

**DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT  
NOVEMBER 2005**

**CON REVIEW: HG-NIS-0905-040  
MONTFORT JONES MEMORIAL HOSPITAL  
ESTABLISHMENT OF MAGNETIC RESONANCE IMAGING (MRI) SERVICES  
CAPITAL EXPENDITURE: \$-0-  
LOCATION: KOSCIUSKO, ATTALA COUNTY, MISSISSIPPI**

**STAFF ANALYSIS**

**I. PROJECT SUMMARY**

**A. Applicant Information**

Montfort Jones Memorial Hospital (MJMH) is a short-term acute care hospital, owned by Attala County. The hospital is a licensed to operate 71 acute care beds with eleven (11) beds certified as geriatric psychiatric. The hospital is governed by a five-member Board of Trustees appointed by the Attala County Board of Supervisors.

Montfort Jones Memorial Hospital's occupancy rates, average lengths of stay (ALOS) and Medicaid utilization rates for the medical surgical beds for the three most recent fiscal years are as follows:

**Montfort Jones Memorial Hospital  
Utilization Data**

<b>Fiscal Year</b>	<b>Occupancy Rate (%)</b>	<b>ALOS (Days)</b>	<b>Medicaid Utilization Rate (%)</b>
2002	43.03	5.42	11.11
2003	41.32	5.61	10.87
2004	41.75	5.68	6.16

**Source:** Division of Health Facilities Licensure and Certification, MDH (MDH)

**B. Project Description**

Montfort Jones Memorial Hospital requests Certificate of Need (CON) authority to offer magnetic resonance imaging (MRI) services five days per week. The applicant proposes to provide MRI services through a contractual agreement with Kosciusko Medical Clinic, Kosciusko, Mississippi. Montfort Jones Memorial Hospital and KMC are located close enough to each other that services can be shared. According to the applicant, for the past three years, MJMH has utilized the services of Kosciusko Medical Clinic's MRI unit. The hospital sends its patients to KMC for MRI services, and the MRI service billing has been done by KMC. The proposed project will allow MJMH to bill for inpatient MRI service. The number of MRI procedures performed by KMC for FY 2004 was 2,279, which includes numbers from MJMH. The application contains a copy of the service agreement between Montfort Jones Memorial Hospital and Kosciusko Medical Clinic (KMC) for the proposed project.

Montfort Jones Memorial Hospital indicates that no capital expenditure is associated with this project. Ancillary services such as computed tomography (CT), ultra sound, nuclear medicine, radiology and fluoroscopy and other diagnostic services are readily available in the hospital and will be utilized as needed. The proposed project will be completed following CON approval.

The MDH Division of Health Facilities Licensure and Certification has approved the site for the proposed project.

## II. TYPE OF REVIEW REQUIRED

Projects which propose the provision of magnetic resonance imaging services are reviewed in accordance with Section 41-7-191, subparagraph (1) (d) (xii) of the Mississippi Code of 1972, Annotated, as amended, and duly adopted rules, procedures, plans, criteria and standards of the Mississippi Department of Health.

In accordance with Section 41-7-197(2), of the Mississippi Code 1972, Annotated, as amended, any affected person may request a public hearing on this project within 20 days of publication of the staff analysis. The opportunity to request a hearing expires on December 5, 2005.

## III. CONFORMANCE WITH THE STATE HEALTH PLAN AND OTHER ADOPTED CRITERIA AND STANDARDS

### A. State Health Plan (SHP)

The **FY 2006 State Health Plan** addresses policy statements and service specific criteria and standards which an applicant is required to meet before receiving CON authority to provide MRI services. This application is in substantial compliance with applicable criteria and standards. This proposal is for the provision of magnetic resonance imaging services.

#### **SHP Criterion 1 - Need**

An entity desiring to offer MRI services must document that the equipment shall perform a minimum of 1,700 procedures per year and the procedures estimation methodology shall be used to project the annual patient service volume for the applicant facility.

