

**HEALTH SERVICES AND DEVELOPMENT AGENCY
JUNE 24, 2020
APPLICATION SUMMARY**

NAME OF PROJECT: Takoma Regional Hospital, Inc. dba Greeneville Community Hospital, Inc.

PROJECT NUMBER: CN2001-001

ADDRESS: 401 Takoma Avenue
Greeneville (Greene County), TN 37743

LEGAL OWNER: Takoma Regional Hospital, Inc. dba Greeneville Community Hospital, Inc.
401 Takoma Avenue
Greeneville (Greene County), TN 37743

OPERATING ENTITY: N/A

CONTACT PERSON: Allison Rogers
(423) 302-3378

DATE FILED: January 15, 2020

PROJECT COST: \$3,293,758

FINANCING: Cash Reserves

PURPOSE FOR FILING: Establishment of an outpatient diagnostic center (ODC) and initiation of magnetic resonance imaging (MRI) services.

DESCRIPTION:

Takoma Regional Hospital, Inc. dba Greeneville Community Hospital, Inc. is seeking approval to establish an outpatient diagnostic center (ODC) and initiate magnetic resonance imaging (MRI) services. The project will convert licensed hospital facility space (including MRI) to a separately licensed outpatient diagnostic center. The ODC will occupy renovated space consisting of 4,135 SF on the 1st floor, and 1,393 SF on the 2nd floor of Greeneville Community Hospital West (formerly Takoma Regional Hospital). Diagnostic services to be provided include MRI (1.5 Tesla), CT, X-ray, and ultrasound imaging services.

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In February of 2018, Ballad Health System was formed through a merger between Wellmont Health System and Mountain States Health Alliance. Because of the merger, Ballad Health created one hospital with two separate campuses in Greene County, Greeneville Community Hospital East (formerly Laughlin Memorial Hospital) and Greeneville Community Hospital West (formerly Takoma Regional Hospital).

The focus of Greeneville Community Hospital East is acute inpatient and emergency department services. Medical services provided at Greeneville Community Hospital East include cardiology services; diagnostic imaging, an ICU, obstetrics/women's services and imaging, a medical/surgical unit, an outpatient lab, a progressive care unit, surgery and endoscopy, and wound care.

The focus of Greeneville Community Hospital West is advanced outpatient care. Medical Services provided at Greeneville Community Hospital West include diagnostic imaging, geropsychiatric services, inpatient rehabilitation services, occupational medicine, an outpatient lab, and a sleep lab.

OUTPATIENT DIAGNOSTIC CENTERS

1. The need for outpatient diagnostic services shall be determined on a county-by-county basis (with data presented for contiguous counties for comparative purposes) and should be projected four years into the future using available population figures.

The applicant's proposed service area consists of Greene, Cocke, and Hamblen Counties. The applicant provided utilization projections for MRI (fixed), CT, Ultrasound, and X-Ray.

It appears that the application meets this criterion.

2. Approval of additional outpatient diagnostic services will be made only when it is demonstrated that existing services in the applicant's geographical service area are not adequate and/or there are special circumstances that require additional services.

No additional imaging services will be added to the project's service area. The applicant is requesting existing hospital licensed based imaging services be licensed as an outpatient diagnostic center.

3. Any special needs and circumstances:

- a. The needs of both medical and outpatient diagnostic facilities and services must be analyzed.

The applicant noted the approval of the proposed ODC project would reduce outpatient-imaging volumes at Greeneville Community Hospital East, which is also owned by the applicant. The applicant is willing to "trade off" the volume reduction of imaging services at Greeneville Community Hospital East to make the outpatient imaging option available to residents in the proposed service area.

There is one physician office in the service area located in Hamblen County (Healthstar Physicians, PC) that has two fixed MRIs. In 2018, the two Healthstar MRIs operated at 66% of the 2,880 State Health Plan Standard. This proposed project will have minimal impact on the utilization of the Healthstar MRIs since the proposed project projects only 1% of ODC volume will originate from residents of Hamblen County in Year One.

Note to Agency Members: HealthStar Physicians, PC did not report to the Health Services and Development Agency's Medical Equipment Registry the MRI patient county origin for residents of Greene and Cocke Counties.

- b. Other special needs and circumstances, which might be pertinent, must be analyzed.

If approved, the applicant indicates the proposed project will provide access to lower cost imaging services without adding any new services.

- c. The applicant must provide evidence that the proposed diagnostic outpatient services will meet the needs of the potential clientele to be served.

1. The applicant must demonstrate how emergencies within the outpatient diagnostic facility will be managed in conformity with accepted medical practice.

Emergencies will be managed using established policies and procedures, and will not change if the proposed imaging service will transition from being licensed as a hospital to an ODC.

It appears that this criterion will be met.

2. The applicant must establish protocols that will assure that all clinical procedures performed are medically necessary and will not unnecessarily duplicate other services.

Established medical necessity policies and procedures will not change if the proposed imaging service will transition from being licensed as a hospital to an ODC.

It appears that the application will meet this criterion.

MAGNETIC RESONANCE IMAGING SERVICES

1. Utilization Standards for non-Specialty MRI Units.

- a. An applicant proposing a new non-Specialty stationary MRI service should project a minimum of at least 2,160 MRI procedures in the first year of service, building to a minimum of 2,520 procedures per year by the second year of service, and building to a minimum of 2,880 procedures per year by the third year of service and for every year thereafter.

The applicant projects 1,000 MRI scans in Year 1 (2021) and 1,500 MRIs in Year 2 (2022).

It appears that the applicant will not meet the MRI standard by Year 1 of the proposed project. However, the applicant has one 1.0T open bore MRI and one 1.5T short bore MRI located at Greenville Community Hospital East. If the applicant were to retire one of the units at Greenville Community Hospital, the applicant would exceed 80% of the 2,880 State Health Plan Standard. In Supplemental #1, the applicant was asked if retiring the oldest unit/and or lowest strength MRI was an option at Greenville Community Hospital. The applicant responded stating retiring the MRIs is not a viable option. The 1.0 open bore at Greenville Community Hospital-East is needed for specific populations that includes larger patients, children, and patients with claustrophobia. In addition, the 1.5T MRI at Greenville Community Hospital-East is required to perform complex studies for inpatient and emergency services patients.

2. Access to MRI Units. All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the Service Area's population. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-

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Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

More than 90% of the service area population are accessible to the project site. The ODC will be accessible to all patients referred by their physicians.

It appears that this criterion will be met.

3. Economic Efficiencies. All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

The applicant states imaging services at Greeneville Community Hospital-East are hospital based, and a sharing arrangement with the East campus would not provide service area residents with a lower cost ODC-based MRI.

It appears that this criterion will be met.

4. Need Standard for non-Specialty MRI Units.

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3,600 procedures, or 2,880 procedures, during the most recent twelve month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

Stationary MRI Units: 1.20 procedures per hour x twelve hours per day x 5 days per week x 50 weeks per year = 3,600 procedures per year

Mobile MRI Units: Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

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The applicant is not providing an MRI unit, however; In 2018, the overall MRI average utilization of Cocke, Greene, and Hamblen County MRI providers was equal to 1,694 procedures per unit, or 58.8% of the 2,880 MRI total capacity utilization standard.

It appears that this criterion is not applicable.

5. Need Standards for Specialty MRI Units.

This standard does not apply to this application.

6. Separate Inventories for Specialty MRI Units and non-Specialty MRI Units.

This standard does not apply to this application.

7. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.

- a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.

The FDA approval of the MRI equipment was more than 5 years ago.

It appears that this criterion has been met.

- b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

The applicant provided documentation from the project architect confirming that all the requirements listed above will be met.

It appears that this criterion has been met.

- c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.

Emergencies will be managed using established policies and procedures and will not change if the proposed imaging service will transition from being licensed as a hospital to an ODC.

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It appears that this criterion will be met.

- d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.

Established medical necessity policies and procedures will not change if the proposed imaging service will transition from being licensed as a hospital to an ODC.

It appears that the application will meet this criterion.

- e. An applicant proposing to acquire any MRI Unit or institute any MRI service, including Dedicated Breast and Extremity MRI Units, shall demonstrate that it meets or is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology, including staff education and training programs.

The applicant expects the ODC to be ACR-accredited including staffing recommendations.

It appears that this criterion will be met.

- f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

MRI services at Greeneville Community Hospital-West are currently accredited through the American College of Radiology. The applicant plans to continue accreditation after the completion of the proposed project.

It appears that this criterion will be met.

- g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

The applicant will be under the same direct ownership as Greeneville Community Hospital-East and will have a transfer

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arrangement in place. The medical director of the ODC will have medical staff privileges at Greeneville Community Hospital-East.

It appears that this criterion has been met.

8. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

The applicant commits to do so.

It appears that this criterion has been met.

9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration; or

The service area counties are designated as Medically Underserved.

It appears that this criterion has been met.

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or

It appears that this criterion is not applicable

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

The applicant will seek certification with Medicare and will contract with all active TennCare MCO's in the service area.

It appears that this criterion will be met.

- d. Who is proposing to use the MRI unit for patients that typically require longer preparation and scanning times (e.g., pediatric, special needs, sedated, and contrast agent use patients). The applicant shall provide in

its application information supporting the additional time required per scan and the impact on the need standard.

The applicant is not claiming this special consideration.

Staff Summary

The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics as a Note to Agency members.

Application Synopsis

Greeneville Community Hospital currently has two campuses known as Greeneville Community Hospital-East (formerly Laughlin Memorial Hospital) and Greeneville Community Hospital-West (formerly Takoma Regional Hospital). The focus of Greeneville Community Hospital West is outpatient care, while the East campus focus is acute inpatient services. Greeneville Community Hospital-West proposes to convert licensed hospital facility space (including MRI) to a separately licensed outpatient diagnostic center. The proposed ODC will provide MRI (1.5 Tesla), CT, X-ray, and ultrasound imaging services.

A history of Greeneville Community Hospital and a list of services offered at Greeneville Community Hospital-East and Greeneville Community Hospital-West are located on pages 2-4 of the application.

An overview of the project is also provided on pages 2-4 of the original application.

If approved, the applicant expects to open the proposed ODC in April 2021.

Facility, MRI, and Other Equipment Information

Key highlights of the applicant's proposed ODC and fixed MRI service are noted below.

- The proposed ODC medical equipment will include a CT, MRI, X-ray, and ultrasound imaging equipment.
- The applicant owns a fixed GE 1.5 Tesla short bore MRI unit that performs clinical studies of all sites of the head, body, and extremities.
- The ODC will occupy renovated space consisting of 4,135 SF on the 1st floor, and 1,393 SF on the 2nd floor of Greeneville Community Hospital West.
- The hours of operation will be Monday through Friday from 8 am to 4:30 pm.

Project History

- The applicant has no ODC history in Greene County. If approved, the proposed project will be the first ODC in Greene County.

Note to Agency Members: HealthStar Imaging, has a pending application (CN1912-056) on file that will also be heard during the June 24, 2020 Agency meeting. The application is for the establishment of an outpatient diagnostic center (ODC) and the initiation of magnetic resonance imaging (MRI) services at 150 Serral Drive, Greeneville (Greene County), TN. Diagnostic services proposed by HealthStar Imaging include MRI (1.5 Tesla), CT, Ultrasound, Mammography, Bone Density, and X-ray.

Ownership

- The applicant, Takoma Regional Hospital, Inc. dba Greeneville Community Hospital, Inc. is part of the Wellmont Health System.
- Wellmont Health System and Mountain States Health were two separate health systems that merged to become Ballad Health in 2018.

NEED

Project Need

The applicant states that the proposed ODC with MRI is needed for the following reasons:

- The proposed ODC with MRI services addresses a major need for a lower cost imaging option without adding any unnecessary services or additional MRI units.
- The proposed ODC is needed to allow patient's access to an outpatient-imaging center with a lower pricing structure than currently available as a licensed hospital-based imaging center. For example, the average gross charge of \$848 per MRI procedure for the proposed project is below the first quartile (\$1,517.96 *per procedure*) of MRI charges in Tennessee according to data reported in the HSDA Equipment Registry for the 2018 calendar year period.
- The proposed project will use existing MRI capacity and will not add additional MRI capacity to a service area that in 2018 experienced an average MRI procedure unit of 1,694 or 58.8% of the State Health Plan standard.

Service Area Demographics

The applicant's proposed primary service area includes Greene, Cocke, and Hamblen Counties. The total population of the three counties is estimated at 170,172 residents in calendar year (CY) 2020 increasing by approximately 1.2% to 172,153 residents in CY 2024.

- The total population of the state of Tennessee is expected to grow 3.1% during the same timeframe.
- The latest 2019 percentage of service area population enrolled in the TennCare program is approximately 25%, as compared to the statewide enrollment proportion of 21%.

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.

Service Area Historical Utilization

Service Area MRI Utilization, 2016-2018

Provider	Type (*)	# of MRIs In 2018	2016	2017	2018	2018 Average Utilization Per MRI	% of MRI Standard 2,880 in 2018	% Change '16- '18
Cocke County								
Newport Medical Care	HOSP	1.0	1,478	1,528	1,577	1,577	54.8%	+6.70%
Cocke County Sub-total		1.0	1,478	1,528	1,577	1,577	54.8%	+6.70%
Greene County								
Greeneville Community Hospital - East (Laughlin Memorial Hospital, Inc.)	HOSP	2.0	3,293	3,329	3,335	1,669	57.9%	+1.28%
Greeneville Community Hospital - West (Takoma Regional Hospital)	HOSP	1.0	1,992	1,424	1,544	1,544	53.6%	-22.5%
Greene County Sub-Total		3.0	5,285	4,753	4,879	1,626	56.5%	-7.7%
Hamblen County								
Healthstar Physicians, PC	PO	2.0	3,520	3,153	3,788	1,894	66%	+7.6%
Lakeway Regional Hospital (Closed in 2019)	HOSP	1.0	1,245	1,594	*1,135	1,135	39.4%	-8.8% %
Morristown-Hamblen Hospital	HOSP	2.0	4,396	4,047	3,868	1,934	67.2%	-12.6%
Hamblen County Sub-Total		5.0	9,161	8,794	8,791	1,758	61%	-4%
Service Area Total		9.0	15,924	15,075	15,247	1,694	58.8%	-4.3%

Notes: (*) HOSP= Hospital, PO = Physician Office

Source: HSDA Equipment Registry

*Lakeway Regional Hospital closed on December 28, 2018 and did not report utilization to the HSDA in 2018. MRI utilization data is from Lakeway's 2018 Joint Annual Report for the period January 1, 2018 thru December 28, 2018.

- The chart above indicates that MRI volumes in the 3-county proposed service area decreased 4.3% between 2016 and 2018.
- Overall, the MRIs in the service area operated at approximately 58.8% of the optimal MRI volume standard in 2018. None of the five providers exceeded the MRI optimal volume standard in 2018.

Applicant's Historical and Projected Utilization

Since the applicant is seeking to establish an ODC, there is no historical data to review.

The projected utilization of all imaging modalities planned for the proposed ODC in Year 1 and Year 2 is shown in the following table:

Projected Procedures, All Imaging Modalities		
Imaging Modality	Year One-2021	Year Two-2022
MRI	1,000	1,500
CT	1,417	2,125
Ultrasound	3,583	5,375
X-Ray	5,833	8,750
TOTAL	11,833	17,750

Source: CN2001-001, Page 33

- The applicant expects MRI volumes to reach 1,000 procedures in Year 1 (2021) increasing 50% to 1,500 procedures in Year 2 (2022).
- The applicant expects total imaging volumes to reach 11,833 procedures in Year 1 (2021) increasing 50% to 17,750 procedures in Year 2 (2022).

ECONOMIC FEASIBILITY

Project Cost

The total project cost is \$3,293,758. Of this amount, the major costs are as follows:

- Construction Cost- \$1,200,000, or 36.4% of total cost.
- Fixed Equipment-\$1,005,000, or 30.5% of total project cost.
- Acquisition of Site-\$688,457, or 20.9% of total project cost
- For other details on Project Cost, see the Project Cost Chart on page 35 of the original application.

The renovated cost per square foot is \$217.08. Due to insufficient sample size, HSDA statewide construction ranges are not available for Outpatient Diagnostic Center Construction Cost Per Square Foot for Years 2016-2018.

Financing

A letter from Lynn Krutak, Executive Vice President/Chief Financial Officer of Ballad Health, confirms Ballad Health (owner of Takoma Regional Hospital, Inc.)) has \$3,293,758 in cash reserves to fund the proposed project.

Ballad Health's audited financial statements for the period ending June 30, 2019 indicates \$122,563,000 in cash and cash equivalents, total current assets of \$523,722,000, total current

liabilities of \$329,180,000, and a current ratio of 1.59:1.

Note to Agency members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities, which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

- The net operating margin ratio for the total facility calculates to approximately 50.4% in Year 1 and 50.9% in Year 2.
- The projected net operating margin ratio for the MRI service calculates to approximately 36.6% in Year 1 and 37.3% in Year 2.

Note to Agency Members: The net operating margin demonstrates how much revenue remains after all the variable or operating costs have been paid.

- Ballad Health's capitalization ratio is 43.6%.

Note to Agency Members: The capitalization ratio measures the proportion of debt financing in a business's permanent financing mix.

Historical Data Chart

Since the applicant is seeking to establish an ODC, there is no ODC historical data chart available.

Projected Data Chart

The applicant provided projected data charts for the proposed ODC in total on pages 42-43 of the application and for MRI services on pages 40-41. Some of the highlights are as follows:

MRI Services

Estimated gross operating revenue is \$848,000 on 1,000 MRI procedures in Year 2021 (Year 1) increasing by approximately 50% to \$1,272,000 on 1,500 procedures in Year 2022 (Year 2).

- Net operating revenue for each of the first 2 years of the project is expected to be approximately 40% of gross operating revenue in Year 1 and Year 2.
- Free Cash Flow (Net Balance + Depreciation) of \$124,123 is projected for Year 2021 and is expected to increase by approximately 52.8% to \$189,681 in Year 2022.
- The applicant projects net operating income of \$120,023 in Year 1, and \$183,531 in Year 2.

- The applicant allocates \$50,890 for charity care in Year 1 increasing to \$76,334 in Year 2. Based on a projected gross charge of approximately \$848 per MRI procedure, these amounts calculate to approximately 60 charity care scans in Year 1 and 90 scans in Year 2.

Total Facility

- Gross operating revenue is expected to increase by approximately 50% from \$4,014,583 on 11,833 total imaging procedures in Year 2021 to \$6,021,875 on 17,750 total procedures in Year 2022.
- The applicant projects free cash flow (net balance + depreciation) of \$811,539 in Year 1 and \$1,227,658 in Year 2.

Charges

- The proposed Year One MRI average gross charge equals \$848 per MRI procedure, average deductions from revenue \$509 per procedure, and average net charge \$339 per procedure.
- According to data reported in the HSDA Equipment Registry for the 2018 calendar year period, an average gross charge of \$848 per MRI procedure is below the first quartile (\$1,517.96 *per procedure*) of MRI charges in Tennessee.

Medicare/TennCare Payor Mix

The applicant's projected MRI payor mix for Year 1 (FY2021) is as follows:

Payor Source	Gross Revenue	% Gross Revenue
Medicare/Medicare Managed Care	\$414,802	48.9%
TennCare/Medicaid	\$106,815	12.6%
Commercial/Other Managed Care	\$268,890	31.7%
Self-Pay	\$57,493	6.8%
TOTAL	\$848,000	100%
Charity Care	\$50,890	

Source: CN2001-001

- Medicare and TennCare/Medicaid-2021 projected revenue is \$521,617 representing approximately 61.5% of total revenue in Year 1.
- Managed Care/Commercial combined is projected to total \$268,890 or 31.7% of total revenue in Year 1.

The applicant's projected Total Facility payor mix for Year 1 (FY2021) is as follows:

Payor Source	Gross Revenue	% Gross Revenue
Medicare/Medicare Managed Care	\$2,098,429	52.3%
TennCare/Medicaid	\$505,919	12.6%
Commercial/Other Managed Care	\$999,870	24.9%
Self-Pay	\$410,366	10.2%
TOTAL	\$4,014,583	100%
Charity Care	\$240,596	

Source: CN2001-001

- Medicare and TennCare/Medicaid-2021 projected revenue is \$2,604,348 representing approximately 61.5% of total revenue in Year 1. The ODC is expected to contract with all four TennCare MCOS in the service area: United Healthcare Community Plan, BlueCare, Amerigroup, and TennCare Select.
- Managed Care/Commercial combined is projected to total \$999,870 or 24.9% of total revenue in Year 1.

PROVIDE HEALTHCARE THAT MEETS APPROPRIATE QUALITY STANDARDS

Licensure

- If approved, Greeneville Community Hospital-West's Outpatient Imaging Services will be licensed by the Tennessee Department of Health as an ODC.

Certification

- Greeneville Community Hospital-West will seek Medicare and TennCare/Medicaid certification.

Accreditation

- Greeneville Community Hospital-West is accredited by the American College of Radiology.

Other Quality Standards

- The applicant commits to obtaining and/or maintaining the following:
 - Staffing levels comparable to the staffing chart presented in the CON application. The applicant will maintain appropriate staffing levels consistent with facility imaging volumes.
 - Licenses in good standing.
 - TennCare/Medicare certifications.
 - As a new operator of the proposed ODC, the applicant does not have a three-year history to report regarding compliance with federal and state regulations.

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- Self-assessment and external peer assessment processes against nationally available benchmark data.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE

Agreements

- The applicant owns Greeneville Community Hospital-East (formerly Laughlin Memorial Hospital) and has existing transfer agreements with other area hospitals.

Impact on Existing Providers

- The applicant indicates there will be no negative impact on existing providers because no new services are being proposed by the proposed project, only the reclassification of existing services licensed as a hospital to an outpatient diagnostic center.

Staffing

The applicant provided the facility staffing complement in the table on page 48 of the original application. As noted in the table, total direct patient care in Year 1 is expected to be as follows:

- 2.0 FTE MRI Technologist
- 2.0 FTE CT Technologist
- 3.0 FTE Sonographer
- 3.0 FTE Diagnostic Technologist
- **10.0 Total FTEs**

Note to Agency Members: One FTE means an employee who works 2,080 regular hours per year.

Corporate documentation, facility lease, and equipment quote are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON would expire in **two** years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no Letters of Intent, denied applications, or outstanding Certificates of Need on file for other entities proposing this type of service.

Pending Applications

CN1912-056-HealthStar Imaging, has a pending application on file that is to be heard during the June 24, 2020 Agency meeting for the establishment of an outpatient diagnostic center (ODC) and the initiation of magnetic resonance imaging (MRI) services at 150 Serral Drive, Greeneville (Greene County), TN. The estimated project cost is **\$6,530,739**.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, HEALTH CARE THAT MEETS APPROPRIATE QUALITY STANDARDS, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

pme
3/2/2020

Application

(Original)

***Takoma Regional Hospital, Inc.
dba
Greeneville Community Hospital
Johnson City (Greene Co.)***

CN2001-001

JAN 15 '20 9:10:50



It's your story. We're listening.

Greeneville Community Hospital ODC Project

Certificate of Need Application
January 14, 2020

Prepared for:
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street Nashville, TN 37243
615.741.2364

Contact:
Allison Rogers
423.302.3378



State of Tennessee

Health Services and Development Agency

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
 www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

IDENTIFYING INFORMATION

1. Name of Facility, Agency, or Institution

Takoma Regional Hospital, Inc. dba Greeneville Community Hospital, Inc.

Name

401 Takoma Avenue Greene

Street or Route

County

Greeneville TN 37743

City

State

Zip Code

Website address: www.balladhealth.org

Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.

2. Contact Person Available for Responses to Questions

Allison Rogers SVP, Strategic Planning

Name

Title

Ballad Health Allison.Rogers@balladhealth.org

Company Name

Email address

303 Med Tech Parkway, Suite #370 Johnson City TN 37604

Street or Route

City

State

Zip Code

Employee 423/302-3378

Association with Owner

Phone Number

Please answer all questions on 8½" X 11" white paper, clearly typed and spaced, single sided, in order and sequentially numbered. In answering, please type the question and the response. All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.

3. EXECUTIVE SUMMARY

A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

- 1) Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;

RESPONSE: The applicant, Takoma Regional Hospital, Inc. dba Greeneville Community Hospital, is part of the Wellmont Health System. Through a merger between Wellmont Health System and Mountain States Health Alliance in February 2018, a new health system was formed, Ballad Health. As a merged organization, Ballad Health controls two acute hospital locations in Greeneville (Greene County) Tennessee, Takoma Regional Hospital (the legacy Wellmont facility) and Laughlin Memorial Hospital (the legacy Mountain States facility).

One of the primary goals of the merger as reflected in commitments in the Certificate of Public Advantage (COPA) governing the merger, is to right-size the health care resources in the Ballad Health service area. Ballad is committed to reducing costly unnecessary duplication of services, while also ensuring appropriate access to health services for service area residents. The two Greeneville hospitals were both underutilized pre- and post-merger, and the opportunity existed to rationalize services between the two facilities.

In August 2018, hospital leaders in Greeneville announced the goal of serving the community with specialized medical services through one hospital with two separate campuses in Greene County. As of April 1, 2019, the new campuses became known as Greeneville Community Hospital East (formerly Laughlin Memorial Hospital) and Greeneville Community Hospital West (formerly Takoma Regional Hospital). The focus of Greeneville Community Hospital West campus became advanced outpatient care, while the East campus became focused on providing acute inpatient services.

Acute inpatient and emergency department services were consolidated to Greeneville Community Hospital East (formerly Laughlin Memorial Hospital), and the hospital offers the following services:

- Acute inpatient
- Cardiology services
- Diagnostic imaging
- Emergency department
- ICU
- Obstetrics/women's services and imaging
- Medical/surgical unit
- Outpatient lab
- Progressive care unit
- Surgery and endoscopy
- Wound care

The services offered by Greeneville Community Hospital West (formerly Takoma Regional Hospital) include:

- Diagnostic imaging
- Geropsychiatric services
- Inpatient rehabilitation services
- Occupational medicine
- Outpatient lab
- Sleep lab

As part of this consolidation project, both hospital campuses went live on the EPIC electronic health platform, creating greater convenience and better continuity for patients who use both campuses. Medical information is now shared between both facilities electronically, giving physicians and clinical staff a full clinical picture of the patient they are serving regardless of their location.

The diagnostic imaging services that remained at Greeneville Community Hospital West (formerly Takoma Regional Hospital) are currently considered hospital-based. This designation is required to complete imaging studies on inpatient and emergency department cases; however, it is not necessary for patients who are having imaging procedures on an outpatient basis. Additionally, it is more expensive for patients to have outpatient imaging studies on imaging equipment with a hospital-based designation than at an outpatient diagnostic center. With no acute inpatient or emergency department remaining at the West campus, there is no need for this hospital-based designation to remain.

This application proposes to establish a separately licensed outpatient diagnostic center and initiation of MRI services to be located at 401 Takoma Avenue, Greeneville (Greene County), TN 37743. The project will be accomplished by converting existing hospital-based facilities (including the MRI) to an outpatient diagnostic center, creating a lower-cost outpatient imaging option for service area residents. In addition to MRI, the proposed outpatient diagnostic center will offer CT, X-ray, and Ultrasound imaging services.

2) Ownership structure;

RESPONSE: The facility is owned by the applicant, Takoma Regional Hospital, Inc. dba Greeneville Community Hospital, which in turn is part of Wellmont Health System. Wellmont Health System and Mountain States Health Alliance are part of Ballad Health.

3) Service area;

RESPONSE: The service area for the outpatient diagnostic center and its MRI service will include Greene, Hamblen, and Cocke Counties in Tennessee. Review of historical CT and MRI imaging volumes for both Greeneville Community Hospital East (formerly Laughlin Memorial Hospital) and Greeneville Community Hospital West (formerly Takoma Regional Hospital) indicates that 89.3% of procedures are from patients residing in these 3 counties.

4) Existing similar service providers;

RESPONSE: As of January 2020, there are 8.0 authorized MRI units among 5 providers within this project's service area. Of the 8.0 MRI units, 6.0 units are hospital based and two of the units are in physician offices. Two of the units in the service area are operated by Ballad Health, 1 unit at Greeneville Community Hospital East (Laughlin Memorial Hospital, Inc.) and 1 unit at Greeneville Community Hospital West (formerly Takoma Regional Hospital), which is the same MRI unit referenced in this project. A proposed 9th MRI unit will be heard at the HSDA in April 2020.

There are currently no freestanding outpatient diagnostic imaging centers in the project's service area. A proposed ODC will be heard at the HSDA in April 2020.

5) Project cost;

RESPONSE: The estimated cost for this project is \$3,293,758. A significant portion of this cost includes the value of existing, currently owned equipment and building space, as well as existing service contracts. Thus, completion of this project will not result in additional acquisition expenses to the applicant for these items.

6) Funding;

RESPONSE: This project will be funded through the existing cash reserves of Ballad Health.

7) Financial Feasibility including when the proposal will realize a positive financial margin; and

RESPONSE: This proposal will realize a positive financial margin in its first year of operation.

8) Staffing.

RESPONSE: This project will require an estimated 12 FTE's. Of this total, 10 are direct patient care positions and 2 are non-patient care positions.

B. Rationale for Approval

A certificate of need can only be granted when a project 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 in the service area.

Provide a brief description of how the project meets the criteria necessary for granting a CON using the data and information points provided in Section B of the application.

1) Need;

RESPONSE: The establishment of an outpatient diagnostic center with MRI services addresses a major need for a lower cost imaging option within the project's service area without adding any unnecessary services or additional MRI units. This cost-sensitive need is being driven by patients, payors, and the health care industry as a whole. With the proliferation of high deductible health plans, patients now shoulder a higher burden of out of pocket expenses. As a result, these patients have become more price sensitive when choosing health care providers. Payors are starting to seek lower cost alternative settings and steering their insured to these sites. Industry-wide, there is a continued increase in demand for price transparency from health providers.

As mentioned in the project description, Ballad Health has rationalized services in Greene County through the consolidation of acute inpatient and emergency department services to the Greeneville Community Hospital East campus and creating an outpatient focus at the West campus. Converting the existing imaging center at the West campus to an ODC will allow the site to truly function as an outpatient imaging center, allowing patients access to an imaging facility with lower pricing structure than currently possible as a hospital-based imaging center.

The project will make cost-effective use of existing imaging equipment including MRI. There is not a need within the service area for additional MRI capacity as illustrated in Section B. From 2016 through 2018, all MRI providers in the project's service area have operated well below the State Health Plan standard of 2,880 procedures per unit. In 2018, the average procedures per unit for the service area was 1,764, or 61.3% of the State Health Plan standard.

2) Economic Feasibility;

RESPONSE: The costs associated with this project are reasonable and minimal, as this is an existing site currently offering the same imaging services on existing equipment. Funding will be provided through the existing cash reserves of Ballad Health. This proposal will realize a positive financial margin in its first year of operation.

3) Quality Standards;

RESPONSE: The applicant is committed to ensuring high-quality care for all patients in all settings. It is an expectation that the ODC and continued MRI service proposed in this project will meet the same clinical and quality standards as demonstrated by Greeneville Community Hospital. The current MRI services are accredited through the American College of Radiology. As part of this project, the applicant is prepared to ensure that it maintains accreditation through the ACR.

4) Orderly Development of adequate and effective health care.

RESPONSE: This proposal promotes the orderly development of adequate and effective health care by providing access to a lower cost imaging option for patients without adding any new MRI units or other imaging equipment. The conversion of existing imaging services to an ODC as defined by this proposal meets the needs of patients while maintaining orderly development that is consistent with the State Health Plan.

C. Consent Calendar Justification

If Consent Calendar is requested, please provide the rationale for an expedited review.

A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

RESPONSE: The applicant respectfully requests consideration for Consent Calendar review, as this project seeks only to reclassify existing services. No additional services are being requested as part of this project, and the location of services will not change. This application simply seeks to change the license category of facilities and services that already exist. A request to the Agency's Executive Director for Consent Calendar has been included in the cover letter for this application.

4. PROJECT DETAILS

A. Owner of the Facility, Agency or Institution

<u>Takoma Regional Hospital, Inc. dba Greeneville Community Hospital, Inc.</u>		<u>(423) 639-3151</u>
Name		Phone Number
<u>401 Takoma Avenue</u>		<u>Greene</u>
Street or Route		County
<u>Greeneville</u>	<u>TN</u>	<u>37743</u>
City	State	Zip Code

B. Type of Ownership of Control (Check One)

- | | | | |
|---------------------------------|----------|-------------------------------|-------|
| 1) Sole Proprietorship | _____ | 6) Government (State of TN or | _____ |
| 2) Partnership | _____ | Political Subdivision) | _____ |
| 3) Limited Partnership | _____ | 7) Joint Venture | _____ |
| 4) Corporation (For Profit) | _____ | 8) Limited Liability Company | _____ |
| 5) Corporation (Not-for-Profit) | <u>X</u> | 9) Other (Specify) _____ | _____ |

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at <https://tnbear.tn.gov/ECommerce/FilingSearch.aspx>. **Attachment Section A-4AB.**

Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.

5. Name of Management/Operating Entity (If Applicable)

<u>N/A</u>		
Name		
_____		_____
Street or Route		County
_____	_____	_____
City	State	Zip Code
Website address: _____		

For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract.

6A. Legal Interest in the Site

(Check the appropriate line and submit the following documentation)

The legal interest described below must be valid on the date of the Agency consideration of the certificate of need application.

- ☒ **Ownership** (Applicant or applicant's parent company/owner)
Submit a copy of the title/deed.
- ☐ **Lease** (Applicant or applicant's parent company/owner)
Attach a fully executed lease that includes the terms of the lease and the actual lease expense.
- ☐ **Option to Purchase**
Attach a fully executed Option that includes the anticipated purchase price
- ☐ **Option to Lease**
Attach a fully executed Option that includes the anticipated terms of the Option and anticipated lease expense
- ☐ **Other** (Specify)

Check appropriate line above: For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements **must include** anticipated purchase price. Lease/Option to Lease Agreements **must include** the actual/anticipated term of the agreement **and** actual/anticipated lease expense. The legal interests described herein **must be valid** on the date of the Agency's consideration of the certificate of need application.

Attachment Section A-6A

6B. Briefly describe the following and attach the requested documentation on an 8 ½" x 11" sheet of white paper, legibly labeling all requested information.

- 1) Plot Plan **must include**:
 - a) Size of site (*in acres*);
 - b) Location of structure on the site;
 - c) Location of the proposed construction/renovation; and
 - d) Names of streets, roads or highway that cross or border the site.

RESPONSE: A plot plan is included in the attachments.

- 2) Floor Plan – If the facility has multiple floors, submit one page per floor. If more than one page is needed, label each page.
- a) Patient care rooms (private or semi-private)
 - b) Ancillary areas
 - c) Equipment areas
 - d) Other (specify)

RESPONSE: A floor plan is included in the attachments.

- 3) Public Transportation Route - Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

RESPONSE: Greeneville Community Hospital East is 14.1 miles and a 24-minute drive from the nearest exit on I-81, which connects Greene County and Hamblen County. The hospital is less than a mile from US-321, which connects Greene County to Cocke County. Public transportation service is not available in Greene County.

Attachment Section A-6B-1 a-d, 6B-2, 6B-3.

