

**DIVISION OF HEALTH PLANNING  
AND RESOURCE DEVELOPMENT  
MAY 2003**

**CON REVIEW HG-NIS-0303-006  
GPCH - GP, INC. DBA GARDEN PARK MEDICAL CENTER  
ESTABLISHMENT OF ESWL SERVICES, HARRISON COUNTY  
CAPITAL EXPENDITURE: \$-0-  
LOCATION: GULFPORT, MISSISSIPPI**

**STAFF ANALYSIS**

**I. PROJECT SUMMARY**

**A. Applicant Information**

GPCH - GP, Inc. dba Garden Park Medical Center (GPMC), is a for-profit hospital managed by HCA Healthcare Corporation, Nashville, Tennessee. GPCH filed a Certificate of Existence/Authority on February 19, 2003, with the Office of the Secretary of State and is presently governed by a nine (9) member Board of Trustees.

GPCH is currently licensed to operate 130 general medical/surgical beds in Gulfport, Mississippi. The hospital offers a wide range of general acute care services accompanied by a full medical staff to operate each department in the hospital. Services range from blood bank to urology.

Garden Park Medical Center's occupancy rates, average lengths of stay (ALOS) and the Medicaid utilization rates for the medical/surgical beds for the three most recent fiscal years are shown below:

**Garden Park Medical Center  
Utilization Data**

<b>Fiscal Year</b>	<b>Occupancy Rate (%)</b>	<b>ALOS (Days)</b>	<b>Medicaid Utilization Rate (%)</b>
2000	34.27	4.62	12.26
2001	41.09	5.12	11.29
2002	41.61	4.88	13.0

Source: Division of Health Facilities Licensure and Certification, MSDH.

**B. Project Description**

Garden Park Medical Center requests Certificate of Need (CON) authority to offer mobile extracorporeal shock wave lithotripsy (ESWL) services on a part time(one day a month) basis in Harrison County. GPMC proposed to enter into an agreement with Gulf South, the vendor, and owner of a mobile ESWL unit. Gulf South received Certificate of Need #87159, effective September 26, 1990, to provide mobile renal lithotripsy equipment in Mississippi. The mobile

ESWL unit will house the equipment needed to provide ESWL services to Garden Park Medical Center's patients. The mobile unit will be at the hospital for a minimum of one day a month and more frequently if needed.

Garden Park Medical Center currently has in place a pad with appropriate electrical connections that is appropriate for use by the mobile ESWL unit; therefore, no modification or construction is necessary.

The proposed project requires no capital expenditure. According to the applicant, the provision of ESWL services by GPMC will begin immediately upon Certificate of Need approval.

## II. TYPE OF REVIEW REQUIRED

Projects which propose the establishment of mobile ESWL services are reviewed in accordance with Section 41-7-191, subparagraph (1)(d) (Xiii), Mississippi Code of 1972 Annotated, as amended, and duly adopted rules, procedures, plans, criteria and standards of the Mississippi State Department of Health.

In accordance with Section 41-7-197(2), of the Mississippi Code 1972 Annotated, as amended, an 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 June 4, 2003.

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

### A. State Health Plan (SHP)

The FY 2003 State Health Plan addresses policy statements, criteria, and standards which an applicant is required to meet before receiving CON authority to provide ESWL services. This application is in substantial compliance with applicable criteria and standards. The proposal is for the establishment of ESWL services.

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

The applicant states that there is a need in General Hospital Service Area 7 to provide additional ESWL service to the area. According to the applicant, utilizing the equipment of a vendor with a mobile ESWL unit would improve the hospital's treatment capabilities and allow GPMC to offer additional procedures with minimal expenses.

The applicant asserts that according to the population projections found in the Mississippi Population Projections for 2005, 2010, and 2015 developed by the Center for Policy Research and Planning, Harrison County, the county in which the hospital is located, is the second most highly populated county in the state and will, by the year 2005, have a population of 196,175. Further, that population is expected to grow to 211,609 by the year 2015, an increase of 7.87 percent. With this in mind, the applicant believes the rapid growth of the area will increase the need to have additional ESWL services in the service area.

The applicant includes affidavits from four physicians/urologists stating that they have treated a total of 581 kidney stone patients from January 1, 2002, through December 31, 2002. Out of the 581 patients treated during the identified period, the urologists performed ESWL treatment on 138 of their patients. Although the urologists express a need for the proposed mobile ESWL services at GPMC, they anticipate performing approximately 41 lithotripsy procedures at the hospital in a twelve-month period. The applicant projected that 40 lithotripsy procedures will be performed during the first year of operation.