Montfort Jones Memorial Hospital proposes to offer MRI services five days per week through an existing MRI equipment provider. Since Montfort Jones Memorial Hospital is proposing to provide services through an existing provider, use of the procedure estimation methodology is not required. The **Plan** provides that: "If the MRI in question is presently utilized by other providers of services, the actual number of procedures performed by them during the most recent 12-month period may be used instead of the formula projections." The MRI system is owned and operated by Kosciusko Medical Clinic. The MRI services will be shared between Kosciusko Medical Clinic and Montfort Jones Memorial Hospital. The applicant indicates that for the past three years Kosciusko Medical Clinic has offered MRI services, which include patients from Montfort Jones Memorial Hospital. The facility, which includes numbers from MJMH performed 1,690 MRI procedures in 2002, 2,229 MRI procedures in 2003, and 2,279 MRI procedures in 2004.

Montfort Jones Memorial Hospital states that the need for MRI services is justified by its financial class of patients (68 percent Medicare and 11 percent Medicaid) and the difficulty these groups have obtaining medical services. The applicant believes that the proposed

project will greatly enhance diagnostic capabilities of the facility.

The applicant makes the following projections of MRI procedures to be performed during the first three years of operation:

**Projected MRI Procedures**

<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
1,000	1,000	1,000

According to the applicant, based on the past three year figures, the projected utilization is 2,000 MRI procedures per year by both Kosciusko Medical Clinic and Montfort Jones Memorial Hospital.

According to the **FY 2006 State Health Plan**, there were 26 providers of MRI services operating 31 units in General Hospital Service Area 3 wherein Montfort Jones Memorial Hospital is located. As reported in the **Plan**, the 31 units performed a total of 63,443 procedures in 2003 for an average of 2,047 procedures per unit. In 2004, the 31 units performed a total of 67,346 procedures, or an average of 2,173 procedures per unit, according to the **Plan**.

This project was submitted in compliance with State Health Plan Policy Statement 1, which requires that (a) an entity proposing to acquire or otherwise control MRI equipment must obtain a CON to do so...; and (b) an entity proposing to offer MRI services must obtain a CON before providing such services. Montfort Jones Memorial Hospital ability to bill for MRI services will enhance delivery of MRI services to Medicaid patients, since Medicaid's reimbursement for this service to a free-standing facility is minimum.

**SHP Criterion 2 - Documentation of Diagnostic Imaging Modalities**

The applicant indicates that other diagnostic x-ray modalities are available at Montfort Jones Memorial Hospital such as CT, ultrasound, nuclear medicine and conventional radiology.

**SHP Criterion 3 - Accessibility**

Montfort Jones Memorial Hospital indicates that MRI services will be offered to patients based on medical necessity.

**SHP Criterion 4 - Staffing**

According to the applicant, the MRI services will be provided by an available full-time radiologist trained in MRI studies as well as an MRI technologist experienced in MRI spectroscopy.

**SHP Criterion 5 – Research Staffing**

According to the applicant, this MRI will not be used for research purposes.

### **SHP Criterion 6 - Data Requirement**

The applicant confirms that it will record and maintain the requested information and make it available to the Mississippi Department of Health.

### **SHP Criterion 7 - CON Approval**

Kosciusko Medical Clinic is a current MRI equipment provider in Mississippi.

The applicant is in compliance with this criterion.

## **B. General Review (GR) Criteria**

Chapter 8 of the **Mississippi Certificate of Need Review Manual**, May 13, 2000, (as amended) addresses general criteria by which all CON applications are reviewed. The applicable criteria are as follows:

### **GR Criterion 1 – State Health Plan**

This application is in substantial compliance with all the criteria and standards for the establishment of MRI services, as contained in the **Plan**.

### **GR Criterion 2 - Long Range Plan**

The applicant indicates that the project is consistent with the long range plan of the hospital to provide quality care to its patients.