7. Type of Institution (Check as appropriate--more than one response may apply)

- | | |
|--|--|
| A. Hospital (Specify) _____ | H. Nursing Home _____ |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____ | I. Outpatient Diagnostic Center <u>X</u> |
| C. ASTC, Single Specialty _____ | J. Rehabilitation Facility _____ |
| D. Home Health Agency _____ | K. Residential Hospice _____ |
| E. Hospice _____ | L. Nonresidential Substitution-Based Treatment Center for Opiate Addiction _____ |
| F. Mental Health Hospital _____ | M. Other (Specify) _____ |
| G. Intellectual Disability Institutional Habilitation Facility ICF/IID _____ | |

8. Purpose of Review (Check appropriate lines(s) – more than one response may apply)

- | | |
|--|--|
| A. Establish New Health Care Institution <u>X</u> | G. MRI Unit Increase _____ |
| B. Change in Bed Complement _____ | H. Satellite Emergency Department _____ |
| C. Initiation of Health Care Service as Defined in TCA 68-11-1607(4) (Specify) _____ | I. Addition of ASTC Specialty _____ |
| D. Relocation and/or Replacement _____ | J. Addition of Therapeutic Catheterization _____ |
| E. Initiation of MRI <u>X</u> | K. Other (Specify) _____ |
| F. Initiation of Pediatric MRI _____ | |

9. Medicaid/TennCare, Medicare Participation

MCO Contracts [Check all that apply]

RESPONSE: The facility will apply for participation in all of the MCO Contracts.

X AmeriGroup X United Healthcare Community Plan X BlueCare X TennCare Select

Medicare Provider Number _____

Medicaid Provider Number _____

Certification Type _____

If a new facility, will certification be sought for Medicare and/or Medicaid/TennCare?

Medicare X Yes ___ No ___ N/A Medicaid/TennCare X Yes ___ No ___ N/A**10. Bed Complement Data****A. Please indicate current and proposed distribution and certification of facility beds.**RESPONSE: Not Applicable

	<u>Current Licensed</u>	<u>Beds Staffed</u>	<u>Beds Proposed</u>	<u>*Beds Approved</u>	<u>**Beds Exempted</u>	<u>TOTAL Beds at Completion</u>
1) Medical	_____	_____	_____	_____	_____	_____
2) Surgical	_____	_____	_____	_____	_____	_____
3) ICU/CCU	_____	_____	_____	_____	_____	_____
4) Obstetrical	_____	_____	_____	_____	_____	_____
5) NICU	_____	_____	_____	_____	_____	_____
6) Pediatric	_____	_____	_____	_____	_____	_____
7) Adult Psychiatric	_____	_____	_____	_____	_____	_____
8) Geriatric Psychiatric	_____	_____	_____	_____	_____	_____
9) Child/Adolescent Psychiatric	_____	_____	_____	_____	_____	_____
10) Rehabilitation	_____	_____	_____	_____	_____	_____
11) Adult Chemical Dependency	_____	_____	_____	_____	_____	_____
12) Child/Adolescent Chemical Dependency	_____	_____	_____	_____	_____	_____
13) Long-Term Care Hospital	_____	_____	_____	_____	_____	_____
14) Swing Beds	_____	_____	_____	_____	_____	_____
15) Nursing Home – SNF (Medicare only)	_____	_____	_____	_____	_____	_____
16) Nursing Home – NF (Medicaid only)	_____	_____	_____	_____	_____	_____
17) Nursing Home – SNF/NF (dually certified Medicare/Medicaid)	_____	_____	_____	_____	_____	_____
18) Nursing Home – Licensed (non-certified)	_____	_____	_____	_____	_____	_____
19) ICF/IID	_____	_____	_____	_____	_____	_____
20) Residential Hospice	_____	_____	_____	_____	_____	_____
TOTAL	_____	_____	_____	_____	_____	_____
*Beds approved but not yet in service **Beds exempted under 10% per 3 year provision						

B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services.RESPONSE: Not Applicable**C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below.**RESPONSE: Not Applicable. The applicant currently has no outstanding CON projects that have a licensed bed change component.

CON Number(s)	CON Expiration Date	Total Licensed Beds Approved

11. Home Care Organizations – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply:

RESPONSE: Not Applicable

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	☐	☐	☐	Lauderdale	☐	☐	☐
Bedford	☐	☐	☐	Lawrence	☐	☐	☐
Benton	☐	☐	☐	Lewis	☐	☐	☐
Bledsoe	☐	☐	☐	Lincoln	☐	☐	☐
Blount	☐	☐	☐	Loudon	☐	☐	☐
Bradley	☐	☐	☐	McMinn	☐	☐	☐
Campbell	☐	☐	☐	McNairy	☐	☐	☐
Cannon	☐	☐	☐	Macon	☐	☐	☐
Carroll	☐	☐	☐	Madison	☐	☐	☐
Carter	☐	☐	☐	Marion	☐	☐	☐
Cheatham	☐	☐	☐	Marshall	☐	☐	☐
Chester	☐	☐	☐	Mauzy	☐	☐	☐
Claiborne	☐	☐	☐	Meigs	☐	☐	☐
Clay	☐	☐	☐	Monroe	☐	☐	☐
Cocke	☐	☐	☐	Montgomery	☐	☐	☐
Coffee	☐	☐	☐	Moore	☐	☐	☐
Crockett	☐	☐	☐	Morgan	☐	☐	☐
Cumberland	☐	☐	☐	Obion	☐	☐	☐
Davidson	☐	☐	☐	Overton	☐	☐	☐
Decatur	☐	☐	☐	Perry	☐	☐	☐
DeKalb	☐	☐	☐	Pickett	☐	☐	☐
Dickson	☐	☐	☐	Polk	☐	☐	☐
Dyer	☐	☐	☐	Putnam	☐	☐	☐
Fayette	☐	☐	☐	Rhea	☐	☐	☐
Fentress	☐	☐	☐	Roane	☐	☐	☐
Franklin	☐	☐	☐	Robertson	☐	☐	☐
Gibson	☐	☐	☐	Rutherford	☐	☐	☐
Giles	☐	☐	☐	Scott	☐	☐	☐
Grainger	☐	☐	☐	Sequatchie	☐	☐	☐
Greene	☐	☐	☐	Sevier	☐	☐	☐
Grundy	☐	☐	☐	Shelby	☐	☐	☐
Hamblen	☐	☐	☐	Smith	☐	☐	☐
Hamilton	☐	☐	☐	Stewart	☐	☐	☐
Hancock	☐	☐	☐	Sullivan	☐	☐	☐
Hardeman	☐	☐	☐	Sumner	☐	☐	☐
Hardin	☐	☐	☐	Tipton	☐	☐	☐
Hawkins	☐	☐	☐	Trousdale	☐	☐	☐
Haywood	☐	☐	☐	Unicoi	☐	☐	☐
Henderson	☐	☐	☐	Union	☐	☐	☐
Henry	☐	☐	☐	Van Buren	☐	☐	☐
Hickman	☐	☐	☐	Warren	☐	☐	☐
Houston	☐	☐	☐	Washington	☐	☐	☐
Humphreys	☐	☐	☐	Wayne	☐	☐	☐
Jackson	☐	☐	☐	Weakley	☐	☐	☐
Jefferson	☐	☐	☐	White	☐	☐	☐
Johnson	☐	☐	☐	Williamson	☐	☐	☐
Knox	☐	☐	☐	Wilson	☐	☐	☐
Lake	☐	☐	☐				

12. Square Footage and Cost Per Square Footage Chart

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage						
					Renovated	New	Total				
1 st Floor Imaging		4,135		4,135	4,135		4,135				
2 nd Floor Imaging		1,393		1,393	1,393		1,393				
Unit/Department GSF Sub-Total		5,528		5,528	5,528		5,528				
Other GSF Total											
Total GSF		5,528		5,528	5,528		5,528				
*Total Cost					\$1,200,000		\$1,200,000				
**Cost Per Square Foot					\$217.08		\$217.08				
Cost per Square Foot Is Within Which Range <i>(For quartile ranges, please refer to the Applicant's Toolbox on www.tn.gov/hstda)</i> RESPONSE: Not Applicable. Cost per Square Foot quartile ranges are not provided by the HSDA for Outpatient Diagnostic Centers.					☐ Below 1 st Quartile	☐ Below 1 st Quartile	☐ Below 1 st Quartile				
					☐ Between 1 st and 2 nd Quartile	☐ Between 1 st and 2 nd Quartile	☐ Between 1 st and 2 nd Quartile				
					☐ Between 2 nd and 3 rd Quartile	☐ Between 2 nd and 3 rd Quartile	☐ Between 2 nd and 3 rd Quartile				
					☐ Above 3 rd Quartile	☐ Above 3 rd Quartile	☐ Above 3 rd Quartile				

* The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

** Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

- A. Describe the construction and renovation associated with the proposed project. If applicable, provide a description of the existing building, including age of the building and the use of space vacated due to the proposed project.

RESPONSE: The renovation includes converting 5,528 square feet of hospital-based imaging space on the Greeneville Community Hospital East campus into an Outpatient Diagnostic Center. The scope of work includes converting the area to business occupancy through the construction of occupancy separations, a cosmetic renovation of the space, and upgrading an existing radiographic room. The multi-story building was constructed in 1973.

13. MRI, PET, and/or Linear Accelerator

1. Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or

RESPONSE: Not Applicable. This proposal does not include acquisition of an MRI scanner.

2. Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:

RESPONSE: Not Applicable.

- A. Complete the chart below for acquired equipment.

RESPONSE: Not Applicable. This proposal does not include acquisition of an MRI scanner.

☐ Linear Accelerator	Mev _____	Types:	☐ SRS ☐ IMRT ☐ IGRT ☐ Other _____
	Total Cost*:	☐ By Purchase	Expected Useful Life (yrs) _____
	☐ New ☐ Refurbished	☐ By Lease	Expected Useful Life (yrs) _____
		☐ If not new, how old? (yrs) _____	
☐ MRI	Tesla: _____	Magnet:	☐ Breast ☐ Extremity ☐ Open ☐ Short Bore ☐ Other _____
	Total Cost*:	☐ By Purchase	Expected Useful Life (yrs) _____
	☐ New ☐ Refurbished	☐ By Lease	Expected Useful Life (yrs) _____
		☐ If not new, how old? (yrs) _____	
☐ PET	☐ PET only ☐ PET/CT ☐ PET/MRI		
	Total Cost*:	☐ By Purchase	Expected Useful Life (yrs) _____
	☐ New ☐ Refurbished	☐ By Lease	Expected Useful Life (yrs) _____
		☐ If not new, how old? (yrs) _____	

* As defined by Agency Rule 0720-9-.01(4)(b)

- B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.

RESPONSE: Not Applicable. This proposal does not include acquisition of an MRI scanner.

- C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.

RESPONSE: Not Applicable. This MRI scanner in this proposal is not leased.

- D. Schedule of Operations:

Location	Days of Operation (Sunday through Saturday)	Hours of Operation (example: 8 am – 3 pm)
Fixed Site (Applicant)	Monday through Friday	8:00 am – 4:30 pm
Mobile Locations (Applicant)		
(Name of Other Location)		
(Name of Other Location)		

- E. Identify the clinical applications to be provided that apply to the project.

RESPONSE: The proposed ODC equipment, including the CT and MRI, will continue to provide the usual scope of clinical studies of all sites of the head, body, and extremities.

- F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.

RESPONSE: Not Applicable. The FDA approval of the MRI equipment was more than five years ago.

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. § 68-11-1609(b), “no Certificate of Need shall be granted unless the action proposed in the application for such Certificate 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 health care.” In making determinations, the Agency uses as guidelines the goals, objectives, criteria, and standards provided in the State Health Plan.

Additional criteria for review are prescribed in Chapter 11 of the Agency’s Rules, Tennessee Rules and Regulations 01730-11.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate.

QUESTIONS

NEED

The responses to this section of the application will help determine whether the project will provide needed health care facilities or services in the area to be served.

1. Provide a response to the applicable criteria and standards for the type of institution or service requested. <https://www.tn.gov/hsda/hsda-criteria-and-standards.html>

**STATE HEALTH PLAN
CERTIFICATE OF NEED STANDARDS AND CRITERIA FOR
MAGNETIC RESONANCE IMAGING SERVICES**

1. Utilization Standards for non-Specialty MRI Units.

- a. An applicant proposing a new non-Specialty stationary MRI service should project a minimum of at least 2160 MRI procedures in the first year of service, building to a minimum of 2520 procedures per year by the second year of service, and building to a minimum of 2880 procedures per year by the third year of service and for every year thereafter.

RESPONSE: Not Applicable. This proposal does not include the addition of any new MRI units.

- b. Providers proposing a new non-Specialty mobile MRI service should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.

RESPONSE: Not Applicable.

- c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.

RESPONSE: Not Applicable.

- d. Mobile MRI units shall not be subject to the need standard in paragraph 1 b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's Service Area are not adequate and/or that there are special circumstances that require these additional services.

RESPONSE: Not Applicable.

- e. Hybrid MRI Units. The HSDA may evaluate a CON application for an MRI "hybrid" Unit (an MRI Unit that is combined/utilized with another medical equipment such as a megavoltage radiation therapy unit or a positron emission tomography unit) based on the primary purposes of the Unit.

RESPONSE: Not Applicable.

2. Access to MRI Units. All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the Service Area's population. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

RESPONSE: Not Applicable. This proposal does not include the addition of any new MRI units.

3. Economic Efficiencies. All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

RESPONSE: Not Applicable. This proposal does not include the addition of any new MRI units.

4. Need Standard for non-Specialty MRI Units.

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelvemonth period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

Stationary MRI Units: 1.20 procedures per hour x twelve hours per day x 5 days per week x 50 weeks per year= 3,600 procedures per year

Mobile MRI Units: Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

RESPONSE: This proposal does not include the addition of a new non-specialty MRI unit, and need does not exist for additional MRI capacity. Utilization statistics for 2018, the most recent period available, from the provider medical equipment report maintained by the HSDA are provided in the table below. All service area units are currently operating under the above referenced 80% threshold, and the combined average utilization of existing MRI service providers is 61.3%

County	Provider Type	Provider	Number of Authorized Units	Mobile?	Procedures	Procedures per Unit	% of State Health Plan Standard (2,880)
Cocke	HOSP	Newport Medical Center	1	Fixed	1,577	1,577	54.8%
Greene	HOSP	Greeneville Community Hospital East (Laughlin Memorial Hospital, Inc.)	2	Fixed	3,335	1,668	57.9%
Greene	HOSP	Greeneville Community Hospital West (Takoma Regional Hospital)	1	Fixed	1,544	1,544	53.6%
Hamblen	PO	Healthstar Physicians, PC	2	Fixed	3,788	1,894	65.8%
Hamblen	HOSP	Lakeway Regional Hospital (Closed in 2018)	0	Fixed	0		0.0%
Hamblen	HOSP	Morristown-Hamblen Hospital	2	Fixed	3,868	1,934	67.2%
2018 Total			8		14,112	1,764	61.3%

Source: HSDA Medical Equipment Registry - 10/21/2019

5. Need Standards for Specialty MRI Units.

- a. Dedicated fixed or mobile Breast MRI Unit. An applicant proposing to acquire a dedicated fixed or mobile breast MRI unit shall not receive a CON to use the MRI unit for non-dedicated purposes and shall demonstrate that annual utilization of the proposed MRI unit in the third year of operation is projected to be at least 1,600 MRI procedures (.80 times the total capacity of 1 procedure per hour times 40 hours per week times 50 weeks per year), and that:

1. It has an existing and ongoing working relationship with a breast-imaging radiologist or radiology proactive group that has experience interpreting breast images provided by

mammography, ultrasound, and MRJ unit equipment, and that is trained to interpret images produced by an MRJ unit configured exclusively for mammographic studies;

2. Its existing mammography equipment, breast ultrasound equipment, and the proposed dedicated breast MRI unit are in compliance with the federal Mammography Quality Standards Act;
3. It is part of or has a formal affiliation with an existing healthcare system that provides comprehensive cancer care, including radiation oncology, medical oncology, surgical oncology and an established breast cancer treatment program that is based in the proposed service area.
4. It has an existing relationship with an established collaborative team for the treatment of breast cancer that includes radiologists, pathologists, radiation oncologists, hematologist/oncologists, surgeons, obstetricians/gynecologists, and primary care providers.

RESPONSE: Not Applicable.

- b. Dedicated fixed or mobile extremity MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Extremity MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity. Non-specialty MRI procedures shall not be performed on a Dedicated fixed or mobile Extremity MRI Unit and a CON granted for this use should so state on its face.

RESPONSE: Not Applicable.

- c. Dedicated fixed or mobile Multi-position MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Multi-position MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity. Non-specialty MRI procedures shall not be performed on a Dedicated fixed or mobile Multi-position MRI Unit and a CON granted for this use should so state on its face.

RESPONSE: Not Applicable.

6. Separate Inventories for specialty MRI Units and non-Specialty MRI Units. If data availability permits, Breast, Extremity, and Multi-position MRI Units shall not be counted in the inventory of non-Specialty fixed or mobile MRI Units, and an inventory for each category of Specialty MRI Unit shall be counted and maintained separately. None of the Specialty MRI Units may be replaced with non-Specialty MRI fixed or mobile MRI Units and a Certificate of Need granted for any of these Specialty MRI Units shall have included on its face a statement to that effect. A non-Specialty fixed or mobile

MRI Unit for which a CON is granted for Specialty MRI Unit purpose use-only shall be counted in the specific Specialty MRI Unit inventory and shall also have stated on the face of its Certificate of Need that it may not be used for non-Specialty MRI purposes.

RESPONSE: Not Applicable.

7. **Patient Safety and Quality of Care.** The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.

- a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.

RESPONSE: Not Applicable. The FDA approval of the MRI equipment was more than five years ago.

- b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

RESPONSE: The applicant will ensure that the physical environment resulting from this project complies as applicable with federal standards, manufacturer specifications, and licensing agency requirements.

- c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.

RESPONSE: The applicant currently has protocols in place to appropriately care for emergent patients, and no changes to those will be made as a result of this project.

- d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.

RESPONSE: Ballad Health has established protocols across all facilities' radiology departments and the Ballad Health Central Business Office to ensure that all MRI procedures performed are deemed medically necessary. These processes and protocols will not change as a result of this project and will be utilized to support this project upon its completion.

- e. An applicant proposing to acquire any MRI Unit or institute any MRI service, including Dedicated Breast and Extremity MRI Units, shall demonstrate that it meets or is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology, including staff education and training programs.

RESPONSE: MRI services at Greeneville Community Hospital West are accredited through the American College of Radiology. As part of this project, the applicant is prepared to ensure that it meets the standards set forth by the ACR, including those regarding staffing recommendations and requirements.

- f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

RESPONSE: MRI services at Greeneville Community Hospital West are currently accredited through the American College of Radiology. The applicant will continue to maintain this accreditation after the completion of this project.

- g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

RESPONSE: The ODC will be under the same direct ownership as Greeneville Community Hospital, and given common ownership and operational relationship a between the hospital and the ODC, appropriate transfer arrangements will be in place. The relationship between the facilities also assures that the medical director will be on the staff of the hospital.

8. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

RESPONSE: The applicant currently provides the appropriate data for its major medical equipment as required by the Agency to maintain the HSDA Equipment Registry and will continue to do so.

9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

RESPONSE: Each of the 3 counties in the project's service area (Greene, Hamblen, and Cocke) is either designated as a Medically Underserved Area or a Medically Underserved Population by the United States Health Resources and Services Administration. See Attachment B-Need-1 for documentation.

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or

RESPONSE: Not Applicable.

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

RESPONSE: Greeneville Community Hospital currently participates in the multiple Medicaid/TennCare MCOs that serve the area and the Medicare program. The newly established ODC will seek certification for Medicare and/or Medicaid/TennCare.

- d. Who is proposing to use the MRI unit for patients that typically require longer preparation and scanning times (e.g., pediatric, special needs, sedated, and contrast agent use patients). The applicant shall provide in its application information supporting the additional time required per scan and the impact on the need standard.

RESPONSE: Not Applicable.

**STATE HEALTH PLAN
CERTIFICATE OF NEED STANDARDS AND CRITERIA FOR
OUTPATIENT DIAGNOSTIC CENTERS**

1. The need for outpatient diagnostic services shall be determined on a county by county basis (with data presented for contiguous counties for comparative purposes) and should be projected four years into the future using available population figures.

RESPONSE: County level population data provided in this application reflects the current year, 2020, and are projected four years into the future, 2024.

2. Approval of additional outpatient diagnostic services will be made only when it is demonstrated that existing services in the applicant's geographical service area are not adequate and/or there are special circumstances that require additional services.

RESPONSE: This proposal does not request any additional imaging services be added to the project's service area. The applicant is requesting that existing hospital-based imaging services be reclassified as an outpatient diagnostic center.

3. Any special needs and circumstances:

- a. The needs of both medical and outpatient diagnostic facilities and services must be analyzed.

RESPONSE: The applicant has analyzed the need of both medical and outpatient diagnostic facilities and services, which resulted in the decision to convert the existing imaging services to an outpatient diagnostic center.

- b. Other special needs and circumstances, which might be pertinent, must be analyzed.

RESPONSE: Once completed, patients will have access to lower cost imaging options at this outpatient diagnostic center without adding any new and unnecessary services.

- c. The applicant must provide evidence that the proposed diagnostic outpatient services will meet the needs of the potential clientele to be served.

1. The applicant must demonstrate how emergencies within the outpatient diagnostic facility will be managed in conformity with accepted medical practice.

RESPONSE: Greeneville Community Hospital West currently has protocols in place to appropriately care for emergent patients, and those same protocols will be used for the proposed ODC.

2. The applicant must establish protocols that will assure that all clinical procedures performed are medically necessary and will not unnecessarily duplicate other services.

RESPONSE: Ballad Health has established protocols across all facilities' radiology departments and the Ballad Health Central Business Office to ensure that all MRI

procedures performed are deemed medically necessary. These processes and protocols will not change as a result of this project and will be utilized to support this project upon its completion.

END OF STATE HEALTH PLAN REVIEW CRITERIA

NEED QUESTIONS CONTINUED

2. Describe how this project relates to existing facilities or services operated by the applicant including previously approved Certificate of Need projects and future long-range development plans.

RESPONSE: This project is consistent with the long-range plans of Ballad Health and Greeneville Community Hospital. It is a continuation of the efforts to right-size health services the region, while improving access to quality, affordable care. The conversion of the existing imaging center at the Greeneville Community Hospital West campus to an ODC is a significant step forward in Ballad accomplishing this goal.

3. Identify the proposed service area and provide justification for its reasonableness. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked and shaded to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. **Attachment Section B - Need-3.**

RESPONSE: The majority of Greeneville Community Hospital's current CT and MRI volume (West and East campuses combined) comes from the following counties: Greene, Hamblen and Cocke County, all of which are in Tennessee. The service area for this project will be defined as those three counties because patients from those counties made up 89.3% of GCH's total combined CT and MRI volume for calendar year 2019. A map depicting the service area for the proposed project is provided on the following page.

Complete the following utilization tables for each county in the service area, if applicable:

CT – Greeneville Community Hospital West

Service Area Counties	Historical Utilization-County Residents – Most Recent Year (YEAR = 2019)	% of total ☒ procedures ☐ cases ☐ patients ☐ Other _____
Greene	2,411	83.2%
Cocke	158	5.5%
Hamblen	29	1.0%
Service Area Subtotal	2,598	89.6%
All Other	301	10.4%
Total	2,899	100.0%

CT – Greeneville Community Hospital East

Service Area Counties	Historical Utilization-County Residents – Most Recent Year (YEAR = 2019, *April through December only)	% of total ☒ procedures ☐ cases ☐ patients ☐ Other _____
Greene	9,729	87.5%
Cocke	214	1.9%
Hamblen	109	1.0%
Service Area Subtotal	10,052	90.5%
All Other	1,061	9.5%
Total	11,113	100.0%

* GCH East went live on the EPIC platform 4/1/19, data prior not available

MRI – Greeneville Community Hospital West

Service Area Counties	Historical Utilization-County Residents – Most Recent Year (YEAR = 2019)	% of total ☒ procedures ☐ cases ☐ patients ☐ Other _____
Greene	332	82.0%
Cocke	29	7.2%
Hamblen	5	1.2%
Service Area Subtotal	366	90.4%
All Other	39	9.6%
Total	405	100.0%

MRI – Greeneville Community Hospital East

Service Area Counties	Historical Utilization-County Residents – Most Recent Year (YEAR = 2019, *April through December only)	% of total ☒ procedures ☐ cases ☐ patients ☐ Other _____
Greene	2,531	81.9%
Cocke	65	2.1%
Hamblen	30	1.0%
Service Area Subtotal	2,626	84.9%
All Other	466	15.1%
Total	3,092	100.0%

* GCH East went live on the EPIC platform 4/1/19, data prior not available

CT and MRI Combined – Greeneville Community Hospital West and East Combined

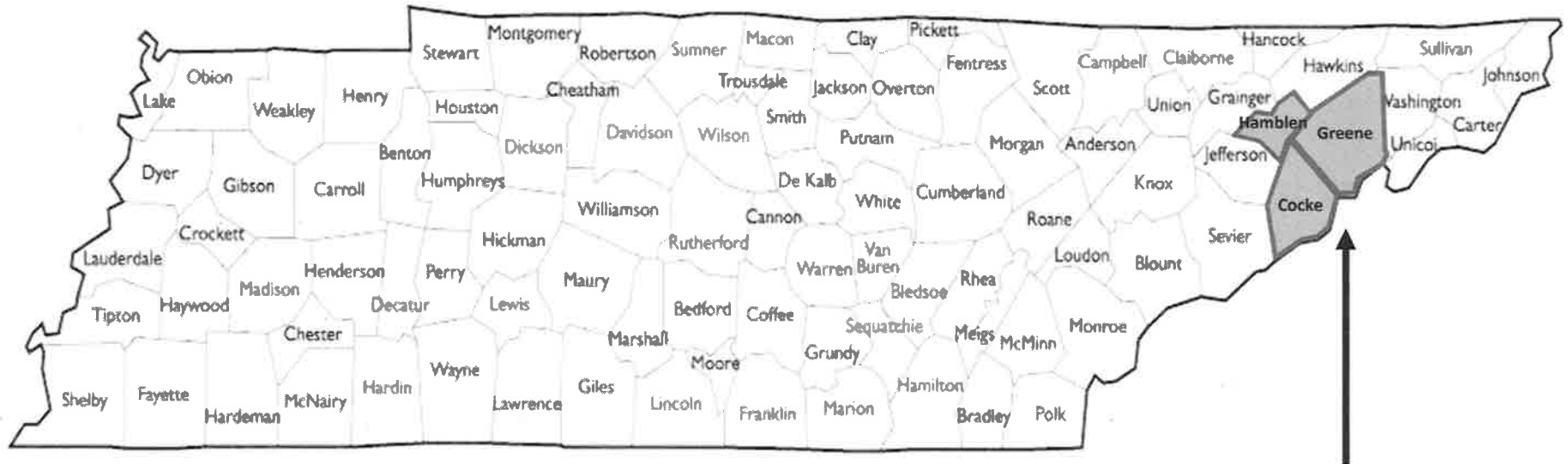
Service Area Counties	Historical Utilization-County Residents – Most Recent Year (YEAR = 2019, *April through December only GCHE)	% of total ☒ procedures ☐ cases ☐ patients ☐ Other _____
Greene	15,003	85.7%
Cocke	466	2.7%
Hamblen	173	1.0%
Service Area Subtotal	15,642	89.3%
All Other	1,867	10.7%
Total	17,509	100.0%

* GCH East went live on the EPIC platform 4/1/19, data prior not available

Projected Total ODC Imaging Procedure Volume

Service Area Counties	Projected Utilization-County Residents- Year 1 (YEAR = 2021 May-December)	% of total ☒ procedures ☐ cases ☐ patients ☐Other _____
Greene	10,139	85.7%
Cocke	315	2.7%
Hamblen	117	1.0%
Service Area Subtotal	10,571	89.3%
All Other	1,262	10.7%
Total	11,833	100.0%

County Level Map



ODC Service Area

4. A. 1) Describe the demographics of the population to be served by the proposal.

RESPONSE: The population of the proposed service area for this project is 170,172 according to Tennessee Department of Health estimates. This data projects 1.2 percent growth in the proposed service area from 2020 to 2024.

Compared to the state of Tennessee, this project's service area growth is lower than projected for the state (1.2% vs. 3.1%, respectively). The demographics of the proposed project's service area are similar in terms of gender (51% female, 49% male). The service area counties have a considerably lower median household income of \$37,445 compared to \$48,708 for Tennessee. The racial mix in the facility service area is predominately Caucasian, accounting for more than 88 percent of the population.

A demographic snapshot of the project's service area which was also prepared by Sg2 is included in the attachments. Sg2 is an international healthcare company that provides analytics (including demographics and utilization projections), intelligence, consulting and educational services to over 1,200 organizations around the world. Their analytics-based health care expertise helps hospitals and health systems integrate, prioritize and drive growth and performance across the continuum of care.

- 2) Provide the following data for each county in the service area using current and projected population data from the Department of Health (<https://www.tn.gov/content/tn/health/health-program-areas/statistics/health-data/con.html>), the most recent enrollee data from the Division of TennCare (<https://www.tn.gov/tenncare/information-statistics/enrollment-data.html>), and US Census Bureau demographic information (: <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>),.

TennCare Enrollment Data: <https://www.tn.gov/tenncare/information-statistics/enrollment-data.html>

Census Bureau Fact Finder: <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

RESPONSE: The table on the following page has been updated with the requested data for the proposed project service area.

Demographic Variable/Geographic Area	Department of Health/Health Statistics							Census Bureau				TennCare	
	Total Population-Current Year 2020	Total Population-Projected Year 2024	Total Population-% Change	*Target Population-Current Year 2020	Target Population-Projected Year 2024	Target Population-% Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total
Greene	69,598	70,287	1.0%	69,598	70,287	1.0%	100%	44.3	\$38,266	11,971	17%	15,563	22%
Cocke	35,310	35,230	-0.2%	35,310	35,230	-0.2%	100%	44.7	\$32,027	8,828	25%	11,279	32%
Hamblen	65,264	66,636	2.1%	65,264	66,636	2.1%	100%	40.3	\$42,042	12,922	20%	16,313	25%
Service Area Total	170,172	172,153	1.2%	170,172	172,153	1.2%	100%	43.1	\$37,445	33,721	20%	43,155	25%
State of TN Total	6,883,347	7,097,353	3.1%	6,883,347	7,097,353	3.1%	100%	38.6	\$48,708	1,149,519	17%	1,415,922	21%

* Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-17. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2019, then default Projected Year is 2023.

Be sure to identify the target population, e.g., Age 65+, the current year and projected year being used.

RESPONSE: No specific target population was defined for this project, as all ages will be served by this proposal.

- B.** Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, TennCare or Medicaid recipients, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

RESPONSE: Compared to the state of Tennessee, this project's service area growth is lower than projected for the state (1.2% vs. 3.1%, respectively). The demographics of the proposed project's service area are similar in terms of gender (51% female, 49% male). The service area counties have a considerably lower median household income of \$37,445 compared to \$48,708 for Tennessee. The racial mix in the facility service area is predominately Caucasian, accounting for more than 88 percent of the population. The proposed service area demographics across the areas of gender and race/ethnicity are relatively consistent with Tennessee, although the service area is much less diverse compared to the rest of the country.

The largest socio-demographic challenges in the proposed service area relate to significantly lower levels of income and education. As described in the table above, the percentage of the service area population below the poverty level is 20% according to most recent data. This is higher compared to the state total of 17%. TennCare enrollment for this service area also follows a similar trend, with 25% of the service area population enrolled in TennCare compared with 21% state-wide. Greeneville Community Hospital participates in all TennCare MCOs and it is anticipated that the proposed outpatient diagnostic center plans will likewise participate in all TennCare MCOs. Based on market estimates from Sg2, 38% of this project's service area population has attained some level of education beyond high school, compared to 60% nationally. These socio-demographic challenges support the need for lower cost imaging options to be available within the project's service area.

- 5.** Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

RESPONSE: Utilization statistics for MRI and CT for years 2016-2018, the most recent period available, from the provider medical equipment report maintained by the HSDA are provided in the following tables. All service area MRI units are currently operating under the 80% threshold, and the combined average utilization of existing MRI service providers is 61.3%. There is not a state defined volume threshold for CT, so this data element was not calculated. This proposal does not include the addition of a new MRI or CT unit, nor does need exist for additional MRI capacity. There are no approved but unimplemented services of similar healthcare providers in the service area.

MRI Providers in the Project Service Area

County	Provider Type	Provider	Year	Number of Authorized Units	Mobile?	Procedures	Procedures per Unit	% of State Health Plan Standard (2,880)
Cocke	HOSP	Newport Medical Center	2016	1	Fixed	1,478	1,478	51.3%
Greene	HOSP	Greeneville Community Hospital - East (Laughlin Memorial Hospital, Inc.)	2016	2	Fixed	3,293	1,647	57.2%
Greene	HOSP	Greeneville Community Hospital - West (Takoma Regional Hospital)	2016	1	Fixed	1,992	1,992	69.2%
Hamblen	PO	Healthstar Physicians, PC	2016	2	Fixed	3,520	1,760	61.1%
Hamblen	HOSP	Lakeway Regional Hospital	2016	1	Fixed	1,245	1,245	43.2%
Hamblen	HOSP	Morristown-Hamblen Hospital	2016	2	Fixed	4,396	2,198	76.3%
2016 Total				9		15,924	1,769	61.4%
Cocke	HOSP	Newport Medical Center	2017	1	Fixed	1,528	1,528	53.1%
Greene	HOSP	Greeneville Community Hospital - East (Laughlin Memorial Hospital, Inc.)	2017	2	Fixed	3,329	1,665	57.8%
Greene	HOSP	Greeneville Community Hospital - West (Takoma Regional Hospital)	2017	1	Fixed	1,424	1,424	49.4%
Hamblen	PO	Healthstar Physicians, PC	2017	2	Fixed	3,153	1,577	54.7%
Hamblen	HOSP	Lakeway Regional Hospital	2017	1	Fixed	1,594	1,594	55.3%
Hamblen	HOSP	Morristown-Hamblen Hospital	2017	2	Fixed	4,047	2,024	70.3%
2017 Total				9		15,075	1,675	58.2%
Cocke	HOSP	Newport Medical Center	2018	1	Fixed	1,577	1,577	54.8%
Greene	HOSP	Greeneville Community Hospital - East (Laughlin Memorial Hospital, Inc.)	2018	2	Fixed	3,335	1,668	57.9%
Greene	HOSP	Greeneville Community Hospital - West (Takoma Regional Hospital)	2018	1	Fixed	1,544	1,544	53.6%
Hamblen	PO	Healthstar Physicians, PC	2018	2	Fixed	3,788	1,894	65.8%
Hamblen	HOSP	Lakeway Regional Hospital (Closed)	2018	0	Fixed	0		0.0%
Hamblen	HOSP	Morristown-Hamblen Hospital	2018	2	Fixed	3,868	1,934	67.2%
2018 Total				8		14,112	1,764	61.3%

Source: HSDA Medical Equipment Registry - 10/21/2019

CT Providers in the Project Service Area

County	Provider Type	Provider	Year	Number of Authorized Units	Mobile?	Procedures	Procedures per Unit
Cocke	HOSP	Newport Medical Center	2016	1	Fixed	7,672	7,672
Greene	HOSP	Greeneville Community Hospital - East (Laughlin Memorial Hospital, Inc.)	2016	3	Fixed	11,325	3,775
Greene	HOSP	Greeneville Community Hospital - West (Takoma Regional Hospital)	2016	1	Fixed	5,773	5,773
Hamblen	PO	Healthstar Physicians, PC	2016	1	Fixed	2,620	2,620
Hamblen	HOSP	Lakeway Regional Hospital	2016	1	Fixed	4,597	4,597
Hamblen	HOSP	Morristown-Hamblen Hospital	2016	3	Fixed	14,488	4,829
		2016 Total		10		46,475	4,648
Cocke	HOSP	Newport Medical Center	2017	1	Fixed	7,637	7,637
Greene	HOSP	Greeneville Community Hospital - East (Laughlin Memorial Hospital, Inc.)	2017	3	Fixed	12,064	4,021
Greene	HOSP	Greeneville Community Hospital - West (Takoma Regional Hospital)	2017	1	Fixed	7,547	7,547
Hamblen	PO	Healthstar Physicians, PC	2017	1	Fixed	2,684	2,684
Hamblen	HOSP	Lakeway Regional Hospital	2017	1	Fixed	7,085	7,085
Hamblen	HOSP	Morristown-Hamblen Hospital	2017	3	Fixed	15,485	5,162
		2017 Total		10		52,502	5,250
Cocke	HOSP	Newport Medical Center	2018	1	Fixed	7,697	7,697
Greene	HOSP	Greeneville Community Hospital - East (Laughlin Memorial Hospital, Inc.)	2018	3	Fixed	12,207	4,069
Greene	HOSP	Greeneville Community Hospital - West (Takoma Regional Hospital)	2018	1	Fixed	7,622	7,622
Hamblen	PO	Healthstar Physicians, PC	2018	1	Fixed	4,082	4,082
Hamblen	HOSP	Lakeway Regional Hospital (Closed)	2018	0	Fixed	0	
Hamblen	HOSP	Morristown-Hamblen Hospital	2018	3	Fixed	16,348	5,449
		2018 Total		9		47,956	5,328

Source: HSDA Medical Equipment Registry - 10/21/2019

6. Provide applicable utilization and/or occupancy statistics for your institution services for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

RESPONSE: Historical utilization statistics for the proposed ODC do not exist, as this will be a new health care institution. However, utilization for the MRI and CT for years 2016-2019 for both Greenville Community Hospital West and East locations is provided in the following tables. It should be noted GCH East conversion to the EPIC platform occurred on April 1, 2019, thus data from January to March 2019 is not currently available. The 2019 raw utilization numbers below for GCH East represent April 1, 2019 through December 31, 2019. The GCH East MRI and CT utilization statistics have been annualized in the table to provide a more accurate year over year comparison.