The applicant also lists information from the National Center for Health Statistics, indicating that the South has a higher incidence of kidney stone disease than the remaining United States. The Center shows that the U.S. has a 1.42 percent incidence rate per 1000 population compared to 1.84 percent rate in the South. Even though Mississippi's incidence rate cannot be retrieved from the center, the applicant believes that the state is considered to have one of the highest incidence rates in the southern region and in the United States.

Garden Park Medical Center used three methodologies to assess the need in General Hospital Service Area 7. They are as follows: the American Hospital Association, Dornier, and Theta.

The following table shows extracorporeal shock wave lithotripsy utilization in GHSA 7.

<u># of ESWL</u> <u>Procedures</u> <b>FY</b> <b>2001</b>
241

**SHP Criterion 2 - Documentation of Medical Personnel**

GPMC asserts that the medical personnel required of this criterion shall reside within the hospital service area and shall be available 24 hours per day for emergency services required as a result of treatment by Renal ESWL.

**SHP Criterion 3 - Imaging Capabilities**

Garden Park Medical Center provides whole body CT scanning and ultrasound imaging at the hospital.

**SHP Criterion 4 - Scope of Privileges**

The applicant asserts that GPMC will grant an appropriate scope of privileges for access to the lithotripter to any qualified physician who applies for privileges.

**SHP Criterion 5 - Accessibility**

The applicant indicates that all residents in Garden Park's primary and secondary service areas and GHSA 7, including Medicare and Medicaid recipients and medically indigent patients, have and will continue to have access to the services of Garden Park Medical Center. The hospital offers care for the indigent and does not have admission policies that will adversely affect access to care for indigents. Garden Park Medical Center will offer services to patients in need of care, regardless of their ability to pay.

**SHP Criterion 6 - Recording of Data**

The applicant will record and maintain the information required of this criterion and will make it available to the Department within fifteen (15) business days of request.

**SHP Criterion 7 - Staffing**

The hospital possesses a highly active and full-service radiology department. The hospital has an established urological referral practice.

**SHP Criterion 8 - Guidelines and Standards**

The applicant asserts that Garden Park Medical Center shall require that all individuals using the ESWL equipment shall meet, at a minimum, the AUA's guidelines and standards for training and proficiency in the operation of renal ESWL equipment.

**SHP Criterion 9 - CON Exemption**

The applicant provided a copy of Gulf South's (the applicant's proposed ESWL vendor) Certificate of Need to provide mobile renal ESWL services in Mississippi.

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

Chapter 8 of the Mississippi Certificate of Need Review Manual, revised May 13, 2000, addresses general criteria by which all CON applications are reviewed. This application is in substantial compliance with general review criteria.

**GR Criterion 2 - Long Range Plan**

According to GPMC, the proposed project comports with its goal to provide quality, efficient health care to all residents of the community and is compatible with its long range plans.

**GR Criterion 3 - Availability of Alternatives**

According to the applicant, the provision of ESWL services by GPMC is compatible with its long range plans to provide its patients with quality care; therefore, GPMC rejected the alternative of doing nothing. Garden Park Medical Center considered the alternative of purchasing its own ESWL equipment. However, since that would require an outlay of capital which would not be as efficient as using mobile ESWL equipment owned by a vendor, that alternative was also rejected.

**GR Criterion 4 - Economic Viability**

GPMC's proposed project will experience incomes of \$51,888 for year one, \$58,036 for year two and \$64,091 for year three of operation.

**GR Criterion 5 - Need for the Project**

According to GPMC, all residents of the area, including low income persons, racial and ethnic minorities, women, handicapped persons, and ethnic minorities, other underserved groups, and the elderly, have access to the services provided at the hospital and will have access to the proposed ESWL services.

According to the applicant, there is a need in GHSA 7 to provide additional ESWL service to the area. Utilizing the equipment of a vendor with a mobile ESWL unit would improve the hospital's treatment capabilities and allow GPMC to offer additional procedures with minimal expenses. The applicant includes affidavits from four physicians/urologists stating that they have treated a total of 581 kidney stone patients from January 1, 2002, through December 31, 2002. Out of the 581 patients treated during the identified period, the urologists performed ESWL treatment on 138 of their patients.

The applicant submits that the number of lithotripsy procedures that the urologists expect to perform at Garden Park Medical Center during a one year period (41) and the heightened need for the procedures here in the "stone belt" demonstrates the need for ESWL services at the hospital. Utilizing the number of lithotripsy procedures that the urologists expect to perform at the hospital during a one year period (41) and any of the need methodologies previously mentioned demonstrates the need for ESWL services in GHSA 7 and at GPMC.

The applicant projects the following number of ESWL procedures for the next three years of operation for the proposed project:

**Projected ESWL Procedures**

Year	Year 1	Year 2	Year 3
# of ESWL Procedures	40	45	50

The applicant believes that failure to implement this project will leave the residents of GPMC's primary service area without an adequate number of access points providing this care.

