ophthalmic ASTC from 1059 Neal Street, Suite B, Cookeville, to a new office building under construction at 1125 Perimeter Drive, Cookeville. The project will expand the facility's surgical room complement from one operating room and a laser room to two operating rooms and a laser procedure room. The estimated project cost is \$1,739,376.

C. General Counsel's Report

1. Stones River Manor, Murfreesboro (Rutherford County), TN – CN1506-026E. A six-month extension of the expiration date from November 1, 2017, to May 1, 2018, has been granted. The project is for the establishment of a 30-bed Medicare-certified skilled nursing facility, with an estimated project cost of \$2,729,127. The 30 nursing home beds were subject to the 125 bed Nursing Home Bed Pool for the July 2015 to June 2016 state fiscal year period. The project was initially approved on September 23, 2015.

2. Chattanooga-Hamilton County Hospital Authority, Erlanger (Hamilton County), TN – CN1412-048AE. A one-year extension of the expiration date from May 1, 2018, to May 1, 2019, has been granted. The project is the acquisition of a linear accelerator and the initiation of services at Erlanger East Hospital, 975 East 3rd Street, Chattanooga. The new linear accelerator will replace an existing linear accelerator at Erlanger Medical Center, reducing the number of linear accelerators at Erlanger Medical Center from two to one. The estimated project cost is \$10,532,562. The project was initially approved on March 25, 2015.

3. Ave Marie Home, Memphis (Shelby County), TN – CN1312-048AEE. A six-month extension of the expiration date from December 1, 2017, to June 1, 2018, has been granted. The project includes the replacement of 35 of the existing 75 nursing home beds and the addition of 25 new Medicare skilled beds to be housed in six newly constructed Green House Homes at 2805 and 2840 Charles Bryan Road, Bartlett. The estimated project cost was \$7,999,960. The 25 new beds were subject to the 2013-2014 Nursing Home Bed Pool. This is the second extension of the expiration date. The project was initially approved on April 23, 2014.

The agency **denied** the following application during the August meeting:

1. Baptist Memorial Hospital, Arlington (Shelby County), TN – CN1705-018. The establishment of a full service, 24-hour per day/7-day per week satellite emergency department to be located at an unnamed street address near the intersection of Interstate 40 and Airline Road in Arlington. The proposed facility will be operated as a satellite emergency department of Baptist Memorial Hospital located at 6019 Walnut Grove Road, Memphis, and will have eight treatment rooms and provide emergency diagnostic and treatment services. The project will be developed, operationalized, marketed and funded through a joint operating agreement between Baptist Memorial Hospital and Regional One Health. The estimated project cost is \$10,016,611.

The next agency meeting will be held on October 25 at 8:30 a.m.

II. Other Agency Actions

A. Officer Elections: Joe Grandy was elected as Chair of the agency and Paul Korth was elected as Vice-Chair.

B. Rulemaking: The HSDA approved for final rulemaking previously proposed measures for quality assessment of entities receiving a certificate of need (CON) as directed by T.C.A. § 68-11-1633 as well as the reporting requirements to enable the administration of T.C.A. § 68-11-1609(h). These rules implement the Tennessee Legislature's direction that CON approvals incorporate specific quality standards and measures, and that the HSDA maintain oversight over CON's approved after July 1, 2016. Such oversight will include annual reports from CON recipients concerning the quality measures adopted by the agency. Providers expressed concerns about the administrative burden created by the new rule's requirement of quality reports on CON projects following licensure. Providers also expressed reservations and great uncertainty about how "compliance" with the quality criteria will be determined by the HSDA from the data submitted as well as what type of sanctions could result from non-compliance. A copy of the adopted rules is available at http://publications.tnsosfiles.com/rules_filings/06-01-17.pdf. Other minor administrative changes were also made in the rulemaking proposal.

The HSDA also adopted a formal agency policy on the access to public records to achieve compliance with the Tennessee Public Records Act (TPRA) in Tenn. Code Ann. § 10-7-501.

III. Certificate of Need Program Report — Recent Filings

A. Letters of Intent – September 2017

- 1. Regional Med Extended Care Hospital, LLC d/b/a Regional One Health Extended Care Hospital, Memphis (Shelby County), TN – CN 1709-000.** The addition of 24 hospital beds limited to LTACH services. The beds will be housed on the third floor of the existing building. The estimated project cost is \$9,000,000.
- 2. Methodist Healthcare Memphis d/b/a Methodist Healthcare North Hospital, Memphis (Shelby County), TN – CN-1709-000.** The relocation of 34 adult psych beds currently located at 1265 Union Avenue, Memphis, on the Methodist Healthcare University Hospital's campus to 3960 New Covington Pike, Memphis, on Methodist Healthcare North Hospital's campus. The estimated project cost is \$2,295,000.
- 3. Erlanger Sequatchie Valley Regional Hospital, Dunlap (Sequatchie County), TN – CN-1709-027.** The relocation/replacement of Erlanger Bledsoe Hospital from 71 Wheelertown Avenue, Pikeville, to 17399 Rankin Avenue, Dunlap. The new 25-bed critical care hospital will provide inpatient/outpatient

services, emergency medicine services and MRI services. The estimated project cost is \$32,653,836.

4. Erlanger Sequatchie Valley Regional Hospital FSED, Pikeville (Bledsoe County), TN – CN-1709-028. Establishment of a freestanding emergency department in Pikeville located at 553 U.S. Highway 127 Bypass. The facility will replace the hospital formerly known as Erlanger Bledsoe Hospital. The estimated project cost is \$4,388,481.

B. Projects Deemed Complete for Review at October 2017 Meeting

1. Saint Thomas Highlands Hospital (White County), TN – CN1706-020. The expansion of an existing geriatric inpatient psychiatric unit from 10 beds to 14 beds. The estimated project cost is \$358,226.

2. Saint Thomas Rutherford Hospital (Rutherford County), TN – CN1707-021. The expansion of acute care beds by 72 beds from 198 beds to 279 beds. If approved, total licensed beds will increase from 286 beds to 358 beds. The estimated project cost is \$47,478,943.

3. Saint Thomas Surgery Center – New Salem (Rutherford County), TN – CN1707-022. The establishment of a multi-specialty ASTC with two operating rooms and one procedure room located at 2779 New Salem Road, Murfreesboro. The proposed project involves construction of 14,500 square feet (rentable) of new ASTC space. The estimated project cost is \$16,228,645.

4. Stonecrest Surgery Center (Rutherford County), TN – CN1707-023. The establishment of a multi-specialty ASTC with two operating rooms and one procedure room located at 200 StoneCrest Boulevard, Smyrna. The estimated project cost is \$10,556,553.

5. Pavilion-THS, LLC (Wilson County), TN – CN1708-026. The addition of 20 Medicare skilled nursing beds to an existing 60 Medicare bed nursing home known as The Pavilion Senior Living Rehabilitation and Long Term Care. The estimated project cost is \$1,136,755.

6. Regional MED Extended Care Hospital, LLC d/b/a Regional One Health Extended Care Hospital (Shelby County), TN – CN1708-025. The addition of six beds limited to long term care hospital services. The requested

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beds will be housed on the second floor of the existing building and will be licensed by the Tennessee Department of Health as hospital beds. The estimated project cost is \$2,215,000.

7. Celina Health and Rehabilitation Center (Clay County), TN – CN708-024. The licensed 66-bed nursing home is requesting to add 12 dually certified nursing home beds, adding approximately 3,473 square feet of space. The beds will be licensed by the Tennessee Department of Health as nursing home beds. The estimated project cost is \$1,199,000.