Greenville Community Hospital - Historical CT Utilization

Location	2016	2017	2018	2019*	2019 Annualized
Greenville Community Hospital - East (Laughlin Memorial Hospital, Inc.)*	11,325	12,064	12,207	11,113	14,817
Greenville Community Hospital - West (Takoma Regional Hospital)	5,773	7,547	7,622	2,899	2,899
Total - Both Campuses Combined	17,098	19,611	19,829		17,716

* GCH East went live on the EPIC platform 4/1/19, 2019 data prior not available

Greenville Community Hospital - Historical MRI Utilization

Location	2016	2017	2018	2019*	2019 Annualized
Greenville Community Hospital - East (Laughlin Memorial Hospital, Inc.)*	3,293	3,329	3,335	3,092	4,123
Greenville Community Hospital - West (Takoma Regional Hospital)	1,992	1,424	1,544	405	405
Total - Both Campuses Combined	5,285	4,753	4,879		4,528

* GCH East went live on the EPIC platform 4/1/19, 2019 data prior not available

With the consolidation of acute inpatient and emergency department services to the East campus, all inpatient and ED imaging studies are now being completed at GCH East. This is evident by the changes in comparative volume between the two locations from 2018 to 2019. The applicant anticipates a considerable number of outpatient imaging studies currently being conducted at the GCH East location to shift to the West location at the completion of this project, given the lower ODC pricing structure at the West location. Projected utilization data is provided in the following table.

Projected Utilization of ODC Modalities		
Modality	Year 1 CY 2021 May - Dec	Year 2 CY 2022
MRI	1,000	1,500
Ultrasound	3,583	5,375
X-Ray	5,833	8,750
CT	1,417	2,125
Total	11,833	17,750

ECONOMIC FEASIBILITY

The responses to this section of the application will help determine whether the project can be economically accomplished and maintained.

1. Project Cost Chart Instructions

- A. All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee) (See Application Instructions for Filing Fee)
- B. The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
- C. The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- D. The Total Construction Cost reported on line 5 should equal the Total Cost reported on the Square Footage Chart.
- E. For projects that include new construction, modification, and/or renovation—**documentation must be** provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:
 - 1) A general description of the project;
 - 2) An estimate of the cost to construct the project;
 - 3) A description of the status of the site's suitability for the proposed project; and
 - 4) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities or comparable document in current use by the licensing authority.

RESPONSE: The project costs for this proposal are identified in the following Project Costs Chart. Documentation support from an architect is included in attachments. Equipment costing more than \$50,000 is detailed in the table below. The MRI, Ultrasound, and CT equipment are existing; only the X-Ray equipment will be a new purchase as part of this project.

Equipment Over \$50,000				
Equipment	Value	Tax	Total	Service Contract
MRI	\$150,000.00	\$0.00	\$150,000.00	\$89,224.00
Ultrasound	\$135,000.00	\$0.00	\$135,000.00	\$34,410.00
X-Ray	\$275,000.00		\$275,000.00	\$25,850.00
CT	\$215,000.00	\$0.00	\$215,000.00	\$98,889.00
Totals	\$775,000.00	\$0.00	\$775,000.00	\$248,373.00

PROJECT COST CHART**A. Construction and equipment acquired by purchase:**

1. Architectural and Engineering Fees	\$ 89,285
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$ 25,000
3. Acquisition of Site	\$ 688,457
4. Preparation of Site	\$ 0
5. Total Construction Costs	\$ 1,200,000
6. Contingency Fund	\$ 43,285
7. Fixed Equipment (Not included in Construction Contract)	\$ 1,005,000
8. Moveable Equipment (List all equipment over \$50,000 as separate attachments)	\$ 223,900
9. Other (Specify) _____	\$ 0

B. Acquisition by gift, donation, or lease:

1. Facility (inclusive of building and land)	\$ 0
2. Building only	\$ 0
3. Land only	\$ 0
4. Equipment (Specify) _____	\$ 0
5. Other (Specify) _____	\$ 0

C. Financing Costs and Fees:

1. Interim Financing	\$ 0
2. Underwriting Costs	\$ 0
3. Reserve for One Year's Debt Service	\$ 0
4. Other (Specify) _____	\$ 0

D. Estimated Project Cost (A+B+C)

\$ 3,274,927

E. CON Filing Fee

\$ 18,831

F. Total Estimated Project Cost (D+E)**TOTAL**

\$ 3,293,758

2. Identify the funding source(s) for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. **(Documentation for the type of funding *MUST* be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-2.)**

- ☐ A. Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ D. Grants – Notification of intent form for grant application or notice of grant award;
- ☒ E. Cash Reserves – Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or
- ☐ F. Other – Identify and document funding from all other sources.

3. Complete Historical Data Charts on the following two pages—**Do not modify the Charts provided or submit Chart substitutions!**

Historical Data Chart(s) provide revenue and expense information for the last *three* (3) years for which complete data is available. The “Project Only Chart” provides information for the services being presented in the proposed project while the “Total Facility Chart” provides information for the entire facility. Complete both, if applicable.

Note that “Management Fees to Affiliates” should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. “Management Fees to Non-Affiliates” should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

RESPONSE: Not Applicable. Historical data for the proposed ODC do not exist, as this will be a new health care institution.

HISTORICAL DATA CHART

- ☐ Project Only
☐ Total Facility

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in _____ (Month).

	Year _____	Year _____	Year _____
A. Utilization Data			
Specify Unit of Measure _____	_____	_____	_____
B. Revenue from Services to Patients			
1. Inpatient Services	\$ _____	\$ _____	\$ _____
2. Outpatient Services	_____	_____	_____
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____	_____
Gross Operating Revenue	\$ _____	\$ _____	\$ _____
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ _____	\$ _____	\$ _____
2. Provision for Charity Care	_____	_____	_____
3. Provisions for Bad Debt	_____	_____	_____
Total Deductions	\$ _____	\$ _____	\$ _____
NET OPERATING REVENUE	\$ _____	\$ _____	\$ _____
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care	_____	_____	_____
b. Non-Patient Care	_____	_____	_____
2. Physician's Salaries and Wages	_____	_____	_____
3. Supplies	_____	_____	_____
4. Rent			
a. Paid to Affiliates	_____	_____	_____
b. Paid to Non-Affiliates	_____	_____	_____
5. Management Fees:			
a. Paid to Affiliates	_____	_____	_____
b. Paid to Non-Affiliates	_____	_____	_____
6. Other Operating Expenses (D6)	_____	_____	_____
Total Operating Expenses	\$ _____	\$ _____	\$ _____
E. Earnings Before Interest, Taxes and Depreciation	\$ _____	\$ _____	\$ _____
F. Non-Operating Expenses			
1. Taxes	\$ _____	\$ _____	\$ _____
2. Depreciation	_____	_____	_____
3. Interest	_____	_____	_____
4. Other Non-Operating Expenses	_____	_____	_____
Total Non-Operating Expenses	\$ _____	\$ _____	\$ _____
NET INCOME (LOSS)	\$ _____	\$ _____	\$ _____

Chart Continues Onto Next Page

NET INCOME (LOSS)	\$ _____	\$ _____	\$ _____
G. Other Deductions			
1. Annual Principal Debt Repayment	\$ _____	\$ _____	\$ _____
2. Annual Capital Expenditure	_____	_____	_____
Total Other Deductions	\$ _____	\$ _____	\$ _____
NET BALANCE	\$ _____	\$ _____	\$ _____
DEPRECIATION	\$ _____	\$ _____	\$ _____
FREE CASH FLOW (Net Balance + Depreciation)	\$ _____	\$ _____	\$ _____

- ☐ Project Facility
☐ Total Only

HISTORICAL DATA CHART-OTHER EXPENSES

<u>OTHER OPERATING EXPENSES CATEGORIES</u> (D6)	Year_____	Year_____	Year_____
1. <u>Professional Services Contract</u>	\$ _____	\$ _____	\$ _____
2. <u>Contract Labor</u>	_____	_____	_____
3. <u>Imaging Interpretation Fees</u>	_____	_____	_____
4. _____	_____	_____	_____
5. _____	_____	_____	_____
6. _____	_____	_____	_____
7. _____	_____	_____	_____
*Total Other Expenses	\$ _____	\$ _____	\$ _____

**Total other expenses should equal Line D.6. In the Historical Data Chart*

4. Complete Projected Data Charts on the following two pages – **Do not modify the Charts provided or submit Chart substitutions!**

Projected Data Chart(s) provide information for the two years following the completion of the project. The "Project Only Chart" should reflect revenue and expense projections for the project (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The "Total Facility Chart" should reflect information for the total facility. Complete both, if applicable.

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

PROJECTED DATA CHART – MRI

☒ Project Only
☐ Total Facility

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in December

Year 1 – 2021
May-December

Year 2 – 2022

A. Utilization Data			
Specify Unit of Measure	<u>MRI Procedures</u>	<u>1,000</u>	<u>1,500</u>
B. Revenue from Services to Patients			
1. Inpatient Services		\$ <u> </u>	\$ <u> </u>
2. Outpatient Services		<u>\$848,000</u>	<u>\$1,272,000</u>
3. Emergency Services		<u> </u>	<u> </u>
4. Other Operating Revenue (Specify) <u> </u>		<u> </u>	<u> </u>
Gross Operating Revenue		<u>\$848,000</u>	<u>\$1,272,000</u>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments		<u>\$432,561</u>	<u>\$648,842</u>
2. Provision for Charity Care		<u>\$50,890</u>	<u>\$76,334</u>
3. Provisions for Bad Debt		<u>\$25,445</u>	<u>\$38,167</u>
Total Deductions		<u>\$508,895</u>	<u>\$763,343</u>
NET OPERATING REVENUE		<u>\$339,105</u>	<u>\$508,657</u>
D. Operating Expenses			
1. Salaries and Wages		<u>\$62,836</u>	<u>\$93,356</u>
a. Direct Patient Care		<u>\$37,772</u>	<u>\$56,118</u>
b. Non-Patient Care		<u>\$25,064</u>	<u>\$37,238</u>
2. Physician's Salaries and Wages		<u>\$0</u>	<u>\$0</u>
3. Supplies		<u>\$5,000</u>	<u>\$7,500</u>
4. Rent			
a. Paid to Affiliates		<u>\$0</u>	<u>\$0</u>
b. Paid to Non-Affiliates		<u>\$0</u>	<u>\$0</u>
5. Management Fees:			
a. Paid to Affiliates		<u>\$0</u>	<u>\$0</u>
b. Paid to Non-Affiliates		<u>\$0</u>	<u>\$0</u>
6. Other Operating Expenses (D6)		<u>\$84,310</u>	<u>\$124,764</u>
Total Operating Expenses		<u>\$214,982</u>	<u>\$318,976</u>
E. Earnings Before Interest, Taxes and Depreciation		<u>\$124,123</u>	<u>\$189,681</u>
F. Non-Operating Expenses			
1. Taxes		<u>\$0</u>	<u>\$0</u>
2. Depreciation		<u>\$4,100</u>	<u>\$6,150</u>
3. Interest		<u>\$0</u>	<u>\$0</u>
4. Other Non-Operating Expenses		<u>\$0</u>	<u>\$0</u>
Total Non-Operating Expenses		<u>\$4,100</u>	<u>\$6,150</u>
NET INCOME (LOSS)		<u>\$120,023</u>	<u>\$183,531</u>

Chart Continues Onto Next Page

NET INCOME (LOSS)		<u>\$120,023</u>	<u>\$183,531</u>
G.	Other Deductions		
1.	Estimated Annual Principal Debt Repayment	<u>\$0</u>	<u>\$0</u>
2.	Annual Capital Expenditure	<u>\$0</u>	<u>\$0</u>
	Total Other Deductions	<u>\$0</u>	<u>\$0</u>
	NET BALANCE	<u>\$120,023</u>	<u>\$183,531</u>
	DEPRECIATION	<u>\$4,100</u>	<u>\$6,150</u>
	FREE CASH FLOW (Net Balance + Depreciation)	<u>\$124,123</u>	<u>\$189,681</u>

☒ Project Only

☐ Total Facility

PROJECTED DATA CHART-OTHER EXPENSES

<u>OTHER OPERATING EXPENSES CATEGORIES</u>		<u>Year 2021</u>	<u>Year 2022</u>
(D6)			
1.	<u>Maintenance and Repairs</u>	<u>\$61,816</u>	<u>\$92,724</u>
2.	<u>Dues</u>	<u>\$2,900</u>	<u>\$2,900</u>
3.	<u>Marketing</u>	<u>\$2,000</u>	<u>\$3,000</u>
4.	<u>Employee Benefits</u>	<u>\$17,594</u>	<u>\$26,140</u>
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
	*Total Other Expenses	<u>\$84,310</u>	<u>\$124,764</u>

**Total other expenses should equal Line D.6. In the Projected Data Chart*

PROJECTED DATA CHART – ODC

☐ Project Only
☒ Total Facility

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in December

Year 1 – 2021
May-December

Year 2 – 2022

A. Utilization Data			
Specify Unit of Measure	<u>Procedures</u>		
		<u>11,833</u>	<u>17,750</u>
B. Revenue from Services to Patients			
1. Inpatient Services		\$ <u> </u>	\$ <u> </u>
2. Outpatient Services		<u>\$4,014,583</u>	<u>\$6,021,875</u>
3. Emergency Services		<u> </u>	<u> </u>
4. Other Operating Revenue (Specify) <u> </u>		<u> </u>	<u> </u>
	Gross Operating Revenue	<u>\$4,014,583</u>	<u>\$6,021,875</u>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments		<u>\$2,045,069</u>	<u>\$3,067,581</u>
2. Provision for Charity Care		<u>\$240,596</u>	<u>\$360,892</u>
3. Provisions for Bad Debt		<u>\$120,298</u>	<u>\$180,446</u>
	Total Deductions	<u>\$2,405,964</u>	<u>\$3,608,918</u>
NET OPERATING REVENUE		<u>\$1,608,620</u>	<u>\$2,412,957</u>
D. Operating Expenses			
1. Salaries and Wages		<u>\$202,580</u>	<u>\$300,976</u>
a. Direct Patient Care		<u>\$158,326</u>	<u>\$235,227</u>
b. Non-Patient Care		<u>\$44,254</u>	<u>\$65,749</u>
2. Physician's Salaries and Wages		<u>\$0</u>	<u>\$0</u>
3. Supplies		<u>\$153,500</u>	<u>\$230,250</u>
4. Rent			
a. Paid to Affiliates		<u>\$0</u>	<u>\$0</u>
b. Paid to Non-Affiliates		<u>\$0</u>	<u>\$0</u>
5. Management Fees:			
a. Paid to Affiliates		<u>\$0</u>	<u>\$0</u>
b. Paid to Non-Affiliates		<u>\$0</u>	<u>\$0</u>
6. Other Operating Expenses (D6)		<u>\$238,421</u>	<u>\$353,096</u>
	Total Operating Expenses	<u>\$797,081</u>	<u>\$1,185,298</u>
E. Earnings Before Interest, Taxes and Depreciation		<u>\$811,539</u>	<u>\$1,227,658</u>
F. Non-Operating Expenses			
1. Taxes		<u>\$0</u>	<u>\$0</u>
2. Depreciation		<u>\$259,949</u>	<u>\$389,924</u>
3. Interest		<u>\$0</u>	<u>\$0</u>
4. Other Non-Operating Expenses		<u>\$0</u>	<u>\$0</u>
	Total Non-Operating Expenses	<u>\$259,949</u>	<u>\$389,924</u>
NET INCOME (LOSS)		<u>\$551,589</u>	<u>\$837,734</u>

Chart Continues Onto Next Page

NET INCOME (LOSS)		<u>\$551,589</u>	<u>\$837,734</u>
G. Other Deductions			
1. Estimated Annual Principal Debt Repayment		<u>\$0</u>	<u>\$0</u>
2. Annual Capital Expenditure		<u>\$0</u>	<u>\$0</u>
	Total Other Deductions	<u>\$0</u>	<u>\$0</u>
	NET BALANCE	<u>\$551,589</u>	<u>\$837,734</u>
	DEPRECIATION	<u>\$259,949</u>	<u>\$389,924</u>
	FREE CASH FLOW (Net Balance + Depreciation)	<u>\$811,539</u>	<u>\$1,227,658</u>

☐ Project Only
☒ Total Facility

PROJECTED DATA CHART-OTHER EXPENSES

<u>OTHER OPERATING EXPENSES CATEGORIES</u>		<u>Year 2021</u>	<u>Year 2022</u>
(D6)			
1.	<u>Maintenance and Repairs</u>	<u>\$170,249</u>	<u>\$255,373</u>
2.	<u>Dues</u>	<u>\$7,450</u>	<u>\$7,450</u>
3.	<u>Marketing</u>	<u>\$4,000</u>	<u>\$6,000</u>
4.	<u>Employee Benefits</u>	<u>\$56,722</u>	<u>\$84,273</u>
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
	*Total Other Expenses	<u>\$238,421</u>	<u>\$353,096</u>

**Total other expenses should equal Line D.6. In the Projected Data Chart*

5. A. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Charts for Year 1 and Year 2 of the proposed project. Complete Project Only Chart and Total Facility Chart, if applicable.

RESPONSE: The data included in these charts is based on the financial information provided in the Projected Data Charts. Please reference those charts for the details of what was included in the calculations.

Project Only Chart – MRI

	Previous Year to Most Recent Year	Most Recent Year	Year One 2021	Year Two 2022	% Change (Current Year to Year 2)
Gross Charge (<i>Gross Operating Revenue/Utilization Data</i>)	N/A	N/A	\$848	\$848	0%
Deduction from Revenue (<i>Total Deductions/Utilization Data</i>)	N/A	N/A	\$509	\$509	0%
Average Net Charge (<i>Net Operating Revenue/Utilization Data</i>)	N/A	N/A	\$339	\$339	0%

Total Facility Chart – ODC

	Previous Year to Most Recent Year	Most Recent Year	Year One 2021	Year Two 2022	% Change (Current Year to Year 2)
Gross Charge (<i>Gross Operating Revenue/Utilization Data</i>)	N/A	N/A	\$339	\$339	0%
Deduction from Revenue (<i>Total Deductions/Utilization Data</i>)	N/A	N/A	\$203	\$203	0%
Average Net Charge (<i>Net Operating Revenue/Utilization Data</i>)	N/A	N/A	\$136	\$136	0%

- B. Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

RESPONSE: Proposed charges are set forth in part A above. The approval of this proposal would enable the conversion of the existing hospital-based imaging services to an outpatient diagnostic center, providing patients with a lower cost setting option.

- C. Compare the proposed charges to those of similar facilities/services in the service area/adjoining service areas, or to proposed charges of recently approved Certificates of Need. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

RESPONSE: The charges currently associated with CT and MRI services provided by Greeneville Community Hospital at the West and East campuses are reasonable in comparison to other hospital-based providers within the service area. Comparison data to charges among other service area providers is included in the following tables. It should be noted that due to incomplete 2018 submissions to the HSDA Medical Equipment Registry, 2017 data has also been included below. Proposed charges are set forth in part A above.

CT Comparison

County	Provider Type	Provider	Year	CT Procedures	Gross Charges	Avg Gross Charge/Proc
Cocke	HOSP	Newport Medical Center	2017	7,637	27,845,633	3,646
Greene	HOSP	Greeneville Community Hospital - East (Laughlin Memorial Hospital, Inc.)	2017	12,064	17,694,398	1,467
Greene	HOSP	Greeneville Community Hospital - West (Takoma Regional Hospital)	2017	7,547	27,908,125	3,698
Hamblen	PO	Healthstar Physicians, PC	2017	2,684	1,785,183	665
Hamblen	HOSP	Lakeway Regional Hospital	2017	7,085	44,675,577	6,306
Hamblen	HOSP	Morristown-Hamblen Hospital	2017	15,485	29,924,897	1,933
2017 Service Area Total/Average				52,502	121,988,180	2,323
Cocke	HOSP	Newport Medical Center	2018	7,697	Not Reported	
Greene	HOSP	Greeneville Community Hospital - East (Laughlin Memorial Hospital, Inc.)	2018	12,207	17,904,138	1,467
Greene	HOSP	Greeneville Community Hospital - West (Takoma Regional Hospital)	2018	7,622	18,351,367	2,408
Hamblen	PO	Healthstar Physicians, PC	2018	4,082	1,950,220	478
Hamblen	HOSP	Lakeway Regional Hospital (Closed)	2018	0		
Hamblen	HOSP	Morristown-Hamblen Hospital	2018	16,348	31,928,714	1,953
2018 Service Area Total/Average*				40,259	70,134,439	1,742

*2018 Totals and Average do not include Newport Medical Center, which did not report gross charges

MRI Comparison

County	Provider Type	Provider	Year	MRI Procedures	Gross Charges	Avg Gross Charge/Proc
Cocke	HOSP	Newport Medical Center	2017	1,528	5,937,934	3,886
Greene	HOSP	Greeneville Community Hospital - East (Laughlin Memorial Hospital, Inc.)	2017	3,329	5,976,858	1,795
Greene	HOSP	Greeneville Community Hospital - West (Takoma Regional Hospital)	2017	1,424	4,930,663	3,463
Hamblen	PO	Healthstar Physicians, PC	2017	3,153	3,380,072	1,072
Hamblen	HOSP	Lakeway Regional Hospital	2017	1,594	11,829,038	7,421
Hamblen	HOSP	Morristown-Hamblen Hospital	2017	4,047	8,432,492	2,084
2017 Service Area Total/Average				15,075	34,549,123	2,292
Cocke	HOSP	Newport Medical Center	2018	1,577	Not Reported	
Greene	HOSP	Greeneville Community Hospital - East (Laughlin Memorial Hospital, Inc.)	2018	3,335	5,987,630	1,795
Greene	HOSP	Greeneville Community Hospital - West (Takoma Regional Hospital)	2018	1,544	4,120,266	2,669
Hamblen	PO	Healthstar Physicians, PC	2018	3,788	3,419,832	903
Hamblen	HOSP	Lakeway Regional Hospital (Closed)	2018	0		
Hamblen	HOSP	Morristown-Hamblen Hospital	2018	3,868	7,921,787	2,048
2018 Service Area Total/Average*				12,535	21,449,515	1,711

*2018 Totals and Average do not include Newport Medical Center, which did not report gross charges

6. A. Discuss how projected utilization rates will be sufficient to support financial performance.

1) Noting when the project's financial breakeven is expected, and

RESPONSE: This project is expected to realize a positive financial margin in Year 1; cash flow is projected to be \$551,589 and \$837,734 in Years 1 and 2, respectively. More detailed information for this project is included in the Projected Data Chart.

- 2) Demonstrating the availability of sufficient cash flow until financial viability is achieved.

Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-6A**

RESPONSE: Audited financial statements for Ballard Health are provided in Attachment Section B-Economic Feasibility-6A.

- B. Net Operating Margin Ratio:** The Net Operating Margin Ratio demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following tables. Complete Project Only Chart and Total Facility Chart, if applicable.

Project Only Chart – MRI

Year	2nd Previous Year to Most Recent Year	1st Previous Year to Most Recent Year	Most Recent Year	Projected Year 1 <u>2021</u>	Projected Year 2 <u>2022</u>
Net Operating Margin Ratio	N/A	N/A	N/A	0.504	0.509

Total Facility Chart – ODC

Year	2nd Previous Year to Most Recent Year	1st Previous Year to Most Recent Year	Most Recent Year	Projected Year 1 <u>2021</u>	Projected Year 2 <u>2022</u>
Net Operating Margin Ratio	N/A	N/A	N/A	0.366	0.373

- C. Capitalization Ratio:** The Long-term debt to capitalization ratio measures the proportion of debt financing in a business's permanent (long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: $((\text{Long-Term Debt}) / (\text{Long-Term Debt} + \text{Total Equity \{Net Assets\}})) \times 100$.

For self or parent company funded projects, provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. Capitalization Ratios are not expected from outside the company lenders that provide funding. **This question is applicable to all applications regardless of whether or not the project is being partially or totally funded by debt financing.**

RESPONSE: All financial information for Ballad Health relative to the capitalization ratio can be found in the audited financial reports for Fiscal Year 2019. These are included in the attachments.

7. Discuss the project's participation in state and federal revenue programs, including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below. Complete Project Only Chart and Total Facility Chart, if applicable.

RESPONSE: As with all Ballad Health facilities, Greeneville Community Hospital is committed to meeting the needs of the community and the region, and it will continue the provision of medically necessary care, regardless of socioeconomic status, payor source, age, race or gender. The applicant currently participates in both Federal and State programs, including Medicare, TennCare and Medicaid programs. Historically, Medicare patients comprise approximately 51% of GCH West's MRI patient revenue, TennCare/Medicaid patients make up approximately 17%, with another 5% combined from charity and self-pay. Projected revenue by source for the MRI and the ODC to be located at the proposed outpatient diagnostic center is detailed in the tables below.

Applicant's Projected Payor Mix, Year 1
Project Only Chart – MRI

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$414,802	48.9%
TennCare/Medicaid	\$106,815	12.6%
Commercial/Other Managed Care	\$268,890	31.7%
Self-Pay	\$57,493	6.8%
Other (Specify) _____		
Total*	\$848,000	100.0%
Charity Care	\$50,890	

*Needs to match Gross Operating Revenue Year One on Projected Data Chart

**Applicant's Projected Payor Mix, Year 1
Total Facility Chart – OCD**

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$2,098,429	52.3%
TennCare/Medicaid	\$505,919	12.6%
Commercial/Other Managed Care	\$999,870	24.9%
Self-Pay	\$410,366	10.2%
Other (Specify) _____		
Total*	\$4,014,583	100.0%
Charity Care	\$240,596	

**Needs to match Gross Operating Revenue Year One on Projected Data Chart*

8. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources, such as the US Department of Labor. Wage data pertaining to healthcare professions can be found at the following link:

https://www.bls.gov/oes/current/oes_tn.htm.

RESPONSE: The following table includes anticipated staffing patterns for the proposed ODC and MRI compared to the prevailing wage patterns for the same positions as obtained from the Tennessee Department of Labor & Workforce Development.

Position Classification	Existing FTEs (N/A)	Projected FTEs 2021	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
A. Direct Patient Care Positions				
<i>Diagnostic Technologist</i>		3	\$44,075	\$61,540
<i>Sonographer</i>		3	\$77,750	\$61,540
<i>MRI Technologist</i>		2	\$56,118	\$72,230
<i>CT Technologist</i>		2	\$57,283	\$61,540
Total Direct Patient Care Positions		10		

B. Non-Patient Care Positions				
<i>Clerical</i>		1	\$25,210	N/A
<i>Supervisor</i>		1	\$40,539	N/A
Total Non-Patient Care Positions		2		
Total Employees (A+B)		12		
C. Contractual Staff				
Total Staff (A+B+C)		12		

9. What alternatives to this project were considered? Discuss the advantages and disadvantages of each, including but not limited to:
- A. The availability of less costly, more effective and/or more efficient methods of providing the benefits intended by the project. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

RESPONSE: Several options were considered in regard to imaging services at Greeneville Community Hospital's West campus. These include: 1) maintain the status quo; 2) construct new outpatient diagnostic center; and 3) pursue ODC status of the existing hospital-based imaging department.

- 1) Maintain the status quo – This option is not acceptable as it is not feasible for the applicant to provide lower cost imaging options for this project's service area residents if the hospital-based imaging center designation is maintained. Because Greeneville Community Hospital strives to offer high quality, accessible, and affordable care to its patient population, this option was rejected.
 - 2) Construct new outpatient diagnostic center – Another alternative is the construction of a new ODC with CT and MRI capabilities by the applicant in Greeneville. This option would require extensive expenditures, due the high cost to construct a new ODC and the purchase the necessary additional imaging equipment. With current MRI units in the service area operating well below capacity, unnecessary duplication of imaging services would result. This option was deemed economically unfeasible and thus rejected by the applicant.
 - 3) Pursue ODC status for the existing hospital-based imaging department – Given that conversion of the of existing imaging services at Greeneville Community Hospital West to an ODC would provide residents with a lower cost imaging services at much less cost than constructing a new center, this appears to be the most cost-effective option and best use of existing resources.
- B. Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

RESPONSE: Alternatives to the conversions of the existing imaging center to an ODC were considered as previously noted. Construction for this proposed project is limited to renovation of existing space and does not require new construction. Maintaining the status quo would not create a way of providing lower cost imaging options to the patient population.

QUALITY STANDARDS

1. Per PC 1043, Acts of 2016, any receiving a CON after July 1, 2016 must report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures Please verify that annual reporting will occur.

RESPONSE: The applicant verifies that annual reporting will occur.

2. Quality-The the proposal shall provide health care that meets appropriate quality standards. Please address each of the following questions:

A. Does the applicant commit to the following?

- 1) Maintaining the staffing comparable to the staffing chart presented in its CON application;

RESPONSE: Yes.

- 2) Obtaining and maintaining all applicable state licenses in good standing;

RESPONSE: Yes.

- 3) Obtain and maintaining TennCare and Medicare certification(s), if participation in such programs was indicated in the application;

RESPONSE: Yes.

- 4) For an existing healthcare institution applying for a CON - Has it maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action should be discussed to include any of the following: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions and what measures the applicant has or will put into place to avoid similar findings in the future

RESPONSE: Not Applicable. This proposal is for a new healthcare institution.

- 5) For an existing healthcare institution applying for a CON - Has the entity been decertified within the prior three years? If yes, please explain in detail. (This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility)

RESPONSE: Not Applicable. This proposal is for a new healthcare institution.

B. Respond to all of the following and for such occurrences, identify, explain and provide documentation:

- 1) Has any of the following:

- a. Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);

RESPONSE: No.

- b. Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or

RESPONSE: No.

- c. Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant

(to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

RESPONSE: No.

2) Been subjected to any of the following:

a. Final Order or Judgment in a state licensure action;

RESPONSE: No.

b. Criminal fines in cases involving a Federal or State health care offense;

RESPONSE: No.

c. Civil monetary penalties in cases involving a Federal or State health care offense;

RESPONSE: No.

d. Administrative monetary penalties in cases involving a Federal or State health care offense;

RESPONSE: No.

e. Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or

RESPONSE: No.

f. Suspension or termination of participation in Medicare or Medicaid/TennCare programs.

RESPONSE: No.

g. Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.

RESPONSE: No, except for civil litigation with private persons involving disputes or allegations arising out of the normal course of business.

h. Is presently subject to a corporate integrity agreement.

RESPONSE: No.

C. Does the applicant plan, within 2 years of implementation of the project, to participate in self-assessment and external assessment against nationally available benchmark data to accurately assess its level of performance in relation to established standards and to implement ways to continuously improve?

Note: Existing licensed, accredited and/or certified providers are encouraged to describe their process for same.

RESPONSE: Imaging services at Greeneville Community Hospital West are currently accredited through the American College of Radiology. As part of this project, the applicant is prepared to ensure that it meets the standards set forth by the ACR, including those regarding quality improvement and assessment.

Please complete the chart below on accreditation, certification, and licensure plans.

- 1) If the applicant does not plan to participate in these type of assessments, explain why since quality healthcare must be demonstrated.

Credential	Agency	Status (Active or Will Apply)
Licensure	☒ Health ☐ Intellectual and Developmental Disabilities ☐ Mental Health and Substance Abuse Services	Will Apply
Certification	☒ Medicare ☒ Medicaid/TennCare ☐ Other	Will Apply
Accreditation	American College of Radiology	Active

- 2) Based upon what was checked/completed in above table, will the applicant accept a condition placed on the certificate of need relating to obtaining/maintaining license, certification, and/or accreditation?

RESPONSE: Yes, the applicant will accept.

- D. The following list of quality measures are service specific. Please indicate which standards you will be addressing in the annual Continuing Need and Quality Measure report if the project is approved.