Four endorsement letters from community physicians were received in support of the ESWL service.

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

The applicant asserts that all residents of the Gulf Coast, GHSA 7 and the state, including Medicaid recipients, charity/indigent patients, racial and ethnic minorities, women, handicapped persons and the elderly have access to the services of the existing facility and will have access to the proposed mobile ESWL services. According to the applicant, GPMC offers services to patients in need of care without regard to race, age, creed, sex or ethnic origin in full compliance with applicable state and federal regulation.

The following table gives the percentage of gross patient revenue and actual dollar amount of health care provided to medically indigent patients for the last three years at GPMC:

<b>1999</b>	<b>2000</b>	<b>2001</b>
\$73,937,777	\$78,304,124	\$117,422,650
2.7%	3.9%	4.5%

**GR Criterion 7 - Information Requirement**

GPMC affirms that it will record and maintain the information required by this criterion and make it available to the Mississippi State Department of Health within 15 business days of request.

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

There are presently six mobile ESWL units in GHSA 7. The applicant believes that the proposed project will have no adverse impact on the existing health care system of the area; on the contrary, it will serve as a complement to the system. GPMC asserts that because of the growth the Mississippi Gulf Coast is experiencing, the offering of ESWL services by Garden Park Medical Center using mobile equipment will be an asset to the community and the existing health care system of the area.

**GR Criterion 9 - Availability of Resources**

According to the applicant, all additional necessary personnel will be provided by Gulf South Lithotripsy, LLC (**vendor**) pursuant to the service agreement for the proposed project.

**GR Criterion 16 - Quality of Care**

Garden Park Medical Center is in compliance with the Minimum Standards of Operation for Mississippi Hospitals, according to the Division of Health Facilities Licensure and Certification.

**IV. FINANCIAL FEASIBILITY**

A. Capital Expenditure Summary

This proposed project requires no capital expenditure.

B. Method of Financing

There is no cost to the applicant for the proposed project.

C. Effect on Operating Cost

GPMC projects the following expenses, revenues, and utilization for the first three years of operation for the proposed project:

<b>EXPENSES</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>
Supplies	\$ 6,000	\$ 7,088	\$ 8,269
Purchased Services	\$ 76,000	\$ 85,500	\$ 95,000
<b>Total Expenses</b>	<b>\$82,000</b>	<b>\$92,588</b>	<b>\$103,269</b>

**Utilization, Cost and Charges**

# of Scans	40	45	50
Cost/per Scan*	\$1,900	\$1,900	\$1,900
Charge/Per Scan	\$8,000	\$8,000	\$8,000

\*The applicant submits that GPMC's cost per ESWL procedure is \$1,900. That calculation was made utilizing the contract price that will be paid directly to the vendor. However, GPMC, in an abundance of caution and in an effort to be very conservative with its projected operating statement, included an expense item to cover various supplies that might be an added expense to these purchased services. With respect to the first year of operation, it is projected that there could be a total supply expense of the entire year in the amount of \$6,000. The hospital asserts that if this supply expense is included in the cost of treatment per ESWL procedure, the cost per procedure would be \$2,050 rather than only the \$1,900 paid to the

vendor. There may be an added supply cost of \$150 per procedure to the \$1,900 per procedure cost for the proposed project.

**Revenues**

Gross Pat. Revenue	\$ 320,000	\$ 360,000	\$400,000
Deductions from Revenue	\$(186,112)	\$(209,376)	\$(232,640)
Net Pat. Service Revenue	\$ 133,888	\$150,624	\$167,360
<b>Net Income (Loss)</b>	<b>\$ 51,888</b>	<b>\$ 58,036</b>	<b>\$64,091</b>

D. Cost to Medicaid/Medicare

Payor Mix	Utilization Percentage	First Year Cost
Medicaid	15.95	\$13,079
Medicare	23.00	\$18,860
Other Payors*	61.05	\$50,061
<b>Total</b>	<b>100.0</b>	<b>\$82,000</b>

\*Applicant projects approximately 3.61 percent of gross revenue for medically indigent, bad debt and charity care patients.

**V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES**

The Division of Medicaid was provided a copy of this application for review. According to the Division of Medicaid, the estimated increased annual cost to Medicaid for the capital expenditure is \$1,302 for inpatient hospital services.

**VI. CONCLUSION AND RECOMMENDATION**

This project is in substantial compliance with the criteria and standards for the establishment of extracorporeal shock wave lithotripsy services as contained in the FY 2003 State Health Plan and Chapter 8 of the Mississippi Certificate of Need Review Manual, revised 2000, and all adopted rules, procedures and plans of the Mississippi State Department of Health.

The Division of Health Planning and Resource Development recommends approval of this application

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submitted by GPCH-GP, Inc. dba Garden Park Medical Center.