### **GR Criterion 3 - Availability of Alternatives**

According to the applicant, no other alternatives were considered for this project. The applicant's ability to provide MRI service will enhance the availability of these services to its patients.

### **GR Criterion 4 - Economic Viability**

The applicant's projected charges for MRI service are compatible with like facilities. The projected level of utilization will not change from that which is being provided now.

### **GR Criterion 5 - Need for Services**

As stated earlier, MJMH currently makes MRI services available to its patients through an outpatient clinic – Kosciusko Medical Clinic. Montfort Jones Memorial Hospital proposes to provide MRI services to its inpatient clients, also by utilizing KMC. For the past three years MJMH has utilized the MRI services of Kosciusko Medical Clinic's MRI unit. The number of MRI procedures performed by MJMH and KMC for FY 2004 was 2,279. The approval of this project will make MRI services more accessible to the patients of MJMH.

### **GR Criterion 6 - Access to the Facility or Service**

According to the applicant, all patients have access to services provided by MJMH. Access is based on medical necessity.

The following table shows the estimated gross patient revenues of health care provided to

charity/medically indigent patients for the past three fiscal years at Montfort Jones Memorial Hospital:

<b>Fiscal Year</b>	<b>Total Dollar Amount of Gross Patient Revenue</b>
2002	\$23,501,950
2003	\$24,097,268
2004	\$27,483,816

#### **GR Criterion 7 - Information Requirement**

The applicant states that it will record and maintain the requested information stated in the above criterion and make it available to the Mississippi Department of Health within 15 days of request.

#### **GR Criterion 8 - Relationship to Existing Health Care System**

Montfort Jones Memorial Hospital is located in General Hospital Service Area 3. According to the **FY 2006 State Health Plan**, in 2004, GHSA 3 had a total of 31 MRI units (mobile and fixed) serving 26 facilities, for an average of 2,172 procedures per unit. The project is not expected to have an adverse effect on the existing health care system.

#### **GR Criterion 9 - Availability of Resources**

The applicant states that the MRI services proposed are shared between Montfort Jones Memorial Hospital and Kosciusko Medical Clinic. The availability of resources will not present a problem because the service has been in operation for the past three years.

#### **GR Criterion 16 - Quality of Care**

Montfort Jones Memorial Hospital will be a new provider of MRI services. The hospital is in compliance with the **Minimum Standards for the Operation of Mississippi Hospitals**, according to the Division of Health Facilities Licensure and Certification, MDH.

### **IV. FINANCIAL FEASIBILITY**

#### **A. Capital Expenditure Summary**

The applicant indicates that no capital expenditure is associated with this project.

#### **B. Method of Financing**

This project requires no financing.

#### **C. Effect on Operating Cost**

Montfort Jones Memorial Hospital asserts that the only projected expense associated with this project is the per procedure charge by KMC for performing an MRI procedure.

The applicant projects the following utilization, cost, and charge per procedure from operation for the first three years following completion of the project:

<b>Utilization</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Number of Scans	1,000	1,000	1,000
Cost/Scan	\$ 350	\$ 350	\$ 350
Charge/Scan	\$ 1,000	\$ 1,000	\$ 1,000

According to the applicant, the number of MRI procedures per year 1,000 x \$1,000 per procedures charge equate to \$1,000,000 annually during the first three years of operation.

**D. Cost to Medicaid/Medicare**

The project is not expected to have a significant impact on Medicaid or other third party payors.

**V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES**

The Division of Medicaid was provided a copy of this application for review and comment. The Division of Medicaid of Medicaid took position on this project.

**VI. CONCLUSION AND RECOMMENDATION**

This project is in substantial compliance with the criteria and standards for the establishment of MRI services, as contained in the **FY 2006 State Health Plan**, the **Certificate of Need Review Manual**, revised 2000; and all adopted rules, procedures and plans of the Mississippi Department of Health.

The Division of Health Planning and Resource Development recommends approval of the application submitted by Montfort Jones Memorial Hospital for the establishment of magnetic resonance imaging services.