☐	For Ambulatory Surgical Treatment Center projects: Estimating the number of physicians by specialty expected to utilize the facility, developing criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel, and documenting the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site?
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☐	For Cardiac Catheterization projects: a. Documenting a plan to monitor the quality of its cardiac catheterization program, including but not limited to, program outcomes and efficiencies; and b. Describing how the applicant will agree to cooperate with quality enhancement efforts sponsored or endorsed by the State of Tennessee; and c. Describing how cardiology staff will be maintaining: d. Adult Program: 75 cases annually averaged over the previous 5 years; e. Pediatric Program: 50 cases annually averaged over the previous 5 years.
☐	For Open Heart projects: f. Describing how the applicant will staff and maintain the number of who will perform the volume of cases consistent with the State Health Plan (annual average of the previous 2 years), and maintain this volume in the future; g. Describing how at least a surgeon will be recruited and retained (at least one shall have 5 years experience); h. Describing how the applicant will participate in a data reporting, quality improvement, outcome monitoring, and external assessment system that benchmarks outcomes based on national norms (demonstrated active participation in the STS National Database is expected and shall be considered evidence of meeting this standard).
☐	For Comprehensive Inpatient Rehabilitation Services projects: Retaining or recruiting a psychiatrist?
☐	For Home Health projects: Documenting the existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system.
☐	For Hospice projects: Documenting the existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system.
☐	For Megavoltage Radiation Therapy projects: Describing or demonstrating how the staffing and quality assurance requirements will be met of the American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority.
☐	For Neonatal Intensive Care Unit projects: Documenting the existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems; document the intention and ability to comply with the staffing guidelines and qualifications set forth by the Tennessee Perinatal Care System Guidelines for Regionalization, Hospital Care Levels, Staffing and Facilities; and participating in the Tennessee Initiative for Perinatal Quality Care (TIPQC).
☐	For Nursing Home projects: Documenting the existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program.
☐	For Inpatient Psychiatric projects: • Describing or demonstrating appropriate accommodations for: • Seclusion/restraint of patients who present management problems and children who need quiet space, proper sleeping and bathing arrangements for all patients);

	• Proper sleeping and bathing arrangements; • Adequate staffing (i.e. that each unit will be staffed with at least two direct patient care staff, one of which shall be a nurse, at all times); • A staffing plan that will lead to quality care of the patient population served by the project. • An existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems; and • If other psychiatric facilities are owned or administered, providing information on satisfactory surveys and quality improvement programs at those facilities. Involuntary admissions if identified in CON criteria and standard review
☐	For Freestanding Emergency Department projects: Demonstrating that it will be accredited with the Joint Commission or other applicable accrediting agency, subject to the same accrediting standards as the licensed hospital with which it is associated.
☐	For Organ Transplant projects: Describing how the applicant will achieve and maintain institutional membership in the national Organ Procurement and Transportation Network (OPTN), currently operating as the United Network for Organ Sharing (UNOS), within one year of program initiation. Describing how the applicant shall comply with CMS regulations set forth by 42 CFR Parts 405, 482, and 498, Medicare Program; Hospital Conditions of Participation: Requirements for Approval and Re-Approval of Transplant Centers To Perform Organ Transplants.
☐	For Relocation and/or Replacement of Health Care Institution projects: Describing how facility and/or services specific measures will be met.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

The responses to this section of the application helps determine whether the project will contribute to the orderly development of healthcare within the service area.

1. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

RESPONSE: Greeneville Community Hospital will continue to work closely with other healthcare providers in the region, including: Ballad Health hospitals, East Tennessee State University and the James H. Quillen College of Medicine, local nursing homes, clinics and other healthcare providers. Greeneville Community Hospital already has existing transfer agreements with other area hospital.

2. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

A. Positive Effects

RESPONSE: Patients utilizing outpatient imaging services at Greeneville Community Hospital will be the beneficiaries of the positive effects from this proposal. As previously described, conversion of the existing imaging services to an outpatient diagnostic center will provide a lower cost imaging option for patients without unnecessary duplication of services.

B. Negative Effects

RESPONSE: This proposal is addressing the need for access to lower cost outpatient imaging services for patients in the project's service area. This proposal will not have negative impacts on other providers. No new services are being proposed by this project, only the reclassification of existing services is being requested.

3. **A.** Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements, CMS, and/or accrediting agencies requirements, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

RESPONSE: Ballad Health recruits and retains staff by offering salary and benefit packages appropriate for the market. Staffing recruitment and retention policies are consistent throughout all Ballad Health facilities, and no changes will be made to those policies as a result of this project.

- B.** Document the category of license/certification that is applicable to the project and why. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

RESPONSE: The applicant has reviewed and understands all licensing and certification as required by the State of Tennessee for outpatient diagnostic centers. Ballad Health has policies and procedures in place governing regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

- C.** Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

RESPONSE: Ballad Health facilities work extensively with local colleges and universities in the training of students. Existing relationships include affiliations with the James H. Quillen College of Medicine, East Tennessee State University, located in Johnson City, TN, in which Ballad Health facilities provide clinical training for medical students and residents. Ballad Health also works with other area colleges and universities in the training of students, including nurses, radiology technologists and respiratory therapists. Ballad Health facilities are training sites for programs at East Tennessee State University, King University, Milligan College, Northeast State Community College, and several other local colleges.

4. Outstanding Projects:

- A. Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

<u>Outstanding Projects</u>					
<u>CON Number</u>	<u>Project Name</u>	<u>Date Approved</u>	<u>*Annual Progress Report(s)</u>		<u>Expiration Date</u>
			<u>Due Date</u>	<u>Date Filed</u>	

* Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

- B. Describe the current progress, and status of each applicable outstanding CON.

RESPONSE: There are currently no outstanding CONs for the applicant.

5. Equipment Registry – For the applicant and all entities in common ownership with the applicant.

- A. Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)?

RESPONSE: Yes, Ballad Health utilizes mobile services at the following locations:

- Johnson County Community Hospital – Mobile MRI (Alliance Healthcare Services)
- Indian Path Community Hospital – Mobile PET (Invivo Molecular Imaging)
- Bristol Regional Medical Center – Mobile PET (shared with HVMC)
- Holston Valley Medical Center – Mobile PET (shared with BRMC)
- Hawkins County Memorial Hospital – Mobile MRI (New Millennium Health Care)
- Greenville Community Hospital – Mobile PET (Invivo Molecular Imaging)

- B. If yes, have you submitted their registration to HSDA? If you have, what was the date of submission?

RESPONSE: Yes, registration for the services mentioned in Part A was submitted to the HSDA on February 28, 2019.

- C. If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission?

RESPONSE: Yes, utilization data for the services mentioned in Part A was submitted to the HSDA on February 28, 2019.

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <https://www.tn.gov/health/health-program-areas/health-planning/state-health-plan.html>) The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

1. The purpose of the State Health Plan is to improve the health of Tennesseans.

RESPONSE: This project is designed to improve the health of the people of Tennessee by positioning Greeneville Community Hospital to more effectively meet the demands of residents of the project service area for imaging and MRI services. This project is meant to improve access to lower cost imaging services and decrease out of pocket costs for those seeking outpatient imaging and MRI services.

2. Every citizen should have reasonable access to health care.

RESPONSE: The change in classification of imaging services at Greeneville Community Hospital West from hospital-based to an outpatient diagnostic center will improve access to those who need imaging services. Through the completion of this project, GCH West will be able to provide a lower cost imaging option to service area residents.

3. The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system.

RESPONSE: As demonstrated by the underutilization of MRI services in this project's service area as noted in previous sections of this application, no need exists for additional capacity to treat patients seeking MRI services. This project will have no negative effects on competing facilities as no additional capacity will be introduced into the service area. Conversion of existing imaging services to an outpatient diagnostic center is the most efficient use of the area's healthcare resources.

4. Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.

RESPONSE: Given the commitments of Ballad Health and Greeneville Community Hospital to the success of this project, the Agency and the community can be confident that the proposed project will meet and maintain stringent clinical standards.

5. The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.

RESPONSE: Greeneville Community Hospital will continue to identify opportunities to develop and retain its team members associated with imaging and MRI services to provide the highest quality of care for its patients. GCH will also continue to build on its relationships with local colleges and universities, as well as other Ballad Health facilities, to recruit highly-talented and capable team members to staff its imaging services for years to come.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

Date LOI was Submitted: January 10, 2020

Date LOI was Published: January 10, 2020

NOTIFICATION REQUIREMENTS

1. T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."
2. T.C.A §68-11-1607(c)(9)(B) states that "... If an application involves a healthcare facility in which a county or municipality is the lessor of the facility or real property on which it sits, then within ten (10) days of filing the application, the applicant shall notify the chief executive officer of the county or municipality of the filing, by certified mail, return receipt requested."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. **Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**
2. **If the CON is granted and the project cannot be completed within the standard completion time period (3 years for hospital projects and 2 years for all others), please document why an extended period should be approved and document the "good cause" for such an extension.**

PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

Phase	Days Required	Anticipated Date [Month/Year]
1. Initial HSDA decision date		April 2020
2. Architectural and engineering contract signed	10	April 2020
3. Construction documents approved by the Tennessee Department of Health	160	September 2020
4. Construction contract signed	200	October 2020
5. Building permit secured	210	November 2020
6. Site preparation completed	N/A	N/A
7. Building construction commenced	230	November 2020
8. Construction 40% complete	270	January 2021
9. Construction 80% complete	320	February 2021
10. Construction 100% complete (approved for occupancy)	350	March 2021
11. *Issuance of License	360	April 2021
12. *Issuance of Service	360	April 2021
13. Final Architectural Certification of Payment	380	May 2021
14. Final Project Report Form submitted (Form HR0055)	400	May 2021

*For projects that **DO NOT** involve construction or renovation, complete Items 11 & 12 only.

NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date

Ballad Health
Greeneville Community Hospital West Campus ODC Project

Certificate of Need Application Attachments

Attachment A-4A: Corporate Charter and Certificate of Corporate Existence

Attachment A-4B: Organizational Structure

Attachment A-6A: Title / Deed / Legal Interest in Site

Attachment A-6B-1 & A-6B-2: Plot Plan & Floor Plans

Attachment B-Need-1 MRI Criteria 9a: Medically Underserved Areas

Attachment B-Need-3: Service Area Map

Attachment B-Need-4: Service Area Demographic Snapshot

Attachment B-Economic Feasibility-1: Construction Costs Documentation

Attachment B-Economic Feasibility-2: Letter of Available Funds

Attachment B-Economic Feasibility-6A: Audited Financial Statements (FY2019) for

Ballad Health

Attachment B-Proof of Publication: Publication of Intent, The Greeneville Sun

Attachment: Affidavit for Application

ATTACHMENT A-4A

**Corporate Charter
Certificate of Corporate Existence**



Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

DAN ELROD
SUITE 1600
150 3RD AVENUE SOUTH
NASHVILLE, TN 37201

January 3, 2020

Request Type: Certificate of Existence/Authorization
Request #: 0344741

Issuance Date: 01/03/2020
Copies Requested: 1

Document Receipt

Receipt #: 005173923

Filing Fee: \$20.00

Payment-Credit Card - State Payment Center - CC #: 3772465371

\$20.00

Regarding: **TAKOMA REGIONAL HOSPITAL, INC.**

Filing Type: Nonprofit Corporation - Domestic

Control #: 529937

Formation/Qualification Date: 09/15/2006

Date Formed: 09/15/2006

Status: Active

Formation Locale: TENNESSEE

Duration Term: Perpetual

Inactive Date:

Business County: GREENE COUNTY

CERTIFICATE OF EXISTENCE

I, Tre Hargett, Secretary of State of the State of Tennessee, do hereby certify that effective as of the issuance date noted above

TAKOMA REGIONAL HOSPITAL, INC.

* is a Corporation duly incorporated under the law of this State with a date of incorporation and duration as given above;

* has paid all fees, interest, taxes and penalties owed to this State (as reflected in the records of the Secretary of State and the Department of Revenue) which affect the existence/authorization of the business;

* has filed the most recent annual report required with this office;

* has appointed a registered agent and registered office in this State;

* has not filed Articles of Dissolution or Articles of Termination. A decree of judicial dissolution has not been filed.

Tre Hargett
Secretary of State

Processed By: Cert Web User

Verification #: 037151830

RECEIVED
STATE OF TENNESSEE

2006 SEP 12 11:05

SECRETARY OF STATE

ARTICLES OF INCORPORATION
of
TAKOMA HOSPITAL, INC.
A Tennessee Nonprofit Corporation

RECEIVED
STATE OF TENNESSEE

2006 SEP 15 AM 11:05

RILEY DARNELL
SECRETARY OF STATE

ARTICLE I
NAME

The name of this not for profit corporation shall be Takoma Hospital, Inc. (hereinafter called the "Corporation"). This Corporation is a public benefit not for profit corporation.

ARTICLE II
PRINCIPAL OFFICE AND/OR MAILING ADDRESS

The address of the principal office and/or the mailing address of the Corporation is 401 Takoma Avenue, Greene County, Greeneville, Tennessee 37743.

ARTICLE III
PURPOSES

This Corporation is a not-for-profit corporation, organized and operated exclusively for scientific, educational and charitable purposes, within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and not for pecuniary profit, and more specifically, the Corporation is organized and shall be operated exclusively to carry out the following purposes:

- a. To own and operate a licensed hospital that offers general acute care, including emergency services ("Hospital").
- b. To accept, hold, administer, invest and disburse for scientific, educational and charitable purposes such funds or property as may from time to time be given to it, or earned by it in its activities.
- c. To own, manage, operate, lease or take any action in connection with the Hospital, and to acquire (through purchase, joint venture, equity ownership,

5853.0383

5862.0110

5860.1396

- lease or otherwise) and develop property, both real and personal, in connection with providing health care related services, including without limitation ambulatory surgery centers, home health care agencies, behavioral health facilities, physician clinics, rural health clinics, community health centers, medical office buildings, outpatient clinics and other health care facilities and services.
- d. To carry on educational activities related to rendering care to the sick and injured and/or the promotion of health.
 - e. To promote and carry on scientific research related to the care of the sick and injured.
 - f. To participate in any activity designed to promote the general health of the communities served by the Corporation.
 - g. To carry on such other activities as are in furtherance and supportive of the foregoing purposes that are lawful and proper for Corporations formed under the Act and Section 501(c)(3) of the Code.

ARTICLE IV MEMBERSHIP

This Corporation shall have one or more members. The initial member of the Corporation shall be Adventist Health System/Sunbelt, Inc. ("Sunbelt"), a Florida not for profit corporation recognized as exempt from federal income taxes pursuant to 501(c)(3) of the Internal Revenue Code. As of the incorporation date, the Corporation shall issue a Certificate to Sunbelt, which Certificate shall evidence that 100% of the membership interests of the Corporation are vested in Sunbelt and such other provisions as are consistent with these Articles of Incorporation, the Corporation's Bylaws and the provisions of the Tennessee Nonprofit Corporation Act.

Pursuant to T.C.A. Section 48-56-202, Sunbelt shall be entitled to transfer up to sixty (60) percent of its

5853.8336

5862.8111

5860.1397

membership interests in the Corporation to another nonprofit corporation that is recognized as exempt from federal income taxes by the Internal Revenue Service pursuant to Section 501(c)(3) of the Internal Revenue Code.

No other transfer of membership interests shall occur, except as such shall be permitted under the Bylaws.

ARTICLE V INITIAL REGISTERED OFFICE AND AGENT

The initial registered agent and registered office of the Corporation are Gary D. Miller, Esquire, 1905 American Way, Kingsport, Tennessee 37660.

ARTICLE VI BOARD OF DIRECTORS

The affairs of this Corporation shall be managed by a Board of Directors. The number of directors shall be established in the Bylaws and may be increased or decreased from time to time in accordance with the Bylaws of the Corporation, but shall never be less than three. The manner of election of directors shall be regulated by the Bylaws.

ARTICLE VII INCORPORATOR

The name and address of the person signing these Articles of Incorporation are:

T. L. Trimble
111 North Orlando Avenue
Winter Park, Florida 32789

ARTICLE VIII DISSOLUTION

Upon the dissolution or winding up of this Corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of the Corporation,

5859.0391

5862.0112

5860.1398

shall be distributed to the Members in accordance with the provisions of the Bylaws of the Corporation, provided each Member entitled to a distribution is an organization that has established its tax exempt status under Section 501(c)(3) of the Code or corresponding provisions of any subsequent federal tax laws.

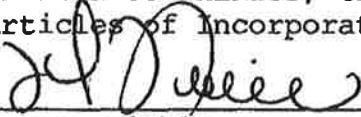
ARTICLE IX LIMITATIONS

No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its directors, officers or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of any of its purposes. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation (except as otherwise provided in subsection (h) of Section 501 of the Code), and the Corporation shall not participate or intervene in (including the publishing or distributing of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code (or the corresponding provision of any future United States Internal Revenue Law); or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code (or the corresponding provision of any future United States Internal Revenue Law).

ARTICLE X AMENDMENTS

Amendments to these Articles of Incorporation shall be approved by the membership in accordance with the provisions set forth in the Corporation's Bylaws.

IN WITNESS WHEREOF, the Incorporator has executed these Articles of Incorporation on September 10, 2006.


T. L. Trimble, Incorporator

I:\LEGAL\TAKOMA\DOCS\AOI_NewCo.doc

3853-0992

3862-0113

5860.1399

**ARTICLES OF AMENDMENT
TO THE CHARTER OF
TAKOMA REGIONAL HOSPITAL, INC.
(CORPORATION ID# 0529937)**

Pursuant to the provisions of Section 48-60-103 of the Tennessee Nonprofit Corporation Act, Takoma Regional Hospital, Inc., a Tennessee nonprofit public benefit corporation adopts the following Articles of Amendment to take effect at 12:01 a.m. on January 1, 2017.

1. The name of the corporation is Takoma Regional Hospital, Inc. ("Corporation").
2. The provisions of Article IV ("Membership") of the Articles of Incorporation are hereby deleted in their entirety and the following inserted in their stead:

The membership interests of the Corporation shall be held by Wellmont Health System("Wellmont").

Wellmont may transfer its membership interests in the Corporation as permitted under the Bylaws.

The Amendment was adopted by the Membership on December 8, 2016, at a meeting duly called and convened and at which a quorum was present. The Amendment was unanimously adopted by the Members. Pursuant to the Articles of Incorporation of the Corporation, only the Members are entitled to vote on amendments to the Articles of Incorporation.

Dated December 20, 2016

TAKOMA REGIONAL HOSPITAL, INC.

By: _____

Dennis Kiley
President



004946132

**APPLICATION FOR REGISTRATION
OF ASSUMED NAME**

SS-4230



Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102
(615) 741-2286

Filing Fee: \$20.00

For Office Use Only

-FILED-

Amendment # 004946132

Pursuant to the Tennessee Business Corporation Act, Tennessee Nonprofit Corporation Act, Tennessee Limited Liability Company Act, Tennessee Revised Limited Liability Company Act, or the Tennessee Revised Uniform Partnership Act, this application for registration of an assumed name is submitted to the Tennessee Secretary of State.

1. The Secretary of State Control Number is: 000529937

and the true name of the business entity is:

TAKOMA REGIONAL HOSPITAL, INC.

2. The state or country of organization is:

TENNESSEE

3. The business entity intends to transact business under an assumed name.

4. The assumed name the business entity proposes to use is:

Greeneville Community Hospital

The assumed name must satisfy the statutory requirements for that type of entity.

03/18/2019

Signature Date

Electronic

Signature

Paralegal

Signer's Capacity

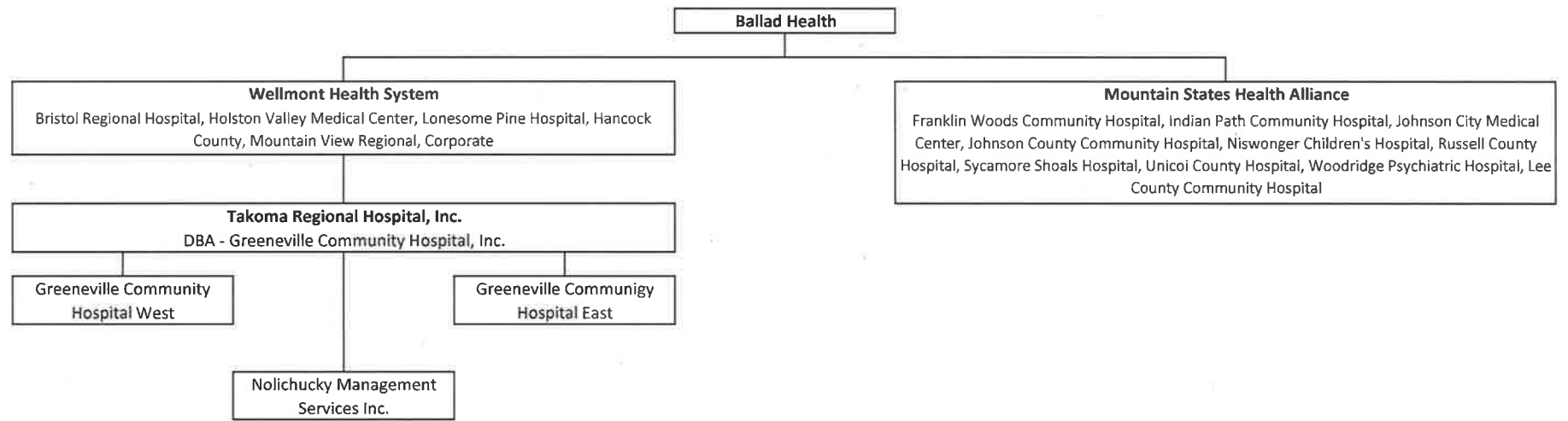
Katrina Hunley

Name (typed or printed)

Note: Pursuant to T.C.A. § 10-7-503 all information on this form is public record.

B0673-0180 03/18/2019 12:54 PM Received by Tennessee Secretary of State Tre Hargett

ATTACHMENT A-4B
Organizational Structure



Revised 9/30/2019

ATTACHMENT A-6A

Title / Deed / Legal Interest in Site

Received of Hunter, SmithCHECK ☒ CASH ☐MAIL ☒ FILE ☐1212 D. Eastman RdKingsport TN 37664

This Instrument Was Prepared By:
HUNTER, SMITH & DAVIS, LLP
 Attorneys at Law, P.O. Box 3740, Kingsport, Tennessee 37664

WARRANTY DEED

THIS DEED, made and entered into this the 12th day of APRIL, 2007, by and between **ADVENTIST HEALTH SYSTEM/SUNBELT, INC.**, a Florida nonprofit corporation, party of the first part, and **TAKOMA REGIONAL HOSPITAL, INC.**, a Tennessee nonprofit corporation, party of the second part;

WITNESSETH:

THAT FOR AND IN CONSIDERATION of the sum of One Dollar (\$1.00), cash in hand paid, receipt of which is hereby acknowledged, and other good and valuable consideration, the party of the first part has bargained and sold and does hereby grant, transfer and convey unto the party of the second part, its successors and assigns, with covenants of general warranty of title, the following described property located in the Town of Greeneville, 10th Civil District of Greene County, Tennessee:

TRACT NO. 1:

BEGINNING at an i.p. (found) at the point of intersection of the northwesterly sideline of Coolidge Street and the southwesterly sideline of Takoma Avenue; thence with the northwesterly sideline of Coolidge Street, S. 56° 04' 25" W., 490.39 feet to a steel T-bar (set this survey); thence continuing with the northwesterly sideline of Coolidge Street, S. 56° 05' 14" W., 170.92 feet to a steel T-bar (found) in the northeasterly sideline of the R.O.W. for S.R. 70, Asheville Hwy; thence with the sideline of said highway R.O.W. the following three calls: by a curve to the left with a chord bearing of N. 28° 44' 32" W., 55.48 feet, a radius of 1969.86 feet, an arc distance of 55.48 feet to a steel T-bar (set this survey); thence S. 79° 04' 42" W., 40.95 feet to a steel T-bar (found); thence N. 31° 00' 12" W., 91.01 feet to a steel T-bar (found); thence leaving the sideline of said highway R.O.W. and with the line of Allen R. Johnson (Deed Book 108-A, page 1032) the following three calls: by a

curve to the right with a chord bearing of N. 22° 08' 52" E., 88.24 feet, a radius of 250.00 feet, an arc distance of 88.71 feet to a N&C (found) "V&M"; thence N. 56° 53' 42" E., 29.43 feet to a N&C (found) "Azimuth"; thence N. 31° 04' 40" W., 100.17 feet to an i.p. (found) in the southeasterly sideline of Forest Street; thence with the southeasterly sideline of Forest Street, N. 56° 36' 39" E., 299.98 feet to an i.p. (found), corner to Susan Natece Street and Samantha Marie Burgner (Deed Book 214-A, page 667); thence with Street and Burgner, S. 31° 02' 10" E., 144.43 feet to an i.p. (found), rear corner to Street and Burgner; thence with Street and Burgner and then with Howard S. and Elizabeth R. Kelly (Deed Book 351, page 75), N. 59° 16' 40" E., 159.39 feet to an i.p. (found) "Bowman", corner for Kelly and in the line of Georgia Myers Smelcer (Deed Book 54-A, page 976); thence with Smelcer, the following two calls: S. 31° 06' 22" E., 69.52 feet to an i.p. (found) "Bowman"; thence N. 58° 50' 56" E., 137.45 feet to an i.p. (found) "Bowman", in the southwesterly sideline of Takoma Avenue; thence with the southwesterly sideline of Takoma Avenue, S. 31° 02' 27" E., 79.10 feet to the point of **BEGINNING**, containing 3.37 acres, more or less, and shown as Tract "1-R" on a survey prepared by Randy C. Davenport, Registered Land Surveyor, dated November 10, 2006 of the Adventist Health System/Sunbelt Health Care Corp., Takoma Adventist Hospital property.

BEING the same property conveyed to Takoma Hospital & Sanitarium Training School, Inc. by deed dated December 15, 1936 of record in the Register of Deeds Office for Greene County at Greeneville, Tennessee in Deed Book 135, page 582; and by deed dated December 8, 1942 of record in said Register's Office in Deed Book 151, page 111; and by deed dated November 3, 1950 of record in said Register's Office in Deed Book 178, page 151; and by deed dated November 15, 1950 of record in said Register's Office in Deed Book 178, page 194; and by deed dated July 12, 1960 of record in said Register's Office in Deed Book 212, page 382; and by deed dated January 1, 1969 of record in Deed Book 269, page 150; and by deed dated January 24, 1969 of record in said Register's Office in Deed Book 269, page 148; and by deed to Adventist Health System/Sunbelt, Inc. d/b/a Takoma Adventist Hospital dated May 7, 1996 of record in said Register's Office in Deed Book 32-A, page 918.

Tax Map Identification No.: Tax Map 98-O, Group C, Parcel 013.00

TRACT NO. 2:

BEGINNING at a nail and cap (set this survey) at the intersection of the southeasterly line of Coolidge Street with the northeasterly R.O.W. line of S.R. 70, Asheville Hwy.; thence with the southeasterly sideline of Coolidge Street, N. 56° 24' 15" E., 262.46 feet to a N&C (found) "V&M", corner to J and J Warehousing and Storage (Deed Book 392-A, page 2246); thence with the line of J and J Warehousing and Storage the following seven calls: S. 28° 07' 23" E., 112.11 feet to a nail and cap (set this survey); thence N. 56° 22' 37" E., 100.00 feet to a nail and cap (set this survey); thence N. 37° 09' 37" E., 25.28 feet to a N&C (found) "V&M"; thence S. 52° 57' 23" E., 34.36 feet to a N&C (found) "V&M"; thence N. 35° 05' 37" E., 48.55 feet to a steel T-bar (found); thence N. 23° 59' 37" E., 94.46 feet to

an i.p. (found); thence N. 33° 35' 45" W., 67.37 feet to an i.p. (found) in the southeasterly sideline of Coolidge Street; thence with the southeasterly sideline of Coolidge Street, N. 56° 24' 15" E., 132.70 feet to a steel T-bar (found), at the intersection of the southeasterly sideline of Coolidge Street with the southwesterly sideline of Takoma Avenue; thence with the southwesterly sideline of Takoma Avenue, the following five calls: by a curve to the right with a chord bearing of S. 80° 01' 59" E., 27.57 feet, a radius of 20.00 feet, an arc distance of 30.41 feet to a nail and cap (set this survey); thence S. 36° 28' 13" E., 45.36 feet to a N&C (found) "V&M"; thence by a curve to the right with a chord bearing of S. 21° 32' 26" E., 221.57 feet, a radius of 430.00 feet, an arc distance of 224.09 feet to a steel T-bar (found); thence S. 06° 36' 39" E., 289.29 feet to a steel T-bar (found); thence by a curve to the left with a chord bearing of S. 08° 59' 08" E., 38.95 feet, a radius of 470.00 feet, an arc distance of 38.96 feet to an i.p. (found) "Azimuth", corner to Takoma Medical Office Building, LLC (Deed Book 356-A, page 1974); thence with the line of Takoma Medical Office Building, LLC, S. 53° 58' 24" W., 650.71 feet to a steel T-bar (set this survey) in the northeasterly R.O.W. of S.R. 70, Asheville Highway; thence with the sideline of said highway R.O.W., the following three calls: by a curve to the left with a chord bearing of N. 11° 47' 16" W., 256.81 feet, a radius of 1970.79 feet, an arc distance of 256.99 feet to a steel T-bar (set this survey); thence by a curve to the left with a chord bearing of N. 20° 26' 21" W., 337.38 feet, a radius of 1967.35 feet, an arc distance of 337.79 feet to a steel T-bar (set this survey); thence by a curve to the left with a chord bearing of N. 25° 51' 46" W., 35.15 feet, a radius of 1925.75 feet, an arc distance of 35.15 feet to the point of **BEGINNING**, containing 8.35 acres, more or less, as shown on the above-referenced survey as Tract "2-R".

BEING part of the property conveyed to Takoma Hospital & Sanitarium Training School, Inc. by deed dated June 1, 1939 of record in said Register's Office in Deed Book 142, page 384; and by deed dated June 21, 1973 of record in said Register's Office in Deed Book 312, page 199; and by deed to Adventist Health System/Sunbelt, Inc. d/b/a Takoma Adventist Hospital dated June 12, 1981 of record in said Register's Office in Deed Book 365, page 179.

Tax Map Identification No.: Tax Map 110-C, Group A, Parcel 009.00

TRACT NO. 3:

BEGINNING at a point in the northeasterly sideline of Takoma Avenue, being a N&C (found) "V&M", corner to Georgia Cumberland Conference Association of the Seventh Day Adventist Church (Deed Book 176, page 447); thence with the line of Georgia Cumberland Conference Association of the Seventh Day Adventist Church, the following four calls: N. 58° 21' 02" E., 118.51 feet to a i.p. (found); thence N. 88° 33' 42" E., 47.93 feet to an N&C (found) "V&M"; thence S. 33° 34' 28" E., 102.74 feet to a ¼" i.p. (found); thence N. 68° 01' 13" E., 37.80 feet to a ½" i.p. (found), corner to Georgia Cumberland Conference Association of the Seventh Day Adventist Church (Deed Book 301, page 484); thence with

the line of Georgia Cumberland Conference Association of the Seventh Day Adventist Church, the following two calls: N. 33° 58' 57" E., 200.41 feet to a ½" i.p. (found); thence N. 31° 07' 13" W., 118.56 feet to a ¾" i.p. (found), corner to James D. and Bobbie L. Abshire (Deed Book 203, page 81); thence with the line of Abshire and continuing with the lines of Johnny D. and Brenda J. Jones (Deed Book 233, page 226), David and Paula Beverly (Deed Book 52A, page 1063) and Jason and Paula Renner (Deed Book 179A, page 699), N. 58° 39' 52" E., 315.54 feet to a ¾" i.p. (found), corner to Renner and in the line of Town of Greeneville (Deed Book 172, page 44); thence continuing with the line of the Town of Greeneville, the following three calls: S. 31° 07' 22" E., 157.74 feet to a ½" i.p. (found); thence N. 37° 24' 55" E., 682.88 feet to a ½" i.p. (found); thence N. 31° 57' 26" W., 6.20 feet to an i.p. (found) "Bowman", corner to Curtiss (Jr.) and Diane Montgomery (Deed Book 346A, page 2321); thence with the line of Montgomery and then with John D. and Ioda Johnson (Deed Book 325, page 96), N. 58° 44' 12" E., 150.00 feet to a ½" i.p. (found), corner to Johnson and in the southwesterly sideline of Myrtle Street; thence with the southwesterly sideline of Myrtle Street, the following two calls: S. 31° 02' 41" E., 46.16 feet to a ½" i.p. (found); thence S. 28° 25' 14" E., 182.60 feet to a steel T-bar (found) in the terminus of Myrtle Street; thence with the terminus of Myrtle Street and then with Marcella M. Marshall (Deed Book 341, page 710) and Sam and Shirley Smith (Deed Book 362, page 759), S. 80° 07' 45" E., 265.30 feet to a nail and cap (set this survey) in the southwesterly sideline of Crescent Street; thence with the southwesterly sideline of Crescent Street the following two calls: S. 08° 10' 51" E., 99.84 feet to a steel T-bar (found); thence S. 21° 23' 51" E., 190.48 feet to a N&C (found) "V&M", at the intersection of the southwesterly sideline of Crescent Street and the northwesterly sideline of East Vann Road; thence with the northwesterly sideline of East Vann Road, the following three calls: S. 33° 13' 09" W., 405.47 feet to a N&C (found) "V&M"; thence S. 55° 02' 09" W., 284.02 feet to a steel T-bar (found); thence S. 51° 55' 49" W., 722.43 feet to an i.p. (found) "Azimuth", corner to Allen, Stanley, Giles, et al (Deed Book 386A, page 2773); thence with the line of Allen, Stanley, Giles, et al the following two calls: N. 36° 22' 26" W., 252.27 feet to an i.p. (found) "Azimuth"; thence S. 53° 49' 29" W., 376.46 feet to a steel T-bar (found) in the northeasterly sideline of Takoma Avenue; thence with the northeasterly sideline of Takoma Avenue, the following four calls: N. 06° 36' 39" W., 289.29 feet to a steel T-bar (found); thence by a curve to the left, with a chord bearing of N. 16° 53' 56" W., 167.88 feet, a radius of 470.00 feet, an arc distance of 168.79 feet to a steel T-bar (found); thence N. 33° 45' 42" W., 50.00 feet to a N&C (found) "V&M"; thence N. 31° 06' 45" W., 98.81 feet to the point of **BEGINNING**, containing 25.35 acres, more or less, and being shown as Tract "3-R" on the survey referred to herein.

THERE IS EXCEPTED FROM THIS DESCRIPTION, the following described parcel located within the property described, currently owned by Elizabeth B. Reaves (Deed Book 212, page 317):

TO FIND THE POINT OF BEGINNING, begin at a steel T-bar (found) in the northeasterly sideline of Takoma Avenue, corner to Allen, Stanley, Giles, et al (Deed Book

386A, page 2773) and the property herein conveyed; thence with the line of Allen, Stanley, Giles, et al, N. 53° 49' 29" E., 376.46 feet to an i.p. (found) "Azimuth"; thence leaving the line of Allen, Stanley, Giles, et al and a line through the property herein conveyed, N. 10° 52' 47" W., 174.76 feet (tie line) to the point of **BEGINNING**, thence N. 38° 38' 40" W., 244.80 feet to a N&C (found) "V&M" in the line of a 20-foot right-of-way as hereinafter described; thence with said right-of-way, the following three calls: N. 34° 20' 15" E., 132.30 feet to a N&C (found) "V&M"; thence N. 42° 58' 15" E., 63.20 feet to a nail and cap (set this survey); thence N. 73° 39' 49" E., 61.89 feet to a $\frac{3}{4}$ " i.p. (found); thence continuing with said right-of-way for a short distance, S. 42° 22' 39" E., 66.51 feet to a $\frac{1}{2}$ " i.p. (found); thence S. 11° 08' 58" E., 222.23 feet to a $\frac{3}{8}$ " i.p. (found); thence S. 49° 07' 54" W., 148.13 feet to the point of **BEGINNING**.

THIS CONVEYANCE IS SUBJECT TO a nonexclusive 20 foot right-of-way for ingress and egress to the Reaves Property described as follows and shown on the survey referred to herein:

BEING a 20' wide Right-of-Way for the purpose of ingress/egress (10' each side from centerline) along the following described centerline: Commencing at a nail and cap (found), said nail and cap being located in the southeasterly quadrant of the intersection of Coolidge Street and Takoma Avenue in the northeasterly right-of-way line of Takoma Avenue; thence continuing with said right-of-way line S. 31° 06' 45" E., 98.81 feet to a nail and cap (found); thence S. 33° 45' 42" E., 12.46 feet to the "True Point of Beginning"; thence N. 58° 14' 06" E., 93.44 feet to a point; thence N. 79° 59' 08" E., 79.88 feet to a point; thence N. 58° 54' 09" E., 29.80 feet to a point; thence along a curve (Radius = 160.00 feet) having a chord bearing and distance N. 44° 17' 55" E., 80.68 feet to a point; thence N. 29° 41' 40" E., 33.24 feet to a point; thence along a curve (Radius = 270.00 feet) having a chord bearing and distance N. 38° 41' 38" E., 84.47 feet to a point; thence N. 47° 41' 35" E., 38.44 feet to a point; thence along a curve (Radius = 62.46 feet) having a chord bearing and distance N. 84° 11' 31" E., 74.30 feet to the point of termination.

BEING part of the property conveyed to Adventist Health System/Sunbelt, Inc. dba Takoma Adventist Hospital by deed dated June 12, 1981 of record in said Register's Office in Deed Book 365, page 179 and by deed dated August 29, 1986 of record in said Register's Office in Deed Book 399, page 477.

Tax Map Identification No.: Part of Tax Map 110C, Group A, Parcel 005.00

Takoma Hospital and Sanitarium Training School, Inc. was merged with other entities into a single corporation to be known as Adventist Health System/Sunbelt, Inc. by merger appearing of record in the said Register's Office in Charter Book 12, page 264.

TO HAVE AND TO HOLD together with all rights, interests, and appurtenances appertaining thereto unto the party of the second part, its successors and assigns, forever.

This conveyance is expressly made subject to reservations, restrictions, easements, covenants and conditions contained in former instruments of record pertaining thereto and to all easements and encroachments apparent from an inspection of the property, or as would be disclosed by a current, accurate survey of the property (the "Permitted Encumbrances").

The party of the first part, for itself, its successors and assigns, covenants that it is lawfully seized and possessed of the property hereby conveyed; that it has a good and lawful right to convey the same; that said property is free and clear of any lien or encumbrance, except as to the Permitted Encumbrances; that it will execute such further assurances of title as may be reasonably required, and that it will forever warrant and defend the title thereto against the lawful claims of all persons whomsoever, except as to the Permitted Encumbrances.

WITNESS the following signature on this the day and year first above written.

ADVENTIST HEALTH SYSTEM/SUNBELT, INC.

By: *Richard Reiner*

Richard Reiner

STATE OF Florida
COUNTY OF Orange

Before me, the undersigned authority, a Notary Public in and for the State and County aforesaid, personally appeared Richard Reiner, with whom I am personally acquainted, (or proved to me on the basis of satisfactory evidence) and who, upon oath, acknowledged himself/herself to be the President of Multi-State Div. of ADVENTIST HEALTH SYSTEM/SUNBELT, INC. the within-named bargainer, a nonprofit corporation, and that he/she as such President of Multi-State Div. executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as President of Multi-State Div.

WITNESS my hand and official seal this 12 day of April, 2007.

Penny L. Morche
Notary Public

My commission expires:

August 16, 2008



STATE OF Florida
 COUNTY OF Orange

The undersigned affiant being first duly sworn, makes oath that the actual consideration for the foregoing transfer, or the value of the property hereinbefore described, whichever is greater, is \$13,824,000.00.

[Signature]
 Affiant

SWORN TO AND SUBSCRIBED before me, this 12 day of April, 2007.

[Signature]
 Notary Public

My commission expires:
August 16, 2008



NAME AND ADDRESS OF PROPERTY OWNER:

Takoma Regional Hospital, Inc.
401 Takoma Ave.
Greenville, TN 37743

NAME AND ADDRESS OF THE PERSON OR ENTITY RESPONSIBLE FOR THE PAYMENT OF THE REAL PROPERTY TAX:

Same as Property Owner

BK/PG: 427A/954-960

07005371

7 PGS : AL - DEED	
GLENNA BATCH: 50589	
05/01/2007 - 10:12:10 AM	
VALUE	13824000.00
MORTGAGE TAX	0.00
TRANSFER TAX	51148.80
RECORDING FEE	35.00
DP FEE	2.00
REGISTER'S FEE	1.00
TOTAL AMOUNT	51186.80

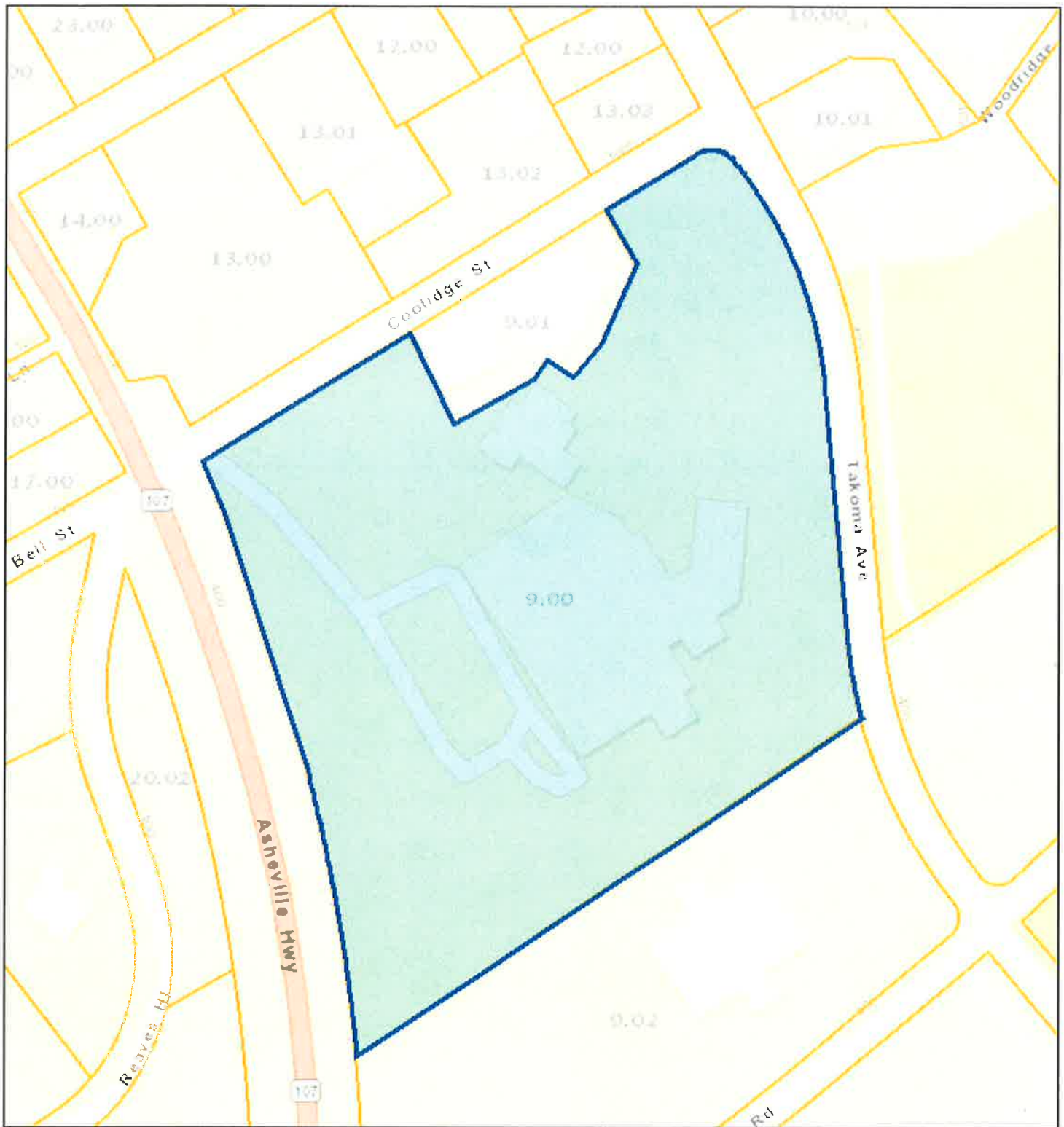
STATE OF TENNESSEE, GREENE COUNTY

JOY RADER
 REGISTER OF DEEDS

ATTACHMENT A-6B-1 & A-6B-2

- 1. Plot Plan**
- 2. Floor Plans**

Greene County - Parcel: 110C A 009.00¹⁰¹



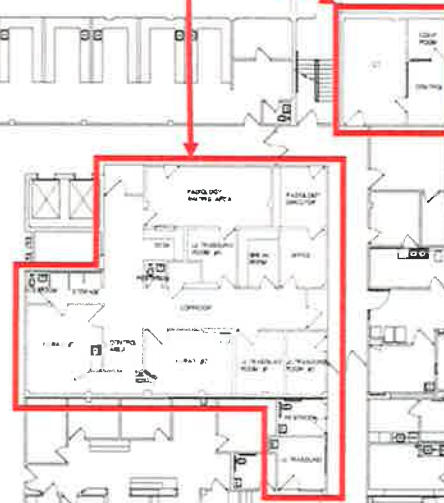
Date: January 3, 2020
County: Greene
Owner: TAKOMA REGIONAL HOSPITAL
Address: TAKOMA AVE
Parcel Number: 110C A 009.00
Deeded Acreage: 8.39
Calculated Acreage: 0
Date of Imagery: 2015

Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community
TN Comptroller - OLG
State of Tennessee, Comptroller of the Treasury, Office of Local Government

The property lines are compiled from information maintained by your local county Assessor's office but are not conclusive evidence of property ownership in any court of law.

**Greenville Community Hospital West
First Floor**

Imaging Department



FIRST LEVEL LIFE SAFETY PLAN
SCALE: 1/8" = 1'-0"



RADIOLOGY FLOOR PLAN
BALLAD HEALTH
401 TACOMA AVENUE, GREENVILLE, TN 37743
FIRST FLOOR

Review of Drawings	

Prepared by: S. ALLEN
Checked by: S. ALLEN
Reviewed by: J. ALLEN
Date: 10/15/2019

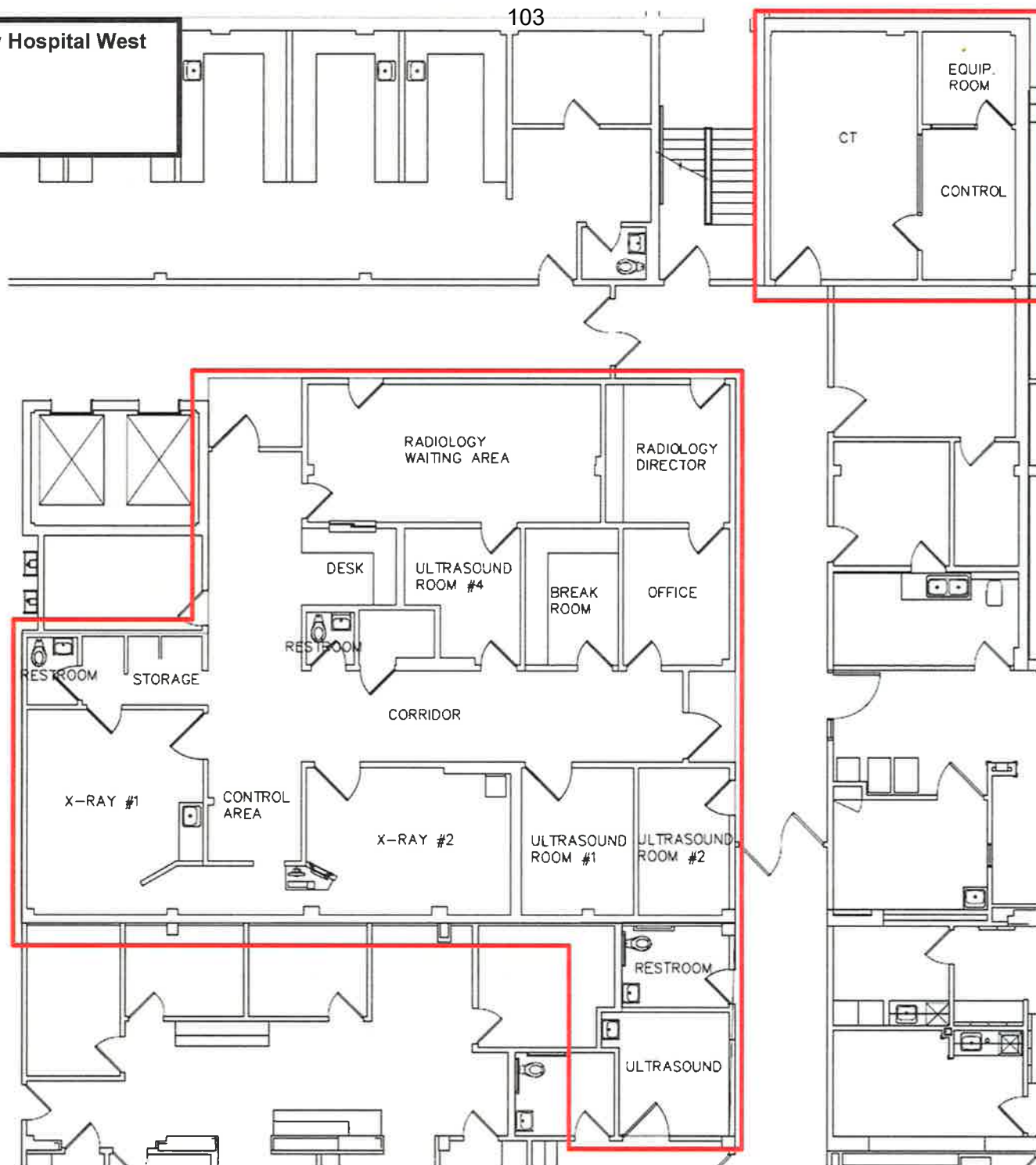
Project No: 15233

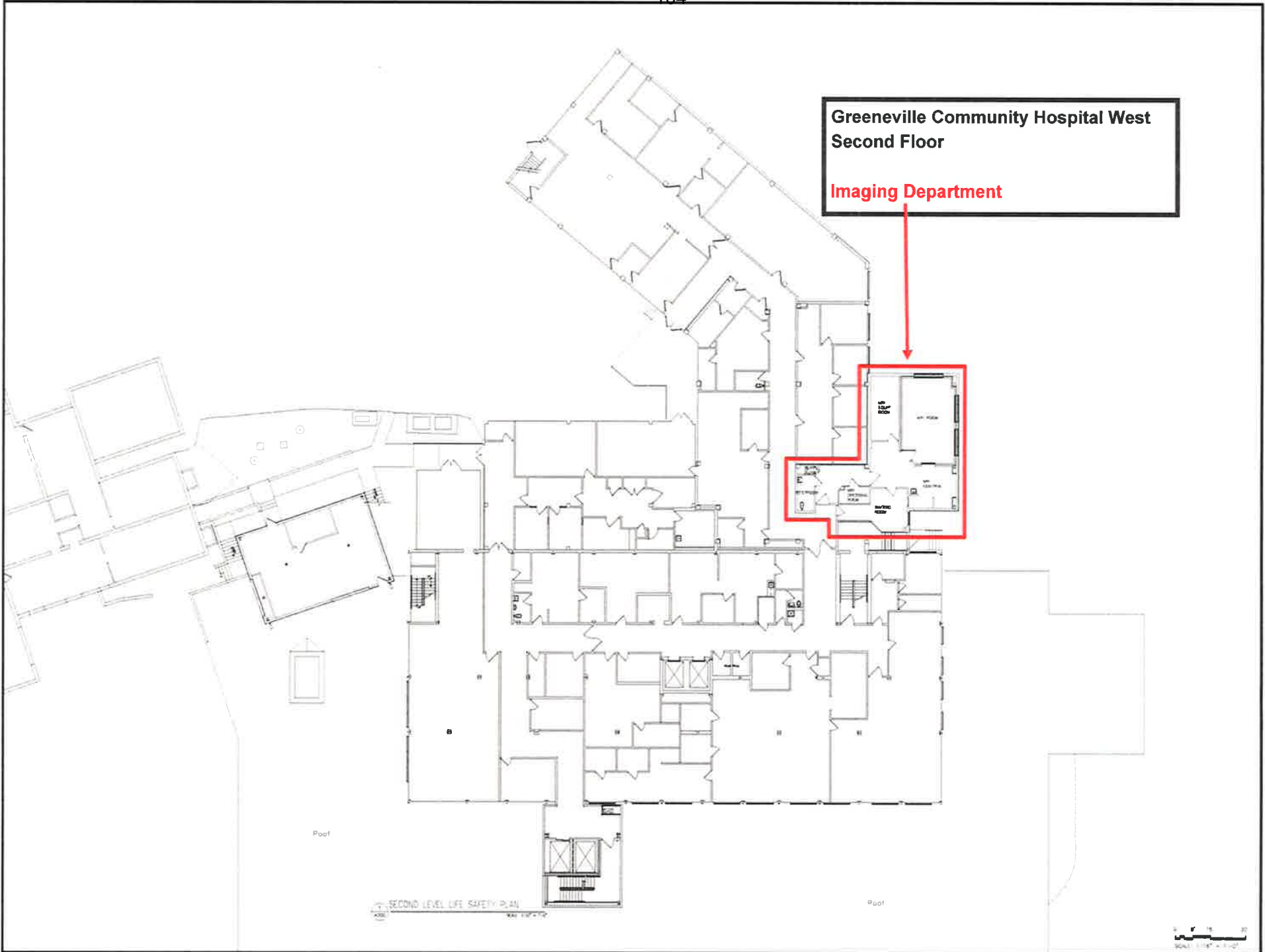


A101

**Greeneville Community Hospital West
First Floor**

Imaging Department





RADIOLOGY FLOOR PLAN
BALLAD HEALTH
401 TACOMA AVENUE, GREENVILLE, TN 37743

SECOND FLOOR

Project of Department

Owner: B. ALLEN WILSON
Client: B. ALLEN WILSON
Contract: JANUARY 2020
Date: JANUARY 2020

15233

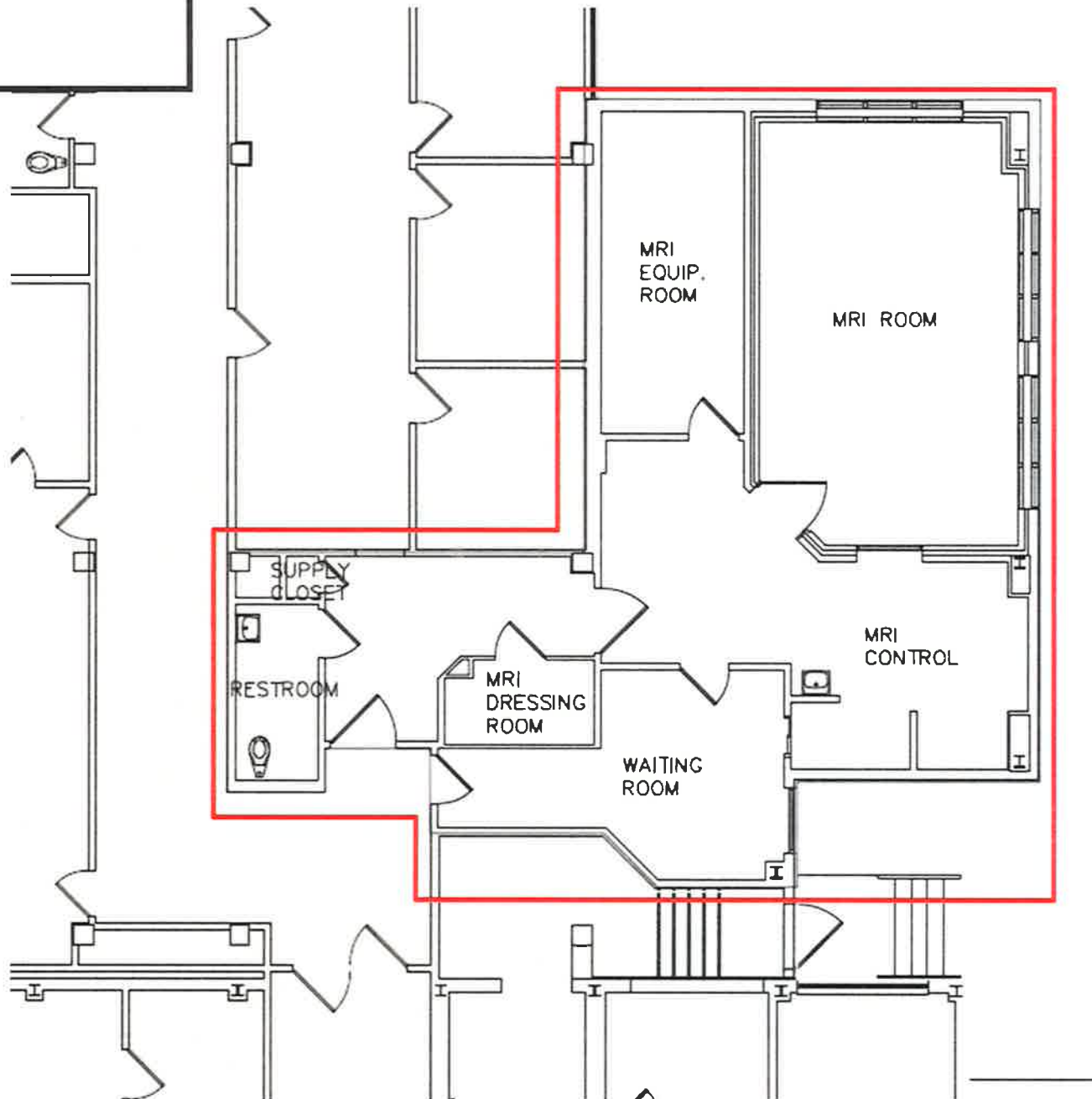


Sheet No.

A102

Greeneville Community Hospital West
Second Floor

Imaging Department



ATTACHMENT B-NEED-1 MRI CRITERIA 9a

Medically Underserved Areas

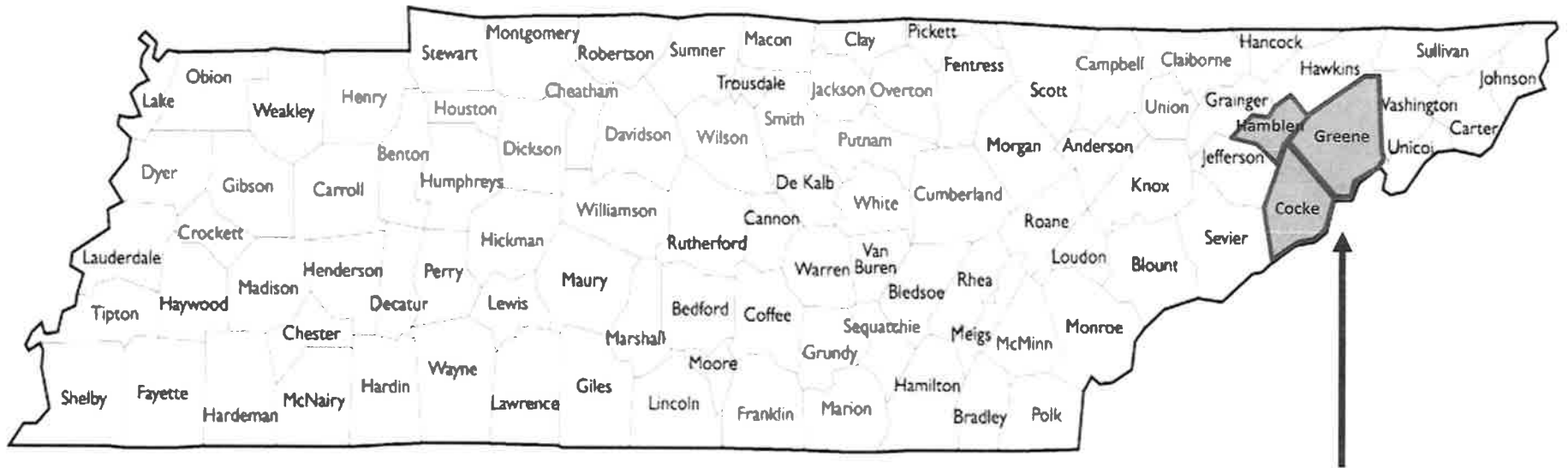
data.HRSA.gov

County Name	County FIPS Code	Service Area Name	MUA/P Source Identification Number	Designation Type	Population Type	Index of Medical Underservice Score	MUA/P Designation Date	MUA/P Update Date
1472439477	LI-Greene County	Medically Underserved Population	Tennessee	59.6	Designated	Rural	2018/07/06	2018/07/06
1476097488	Cocke County	Medically Underserved Area	Tennessee	53.8	Designated	Rural	1978/11/01	2017/03/01
1477488434	LI - Hamblen County	Medically Underserved Population	Tennessee	61.3	Designated	Non-Rural	2018/07/06	2018/07/06

ATTACHMENT B-NEED-3

Service Area Map

County Level Map



ODC Service Area

ATTACHMENT B-NEED-4

Service Area Demographic Snapshot

Sg2 MARKET SNAPSHOT



Market Snapshot

Greene, Cocke, and Hamblen Counties, Tennessee

Population and Gender	Market 2019 Population	Market 2019 % of Total	Market 2024 Population	Market 2024 % of Total	Market Population % Change	National 2019 % of Total
Female Population	88,355	51.16%	90,561	51.14%	2.50%	50.77%
Male Population	84,354	48.84%	86,510	48.86%	2.56%	49.23%
Total	172,709	100.00 %	177,071	100.00 %	2.53 %	100.00 %

Age Groups	Market 2019 Population	Market 2019 % of Total	Market 2024 Population	Market 2024 % of Total	Market Population % Change	National 2019 % of Total
00-17	35,628	20.63%	35,196	19.88%	(1.21 %)	22.48%
18-44	53,249	30.83%	54,197	30.61%	1.78%	35.67%
45-64	47,812	27.68%	46,711	26.38%	(2.30 %)	25.61%
65-UP	36,020	20.86%	40,967	23.14%	13.73%	16.25%
Total	172,709	100.00 %	177,071	100.00 %	2.53 %	100.00 %

Ethnicity/Race	Market 2019 Population	Market 2019 % of Total	Market 2024 Population	Market 2024 % of Total	Market Population % Change	National 2019 % of Total
Asian & Pacific Is., Non-Hispanic	1,352	0.78%	1,635	0.92%	20.93%	5.87%
Black Non-Hispanic	4,612	2.67%	4,801	2.71%	4.10%	12.42%
Hispanic	10,736	6.22%	11,894	6.72%	10.79%	18.43%
White Non-Hispanic	152,829	88.49%	155,198	87.65%	1.55%	60.02%
All Others	3,180	1.84%	3,543	2.00%	11.42%	3.27%
Total	172,709	100.00 %	177,071	100.00 %	2.53 %	100.00 %

Language*	Market 2019 Population	Market 2019 % of Total	Market 2024 Population	Market 2024 % of Total	Market Population % Change	National 2019 % of Total
Germanic Lang at Home	321	0.20%	322	0.19%	0.31%	0.47%
Only English at Home	155,306	95.01%	159,354	95.02%	2.61%	78.54%
Other Asian-Pacific Lang at Home	208	0.13%	208	0.12%	0.00%	0.95%
Other Indo-European Lang at Home	291	0.16%	293	0.17%	0.69%	1.81%
Spanish at Home	6,572	4.02%	6,739	4.02%	2.54%	13.32%
All Others	768	0.47%	788	0.47%	2.60%	4.91%
Total	163,465	100.00 %	167,704	100.00 %	2.59 %	100.00 %

Household Income	Market 2019 Households	Market 2019 % of Total	Market 2024 Households	Market 2024 % of Total	Market Households % Change	National 2019 % of Total
<\$15K	12,184	17.57%	11,260	15.85%	(7.58 %)	10.51%
\$15-25K	9,346	13.47%	8,995	12.66%	(3.76 %)	9.07%
\$25-50K	18,831	27.15%	18,131	25.53%	(3.72 %)	21.51%
\$50-75K	11,864	17.10%	12,331	17.36%	3.94%	16.92%
\$75-100K	7,263	10.47%	7,788	10.97%	7.23%	12.33%
\$100K-200K	8,065	11.63%	10,056	14.16%	24.69%	21.61%
>\$200K	1,807	2.61%	2,463	3.47%	36.30%	8.06%
Total	69,360	100.00 %	71,024	100.00 %	2.40 %	100.00 %

Education Level**	Market 2019 Population	Market 2019 % of Total	Market 2024 Population	Market 2024 % of Total	Market Population % Change	National 2019 % of Total
Less than High School	9,651	7.86%	10,058	7.94%	4.22%	5.44%
Some High School	12,092	9.85%	12,500	9.87%	3.37%	7.26%
High School Degree	53,837	43.84%	55,635	43.91%	3.34%	27.30%
Some College/Assoc. Degree	30,185	24.58%	31,058	24.51%	2.89%	30.70%
Bachelor's Degree or Greater	17,040	13.88%	17,459	13.78%	2.46%	29.29%
Total	122,805	100.00 %	126,710	100.00 %	3.18 %	100.00 %

*Excludes population age<5, **Excludes population age<25

ATTACHMENTS B-ECONOMIC FEASIBILITY-1

Architect Documentation for Support of Estimated Construction



January 13, 2020

Mr. Nick Robinette
 Corporate Director
 Ballad Health, Construction & Project Management
 108 Woodlawn Drive
 Johnson City, TN 37604

Re: Certificate of Need Application, Outpatient Center, Greenville Community Hospital West

To Whom It May Concern,

The project consists of a renovation in an existing medical center to create an approximately 5,528 square foot outpatient imaging center. Based on historical data of similar projects, we believe a reasonable total construction cost estimate for this project to be \$1,200,000.00.

Additionally, any modifications to the existing area will be designed and built to conform to all applicable codes as referenced below:

State of Tennessee Department of Health Code Requirements

2012 International Building Code
 2012 International Mechanical Code
 2012 International Plumbing Code
 2012 International Fuel Gas Code
 2012 NFPA 1, Excluding NFPA 5000
 2012 NFPA 101 Life Safety Code
 2011 National Electrical Code
 2010 Americans with Disabilities Act (ADA) with 2002 Amendments
 2018 FGI Guidelines for Design and Construction of Hospitals
 2018 FGI Guidelines for Design and Construction of Outpatient Facilities
 2018 FGI Guidelines for Design and Construction of Residential Health, Care, and Support Facilities

Town of Greeneville, Tennessee Code Requirements

2012 International Building Code
 2012 International Residential Code
 2012 International Mechanical Code
 2012 International Plumbing Code
 2012 International Fuel Gas Code
 2012 International Energy Conservation Code with Amendments
 2012 International Swimming Pool and Spa Code
 ICC A117.1-2009 (Standard for Accessible and Usable Buildings & Facilities)



If you should have any questions or concerns, please do not hesitate to contact me.

Thank you,

A handwritten signature in red ink that reads "Brian C. Alderson".

Brian C. Alderson, AIA, NCARB, LEED AP
BLS Thompson & Litton
207 E. Main Street, Suite 3C
Johnson City, Tennessee 37604

ATTACHMENTS B-ECONOMIC FEASIBILITY-2

Letter of Available Funds

January 10, 2020

Health Services and Development Agency
502 Deaderick Street
Andrew Jackson Bldg., 9th Floor
Nashville, TN 37243

Dear Agency Members:

This letter is to certify that Ballad Health has sufficient cash of \$3,293,758 to fund the project, as described in the certificate of need application, for the establishment of a separately licensed outpatient diagnostic center and initiation of MRI services to be located at 401 Takoma Avenue, Greeneville (Greene County), TN 37743.

Sincerely,



Lynn Krutak
Executive Vice President/Chief Financial Officer

ATTACHMENT B-ECONOMIC FEASIBILITY-6

Audited Financial Statements (FY2019) for Ballad Health



Audited Consolidated Financial Statements and Supplemental Information

Ballad Health

Year Ended June 30, 2019

BALLAD HEALTH***Audited Consolidated Financial Statements and Supplemental Information
(Dollars in Thousands)******Year Ended June 30, 2019***

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Audited Consolidated Financial Statements

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Supplemental Information

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PYA, P.C.
 One Cherokee Mills, 2220 Sutherland Avenue
 Knoxville, TN 37919
 p: (865) 673-0844 | f: (865) 673-0173
 www.pyapc.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
 Ballard Health:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Ballard Health and its subsidiaries (Ballad), which comprise the consolidated balance sheet as of June 30, 2019, and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Ballad's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ballad's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ballad Health and its subsidiaries as of June 30, 2019, and the results of their operations, changes in net assets, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Emphasis of Matter

As discussed in Note A Description of Supplemental Information on page 35, the consolidated statement of operations and changes in net assets for Ballad Health for the year ended June 30, 2018 is presented on a pro forma basis as if the merger to form Ballad Health had occurred on July 1, 2017. Our opinion is not modified with respect to this matter.

PYA, P.C.

Knoxville, Tennessee
October 28, 2019

BALLAD HEALTH***Consolidated Balance Sheet***
(Dollars in Thousands)

	<i>June 30,</i>
	<i>2019</i>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 122,563
Current portion of investments	8,199
Patient accounts receivable	282,943
Other receivables, net	48,194
Inventories and prepaid expenses	61,823
TOTAL CURRENT ASSETS	523,722
INVESTMENTS, less amounts required to meet current obligations	1,330,257
PROPERTY, PLANT AND EQUIPMENT, net	1,287,287
OTHER ASSETS	
Goodwill	209,381
Net acquisition costs and other charges	9,590
Estimated fair value of derivatives	3,092
Other assets	66,066
TOTAL OTHER ASSETS	288,129
TOTAL ASSETS	\$ 3,429,395

BALLAD HEALTH***Consolidated Balance Sheet - Continued***
(Dollars in Thousands)

	<i>June 30,</i> <i>2019</i>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accrued interest payable	\$ 20,733
Current portion of long-term debt and capital lease obligations	27,000
Accounts payable and accrued expenses	145,670
Accrued salaries, compensated absences and amounts withheld	123,812
Estimated amounts due to third-party payers, net	11,965
TOTAL CURRENT LIABILITIES	329,180
OTHER LIABILITIES	
Long-term debt and capital lease obligations, less current portion	1,317,279
Estimated professional liability self-insurance	17,984
Other long-term liabilities	61,912
TOTAL LIABILITIES	1,726,355
COMMITMENTS AND CONTINGENCIES	
NET ASSETS	
Net assets without donor restrictions	
Ballad Health	1,403,962
Noncontrolling interests in subsidiaries	262,837
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	1,666,799
Net assets with donor restrictions	
Ballad Health	36,214
Noncontrolling interests in subsidiaries	27
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	36,241
TOTAL NET ASSETS	1,703,040
TOTAL LIABILITIES AND NET ASSETS	\$ 3,429,395

See notes to consolidated financial statements.

BALLAD HEALTH***Consolidated Statement of Operations***
(Dollars in Thousands)

	<i>Year Ended June 30, 2019</i>
Revenue, gains and support:	
Patient service revenue	\$ 2,044,986
Other operating revenue	61,479
TOTAL REVENUE, GAINS AND SUPPORT	2,106,465
Expenses:	
Salaries and wages	674,036
Physician salaries and wages	187,121
Contract labor	35,234
Employee benefits	145,914
Fees	219,203
Supplies	427,987
Utilities	32,131
Other	154,419
Depreciation and amortization	139,649
Interest and taxes	51,969
TOTAL EXPENSES	2,067,663
OPERATING INCOME	38,802
Nonoperating gains (losses):	
Interest and dividend income	30,928
Net realized gains on the sale of securities	17,896
Change in net unrealized gains/losses on securities	7,059
Derivative related income	2,145
Change in estimated fair value of derivatives	8,390
Other nonoperating losses, net	(10,301)
NET NONOPERATING GAIN	56,117
EXCESS OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES	\$ 94,919

BALLAD HEALTH***Consolidated Statement of Changes in Net Assets
(Dollars in Thousands)******Year Ended June 30, 2019***

	<i>Ballad Health</i>	<i>Noncontrolling Interests</i>	<i>Total</i>
NET ASSETS WITHOUT DONOR RESTRICTIONS:			
Excess of Revenue, Gains and Support over Expenses and Losses	\$ 73,415	\$ 21,504	\$ 94,919
Pension, defined benefit plan, and other adjustments	628	754	1,382
Net assets released from restrictions used for the purchase of property, plant and equipment	2,287	-	2,287
Contribution to noncontrolling interests	(1,000)	-	(1,000)
Distributions to noncontrolling interests	-	(1,226)	(1,226)
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	75,330	21,032	96,362
NET ASSETS WITH DONOR RESTRICTIONS:			
Restricted grants and contributions	9,096	6	9,102
Net assets released from restrictions	(5,902)	(9)	(5,911)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	3,194	(3)	3,191
INCREASE IN TOTAL NET ASSETS	78,524	21,029	99,553
NET ASSETS, BEGINNING OF PERIOD	1,361,652	241,835	1,603,487
NET ASSETS, END OF PERIOD	\$ 1,440,176	\$ 262,864	\$ 1,703,040

See notes to consolidated financial statements.

BALLAD HEALTH***Consolidated Statement of Cash Flows***
(Dollars in Thousands)

	<i>Year Ended June 30, 2019</i>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 99,553
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Provision for depreciation and amortization	139,649
Change in net unrealized gains/losses on securities	(7,059)
Change in estimated fair value of derivatives	(8,390)
Equity in net income of joint ventures, net	(1,429)
Gain on disposal of assets	(1,289)
Derivative related income	(9,905)
Capital appreciation bond accretion and other	1,872
Restricted contributions	(9,102)
Pension, defined benefit plan, and other adjustments	1,382
Increase (decrease) in cash due to change in:	
Patient accounts receivable	5,143
Other receivables, net	(10,887)
Inventories and prepaid expenses	3,975
Trading securities	(61,785)
Other assets	(1,650)
Accrued interest payable	11,247
Accounts payable and accrued expenses	3,920
Accrued salaries, compensated absences and amounts withheld	18,124
Estimated amounts due to third-party payers, net	(2,643)
Estimated professional liability self-insurance	227
Other long-term liabilities	(14,302)
Total adjustments	57,098
NET CASH PROVIDED BY OPERATING ACTIVITIES	156,651
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property, plant and equipment and property held for expansion	(134,895)
Held-to-maturity securities released from restrictions	2,002
Net distribution from joint ventures and unconsolidated affiliates	1,868
Proceeds from sale of property, plant and equipment and property held for resale	5,179
NET CASH USED IN INVESTING ACTIVITIES	(125,846)

See notes to consolidated financial statements.

BALLAD HEALTH***Consolidated Statement of Cash Flows - Continued***
(Dollars in Thousands)

	<i>Year Ended June 30, 2019</i>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on long-term debt and capital lease obligations, including deposits to escrow and refinanced debt obligations	(13,420)
Net amounts received on interest rate swap settlements	9,905
Restricted contributions received	8,429
NET CASH PROVIDED BY FINANCING ACTIVITIES	4,914
NET INCREASE IN CASH AND CASH EQUIVALENTS	35,719
CASH AND CASH EQUIVALENTS, beginning of period	86,844
CASH AND CASH EQUIVALENTS, end of period	\$ 122,563
SUPPLEMENTAL INFORMATION AND NON-CASH TRANSACTIONS:	
Cash paid for interest	\$ 34,195
Construction related payables in accounts payable and accrued expenses and other long-term liabilities	\$ 16,988
Non-cash acquisition of property, plant and equipment	\$ 3,143

BALLAD HEALTH

Notes to Consolidated Financial Statements *(Dollars in Thousands)*

Year Ended June 30, 2019

NOTE A--ORGANIZATION AND OPERATIONS

Ballad Health (Ballad) is a tax-exempt entity and the parent corporation of both Mountain States Health Alliance (MSHA) and Wellmont Health System (WHS). The two healthcare systems came together on February 1, 2018 as a result of a merger approved by both Tennessee and Virginia Departments of Health. Ballad operates under a Certificate of Public Advantage (COPA) in Tennessee and a Cooperative Agreement (CA) in Virginia. Pursuant to the COPA and CA, MSHA and WHS (the COPA Parties) shall fulfill the obligations, commitments and covenants set forth in the COPA and the CA. Such obligations include that Ballad shall meet established minimum spending criteria over the ten-year period beginning July 1, 2018 on initiatives for expanded access to healthcare services, health research and graduate medical education, population health improvement, and a region-wide health information exchange. The full text of the COPA can be found on the Tennessee Department of Health's website, while the CA can be found on the Virginia Department of Health's website. Ballad is a healthcare delivery system serving 29 counties in Northeast Tennessee, Southwest Virginia, Northwest North Carolina, and Southeastern Kentucky. Ballad operates 3,089 licensed beds in 21 hospitals, including a dedicated children's hospital, community hospitals, three critical access hospitals, a behavioral health hospital, an addiction treatment facility, long-term care facilities, home care and hospice services, retail pharmacies, outpatient services and a comprehensive medical management corporation.

The accompanying consolidated financial statements include all assets, liabilities, revenues, expenses and changes in net assets attributable to non-controlling interests in the following subsidiaries:

- Smyth County Community Hospital and Subsidiary (80% interest)
- Norton Community Hospital and Subsidiaries (50.1% interest)
- Johnston Memorial Hospital, Inc. and Subsidiaries (50.1% interest)

Ballad is the primary beneficiary of fundraising and development activities of the Ballad Health Foundation, which was created during the year ended June 30, 2019 through the merger of Mountain States Foundation, Inc., Laughlin Health Care Foundation, and the Wellmont Foundation. The results of the Ballad Health Foundation are reflected in the consolidated operations of Ballad.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of Ballad and its consolidated subsidiaries after elimination of all significant intercompany accounts and transactions. A minority interest is recorded for certain consolidated Ballad facilities and subsidiaries to represent non-controlling or minority interests in the operations and net assets of entities not 100% owned by Ballad.

BALLAD HEALTH***Notes to Consolidated Financial Statements - Continued***
(Dollars in Thousands)***Year Ended June 30, 2019***

Use of Estimates: The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Significant estimates include allowances for contractual adjustments and bad debts, amounts due to or from third-party payers, investment valuations, depreciable lives and impairment considerations of property, plant and equipment, goodwill, derivatives and professional and other insurance liabilities. Actual results could differ from these estimates.

Cash and Cash Equivalents: Cash and cash equivalents include all highly liquid investments with a maturity of three months or less when purchased. Cash and cash equivalents designated as assets limited as to use or uninvested amounts included in investment portfolios are not included as cash and cash equivalents. Earnings and gains and losses on investments are recognized as nonoperating gains and losses in the Consolidated Statement of Operations as investments are considered to be peripheral to primary operations. Activity related to trading securities is categorized as an operating activity in the Consolidated Statement of Cash Flows based on the nature of those investments.

Investments: Substantially all investments are classified as trading securities at June 30, 2019. All debt and marketable equity securities classified as trading securities, which have a readily determinable fair value, are reported at fair value based on quoted market prices. Other investments are reported at the net asset value per share as a practical expedient. Certain other investments without quoted market prices are reported at estimated fair market value utilizing observable and unobservable inputs. Realized gains and losses are computed using the specific identification method for cost determination. Interest and dividend income is reported net of related investment fees.

Investments in limited partnerships are recorded at net asset value as determined by the partnership. Certain investments without readily determinable fair values, including private investments, hedge funds, real estate, and other funds, are recorded at net asset value per share. Investments in joint ventures over which Ballard exercises significant control, but does not control, are reported under the equity method of accounting, which approximates the equity and ownership of Ballard in the underlying net book value. Other assets include investments in joint ventures of \$19,095 at June 30, 2019. Ballard may be required to fund operating losses and guarantee debt on certain joint ventures although management believes the amount of any funding will not be material.

Investments are reported as long-term unless designated for the repayment of current liabilities.

Inventories: Inventories, consisting primarily of medical supplies, are stated at the lower of cost or net realizable value with cost determined by first-in, first-out and average cost methods.

BALLAD HEALTH***Notes to Consolidated Financial Statements - Continued***
(Dollars in Thousands)***Year Ended June 30, 2019***

Property, Plant and Equipment: Property, plant and equipment is stated on the basis of cost, or if donated, at the fair value at the date of gift. Generally, depreciation is computed by the straight-line method over the estimated useful life of the asset. Equipment held under capital lease obligations is amortized under the straight-line method over the shorter of the lease term or estimated useful life. Amortization of buildings and equipment held under capital leases is shown as a part of depreciation expense and accumulated depreciation in the accompanying consolidated financial statements. Renewals and betterments are capitalized and depreciated over their useful life, whereas costs of maintenance and repairs are expensed as incurred. Asset retirement obligations at June 30, 2019 are approximately \$3,452 and are included in other long-term liabilities.

Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets. The amount capitalized is net of investment earnings on assets limited as to use derived from borrowings restricted for capital assets. Ballard reviews capital assets for indications of potential impairment when there are changes in circumstances related to a specific asset. If this review indicates that the carrying value of these assets may not be recoverable, a write-down to estimated fair value is recorded. No impairment losses were recognized during the year ended June 30, 2019.

Other assets include property held for resale and expansion of \$14,989 at June 30, 2019. Property held for resale and expansion primarily represents land contributed, or purchased, plus costs incurred to develop the infrastructure of such land. Management annually evaluates its investment and records non-temporary declines in value when it is determined the ultimate net realizable value is less than the recorded amount. No such declines were identified during the year ended June 30, 2019.

Goodwill: Goodwill is evaluated for impairment at least annually, considering qualitative and quantitative factors. MSHA and WHS are individual reporting units for the evaluation. Management does not believe any goodwill is impaired as of June 30, 2019. Management utilized significant estimates in the evaluation, and it is reasonably possible that such estimates could change in the near term.

Deferred Financing, Acquisition Costs and Other Charges: Deferred acquisition costs and other charges total \$9,590 at June 30, 2019 and are recorded in other assets in the Consolidated Balance Sheet. Deferred financing costs are amortized over the term of the respective debt issue utilizing a method which approximates the effective interest method and are reported as a component of long-term debt. Deferred financing costs are net of accumulated amortization.

Derivative Financial Instruments: Ballard is a party to various interest rate swaps (Note D). These financial instruments are not designated as hedges and have been presented at estimated fair market value in the accompanying Consolidated Balance Sheet as long-term assets, based upon the

BALLAD HEALTH***Notes to Consolidated Financial Statements - Continued
(Dollars in Thousands)******Year Ended June 30, 2019***

remaining term of the instrument. Even though not designated as hedges, the purpose of the interest rate swaps is to reduce the volatility of market rates associated with outstanding debt. The estimated fair value is based on amounts that would be received or paid for similar agreements at the balance sheet date. Changes in the estimated fair value are included as nonoperating gains and losses in the accompanying Consolidated Statement of Operations. For derivative financial instruments classified as total return swaps, cash settlements are reported as interest expense or reduction in interest expense. For all other derivative financial instruments, cash settlements are reported as derivative related income in the accompanying Consolidated Statement of Operations.

Estimated Professional Liability Self-Insurance and Other Long-Term Liabilities: Self-insurance liabilities include estimated reserves for reported and unreported professional liability claims and are recorded at the estimated net present value of such claims. Other long-term liabilities include contributions payable, obligations under deferred compensation arrangements, defined benefit pension plans, and post-retirement employee benefit plans, as well as other liabilities.

Patient Service Revenue/Receivables: Patient service revenue is reported on the accrual basis and reflects the expected payment for services provided during the period. Retroactive adjustments for third-party payers are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined or additional information is obtained.

Revenue is recognized as performance obligations are satisfied. Performance obligations are defined as the distinct inpatient and outpatient services delivered to the patient and are determined based on the nature of the services provided and may have a term of several days or longer. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected charges.

Performance obligations relate to contracts with a duration of less than one year. Any unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which typically occurs within days or weeks of the end of the reporting period.

Ballad determines the transaction price for patient service revenue based on standard charges for goods and services provided, reduced by explicit and implicit price concessions. Explicit price concessions are contractual adjustments provided to third-party payers and discounts provided to uninsured patients. Contractual adjustments and discounts are determined based on contractual agreements, discount policies, and historical experience. Implicit price concessions are other adjustments based on historical collection experience provided to uninsured or under-insured patients.

BALLAD HEALTH***Notes to Consolidated Financial Statements - Continued
(Dollars in Thousands)******Year Ended June 30, 2019***

Patient accounts receivable are reported net of both an estimated allowance for contractual adjustments and an allowance for implicit price concessions. For uninsured patients that do not qualify for financial assistance, revenue is recognized on the basis of discounted rates. Patients who have no insurance and are ineligible for any government assistance are billed at rates generally billed to commercially insured patients. Ballard routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies.

Generally, patients who are covered by third-party payers are responsible for related deductibles and coinsurance, which vary in amount. Ballard also provides services to uninsured and underinsured patients that do not qualify for financial assistance.

Using a portfolio approach, Ballard estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. In addition, for uninsured patients, Ballard reduces charges from current rates based on average discounts provided to certain third-party payers. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are recorded as adjustments to patient service revenue in the period of the change. Adjustments for such changes in the estimated transaction price were not significant for the year ended June 30, 2019. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense. No significant amount of bad debt expense was reported for the year ended June 30, 2019. However, implicit price concessions for uninsured or underinsured patients are recorded in the period services are provided and totaled approximately \$141,190 for the year ended June 30, 2019.

Charity Care: Ballard accepts all patients regardless of their ability to pay. Patients are eligible to receive financial assistance based on established policies and various guidelines outlined by the Federal Government. These policies define charity as those services for which no payment is anticipated and, as such, charges at established rates are not included in net patient service revenue. Charges forgone, based on established rates, totaled \$200,224 during the year ended June 30, 2019. The estimated direct and indirect cost of providing these services totaled \$41,006 for the year ended June 30, 2019. Such costs are determined using a ratio of costs to charges, including an allocation for indirect costs.

In addition to the charity care services, Ballard provides a number of other services to benefit the indigent. Medicare, Medicaid, TennCare and State indigent programs do not cover the full cost of providing care to beneficiaries. Ballard also provides services, to the community at large, for which it receives little or no payment.

Excess of Revenue, Gains and Support Over Expenses and Losses: The Consolidated Statement of Operations and the Consolidated Statement of Changes in Net Assets includes the caption Excess of Revenue, Gains and Support Over Expenses and Losses (the Performance Indicator).

BALLAD HEALTH***Notes to Consolidated Financial Statements - Continued***
(Dollars in Thousands)***Year Ended June 30, 2019***

Changes in net assets without donor restrictions are excluded from the Performance Indicator, consistent with industry practice, and include contributions of long-lived assets or amounts restricted to the purchase of long-lived assets, certain pension and related adjustments, and transactions with noncontrolling interests.

Income Taxes: Ballard is classified as an organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, no provision for federal income taxes is included in the accompanying consolidated financial statements. Taxable subsidiaries are discussed in Note K. No significant uncertain tax positions exist at June 30, 2019. Tax returns for 2016 through 2018 are subject to examination by the Internal Revenue Service.

Net Assets with Donor Restrictions: Net assets with donor restrictions are assets limited by donors to a specific time period or purpose or designated to be maintained in perpetuity. When a donor or time restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported as other operating revenue in the Consolidated Statement of Operations and Changes in Net Assets. Net assets restricted by donors for purposes of capital purchases or construction are reported in the Consolidated Statement of Operations and Changes in Net Assets as net assets released from restrictions when the purpose restriction is fulfilled. Contribution and grant revenue is net of expenses and presented as part of nonoperating gains (losses) in the Consolidated Statement of Operations.

Recently Adopted Accounting Principles: During the year ended June 30, 2019, Ballard adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, (ASU-2014-09) issued by the Financial Accounting Standards Board (FASB), which supersedes previous revenue recognition guidance under accounting principles generally accepted in the United States (GAAP). ASU 2014-09 requires the recognition of revenue when services are performed at an amount equal to what the entity expects to receive for those services. This update also requires expanded disclosure related to revenue recognition policies.

During the year ended June 30, 2019, Ballard adopted ASU No. 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14), which requires not-for-profit entities to present two classes of net assets in the financial statements, rather than the three classes required previously and adds enhanced disclosures. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions, and permanently and temporarily restricted net assets are now reported as net assets with donor restrictions.

Recently Issued Accounting Principles: The following are upcoming changes to accounting standards that may impact Ballard's consolidated financial statements when they become effective.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (ASU 2016-02), which requires balance sheet recognition of a liability and right-to-use asset for substantially all leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018 and requires a modified

BALLAD HEALTH***Notes to Consolidated Financial Statements - Continued***
(Dollars in Thousands)***Year Ended June 30, 2019***

retrospective transition approach for leases existing at the date of adoption. Management will adopt this ASU as required for the year ending June 30, 2020.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 320)* (ASU 2016-15), which clarifies classification of certain cash receipts and payments within the statement of cash flows. ASU 2016-15 provides guidance on eight specific cash flow issues, including treatment of distributions received from equity method investees. ASU 2016-15 states that investors will make an accounting policy election to classify distributions received from equity method investees using either the “cumulative earnings approach” or the “nature of the distribution approach.” These approaches determine the classification of distributions from equity method investees between operating and investing activities. In November 2016, the FASB issued ASU No. 2016-18 *Statement of Cash Flows (Topic 320) Restricted Cash* (ASU 2016-18), which clarifies classification and presentation of changes in cash whose use is restricted by donors. ASU 2016-15 and ASU 2016-18 are effective for fiscal years beginning after December 15, 2018. Management will adopt this ASU as required for the year ending June 30, 2020.

In March 2017, the FASB issued ASU No. 2017-08, *Receivables-Nonrefundable Fees and Other Costs: Premium Amortization on Purchased Callable Debt Securities* (ASU 2017-08), which shortens the amortization period for any premium to the earliest call date. Bonds purchased with a discount are not impacted by this ASU. ASU 2017-08 will be effective for fiscal years beginning after December 15, 2019 and requires a modified retrospective application. Management is evaluating the impact of this standard on the consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08), which provides clarity in distinguishing grants or similar contracts between exchange transactions or contributions and guidance on classifying whether or not a transaction is conditional. ASU 2018-08 is effective for contributions received during fiscal years beginning after December 15, 2018. Management will adopt this ASU as required for the year ending June 30, 2020.

NOTE C--INVESTMENTS

Assets limited as to use by third parties are included as part of investments in the Consolidated Balance Sheet and are summarized by designation or restriction as follows at June 30, 2019:

Designated or restricted:

Under safekeeping agreements	\$	8,305
Under self-insurance agreements		20,668
For deferred compensation		1,115
By Board to satisfy regulatory requirements		48

BALLAD HEALTH***Notes to Consolidated Financial Statements - Continued***
(Dollars in Thousands)***Year Ended June 30, 2019***

Under bond indenture agreements:	
For debt service and interest payments	35,310
	65,446
Less: amount required to meet current obligations	(8,199)
	<u>\$ 57,247</u>

Assets limited as to use consist of the following at June 30, 2019:

Cash and cash equivalents	\$ 23,757
U.S. Government and agency securities	2,592
Mutual funds	39,097
	<u>\$ 65,446</u>

Trading securities consist of the following at June 30, 2019:

Cash and cash equivalents	\$ 53,858
U.S. Government and agency securities	112,939
Corporate and foreign bonds	85,710
Municipal obligations	10,260
U.S. equity securities	59,540
Mutual funds	797,280
Alternative investments and other	153,423
	<u>\$ 1,273,010</u>

Ballad is a member of the Premier Inc. (Premier) group purchasing organization and holds Class B units which are convertible into cash or Class A common stock over a seven-year vesting period. The Premier stock is an investment, included in alternative investments and other in the table above, and the estimated fair value of the Class B units total \$3,353 at June 30, 2019. In addition, as the vesting period is tangential to continued participation in the group purchasing contract, a liability, included within other long-term liabilities in the Consolidated Balance Sheet, is equivalent to the estimated fair value of the Class B units. The liability is being amortized over the vesting period. During the year ended June 30, 2019, Ballad recognized \$4,039 related to the conversion of Class B units in other operating revenue in the Consolidated Statement of Operations. Investment agreements in certain limited partnerships contain commitments to contribute additional funding, \$7,849 in the form of capital calls as of June 30, 2019.

BALLAD HEALTH**Notes to Consolidated Financial Statements - Continued**
(Dollars in Thousands)**Year Ended June 30, 2019****NOTE D--DERIVATIVE TRANSACTIONS**

Ballad is a party to a number of interest rate swap agreements, not designated as hedges and valued at estimated fair value in the accompanying Consolidated Balance Sheet. Derivative financial instruments contain credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes Ballad, which exposes Ballad to the credit risk of the counterparty. Market risk is the adverse effect on the value of a derivative instrument resulting from a change in interest rates. The market risk associated with interest rate contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

Ballad is subject to an enforceable master netting arrangement in the form of International Swaps and Derivatives Association (ISDA) agreements with the counterparty. The ISDA agreement requires additional collateral for the derivatives' fair market value deficits above specified levels. As of June 30, 2019, no additional collateral was required. Under the terms of this agreement, offsetting of derivative contracts is permitted in the event of default of either party to the agreement.

The following is a summary of the interest rate swap agreements at June 30, 2019:

<i>Notional Amount</i>	<i>Termination</i>	<i>Counterparty</i>	<i>Current Payments:</i>		<i>Estimated Fair Value 2019</i>
			<i>Receive</i>	<i>Pay</i>	
\$ 170,000	4/2026	BofAML	71.10% 5 year USD-LIBOR	USD-SIFMA	\$ 2,063
\$ 95,000	4/2026	BofAML	71.18% 5 year USD-LIBOR	USD-SIFMA	1,162
\$ 173,030	4/2034	BofAML	72.35% 5 year USD-LIBOR	USD-SIFMA	2,323
\$ 82,055	7/2033	BofAML	67% USD-LIBOR- BBA	0.312% + USD-SIFMA	(4,698)
\$ 50,000	7/2038	BofAML	67% (USD-LIBOR- BBA + 0.145%)	USD-SIFMA	(876)
\$ 69,670	4/2021	BofAML	6.00% - 6.50%	USD-SIFMA + 0.75%	1,992
\$ 180,420	9/2021	BofAML	5.25%	70% USD-LIBOR- BBA + 0.75%	1,126
					<u>\$ 3,092</u>

BALLAD HEALTH**Notes to Consolidated Financial Statements - Continued**
(Dollars in Thousands)**Year Ended June 30, 2019**

Ballad recognized net settlement income on the interest rate swap agreements of \$2,145 in the year ended June 30, 2019 as derivative related income in the Consolidated Statement of Operations. Interest expense was reduced by approximately \$7,760 in the year ended June 30, 2019 for cash settlements received on interest rate swap agreements.

NOTE E--PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following at June 30, 2019:

Land	\$	119,372
Buildings and leasehold improvements		1,442,435
Property and improvements held for leasing		108,095
Equipment and information technology infrastructure		1,419,999
Buildings and equipment held under capital lease		59,247
		<u>3,149,148</u>
Less: Allowances for depreciation and amortization		<u>(1,928,533)</u>
		1,220,615
Construction in progress		66,672
	\$	<u><u>1,287,287</u></u>

Accumulated depreciation and amortization on property and improvements held for leasing purposes is \$36,564 at June 30, 2019. Net interest capitalized was \$846 for the year ended June 30, 2019.

NOTE F--LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS

Long-term debt and capital lease obligations consist of the following at June 30, 2019:

<i>Description</i>	<i>Rate as of June 30, 2019</i>	<i>Outstanding 2019</i>
2018 Hospital Revenue Bonds:		
(net of unamortized premium of \$41,217 at June 30, 2019)		
\$535,170 fixed rate tax-exempt serial and term bonds, due July 2044	5.00%	
\$121,930 variable rate tax-exempt term bond, due July 2045	1.89%	
\$120,665 variable rate tax-exempt term bond, due July 2045	2.63%	
\$117,070 variable rate taxable term bond, due July 2047	3.07%	\$ 936,052
2012 Hospital Revenue Bond:		
(net of unamortized premium of \$1,453 at June 30, 2019)		
\$55,000 fixed rate tax-exempt term bond, due August 2042	5.00%	56,453
2012 Tax-Exempt Master Lease Financing:		
\$2,814 variable rate equipment lease financing, monthly principal and interest payments through September 2020	1.97%	

BALLAD HEALTH**Notes to Consolidated Financial Statements - Continued**
(Dollars in Thousands)**Year Ended June 30, 2019**

<i>Description</i>	<i>Rate as of June 30, 2019</i>	<i>Outstanding 2019</i>
\$3,001 variable rate equipment lease financing, monthly principal and interest payments through December 2020	1.79%	
\$2,108 variable rate equipment lease financing, monthly principal and interest payments through June 2020	1.82%	
\$250 variable rate equipment lease financing, monthly principal and interest payments through December 2019	1.45%	8,173
2011 Hospital Revenue Refunding Bonds:		
\$35,890 fixed rate tax-exempt term bond, due 2026	* 6.00%	
\$33,780 fixed rate tax-exempt term bond, interest and principal due July 2026 through September 2032	* 6.50%	69,670
2006 Hospital Revenue Bond:		
(net of unamortized premium of \$3,660 at June 30, 2019)		
\$180,420 fixed rate tax-exempt term bond, interest and principal due through September 2036	* 5%-5.25%	184,080
2000 Hospital First Mortgage Revenue and Refunding Bonds:		
\$32,185 fixed rate tax-exempt term bond, due July 2026	8.50%	
\$51,495 fixed rate tax-exempt Capital Appreciation Bond, interest and principal due July 2026 through 2030	6.63%	83,680
Capitalized lease obligations secured by equipment:		
Various monthly principal and interest payments through 2031	Various	14,178
Promissory notes secured by assets of certain entities:		
Various monthly principal and interest payments through July 2024	Various	1,213
		1,353,499
Less current portion		(27,000)
Bond issuance costs		(9,220)
		<u>\$ 1,317,279</u>

* Total return interest rate swaps are outstanding on these issuances

Series 2018 Bonds: In June 2018, Ballard issued \$535,170 (Series 2018A) Hospital Revenue Bonds, \$121,930 (Series 2018B) Hospital Revenue Bonds, \$120,665 (Series 2018C) Hospital Revenue Bonds, and \$117,070 (Series 2018D) Hospital Revenue Bonds through the Health and Educational Facilities Board of the Town of Greeneville, Tennessee (collectively, the Series 2018 Bonds). The proceeds of the Series 2018 Bonds were used to refinance outstanding certain indebtedness of MSHA and WHS and to pay issuance costs associated with these Bonds.

Capital Appreciation Bonds: The Series 2000 Bonds include \$14,680 of insured Capital Appreciation Bonds. Such bonds bear a 0% coupon rate and have a yield of 6.625% annually. Ballard recognizes interest expense and increases the amount of outstanding debt each year based upon this yield. Total principal and interest due at maturity (2026 through 2030) is \$93,675.

Other: Outstanding tax-exempt bond obligations that were insured under municipal bond insurance policies were \$83,680 at June 30, 2019. Under terms of these policies, the insurer guarantees payment of principal and interest. Variable rate demand bonds with letter of credit

BALLAD HEALTH***Notes to Consolidated Financial Statements - Continued***
(Dollars in Thousands)***Year Ended June 30, 2019***

support totaled \$121,930, and variable rate bonds held under direct purchase agreements totaled \$237,735 at June 30, 2019.

Early Redemption: The majority of the bonds are subject to redemption prior to maturity, including optional, mandatory sinking fund and extraordinary redemption, at various dates and prices as described in the respective bond indentures and other documents.

Derecognized Bonds: Debt has been advance refunded by placing required funds in irrevocable trusts in order to satisfy remaining scheduled principal and interest payments of the outstanding debt. Management, upon advice of legal counsel, believes the amounts deposited in such irrevocable trust accounts have contractually relieved Ballad of any future obligations with respect to this debt. Debt outstanding and not recognized in the Consolidated Balance Sheet at June 30, 2019 due to previous advance refundings totaled \$294,035.

The assets placed in the irrevocable trust accounts are also not recognized as assets of Ballad. These assets consist primarily of various investments, as permitted by bond indentures and other documents, including United States Treasury obligations, an investment contract with MBIA Insurance Corporation (MBIA) in the original amount of \$54,300, as well as the Series 2000C and 2000D Bonds. Therefore, certain of the assets held in the irrevocable trust accounts have future income streams contingent upon payments by Ballad.

Financing Arrangements: Ballad granted a deed of trust on Johnson City Medical Center and Sycamore Shoals Hospital to secure the payment of the outstanding bond indebtedness. The bonds are also secured by receivables, inventories and other assets as well as certain funds held under the documents pursuant to which the bonds were issued.

Certain entities of Ballad are members of the Obligated Group. The bond indentures, master trust indentures, letter of credit agreements and loan agreements related to the various bond issues and notes payable contain covenants with which the Obligated Group must comply. These requirements include maintenance of certain financial and liquidity ratios, deposits to trustee funds, permitted indebtedness, use of facilities, and disposals of property. These covenants also indicate that failure to meet certain debt service coverage tests will require the deposit of all daily cash receipts of the Obligated Group entities into a trust fund. Additional information on the members of the Obligated Group can be found in Note B to the Supplemental Information. Ballad is in compliance with all such covenants at June 30, 2019.

The scheduled maturities and mandatory sinking fund payments of the long-term debt and capital lease obligations (excluding interest), exclusive of net unamortized original issue discount and premium, at June 30, 2019 are as follows:

BALLAD HEALTH***Notes to Consolidated Financial Statements - Continued***
(Dollars in Thousands)***Year Ended June 30, 2019***

<u><i>Year Ending June 30,</i></u>	
2020	\$ 27,000
2021	28,292
2022	23,688
2023	28,311
2024	33,239
Thereafter	<u>1,166,639</u>
	1,307,169
Net premium	<u>46,330</u>
	<u><u>\$ 1,353,499</u></u>

NOTE G--SELF-INSURANCE PROGRAMS

Ballad is substantially self-insured for professional and general liability claims and related expenses. MSHA facilities maintain a \$25,000 umbrella liability policy on a claims-made basis that attaches over the self-insurance limits of \$10,000 per claim and a \$15,000 annual aggregate retention. Wellmont Insurance Company SPC, Ltd., a wholly-owned captive insurance company, had assets of \$20,668 as of June 30, 2019 limited to use for self-insurance liabilities. The WHS self-insurance program carries limits of \$1,000 per occurrence and a \$6,000 annual aggregate retention. WHS facilities maintain umbrella liability coverage of \$50,000 that attaches over its self-insurance program. Ballad also provides professional liability coverage for certain affiliates and joint ventures.

Ballad is self-insured for workers' compensation claims and has established estimated liabilities for both reported and unreported claims. Ballad maintains stop-loss policies that attach over the self-insurance limits.

At June 30, 2019, Ballad is involved in litigation relating to medical malpractice and workers' compensation and other claims arising in the ordinary course of business. There are also known incidents occurring through June 30, 2019 that may result in the assertion of additional claims and other unreported claims may be asserted arising from services provided in the past. Management has estimated and accrued for the cost of these unreported claims based on historical data and actuarial projections. The estimated net present value of malpractice and workers' compensation claims, both reported and unreported, as of June 30, 2019 was \$31,978. The discount rates utilized ranged from 2-5% at June 30, 2019.

Additionally, Ballad is self-insured for employee health claims and recognizes expense each period based upon actual claims paid and an estimate of claims incurred but not yet paid. Such amounts are included in accounts payable and accrued expenses in the Consolidated Balance Sheet.

BALLAD HEALTH***Notes to Consolidated Financial Statements - Continued***
(Dollars in Thousands)***Year Ended June 30, 2019***

NOTE H--PATIENT SERVICE REVENUE

Ballad has agreements with various third-party payers that provide for payments at amounts different from established rates. A summary of the payment arrangements with significant third-party payers follows:

Medicare: The Medicare program pays for inpatient services on a prospective basis. Payments are based upon diagnosis related group assignments, which are determined by the patient's clinical diagnosis and medical procedures utilized. Ballad also receives additional payments from Medicare based on the provision of services to a disproportionate share of Medicaid and other low-income patients. Most Medicare outpatient services are reimbursed on a prospectively determined payment methodology. The Medicare program also reimburses certain other services on the basis of reasonable cost, specifically for critical access hospitals, subject to various prescribed limitations and reductions.

Medicaid: Reimbursement under the State of Tennessee's Medicaid waiver program (TennCare) for inpatient and outpatient services is administered by various managed care organizations (MCOs) and is based on diagnosis related group assignments, a negotiated per diem or fee schedule basis. Ballad also receives additional supplemental payments from the State of Tennessee and Medicaid, \$14,984 during the fiscal year.

The Virginia Medicaid program reimbursement for inpatient hospital services is based on a prospective payment system using both a per case and per diem methodology. Additional payments are made for the allowable costs of capital. Payments for outpatient services are also based on a prospective payment system, using the Enhanced Ambulatory Patient Group (EAPG) methodology. Ballad also receives additional supplemental payments from the Commonwealth of Virginia, \$12,742 during the fiscal year.

Other: Ballad has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, preferred provider organizations and employer groups. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Amounts recorded under certain of these contractual arrangements are subject to review and final determination by various program intermediaries. Settlements with third-party payers for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer, and historical settlement activity, including an assessment to ensure that a significant reversal of revenue recognized will not occur. Estimated

BALLAD HEALTH***Notes to Consolidated Financial Statements - Continued***
(Dollars in Thousands)***Year Ended June 30, 2019***

settlements are adjusted in future periods as adjustments become known or as years are settled are no longer subject to such audits, reviews, and investigations. Changes in or adjustments to prior years' settlement estimates or final settlements of prior periods had minimal impact on patient service revenue for the year ended June 30, 2019. Cost reports prior to 2016 have generally been settled.

Activity with respect to audits and reviews of the governmental programs in the healthcare industry has increased and is expected to increase in the future. No additional specific reserves or allowances have been established with regard to these increased audits and reviews as management is not able to estimate such amounts, if any. Management believes that any adjustments from these increased audits and reviews will not have a material adverse impact on the consolidated financial statements. However, it is at least reasonably possible that management's estimate could change in the future, although the amount of any change cannot be determined.

Participation in the Medicare program requires compliance with significant rules and regulations. Failure to adhere to such could potentially result in fines, penalties or expulsion from the program. Management believes that adequate provision has been made for any identified adjustments, fines or penalties.

Patient service revenue, net of contractual adjustments, discounts and implicit price concessions, based on the type of service, is composed of the following for the year ended June 30, 2019:

Medicare	\$	987,129
Medicaid		223,734
Commercial		766,232
Self-Pay		44,063
Other		23,828
Patient service revenue	\$	<u>2,044,986</u>

NOTE I--EMPLOYEE BENEFIT PLANS

Ballad sponsors multiple defined contribution retirement plans (the Plans) which cover substantially all employees. Ballad makes matching contributions to these plans to match employee contributions, up to 6% of the participants compensation as determined by the plan documents. Employees of certain subsidiaries are covered by other plans having various contribution policies, although such plans are not significant. The total expense related to the Plans for the year ended June 30, 2019 was \$34,281.

Norton Community Hospital and Subsidiaries maintain a frozen defined benefit pension plan and a frozen post-retirement employee benefit plan. At June 30, 2019, the accrued unfunded pension

BALLAD HEALTH***Notes to Consolidated Financial Statements - Continued***
(Dollars in Thousands)***Year Ended June 30, 2019***

liability was \$3,753, and the accrued unfunded post-retirement liability was \$6,109, both of which are included in other long-term liabilities in the Consolidated Balance Sheet. WHS also maintains a frozen defined benefit pension plan and a frozen post-retirement employee benefit plan with an accrued unfunded liability of \$3,266 and \$1,502, respectively at June 30, 2019, also included in other long-term liabilities.

Ballad sponsors a secured executive benefit program (SEBP) for certain key executives. Contributions to the plan by Ballad are based on an annual amount of funding necessary to produce a target benefit for the participants at their retirement dates, although Ballad does not guarantee any level of benefit will be achieved. Contributions to the plan during the year ended June 30, 2019 were not significant. Other assets at June 30, 2019 includes \$14,890 related to Ballad's portion of the benefits which are recoverable upon the death of the participant. In addition, Ballad sponsors a Section 457(f) plan for certain key executives. Contributions to the Section 457(f) plan during the year ended June 30, 2019 were not significant.

NOTE J--CONCENTRATION OF RISK

Ballad has locations primarily in upper East Tennessee and Southwest Virginia, a geographic concentration. Ballad grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements.

The mix of receivables from patients and third-party payers based on charges at established rates is as follows as of June 30, 2019. The patient responsibility related to charges for which the third-party has not yet paid is included within the third-party payer categories.

Medicare	49%
Medicaid	13%
Commercial	25%
Self-Pay	4%
Other	9%
	<u>100%</u>

Approximately 97% of the consolidated total revenue, gains and support were related to the provision of healthcare services during the year ended June 30, 2019.

The Hospital maintains bank accounts at various financial institutions covered by the Federal Deposit Insurance Corporation (FDIC). Ballad may maintain bank account balances in excess of the FDIC insured limit. Management believes the credit risk associated with these deposits is not significant.

BALLAD HEALTH***Notes to Consolidated Financial Statements - Continued***
(Dollars in Thousands)***Year Ended June 30, 2019***

Ballad routinely invests in investment vehicles as listed in Note C. The investment portfolio is managed by outside investment management companies. Investments in corporate and foreign bonds, municipal obligations, money market funds, equities and other vehicles that are held by safekeeping agents are not insured or guaranteed by the U.S. government and are subject to market risks.

NOTE K--INCOME TAXES

MSHA and its subsidiaries and WHS and its subsidiaries each file a consolidated federal tax return and separate state tax returns. As of June 30, 2019, MSHA and WHS and their subsidiaries had net operating loss carryforwards for federal and state purposes of \$222,227. The net operating loss carryforwards, which expire through 2037, may be offset against future taxable income to the extent permitted by the Internal Revenue Code and Tennessee Code Annotated.

Net deferred tax assets related to these carryforwards and other deferred tax assets have been substantially offset through valuation allowances equal to these amounts. Income taxes paid relate primarily to state taxes for certain subsidiaries and federal alternative minimum tax.

NOTE L--OTHER COMMITMENTS AND CONTINGENCIES

Construction in Progress: Construction in progress at June 30, 2019 represents costs incurred related to various hospital and medical office building facility renovations and additions and information technology infrastructure. Ballad has outstanding contracts and other commitments related to the completion of these projects, and the cost to complete these projects is estimated to be \$28,593 at June 30, 2019. Ballad does not expect any significant costs to be incurred for infrastructure improvements to assets held for resale.

Employee Tuition Assistance: Ballad offers tuition assistance to certain individuals and in turn requires a work commitment for a specified period of time after graduation. Amounts due are then forgiven over a specific period of time as provided in the individual contracts. If the recipient does not fulfill the commitment, the funds disbursed on their behalf become due immediately, and interest is charged until the funds are repaid. Other receivables at June 30, 2019, include \$3,681 related to students in school, graduates working at Ballad and amounts due from others who are no longer in the tuition assistance program.

Operating Leases and Maintenance Contracts: Total lease expense for the year ended June 30, 2019 was \$23,418. Future minimum lease payments for each of the next five years and in the aggregate for Ballad's cancellable and noncancellable operating leases with remaining lease terms in excess of one year are as follows:

BALLAD HEALTH***Notes to Consolidated Financial Statements - Continued***
(Dollars in Thousands)***Year Ended June 30, 2019***

<i>Year Ending June 30,</i>	
2020	\$ 10,276
2021	8,120
2022	6,701
2023	6,280
2024	5,512
Thereafter	21,111
	<u>\$ 58,000</u>

NOTE M--FAIR VALUE MEASUREMENT

Ballad has estimated the fair value of financial instruments using available market information as of June 30, 2019, and valuation methodologies considered appropriate. The estimates presented are not necessarily indicative of amounts Ballad could realize in a current market exchange. The carrying value of substantially all financial instruments approximates fair value due to the nature or term of the instruments, except as described below.

Generally accepted accounting principles establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- *Level 1:* Inputs based on quoted market prices for identical assets or liabilities in active markets at the measurement date.
- *Level 2:* Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. Investments in this category are valued primarily using the market valuation approach.
- *Level 3:* Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Investments in this category include values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting management assumptions.

In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of a particular input to the

BALLAD HEALTH**Notes to Consolidated Financial Statements - Continued**
(Dollars in Thousands)**Year Ended June 30, 2019**

fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Investment in Joint Ventures: It is not practical to estimate the fair market value of the investments in joint ventures.

Estimated Professional Liability Self-Insurance and Other Long-Term Liabilities: Estimates of reported and unreported professional liability claims, pension and post-retirement liabilities are discounted to approximate their estimated fair value. It is not practical to estimate the fair market value of other long-term liabilities.

Long-Term Debt: The estimated fair value of long-term debt at June 30, 2019, is \$1,375,817 and would be classified in Level 2 in the fair value hierarchy. The fair value of long-term debt is estimated based upon quotes obtained from brokers for bonds and discounted future cash flows using current market rates for other debt. For long-term debt with variable interest rates, the carrying value approximates fair value.

The following table sets forth, by level within the fair value hierarchy, the financial instruments measured at fair value on a recurring basis as of June 30, 2019:

	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>NAV</i>
Cash and cash equivalents	\$ 77,615	\$ 77,615	\$ -	\$ -	\$ -
U.S. Government and agency securities	115,531	-	115,531	-	-
Corporate and foreign bonds	85,710	-	85,710	-	-
Municipal obligations	10,260	-	10,260	-	-
U.S. equity securities	59,540	59,540	-	-	-
Mutual funds	836,377	836,377	-	-	-
Alternative investments - Premier Class B	3,353	-	-	3,353	-
Total assets within fair value hierarchy	1,188,386	973,532	211,501	3,353	-
Investments measured at net asset value:					
Alternative investments	150,070	-	-	-	150,070
Total investments at fair value	\$ 1,338,456	\$ 973,532	\$ 211,501	\$ 3,353	\$ 150,070
Derivative agreements	\$ 3,092	\$ -	\$ -	\$ 3,092	\$ -

Ballad assigns fair values for fixed maturity securities based on prices provided by investment managers and the custodian bank for Ballad. Using a variety of pricing sources to determine market valuations, Ballad assigns fair values of equity securities based on market quotations.

Alternative Investments: Ballad generally uses net asset value per unit without further adjustment as provided by external investment managers as the practical expedient estimate of the fair value of its alternative investments. Accordingly, such values may differ from values that would have been used had an active market for the investments existed. The real estate fund invests primarily in U.S. commercial real estate. Redemptions on the real estate fund are subject to the capital

BALLAD HEALTH***Notes to Consolidated Financial Statements - Continued***
(Dollars in Thousands)***Year Ended June 30, 2019***

requirements of the fund manager. Hedge funds include investments in fund structures pursuing various strategies to reduce risk and volatility. Private equity investments include investments in venture capital, growth equity, buyout, mezzanine, distressed debt, and reinsurance held in commingled vehicles in which Ballard is a limited partner or shareholder. Real estate partnerships invest in real estate, projects, or land held in commingled funds. Alternative investments measured using net asset value per unit are as follows at June 30, 2019:

	2019	Redemption Frequency	Redemption Notice Period
Real estate fund	\$ 106,661	90 days	60 days
Hedge funds	17,176	90 days	90 days
Private equity investments	10,180	Not eligible	Not eligible
Real estate partnerships	16,053	Not eligible	Not eligible
	<u>\$ 150,070</u>		

The investment in Premier Class B units does not have a readily determinable fair value and has been reported at estimated fair market value. The significant unobservable inputs primarily relate to an estimate by management of the discount for lack of marketability of 12%. Accordingly, such value may differ from values that would have been used had an active market for the investment existed and as such has been classified in Level 3 of the fair value hierarchy.

Derivative Agreements: The valuation of derivative agreements is determined using market valuation techniques, including discounted cash flow analysis on the expected cash flows of each agreement. The analysis reflects the contractual terms of the agreement, including the period to maturity, and uses certain observable market-based inputs. The fair values of interest rate agreements are determined by netting the discounted future fixed cash payments (or receipts) and the discounted expected variable cash receipts (or payments). The variable cash receipts (or payments) are based on the expectation of future interest rates and the underlying notional amount. Ballard also incorporates credit valuation adjustments (CVAs) to appropriately reflect both its own nonperformance or credit risk and the respective counterparty's nonperformance or credit risk in the fair value measurements. The CVA on the interest rate swap agreements at June 30, 2019 resulted in a increase in the fair value of \$553.

A certain portion of the inputs used to value the interest rate swap agreements, including the forward interest rate curves and market perceptions of the credit risk for Ballard used in the CVAs, are unobservable inputs available to a market participant. As a result, Ballard has classified the interest rate swap valuations in Level 3 of the fair value hierarchy. Due to the nature of these financial instruments, such estimates of fair value are subject to significant change in the near term.

BALLAD HEALTH**Notes to Consolidated Financial Statements - Continued**
(Dollars in Thousands)**Year Ended June 30, 2019**

The following tables provide a summary of changes in the fair value of the Level 3 financial assets and liabilities during the year ended June 30, 2019:

	<i>Alternative Investment</i>	<i>Derivatives, Net</i>
June 30, 2018	\$ 6,062	\$ (8,760)
Total net unrealized/realized gains	1,330	11,508
Amortization of issuance costs	-	344
Settlements	(4,039)	-
June 30, 2019	<u>\$ 3,353</u>	<u>\$ 3,092</u>

NOTE N--OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

Ballad provides healthcare services to residents within its geographic location. Support services include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization's healthcare services. Management allocates expenses by function based on the primary purpose for the various departments. Expenses based upon the functional classification related to providing these services during the year ended June 30, 2019 are as follows:

	<i>Healthcare Services</i>	<i>Support Services</i>	<i>Fundraising</i>	<i>Total</i>
Salaries and benefits	\$ 786,881	\$ 255,301	\$ 123	\$ 1,042,305
Supplies and other	645,774	187,929	37	833,740
Provision for depreciation and amortization	81,848	57,800	1	139,649
Interest and taxes	50,732	1,237	-	51,969
	<u>\$ 1,565,235</u>	<u>\$ 502,267</u>	<u>\$ 161</u>	<u>\$ 2,067,663</u>

NOTE O--AVAILABILITY AND LIQUIDITY

The following reflects financial assets as of June 30, 2019 reduced by amounts not available for general use due to contractual or donor-imposed restrictions.

Financial assets	\$ 1,823,661
Less:	
Amounts restricted by donors	(36,241)
Amounts restricted under bond agreements or employee benefit plan arrangements	(96,951)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,690,469</u>

BALLAD HEALTH***Notes to Consolidated Financial Statements - Continued***
(Dollars in Thousands)***Year Ended June 30, 2019***

Ballad receives amounts from donors which are required to be used for specific purposes (primarily operational in nature) or in specific timeframes and, therefore, are not available for general use. Additionally, Ballad has assets limited as to use which are restricted by contractual agreement to be utilized only for debt service or construction projects, as well as amounts which have been designated under various employee benefit plans. Neither the restricted nor designated assets limited as to use are available for general expenditure within one year from the balance sheet date. Ballad manages cash and investments through a formalized investment process, which includes evaluating cash needs for routine and non-routine activities.

NOTE P--SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued. Effective July 1, 2019, Ballad purchased the 49.9% non-controlling interest in Norton Community Hospital and Subsidiaries from the Norton Foundation. Ballad will continue to operate Norton Community Hospital and Subsidiaries under the terms and conditions as detailed in the COPA and CA.

Management did not note any other material recognizable subsequent events that required recognition or disclosure in the June 30, 2019 consolidated financial statements.

Supplemental Information

BALLAD HEALTH***Comparative Consolidated Balance Sheets (Ballad Health)***
(Dollars in Thousands)

	<i>June 30,</i>	
	<i>2019</i>	<i>2018</i>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 122,563	\$ 86,844
Current portion of investments	8,199	8,527
Patient accounts receivable	282,943	288,086
Other receivables, net	48,194	36,288
Inventories and prepaid expenses	61,823	65,798
TOTAL CURRENT ASSETS	523,722	485,543
INVESTMENTS, less amounts required to meet current obligations	1,330,257	1,263,087
PROPERTY, PLANT AND EQUIPMENT, net	1,287,287	1,279,151
OTHER ASSETS		
Goodwill	209,381	209,602
Net acquisition costs and other charges	9,590	12,329
Estimated fair value of derivatives	3,092	-
Other assets	66,066	68,606
TOTAL OTHER ASSETS	288,129	290,537
TOTAL ASSETS	\$ 3,429,395	\$ 3,318,318

BALLAD HEALTH***Comparative Consolidated Balance Sheets (Ballad Health) - Continued***
(Dollars in Thousands)

	<i>June 30,</i>	
	<i>2019</i>	<i>2018</i>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued interest payable	\$ 20,733	\$ 9,486
Current portion of long-term debt and capital lease obligations	27,000	14,037
Accounts payable and accrued expenses	145,670	140,721
Accrued salaries, compensated absences and amounts withheld	123,812	105,688
Estimated amounts due to third-party payers, net	11,965	14,608
TOTAL CURRENT LIABILITIES	329,180	284,540
OTHER LIABILITIES		
Long-term debt and capital lease obligations, less current portion	1,317,279	1,341,729
Estimated fair value of derivatives	-	8,760
Estimated professional liability self-insurance	17,984	17,757
Other long-term liabilities	61,912	62,045
TOTAL LIABILITIES	1,726,355	1,714,831
NET ASSETS		
Net assets without donor restrictions		
Ballad Health	1,403,962	1,328,632
Noncontrolling interests in subsidiaries	262,837	241,805
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	1,666,799	1,570,437
Net assets with donor restrictions		
Ballad Health	36,214	33,020
Noncontrolling interests in subsidiaries	27	30
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	36,241	33,050
TOTAL NET ASSETS	1,703,040	1,603,487
TOTAL LIABILITIES AND NET ASSETS	\$ 3,429,395	\$ 3,318,318

BALLAD HEALTH***Comparative Consolidated Statements of Operations (Ballad Health)***
(Dollars in Thousands)

	<i>Year Ended</i> <i>June 30,</i> <i>(Pro forma</i> <i>Note A)</i>	
	<i>2019</i>	<i>2018</i>
Revenue, gains and support:		
Patient service revenue	\$ 2,044,986	\$ 2,018,458
Other operating revenue	61,479	60,447
TOTAL REVENUE, GAINS AND SUPPORT	2,106,465	2,078,905
Expenses		
Salaries and wages	674,036	689,826
Physician salaries and wages	187,121	180,902
Contract labor	35,234	47,876
Employee benefits	145,914	160,389
Fees	219,203	221,449
Supplies	427,987	402,353
Utilities	32,131	31,672
Other	154,419	145,103
Depreciation and amortization	139,649	137,201
Interest and taxes	51,969	50,477
TOTAL EXPENSES	2,067,663	2,067,248
OPERATING INCOME	38,802	11,657
Nonoperating gains (losses):		
Interest and dividend income	30,928	26,237
Net realized gains on the sale of securities	17,896	20,257
Change in net unrealized gains/losses on securities	7,059	27,228
Derivative related income	2,145	2,790
Loss on early extinguishment of debt	-	(24,812)
Change in estimated fair value of derivatives	8,390	411
Other nonoperating losses	(10,301)	(31,236)
NONOPERATING GAINS	56,117	20,875
EXCESS OF REVENUE, GAINS AND		
SUPPORT OVER EXPENSES AND LOSSES	\$ 94,919	\$ 32,532

BALLAD HEALTH***Comparative Consolidated Statements of Changes in Net Assets (Ballad Health)***
(Dollars in Thousands)

	<i>Year Ended</i>	
	<i>June 30,</i>	
	<i>(Pro forma</i>	
	<i>Note A)</i>	
	<i>2019</i>	<i>2018</i>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Excess of revenue, gains, and support over expenses and losses	\$ 94,919	\$ 32,532
Pension, postretirement liability and other adjustments	1,382	3,090
Net assets released from restrictions used for the purchase of property, plant and equipment	2,287	3,970
Measurement period true up of assets acquired over over liabilities - NOTE C	-	(29,500)
Contributions to noncontrolling interests	(1,000)	(1,000)
Distributions from noncontrolling interests	(1,226)	(1,090)
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	96,362	8,002
NET ASSETS WITH DONOR RESTRICTIONS		
Restricted grants and contributions	9,102	3,085
Net assets released from restrictions	(5,911)	(4,386)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	3,191	(1,301)
INCREASE IN TOTAL NET ASSETS	99,553	6,701
NET ASSETS, BEGINNING OF YEAR	1,603,487	1,596,786
NET ASSETS, END OF YEAR	\$ 1,703,040	\$ 1,603,487

BALLAD HEALTH***Notes to Supplemental Information
(Dollars in Thousands)******Year Ended June 30, 2019*****NOTE A--DESCRIPTION OF SUPPLEMENTAL INFORMATION**

Various supplemental schedules and information have been presented for purposes of additional analysis and informational purposes. Supplemental information includes the consolidated balance sheets as of June 30, 2019 and 2018 for Ballad; and the consolidated statements of operations and changes in net assets for the year ended June 30, 2019; and the pro-forma (as if the merger occurred on July 1, 2017) consolidated statements of operations and changes in net assets for the year ended June 30, 2018. Certain 2018 amounts have been reclassified to conform with 2019 presentation in the accompanying supplemental information, including the application of ASU 2014-09 and ASU 2016-14.

Supplemental information is presented for purposes of additional analysis and information and is not a required part of the consolidated financial statements.

NOTE B--OBLIGATED GROUP MEMBERS

As described in Note F to the consolidated financial statements, Ballad has granted a deed of trust on Johnson City Medical Center and Sycamore Shoals Hospital to secure the payment of the outstanding bonds. The bonds are also secured by receivables, inventories and other assets as well as certain funds held under the documents pursuant to which the bonds were issued. The members pledged pursuant to the Amended and Restated Master Trust Indenture between Ballad and the Bank of New York Mellon Trust Company, NA as Master Trustee include the entities listed below, collectively defined as the Obligated Group (Obligated Group).

- Ballad Health, the Parent
- Ballad Health Foundation
- Blue Ridge Medical Management
- Bristol Regional Medical Center
- Dickenson Community Hospital
- Franklin Woods Community Hospital
- Greeneville Community Hospital
- Hancock County Hospital
- Hawkins County Memorial Hospital
- Holston Valley Medical Center
- Indian Path Community Hospital
- Johnson City Medical Center
- Johnson County Community Hospital
- Lonesome Pine Hospital
- Mountain States Physician Group
- Mountain View Regional Hospital
- Niswonger Children's Hospital
- Nolichucky Management Services
- Norton Community Hospital
- Russell County Community Hospital
- Smyth County Community Hospital
- Sycamore Shoals Hospital
- Unicoi County Hospital
- Wellmont Cardiology Services
- Wellmont Medical Associates
- Woodridge Psychiatric Hospital

BALLAD HEALTH***Notes to Supplemental Information - Continued
(Dollars in Thousands)******Year Ended June 30, 2019***

As dictated in the Continuing Disclosure Agreement associated with the Amended and Restated Master Trust Indenture, if, as of the end of the fiscal year, the total revenue or assets (or both) of the Obligated Group comprise less than 75% of the total revenue or assets (as applicable) of Ballard, then supplemental schedules showing information related only to the Obligated Group are required. As of June 30, 2019, the Obligated Group comprised greater than 75% of total revenue and total assets of Ballard, and therefore no supplemental schedules of the Obligated Group are required as of and for the year ended June 30, 2019.

NOTE C--HOSPITAL ACQUISITION

In accordance with an Agreement, MSHA became the sole member of Laughlin Memorial Hospital, Inc. on June 30, 2017. The assets acquired and liabilities assumed were recorded at the historic book value as of June 30, 2017. In 2018, management performed a purchase price allocation analysis and adjusted the recorded values of these assets and liabilities accordingly. These adjustments resulted in decreases in recorded values of property, plant and equipment and net assets without donor restrictions of approximately \$29,500 and are reflected within the supplemental schedules to the consolidated financial statements.

ATTACHMENT B
PROOF OF PUBLICATION

**Publication of Intent,
The Greeneville Sun**

The Greeneville Sun Classifieds

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Greeneville Sun Classifieds is a service provided by the Greeneville Sun. When placing an ad the sales representatives will complete the order with credit or debit card approval at that time. If the processing system is down, the sales representatives will inform the customer while on the phone.

NOTICE**NOTICE**NOTICE

PUBLIC NOTICE

Greeneville City Schools (GCS) will receive bids for ONE (1) 78 PASSENGER SCHOOL BUS subject to the specifications and conditions contained in the bid documents. Bids will be received until 2:00 p.m. on 2/4/2020. GCS reserves the right to reject any or all bids in the best interest of the system. Contract documents, including specifications and conditions, may be obtained from the George Clem Operations Office by calling 423-787-8003 1.10.20

The Greeneville Sun
Classifieds!
Call (423) 638-4185

Public Notices

NOTICE OF FORECLOSURE SALE STATE OF TENNESSEE, GREENE COUNTY

WHEREAS, Sondra M. Cross executed a Deed of Trust to United States of America acting through the Rural Housing Service or successor agency, United States Department of Agriculture, Lender and Robert G. Connelly, Jr., Trustee (s), which was dated March 5, 2009, and recorded on March 19, 2009 in Book

The Greeneville Sun

FOUND: PUPPY IN BAILEYTON ON JANUARY 3, 2020. CALL TO IDENTIFY 423.234.2110.

LOST YOUR PET?
We may have found it!
Call Humane Society
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639-4771

WARNING: Ads for free pets. Your beloved pet deserves a loving, caring home. The ad for your free pet may draw responses from individuals who will sell your animal(s), for research or breeding purposes. Please screen respondents carefully when giving an animal away. Your pet will thank you!

Of Interest

Stay up to date with latest health news.
Look for The Health Pages every Monday in *The Greeneville Sun*.

Public Notices

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Avery Journal Times (Newland, NC)
The Daily Times News
(Maryville, TN)
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The Greeneville Sun

Public Notices

SUBSTITUTE TRUSTEE'S NOTICE OF SALE

WHEREAS, Shale Farms, LLC, delivered to Judy S. Robinson, Trustee, a certain Deed of Trust dated February 24, 2017, found of record at Book 583A, page 1705, in the Register's Office for Greene County, Tennessee, to secure a certain indebtedness fully described therein; and

WHEREAS, the owner and holder of the secured indebtedness and the beneficial interest under the Deed of Trust is William E. Martin;

WHEREAS, William E. Martin has appointed Mary Anne Walker as his lawful Attorney-in-Fact by an instrument recorded at Book 1806, page 607 in said Register's Office;

WHEREAS, on December 4, 2019, William E. Martin, by and through Mary Anne Walker, his Attorney-in-Fact, executed an Appointment of Substitute Trustee nominating and appointing William S. Nunnally as Substitute Trustee, same being found of record at Book 629A, page 2653, in said Register's Office;

WHEREAS, default has been made in the payment of said indebtedness and the same has become due and payable, and the owner and holder of the indebtedness has instructed the said Substitute Trustee to foreclose said Deed of Trust and to advertise and sell the property herein described upon terms and

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Public Notices

Public Notices

Public Notices

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that: Takoma Regional Hospital, Inc. dba Greeneville Community Hospital, Inc., a not-for-profit corporation, which is a subsidiary of Ballad Health and which currently owns and operates Greeneville Community Hospital, intends to file an application for a Certificate of Need for the establishment of a separately licensed outpatient diagnostic center and initiation of MRI services to be located at 401 Takoma Avenue, Greeneville (Greene County), TN 37743. The project will be accomplished by converting existing hospital-based facilities (including the MRI) to an outpatient diagnostic center. The estimated project cost is \$3,293,758.

The anticipated date of filing the application is: January 15th, 2020
The contact person for this project is Allison Rogers SVP, Strategic Planning who may be reached at: Ballad Health, 303 Med Tech Parkway, Suite #370 Johnson City TN 37604 423/302-3378

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted.

Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.
1.10.20

ATTACHMENT

Affidavit for Application

AFFIDAVITSTATE OF TENNESSEECOUNTY OF Washington

Allison Rogers, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Allison M. Rogers, Sr. VP Planning
SIGNATURE/TITLE

Sworn to and subscribed before me this 14 day of January, 2020 a Notary
(Month) (Year)

Public in and for the County/State of Washington/Tennessee

Kate Hunley
NOTARY PUBLIC

My commission expires Feb. 4, 2022.
(Month/Day) (Year)



BalladHealth

Accounts Payable
PO Box 659
Kingsport, TN 37662
APCustomerService@BalladHealth.org

162

First Tennessee Bank
87-434/642

Check No. 1191010

Check Date
01/09/2020

PAY *Eighteen Thousand Eight Hundred Thirty One AND 00/100*

Check Amount
\$ ****18,831.00

TO THE
ORDER
OF

TENNESSEE HEALTH SERVICES
AND DEVELOPMENT AGENCY
ANDREW JACKSON BUILDING 9TH FL
502 DEADERICK STREET
NASHVILLE TN 37243

Lynn Krutak

Checks over \$50,000.00 require a second signature.

⑈01191010⑈ ⑆064204347⑆ 100394898⑈

Ballad Health • PO Box 659, Kingsport, TN 37662

INVOICE	INVOICE DATE	GROSS AMOUNT	DISCOUNT	NET AMOUNT
010820	01/08/20	\$18,831.00	\$0.00	\$18,831.00
25:0TH00Z: 91 N00C				

VENDOR NUMBER	VENDOR NAME	CHECK NUMBER	CHECK DATE	TOTAL AMOUNT
212843	TENNESSEE HEALTH SERVICES	1191010	01/09/2020	\$18,831.00

Supplemental #1 (Original)

***Takoma Regional Hospital, Inc.
dba
Greeneville Community Hospital***

Johnson City (Greene Co.)

CN2001-001

**SUPPLEMENTAL #1****January 29, 2020****11:45 am**

303 Med Tech Parkway
Suite 370
Johnson City, TN 37604
tel 423.302.3378
fax 423.302.3448

balladhealth.org

January 28, 2020

Mr. Logan Grant
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

Dear Mr. Grant:

Please find enclosed the original and two copies of Ballad Health's response to the Health Services and Development Agency's request for additional supplemental information related to Certificate of Need Application CN2001-001.

If you have any questions, please do not hesitate to contact me at 423-302-3378. I look forward to working with you throughout this process.

Sincerely,

Allison M. Rogers
Senior Vice President, Strategic Planning

**January 29, 2020****State of Tennessee****Health Services and Development Agency****Andrew Jackson Building, 9th Floor****www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884**

January 28, 2020

Allison Rogers
Ballad Health
303 Med Tech parkway, Suite #370
Johnson City, TN 37604

RE: Certificate of Need Application, CN2001-001, Takoma Regional Hospital, Inc.
dba Greeneville Community Hospital, Inc.

Establishment of an ODC and Initiation of MRI Services

Dear Ms. Rogers,

This will acknowledge our January 15, 2020 receipt of your application for a Certificate of Need for the establishment of an Outpatient Diagnostic Center (ODC), and initiation of MRI services at 401 Takoma Avenue, Greeneville, (Greene County), TN. The project involves the conversion and renovation of 5,528 SF of existing hospital-based imaging space (including MRI) to a separately licensed outpatient diagnostic center.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 4:00 p.m., Wednesday January 29, 2020. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

1. Section A: Executive Summary, A. Overview, 1. Description

Please provide information for the 3 MRIs located at Greeneville Community Hospital East and West to include age, Tesla strength, etc.

RESPONSE: Information for the 3 MRIs located at the Greeneville Community Hospital East and West campuses is provided in the table below.

Provider	Mobile?	Shared?	Brand	Tesla	Magnet Type	Date Acquired
GCH – East	Fixed	No	Philips	1.5	Short Bore	6/15/2015
GCH – East	Fixed	No	Philips	1.0	Open	5/1/2006
GCH – West	Fixed	No	GE	1.5	Short Bore	3/1/2003

2. Section A: Executive Summary, A. Overview, 4. Existing similar Services

It is noted the applicant states on page 3 "a proposed 9th MRI unit will be heard at the HSDA meeting in April 2020". However, if there are eight current MRIs in the proposed service area and the applicant is not adding an additional MRI, is the preceding statement accurate?

The applicant noted on page 3 of the application "a proposed ODC will be heard at the HSDA in April 2020". Please clarify which proposed ODC the applicant is referring.

If needed, please correct a page 3 and submit a replacement page 3 (labeled as 3R).

RESPONSE: The statement "a proposed 9th MRI unit will be heard at the HSDA meeting in April 2020" is accurate. The applicant is referring to the HealthStar Imaging CON (CN1912-056) which was deemed complete in December 2019. This proposal is for the establishment of an outpatient diagnostic center (ODC) and the initiation of magnetic resonance imaging (MRI) services at 150 Serral Drive, Greenville (Greene County). The applicant is owned by HealthStar Physicians, PC. Corrections to page 3 are not necessary.

3. Section A: Executive Summary, B. Rationale for Approval, Need

Since neither MRI service at Greenville Community Hospital East and Greenville Community Hospital West is meeting the optimal MRI utilization standard, has the applicant considered retiring the oldest unit and/or lowest strength MRI?

RESPONSE: The applicant does not consider retiring any of the MRI units a viable option. The MRI unit at the proposed ODC location, GCH West, is the oldest; however, it is not the lowest strength unit. It is 1.5T compared to the 1.0T open MRI unit at the East campus. The open MRI unit, though lowest in strength, is the only unit that can accommodate the needs of specific patient populations, including larger patients, children, and patients with claustrophobia. These special needs exist among patients in all care settings (inpatient, outpatient, and emergency department), so the East campus is the most appropriate location for this unit to ensure access to special needs patients in all care settings. With inpatient and emergency services consolidated to the East campus, the East location also needs the newest and strongest MRI to perform studies on these more complex patient types.

If the applicant were to retire one of the units, the applicant would exceed 80% of the State Health Plan standard. Combining 2018 utilization between the GCH East and West campus would result in 2,440 average procedures per unit, or 84.7% of the standard as detailed in the following table. To adequately meet the needs of the community, more than 2 MRI units are needed but not more than 3.

Provider	Year	Number of Units	Procedures	Procedures per Unit	% of State Health Plan Standard (2,880)
Greenville Community Hospital - East (Laughlin Memorial Hospital, Inc.)	2018	2	3,335	1,668	57.9%
Greenville Community Hospital - West (Takoma Regional Hospital)	2018	1	1,544	1,544	53.6%
2018 Assuming GCH Combined Volume with 2 MRI Units		2	4,879	2,440	84.7%

Source: HSDA Medical Equipment Registry - 10/21/2019

4. Section A, Project Details, Item 4.B, Type of Ownership.

Describe the existing or proposed ownership of the applicant.

What is Nolicucky Management Services, Inc.?

RESPONSE: The proposed outpatient diagnostic center will be owned by Takoma Regional Hospital, Inc., dba Greenville Community Hospital, Inc., the same entity that owns and operates Greenville Community Hospital. Takoma Regional Hospital, Inc., is a Tennessee nonprofit corporation, of which Wellmont Health System is the sole member. Wellmont Health System is a Tennessee nonprofit corporation, of which Ballad Health is the sole member.

Nolichucky Management Services, Inc., is a Tennessee for-profit company that operates physician practices. Takoma Regional Hospital, Inc. owns all of the stock of Nolicucky Management Services, Inc. Nolicucky Management Services, Inc., has no ownership or other interest in the proposed outpatient diagnostic center.

5. Section A, Project Details, Item 6.B.2 Floor Plan

The floor plans for the first and second floors of Greenville Community Hospital West are noted. However, the plans are not legible. Please submit legible copies.

RESPONSE: The floor plans for the first and second floors are not legible due to the scaling to fit 8.5x11 inch paper. In order for the writing to be legible, the plans would need to be printed on paper measuring 42x30 inches. The applicant provided two versions of the plans for each floor in the original application, attachment section A-6B-2. The first view is the entire floor with the imaging department noted. The second view is enlarged to show the detail for the imaging department and is legible. If requested, the applicant can provide the agency with full-sized, legible copies of the floor plans.

6. Section A, Project Details, Item 8. Purpose of Review

Please include "ODC" next to line A. "Establish New Health Care Institution" and submit a replacement page 8 (labeled as 8R).

RESPONSE: A replacement page 8 (labeled as 8R) is provided in the attachments.

7. Section A, Project Details Item 12.A.

In the response on page 13 it appears the applicant refers to renovation on the Greeneville Community Hospital East Campus. However, please clarify if the applicant intended to state the "West Campus" rather than the East Campus. If so, please correct and submit a replacement page 13 (labeled as 13R).

RESPONSE: The applicant did intent to state the "West Campus". A replacement page 13 (labeled as 13R) is provided in the attachments.

8. Section B, Need, Project Specific Review Criteria (MRI), Item 1.a-e, Item 2, and Item 3

Please address questions 1-3 of the MRI project specific criteria. The number of MRIs will not change if the proposed project is approved, however, the proposed MRI will be licensed under an ODC which is considered a new MRI service under CON rules.

1. Utilization Standards for non-Specialty MRI Units.

- a. An applicant proposing a new non-Specialty stationary MRI service should project a minimum of at least 2160 MRI procedures in the first year of service, building to a minimum of 2520 procedures per year by the second year of service, and building to a minimum of 2880 procedures per year by the third year of service and for every year thereafter.

RESPONSE: The applicant is not proposing that an additional MRI unit be added to the service area. The projected MRI volumes for year one and two of this project, 1,000 and 1,500 procedures, respectively, are below the stated minimums. However, the volume expected at the ODC will be from outpatient cases only. As demonstrated in the applicant's response to supplemental item 3, maintaining the MRI unit at the proposed OCD will prevent the applicant from exceeding the State Health Plan standard of 2,880 average procedures per unit among the existing MRI units operated by Greeneville Community Hospital.

- b. Providers proposing a new non-Specialty mobile MRI service should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.

RESPONSE: Not Applicable. The applicant is not proposing mobile MRI service.

- c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit

offers a unique and necessary technology for the provision of health care services in the Service Area.

RESPONSE: Not Applicable. The MRI related to this proposal is an existing, standard MRI.

- d. Mobile MRI units shall not be subject to the need standard in paragraph 1 b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's Service Area are not adequate and/or that there are special circumstances that require these additional services.

RESPONSE: Not Applicable. The applicant is not proposing mobile MRI service.

- e. Hybrid MRI Units. The HSDA may evaluate a CON application for an MRI "hybrid" Unit (an MRI Unit that is combined/utilized with another medical equipment such as a megavoltage radiation therapy unit or a positron emission tomography unit) based on the primary purposes of the Unit.

RESPONSE: Not Applicable. The MRI related to this proposal is an existing, standard MRI that does not have hybrid capabilities.

2. Access to MRI Units. All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the Service Area's population. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

RESPONSE: The defined service area for this project includes: Greene, Hamblen and Cocke County, all of which are in Tennessee. Patients from these counties accounted for nearly 90% of CT and MRI volume at Greeneville Community Hospital East and West campuses combined in 2019, as noted in the original application. Residents of each county in the project service area can access GCH West easily. Greeneville Community Hospital West is 14.1 miles and a 19-minute drive from the nearest exit on I-81, which connects Greene County and Hamblen County. The hospital is less than a mile from US-321, which connects Greene County to Cocke County.

3. Economic Efficiencies. All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

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RESPONSE: Alternatives to this proposal were considered as described in more detail in Question 9 of the Economic Feasibility section in the original application. Construction for this proposed project is limited to renovation of existing space and does not require the purchase of a new MRI scanner. Maintaining the status quo provides no means of providing access to lower cost MRI services to the patient population. The only other MRI provider in Greene County is the GCH East campus. Imaging services at the East campus are hospital-based, and a sharing arrangement with the East campus would not provide service area residents with a lower cost, ODC-based MRI.

9. Section B, Need, Project Specific Review Criteria, Item 4 (Non-specialty MRI Units) and Need Item 5

It is noted Lakeway Regional Hospital closed in 2018. HSDA medical equipment records indicates the hospital closed in December 2018 and did not report 2018 utilization to HSDA. According to Lakeway Regional Hospital's 2018 Joint Annual Report, the provider performed 1,135 MRI procedures from 1-1-2018 thru 12-31-2018. Please revise the utilization table on page 16 using the Lakeway 2018 JAR MRI utilization numbers (place a footnote under the table explaining the JAR utilization) and submit a replacement page. In addition, please revise MRI and CT utilization tables (to include pages 30-31) and narratives in other parts of the application to reflect the 2018 Lakeway JAR 2018 MRI utilization and submit replacement pages.

RESPONSE: As requested, the following revised pages are included in the attachments:

- Replacement page 5 (labeled as 5R) with revised narrative
- Replacement page 16 (labeled as 16R) with revised utilization table and narrative
- Replacement page 29 (labeled as 29R) with revised narrative
- Replacement page 30-31 (labeled as 30R and 31R) with revised utilization tables and added footnotes

10. Section B, Need, Project Specific Review Criteria, Item 7.B (Patient Safety and Quality of Care).

Your response is noted. However, please revise your response by referencing the January 13, 2020 letter from the firm BLS-Thompson and Litton documenting the MRI procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies requirements. Please revise and submit a replacement page 18 (labeled as 18R).

RESPONSE: A replacement page 18 (labeled as 1 8R) is provided in the attachments.

11. Section B, Need, Project Specific Review Criteria (Outpatient Diagnostic Centers) Item 3 Special Needs Circumstances

Please indicate where in the submitted application the needs of both medical and outpatient diagnostic facilities and services were analyzed.

RESPONSE: The original response refers to the discussion throughout the application about the benefit to patients from lower charges. In order to make an outpatient diagnostic facility available, the Applicant analyzed facility options as described on

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page 49 of the original application. In addition, the only existing diagnostic facilities that will be affected by the proposal are those operated by the Applicant. The Applicant recognizes that establishing an outpatient diagnostic center by converting facilities at Greeneville Community Hospital West will reduce outpatient imaging volumes at Greeneville Community Hospital East. This is an acceptable trade-off in order to make the outpatient diagnostic imaging option available in the community.

12. Section B, Need, Project Specific Review Criteria (Outpatient Diagnostic Centers) Item 3.c Emergency Protocols

It is noted Greeneville Community Hospital West has protocols in place to appropriately care for emergency patients. However, please clarify if those protocols will change if the proposed service goes from being licensed as a hospital to an ODC. In addition, please briefly describe the emergency protocols.

RESPONSE: The emergency protocols currently in place will not change if the proposed service goes from being licensed as a hospital to an ODC.

Emergencies will continue to be managed using developed policies and procedures which specify that imaging staff are trained in emergency response. In the event of an emergency, staff initiates first aid and/or CPR, and calls 911 for assistance and transport if necessary to Greeneville Community Hospital East or any other necessary Ballad Health hospitals in the area.

13. Section B, Need. Item 3

Please discuss the reason for the decline of MRI procedures at Greeneville Community Hospital West from 1,544 in 2018 to 405 in 2019.

Please explain the footnote "GCH East went live on the EPIC platform 4/1/19, data prior not available". In your response please include what "EPIC" represents.

RESPONSE: The decline of MRI procedures at Greeneville Community Hospital West is attributed to the realignment of hospital services between the East and West campuses as detailed in the original application. Inpatient services were consolidated to the East campus in April 2019 and emergency department services were consolidated in September 2019. MRI studies originating from the inpatient and emergency department settings ceased at GCH West, resulting in lower procedures for 2019 compared to 2018.

EPIC is an electronic health platform, to which Greeneville Community Hospital East converted on April 1, 2019. The prior electronic health platform used by GCH East, Meditech, can no longer queried in a manner that meets the specifications for HSDA medical equipment registry reporting. Therefore, the applicant is unable to provide MRI utilization data for procedures dating January 1, 2019 through March 30, 2019.

14. Section B, Need. Item 6

Please complete the following table for Greeneville Community Hospital-East for Year One and Year Two of the proposed project.

RESPONSE: The following table has been completed for the Greeneville Community Hospital East campus.

Projected Utilization		
Modality	Year One (2021)	Year Two (2022)
MRI	3,625	3,150
Ultrasound	6,943	5,151
X-Ray	29,229	26,312
CT	17,083	16,375
Total	56,880	50,988

15. Section B, Economic Feasibility Item A (Project Costs Chart)

The Project Cost Chart is noted. However, please indicate how the amount of \$688,457 for the Acquisition of Site was calculated.

Please indicate if there will be an agreement, or lease, between the hospital and the proposed ODC for the 5,528 SF space since the ODC will be separately licensed.

RESPONSE: The Acquisition of Site cost was calculated based on the most recent tax assessment for the Greeneville Community Hospital West campus, which was \$13,824,000 as of 2007. A copy of this real estate assessment is provided in the attachments. The total square footage of the West campus is 111,000, resulting in a value per square foot of \$124.54. The proposed ODC square footage is 5,528 (4,135 1st floor, 1,393 2nd floor MRI). Applying the value per square foot of \$124.54, the value of the proposed ODC square footage is \$688,457.

A lease or agreement is unnecessary because both the hospital and the outpatient diagnostic center will be owned by Takoma Regional Hospital, Inc., dba Greeneville Community Hospital, Inc.

16. Section B, Economic Feasibility Item 5.C. (Proposed Charges)

Please explain the reason(s) there is a difference in 2018 MRI average gross charge/procedure between Greeneville Community Hospital-East of \$1,795 and Greenville Community Hospital West of \$3,463.

Please clarify if one of the factors MRI utilization was greater at Greenville Community Hospital-East in 2018 with 3,335 MRI scans over Greenville Community Hospital-West with 1,544 MRI scans was due to patient cost.

Please also include a comparison to HSDA Equipment Registry MRI range of charges in the response to this question (1st Quartile, Median, 3rd Quartile).

RESPONSE: As shown in the table below from the response to this item in the original application, the average gross charge per MRI procedure for Greeneville Community Hospital West for 2018 is \$2,669. The difference in average gross charge per procedure between Greeneville Community Hospital East and West campuses is a result of the hospitals operating with different chargemasters. In 2018, each hospital still operated using the charge schedule established by its legacy health system, GCH West as part of legacy Wellmont Health System and GCH East as part of legacy Mountain States Health Alliance.

The applicant cannot confirm that patient cost was a factor in greater utilization at the East campus. MRI volumes between 2017 and 2018 for both West and East campuses remained consistent. Established physician referral patterns and typical inpatient, emergency department, and outpatient volumes at each location are the most likely explanations for the variance.

MRI Comparison

County	Provider Type	Provider	Year	MRI Procedures	Gross Charges	Avg Gross Charge/Proc
Cocke	HOSP	Newport Medical Center	2017	1,528	5,937,934	3,886
Greene	HOSP	Greeneville Community Hospital - East (Laughlin Memorial Hospital, Inc.)	2017	3,329	5,976,858	1,795
Greene	HOSP	Greeneville Community Hospital - West (Takoma Regional Hospital)	2017	1,424	4,930,663	3,463
Hamblen	PO	Healthstar Physicians, PC	2017	3,153	3,380,072	1,072
Hamblen	HOSP	Lakeway Regional Hospital	2017	1,594	11,829,038	7,421
Hamblen	HOSP	Morristown-Hamblen Hospital	2017	4,047	8,432,492	2,084
2017 Service Area Total/Average				15,075	34,549,123	2,292
Cocke	HOSP	Newport Medical Center	2018	1,577	Not Reported	
Greene	HOSP	Greeneville Community Hospital - East (Laughlin Memorial Hospital, Inc.)	2018	3,335	5,987,630	1,795
Greene	HOSP	Greeneville Community Hospital - West (Takoma Regional Hospital)	2018	1,544	4,120,266	2,669
Hamblen	PO	Healthstar Physicians, PC	2018	3,788	3,419,832	903
Hamblen	HOSP	Lakeway Regional Hospital (Closed)	2018	0		
Hamblen	HOSP	Morristown-Hamblen Hospital	2018	3,868	7,921,787	2,048
2018 Service Area Total/Average*				12,535	21,449,515	1,711

*2018 Totals and Average do not include Newport Medical Center, which did not report gross charges

Source: HSDA Medical Equipment Registry - 10/21/2019

According to the HSDA Medical Equipment Registry, the 2018 Gross Charges per Procedure/Treatment by Quartile for MRI are as follows:

- 1st Quartile: \$1,517.96
- Median: \$2,381.43
- 3rd Quartile: \$4,576.42

Based on these ranges, the average 2018 gross charge per procedure for GCH East (\$1,798) is between the 1st quartile and the median. The average 2018 gross charge per procedure for GCH West (\$2,669) is between the median and the 3rd quartile.

As noted in the original application, average gross charges for MRI at GCH West are projected to be \$848 after the implementation of this proposal, which is below the 1st quartile.

17. Section B., Economic Feasibility, Item 6.B.

The Net Operating Margin Tables for MRI and ODC are noted. However, the tables are reversed. Please correct and submit a replacement page 46 (labeled as 46R).

RESPONSE: A replacement page 46 (labeled as 46R) is provided in the attachments.

18. Quality Standards, Quality, Item 2.A.4 and Item 2.A.5

Since the applicant is an existing licensed healthcare institution, please address both items 4 and 5 of the Quality Standards Section.

- 4) For an existing healthcare institution applying for a CON - Has it maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action should be discussed to include any of the following: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions and what measures the applicant has or will put into place to avoid similar findings in the future

RESPONSE: Yes, the applicant has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application.

- 5) For an existing healthcare institution applying for a CON - Has the entity been decertified within the prior three years? If yes, please explain in detail. (This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility)

RESPONSE: No, the entity has not been decertified within the prior three years.

19. Section B, Orderly Development Item 1

Will the applicant have radiologists on staff to read and interpret diagnostic scans? If not what contractual relationships will the applicant have with qualified radiologists?

Will the radiologists utilized by the applicant participate in the same plans as the applicant including Medicare and TennCare MCOs?

Will the applicant's charges be a global fee including the radiologists' charges or will the radiologists bill the patients separately.

RESPONSE: The applicant has a professional services agreement for radiology services with University Radiology. University Radiology participates in the same plans as the applicant including Medicare and TennCare MCOs. The applicant will bill the technical component and the radiologists will bill the professional component.

20. Section B, Orderly Development Item 2.B Negative Effects

If approved, please address how the proposed ODC's lower MRI charges will affect the utilization of hospitals in the proposed service area that have higher MRI gross charges.

RESPONSE: The goal of this proposal is to provide patients with a lower-cost option for imaging services. It is expected that some patients will choose to utilize the ODC's services, as reflected in the projected utilization for Greeneville Community

Ms. Allison Rogers

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Hospital - East set forth in the response to question 14 above. The applicant does not expect all outpatient imaging to shift to the ODC, due to a variety of reasons, including scheduling convenience, preference or need for the open MRI and because the patient charge difference between the 2 settings is inconsequential for some patients depending on their insurance coverage. If approved, the proposed ODC's lower MRI charges will only have an impact on outpatient MRI volumes at a hospital also operated by the Applicant, Greeneville Community Hospital East, as the majority of patients served by this proposal reside in Greene County.

21. It is noted the proposed ODC will be located on the 1st and 2nd floors of an existing licensed hospital. Since the proposed ODC will be separately licensed, please clarify if the proposed ODC will meet licensure requirements by not having a dedicated entrance accessible from the outside and not being a free-standing facility.

RESPONSE: The proposed ODC will be physically separated from the hospital except for a shared entrance. No clinical areas will be shared and the applicant does not believe the sharing of an entrance creates any impediment to obtaining a license.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application, the sixtieth (60th) day after written notification is March 20, 2020. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted

with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.

Ms. Allison Rogers

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- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Phillip Earhart
HSD Examiner

Enclosure

Ballad Health
Greeneville Community Hospital West Campus ODC Project

Supplemental Information Attachments

Question 6: Replacement page 8

Question 7: Replacement page 13

Question 9: Replacement pages 5, 16, 29, 30, 31

Question 10: Replacement page 18

Question 15: Tax Assessment

Question 17: Replacement page 46

Attachment: Affidavit

ATTACHMENT: QUESTION 6

Replacement page 8

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- 2) Floor Plan – If the facility has multiple floors, submit one page per floor. If more than one page is needed, label each page.

- a) Patient care rooms (private or semi-private)
- b) Ancillary areas
- c) Equipment areas
- d) Other (specify)

RESPONSE: A floor plan is included in the attachments.

- 3) Public Transportation Route - Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

RESPONSE: Greeneville Community Hospital East is 14.1 miles and a 24-minute drive from the nearest exit on I-81, which connects Greene County and Hamblen County. The hospital is less than a mile from US-321, which connects Greene County to Cocke County. Public transportation service is not available in Greene County.

Attachment Section A-6B-1 a-d, 6B-2, 6B-3.

7. Type of Institution (Check as appropriate--more than one response may apply)

- | | |
|--|--|
| A. Hospital (Specify) _____ | H. Nursing Home _____ |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____ | I. Outpatient Diagnostic Center <u>X</u> |
| C. ASTC, Single Specialty _____ | J. Rehabilitation Facility _____ |
| D. Home Health Agency _____ | K. Residential Hospice _____ |
| E. Hospice _____ | L. Nonresidential Substitution-Based Treatment Center for Opiate Addiction _____ |
| F. Mental Health Hospital _____ | M. Other (Specify) _____ |
| G. Intellectual Disability Institutional Habilitation Facility ICF/IID _____ | |

8. Purpose of Review (Check appropriate lines(s) – more than one response may apply)

- | | |
|--|--|
| A. Establish New Health Care Institution <u>ODC</u> <u>X</u> | G. MRI Unit Increase _____ |
| B. Change in Bed Complement _____ | H. Satellite Emergency Department _____ |
| C. Initiation of Health Care Service as Defined in TCA 68-11-1607(4) (Specify) _____ | I. Addition of ASTC Specialty _____ |
| D. Relocation and/or Replacement _____ | J. Addition of Therapeutic Catheterization _____ |
| E. Initiation of MRI <u>X</u> | K. Other (Specify) _____ |
| F. Initiation of Pediatric MRI _____ | |

9. Medicaid/TennCare, Medicare Participation

MCO Contracts [Check all that apply]

RESPONSE: The facility will apply for participation in all of the MCO Contracts.

X AmeriGroup X United Healthcare Community Plan X BlueCare X TennCare Select

ATTACHMENT: QUESTION 7

Replacement page 13

- A. Describe the construction and renovation associated with the proposed project. If applicable, provide a description of the existing building, including age of the building and the use of space vacated due to the proposed project.

RESPONSE: The renovation includes converting 5,528 square feet of hospital-based imaging space on the Greeneville Community Hospital West campus into an Outpatient Diagnostic Center. The scope of work includes converting the area to business occupancy through the construction of occupancy separations, a cosmetic renovation of the space, and upgrading an existing radiographic room. The multi-story building was constructed in 1973.

13. MRI, PET, and/or Linear Accelerator

1. Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or

RESPONSE: Not Applicable. This proposal does not include acquisition of an MRI scanner.

2. Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:

RESPONSE: Not Applicable.

- A. Complete the chart below for acquired equipment.

RESPONSE: Not Applicable. This proposal does not include acquisition of an MRI scanner.

☐ Linear Accelerator	Mev _____	Types:	☐ SRS ☐ IMRT ☐ IGRT ☐ Other _____
	Total Cost*: _____		☐ By Purchase
	☐ New ☐ Refurbished		☐ By Lease Expected Useful Life (yrs) _____
			☐ If not new, how old? (yrs) _____
☐ MRI	Tesla: _____	Magnet:	☐ Breast ☐ Extremity ☐ Open ☐ Short Bore ☐ Other _____
	Total Cost*: _____		☐ By Purchase
	☐ New ☐ Refurbished		☐ By Lease Expected Useful Life (yrs) _____
			☐ If not new, how old? (yrs) _____
☐ PET	☐ PET only ☐ PET/CT ☐ PET/MRI		☐ By Purchase
	Total Cost*: _____		☐ By Lease Expected Useful Life (yrs) _____
	☐ New ☐ Refurbished		☐ If not new, how old? (yrs) _____

* As defined by Agency Rule 0720-9-.01(4)(b)

- B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.

ATTACHMENT: QUESTION 9

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The project will make cost-effective use of existing imaging equipment including MRI. There is not a need within the service area for additional MRI capacity as illustrated in Section B. From 2016 through 2018, all MRI providers in the project's service area have operated well below the State Health Plan standard of 2,880 procedures per unit. In 2018, the average procedures per unit for the service area was 1,694, or 58.8% of the State Health Plan standard.

2) Economic Feasibility;

RESPONSE: The costs associated with this project are reasonable and minimal, as this is an existing site currently offering the same imaging services on existing equipment. Funding will be provided through the existing cash reserves of Ballad Health. This proposal will realize a positive financial margin in its first year of operation.

3) Quality Standards;

RESPONSE: The applicant is committed to ensuring high-quality care for all patients in all settings. It is an expectation that the ODC and continued MRI service proposed in this project will meet the same clinical and quality standards as demonstrated by Greeneville Community Hospital. The current MRI services are accredited through the American College of Radiology. As part of this project, the applicant is prepared to ensure that it maintains accreditation through the ACR.

4) Orderly Development of adequate and effective health care.

RESPONSE: This proposal promotes the orderly development of adequate and effective health care by providing access to a lower cost imaging option for patients without adding any new MRI units or other imaging equipment. The conversion of existing imaging services to an ODC as defined by this proposal meets the needs of patients while maintaining orderly development that is consistent with the State Health Plan.

C. Consent Calendar Justification

If Consent Calendar is requested, please provide the rationale for an expedited review.

A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

RESPONSE: The applicant respectfully requests consideration for Consent Calendar review, as this project seeks only to reclassify existing services. No additional services are being requested as part of this project, and the location of services will not change. This application simply seeks to change the license category of facilities and services that already exist. A request to the Agency's Executive Director for Consent Calendar has been included in the cover letter for this application.

3. Economic Efficiencies. All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

RESPONSE: Not Applicable. This proposal does not include the addition of any new MRI units.

4. Need Standard for non-Specialty MRI Units.

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelvemonth period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

Stationary MRI Units: 1.20 procedures per hour x twelve hours per day x 5 days per week x 50 weeks per year = 3,600 procedures per year

Mobile MRI Units: Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

RESPONSE: This proposal does not include the addition of a new non-specialty MRI unit, and need does not exist for additional MRI capacity. Utilization statistics for 2018, the most recent period available, from the provider medical equipment report maintained by the HSDA are provided in the table below. All service area units are currently operating under the above referenced 80% threshold, and the combined average utilization of existing MRI service providers is 58.8%.

County	Provider Type	Provider	Number of Authorized Units	Mobile?	Procedures	Procedures per Unit	% of State Health Plan Standard (2,880)
Cocke	HOSP	Newport Medical Center	1	Fixed	1,577	1,577	54.8%
Greene	HOSP	Greeneville Community Hospital East (Laughlin Memorial Hospital, Inc.)	2	Fixed	3,335	1,668	57.9%
Greene	HOSP	Greeneville Community Hospital West (Takoma Regional Hospital)	1	Fixed	1,544	1,544	53.6%
Hamblen	PO	Healthstar Physicians, PC	2	Fixed	3,788	1,894	65.8%
Hamblen	HOSP	Lakeway Regional Hospital (Closed in 2018)*	1	Fixed	1,135	1,135	39.4%
Hamblen	HOSP	Morristown-Hamblen Hospital	2	Fixed	3,868	1,934	67.2%
2018 Total			9		15,247	1,694	58.8%

Source: HSDA Medical Equipment Registry - 10/21/2019

*Note: Lakeway Regional Hospital did not report utilization to the HSDA in 2018. MRI utilization data is from Lakeway's 2018 Joint Annual Report

5. Need Standards for Specialty MRI Units.

- a. Dedicated fixed or mobile Breast MRI Unit. An applicant proposing to acquire a dedicated fixed or mobile breast MRI unit shall not receive a CON to use the MRI unit for non-dedicated purposes and shall demonstrate that annual utilization of the proposed MRI unit in the third year of operation is projected to be at least 1,600 MRI procedures (.80 times the total capacity of 1 procedure per hour times 40 hours per week times 50 weeks per year), and that:

1. It has an existing and ongoing working relationship with a breast-imaging radiologist or radiology proactive group that has experience interpreting breast images provided by

January 29, 2020

- B.** Describe the special needs of the service area population, including health care disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, TennCare or Medicaid recipients, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

RESPONSE: Compared to the state of Tennessee, this project's service area growth is lower than projected for the state (1.2% vs. 3.1%, respectively). The demographics of the proposed project's service area are similar in terms of gender (51% female, 49% male). The service area counties have a considerably lower median household income of \$37,445 compared to \$48,708 for Tennessee. The racial mix in the facility service area is predominately Caucasian, accounting for more than 88 percent of the population. The proposed service area demographics across the areas of gender and race/ethnicity are relatively consistent with Tennessee, although the service area is much less diverse compared to the rest of the country.

The largest socio-demographic challenges in the proposed service area relate to significantly lower levels of income and education. As described in the table above, the percentage of the service area population below the poverty level is 20% according to most recent data. This is higher compared to the state total of 17%. TennCare enrollment for this service area also follows a similar trend, with 25% of the service area population enrolled in TennCare compared with 21% state-wide. Greeneville Community Hospital participates in all TennCare MCOs and it is anticipated that the proposed outpatient diagnostic center plans will likewise participate in all TennCare MCOs. Based on market estimates from Sg2, 38% of this project's service area population has attained some level of education beyond high school, compared to 60% nationally. These socio-demographic challenges support the need for lower cost imaging options to be available within the project's service area.

- 5.** Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

RESPONSE: Utilization statistics for MRI and CT for years 2016-2018, the most recent period available, from the provider medical equipment report maintained by the HSDA are provided in the following tables. All service area MRI units are currently operating under the 80% threshold, and the combined average utilization of existing MRI service providers is 58.8%. There is not a state defined volume threshold for CT, so this data element was not calculated. This proposal does not include the addition of a new MRI or CT unit, nor does need exist for additional MRI capacity. There are no approved but unimplemented services of similar healthcare providers in the service area.

MRI Providers in the Project Service Area

County	Provider Type	Provider	Year	Number of Authorized Units	Mobile?	Procedures	Procedures per Unit	% of State Health Plan Standard (2,880)
Cocke	HOSP	Newport Medical Center	2016	1	Fixed	1,478	1,478	51.3%
Greene	HOSP	Greeneville Community Hospital - East (Laughlin Memorial Hospital, Inc.)	2016	2	Fixed	3,293	1,647	57.2%
Greene	HOSP	Greeneville Community Hospital - West (Takoma Regional Hospital)	2016	1	Fixed	1,992	1,992	69.2%
Hamblen	PO	Healthstar Physicians, PC	2016	2	Fixed	3,520	1,760	61.1%
Hamblen	HOSP	Lakeway Regional Hospital	2016	1	Fixed	1,245	1,245	43.2%
Hamblen	HOSP	Morristown-Hamblen Hospital	2016	2	Fixed	4,396	2,198	76.3%
2016 Total				9		15,924	1,769	61.4%
Cocke	HOSP	Newport Medical Center	2017	1	Fixed	1,528	1,528	53.1%
Greene	HOSP	Greeneville Community Hospital - East (Laughlin Memorial Hospital, Inc.)	2017	2	Fixed	3,329	1,665	57.8%
Greene	HOSP	Greeneville Community Hospital - West (Takoma Regional Hospital)	2017	1	Fixed	1,424	1,424	49.4%
Hamblen	PO	Healthstar Physicians, PC	2017	2	Fixed	3,153	1,577	54.7%
Hamblen	HOSP	Lakeway Regional Hospital	2017	1	Fixed	1,594	1,594	55.3%
Hamblen	HOSP	Morristown-Hamblen Hospital	2017	2	Fixed	4,047	2,024	70.3%
2017 Total				9		15,075	1,675	58.2%
Cocke	HOSP	Newport Medical Center	2018	1	Fixed	1,577	1,577	54.8%
Greene	HOSP	Greeneville Community Hospital - East (Laughlin Memorial Hospital, Inc.)	2018	2	Fixed	3,335	1,668	57.9%
Greene	HOSP	Greeneville Community Hospital - West (Takoma Regional Hospital)	2018	1	Fixed	1,544	1,544	53.6%
Hamblen	PO	Healthstar Physicians, PC	2018	2	Fixed	3,788	1,894	65.8%
Hamblen	HOSP	Lakeway Regional Hospital (Closed)*	2018	1	Fixed	1,135	1,135	39.4%
Hamblen	HOSP	Morristown-Hamblen Hospital	2018	2	Fixed	3,868	1,934	67.2%
2018 Total				9		15,247	1,694	58.8%

Source: HSDA Medical Equipment Registry - 10/21/2019

*Note: Lakeway Regional Hospital did not report utilization to the HSDA in 2018. MRI utilization data is from Lakeway's 2018 Joint Annual Report

CT Providers in the Project Service Area

County	Provider Type	Provider	Year	Number of Authorized Units	Mobile?	Procedures	Procedures per Unit
Cocke	HOSP	Newport Medical Center	2016	1	Fixed	7,672	7,672
Greene	HOSP	Greeneville Community Hospital - East (Laughlin Memorial Hospital, Inc.)	2016	3	Fixed	11,325	3,775
Greene	HOSP	Greeneville Community Hospital - West (Takoma Regional Hospital)	2016	1	Fixed	5,773	5,773
Hamblen	PO	Healthstar Physicians, PC	2016	1	Fixed	2,620	2,620
Hamblen	HOSP	Lakeway Regional Hospital	2016	1	Fixed	4,597	4,597
Hamblen	HOSP	Morristown-Hamblen Hospital	2016	3	Fixed	14,488	4,829
2016 Total				10		46,475	4,648
Cocke	HOSP	Newport Medical Center	2017	1	Fixed	7,637	7,637
Greene	HOSP	Greeneville Community Hospital - East (Laughlin Memorial Hospital, Inc.)	2017	3	Fixed	12,064	4,021
Greene	HOSP	Greeneville Community Hospital - West (Takoma Regional Hospital)	2017	1	Fixed	7,547	7,547
Hamblen	PO	Healthstar Physicians, PC	2017	1	Fixed	2,684	2,684
Hamblen	HOSP	Lakeway Regional Hospital	2017	1	Fixed	7,085	7,085
Hamblen	HOSP	Morristown-Hamblen Hospital	2017	3	Fixed	15,485	5,162
2017 Total				10		52,502	5,250
Cocke	HOSP	Newport Medical Center	2018	1	Fixed	7,697	7,697
Greene	HOSP	Greeneville Community Hospital - East (Laughlin Memorial Hospital, Inc.)	2018	3	Fixed	12,207	4,069
Greene	HOSP	Greeneville Community Hospital - West (Takoma Regional Hospital)	2018	1	Fixed	7,622	7,622
Hamblen	PO	Healthstar Physicians, PC	2018	1	Fixed	4,082	4,082
Hamblen	HOSP	Lakeway Regional Hospital (Closed)*	2018	1	Fixed	3,724	3,724
Hamblen	HOSP	Morristown-Hamblen Hospital	2018	3	Fixed	16,348	5,449
2018 Total				10		51,680	5,168

Source: HSDA Medical Equipment Registry - 10/21/2019

*Note: Lakeway Regional Hospital did not report utilization to the HSDA in 2018. CT utilization data is from Lakeway's 2018 Joint Annual Report

ATTACHMENT: QUESTION 10

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MRI Unit for which a CON is granted for Specialty MRI Unit purpose used January 29, 2020, listed in the specific Specialty MRI Unit inventory and shall also have stated on the 1d 45 can its Certificate of Need that it may not be used for non-Specialty MRI purposes.

RESPONSE: Not Applicable.

7. **Patient Safety and Quality of Care.** The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.

- a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.

RESPONSE: Not Applicable. The FDA approval of the MRI equipment was more than five years ago.

- b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

RESPONSE: The applicant will ensure that the physical environment resulting from this project complies as applicable with federal standards, manufacturer specifications, and licensing agency requirements, as documented by the January 13, 2020 letter from BLS-Thompson and Litton provided in Attachment B-Economic Feasibility-1.

- c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.

RESPONSE: The applicant currently has protocols in place to appropriately care for emergent patients, and no changes to those will be made as a result of this project.

- d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.

RESPONSE: Ballad Health has established protocols across all facilities' radiology departments and the Ballad Health Central Business Office to ensure that all MRI procedures performed are deemed medically necessary. These processes and protocols will not change as a result of this project and will be utilized to support this project upon its completion.

- e. An applicant proposing to acquire any MRI Unit or institute any MRI service, including Dedicated Breast and Extremity MRI Units, shall demonstrate that it meets or is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology, including staff education and training programs.

RESPONSE: MRI services at Greeneville Community Hospital West are accredited through the American College of Radiology. As part of this project, the applicant is prepared to ensure that it meets the standards set forth by the ACR, including those regarding staffing recommendations and requirements.

ATTACHMENT: QUESTION 15

Tax Assessment

State of Tennessee Comptroller of the Treasury
Real Estate Assessment Data

Home About New Search Return to List

County Number: **030**County Name: **GREENE**Tax Year: **2020****Property Owner and Mailing Address**

Jan 1 Owner:
 TAKOMA REGIONAL HOSPITAL
 INC
 401 TAKOMA AVE
 GREENEVILLE, TN 37743

Property Location

Address: TAKOMA AVE

Map: 110C Grp: A Ctrl Map: 110C Parcel: 009.00 PI: S/I: 000

Value Information

Reappraisal Year: 2018

Land Mkt Value: \$0

Improvement Value: \$0

Total Market Appraisal: \$0

Assessment %: 0

Assessment: \$0

General Information

Class:	05 - RELIGIOUS		
City #:	311	City:	GREENEVILLE
SSD1:	000	SSD2:	000
District:	10	Mkt Area:	G01
# Bldgs:	0	# Mobile Homes:	0
Utilities - Water / Sewer:	01 - PUBLIC / PUBLIC	Utilities - Electricity:	01 - PUBLIC
Utilities - Gas / Gas Type:	01 - PUBLIC - NATURAL GAS	Zoning:	MR

Subdivision Data

Subdivision: TAKOMA ADVENTIST
 HOSPITAL

Plat Bk: F Plat Pg: 239 Block: 2 Lot:

Additional Description

P/O 2 AND P/O 3

Building Information**Extra Features****Sale Information**

Sale Date	Price	Book	Page	Vac/Imp	Type Instrument	Qualification
05/01/2007	\$13,824,000	427A	954	VACANT	WD	P

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01/07/2004	\$0	354A	256
11/21/1997	\$0	81A	1061
06/28/1973	\$0	312	199
01/04/1900	\$0	380	580
01/03/1900	\$0	00151	00111
01/02/1900	\$0	00142	00384
01/01/1900	\$0	00117	00412

Land Information

Deed Acres: 8.39	Calc Acres: 0.00	Total Land Units: 1.00
Land Type: 70 - EXEMPT	Soil Class:	Units: 1.00

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Home Page](#)[Comptroller of the Treasury
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ATTACHMENT: QUESTION 17

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RESPONSE: This project is expected to realize a positive financial margin in Year 1; cash flow is projected to be \$551,589 and \$837,734 in Years 1 and 2, respectively. More detailed information for this project is included in the Projected Data Chart.

- 2) Demonstrating the availability of sufficient cash flow until financial viability is achieved.

Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-6A**

RESPONSE: Audited financial statements for Ballard Health are provided in Attachment Section B-Economic Feasibility-6A.

- B. Net Operating Margin Ratio:** The Net Operating Margin Ratio demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following tables. Complete Project Only Chart and Total Facility Chart, if applicable.

Project Only Chart – MRI

Year	2nd Previous Year to Most Recent Year	1st Previous Year to Most Recent Year	Most Recent Year	Projected Year 1 <u>2021</u>	Projected Year 2 <u>2022</u>
Net Operating Margin Ratio	N/A	N/A	N/A	0.366	0.373

Total Facility Chart – ODC

Year	2nd Previous Year to Most Recent Year	1st Previous Year to Most Recent Year	Most Recent Year	Projected Year 1 <u>2021</u>	Projected Year 2 <u>2022</u>
Net Operating Margin Ratio	N/A	N/A	N/A	0.504	0.509

- C. Capitalization Ratio:** The Long-term debt to capitalization ratio measures the proportion of debt financing in a business's permanent (long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: $((\text{Long-Term Debt}) / (\text{Long-Term Debt} + \text{Total Equity} \{ \text{Net Assets} \})) \times 100$.

January 29, 2020

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ATTACHMENT

Affidavit

January 29, 2020**11:45 am****AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF Tennessee WashingtonNAME OF FACILITY: Talman Regional Hospital Inc. d/b/a Greenville Community Hospital, Inc.

I, Allison M. Rogers, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Allison M. Rogers, Sr. VP. Planning
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 28 day of January, 2020,
witness my hand at office in the County of Washington, State of Tennessee.

Katrina Hunley
NOTARY PUBLIC

My commission expires Feb. 4, 2022.

HF-0043

Revised 7/02

