

**DIVISION OF HEALTH PLANNING
AND RESOURCE DEVELOPMENT
NOVEMBER 2008**

**CON REVIEW ESRD-NIS-0908-033
BIO MEDICAL APPLICATIONS OF MS, INCORPORATED
d/b/a FRESENIUS MEDICAL CARE-NORTH HARRISON COUNTY
ESTABLISHMENT OF AN ESRD FACILITY
LOCATION: BILOXI, HARRISON COUNTY, MISSISSIPPI; TRADITION COMMUNITY
CAPITAL EXPENDITURE: \$430,800**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. APPLICANT INFORMATION

Bio Medical Applications of Mississippi, Incorporated (BMA of MS, Inc.) d/b/a Fresenius Medical Care-North Harrison County (FMC-NHC) is a business corporation located at 1010 Lakeland Square Extension, Suite C in Flowood, Rankin County, Mississippi. The Certificate of Need (CON) application indicates that the applicant is interested in establishing an End Stage Renal Disease (ESRD) facility in Biloxi, Harrison County, Mississippi, in the Tradition Community.

Bio Medical Applications of Mississippi, Incorporated is the parent company of Fresenius Medical Care, and the company has been providing dialysis for ESRD patients for about 30 years. The applicant provided a Certificate from the Secretary of State (SOS) dated August 29, 2008, verifying that the corporation was issued a Charter/Certificate of Authority on August 2, 1990. The document indicates that the business is incorporated in the State of Delaware; however, it is authorized by the SOS to do business in Mississippi and it is in good standing with the State. The applicant indicates that BMA of MS, Incorporated is governed by 12 officers and directors.

B. PROJECT DESCRIPTION

Bio Medical Applications of MS, Incorporated d/b/a Fresenius Medical Care, North Harrison County, Mississippi, requests Certificate of Need authority to establish a 10 station End Stage Renal Dialysis (ESRD) facility in North Harrison County, Mississippi. The facility will provide access to patients who may be displaced by a hurricane or storm along areas of the Mississippi Gulf Coast. Hurricane Katrina occurred on August 29, 2005; however, residents, business owners, and government agencies are rebuilding by special design to prepare structures to withstand future storms.

To accommodate future needs of the area, the applicant states that developers are constructing a new 4,800 acre community situated on property that is 50 to 170 feet above sea level. Staff determined that the new community is located in North Central Harrison County and was first announced by the press in 1999. The Village at Tradition is north of Biloxi and Gulfport and is centrally located in Harrison County, Mississippi. The community will be developed in four phases and is near the intersection of two new four-lane highways and one parkway, State Highways 67 and 605, and Tradition Parkway. The community will embrace four values: arts and culture, education, health and wellness, and environmental stewardship.

Although the community was initially planned prior to Hurricane Katrina, the applicant believes that Tradition will serve as a safe area to establish a 10 station ESRD facility because the community is not directly on the Mississippi Gulf Coast. The applicant asserts that the proposed ESRD facility will be equipped to open immediately after a disaster to allow displaced Gulf Coast ESRD patients to dialyze. The applicant anticipates establishing the ESRD facility within the Health and Education Center titled by developers as the "Tradition Town Center Framework Plan."

If the proposed project is CON approved, the applicant states that BMA of MS, Incorporated d/b/a FMC-NHC will enter a lease agreement with an independent developer, Doctor's Properties, LLC (DP). The applicant will lease the building for 10 years at a cost of \$28,280 per year and will have options to extend the term. Before signing the lease, the applicant must adhere to several other articles listed in the lease agreement. The agreement requires DP to obtain an architect who has been approved by the applicant to construct 2,828 square feet of "shelled" space.

Upon DP's approval of the applicant's interior plans, the applicant will complete leasehold improvements at a cost of \$282,800 and categorize the improvement as renovations. Fresenius Medical Care-North Harrison County will install non-fixed equipment (furniture and equipment) totaling \$148,000 and will lease equipment for the ESRD facility at a cost of \$31,703 per year (useful life years). There is no new construction associated with this project; however, the applicant provides a cost estimate from the architecture indicating it will cost \$100 per square foot to renovate the 2,828 square feet of "shelled" space.

Fresenius Medical Care-North Harrison County states that BMA of MS Incorporated and its parent company of Fresenius Medical Care will utilize required staff and resources from its existing Mississippi facilities to staff the new ESRD facility. The applicant will employ 7.5 full-time employees at an annual estimated cost of \$329,040. The total proposed expenditure for this project is \$430,800 that the applicant proposes to finance with cash reserves. The capital expenditure will be obligated within nine months of CON approval and the applicant anticipates the project to be completed within 150 days thereafter.

II. TYPE OF REVIEW REQUIRED

The Mississippi State Department of Health (MSDH) reviews applications for the establishment of an end stage renal disease facility in accordance with Section 41-7-173 (h) and Section 41-7-191, subparagraph (1) (a) of the Mississippi code 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 of 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 December 8, 2008.

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

A. State Health Plan (SHP)

The *FY 2009 State Health Plan* contains criteria and standards which the applicant is required to meet before receiving CON authority to establish a 10 station ESRD facility. This application is not in substantial compliance with applicable criteria and standards.

SHP Criterion 1- Need

The applicant believes a new ESRD facility is needed in Tradition to serve as a nerve center for renal patients who may be displaced from the Gulf Coast region due to storms, hurricanes, or other disasters. Fresenius Medical Care-North Harrison County states that the Centers for Medicare and Medicaid, Network 8, and the *Clinical Journal of the American Society of Nephrology* stress the importance for all cities to implement emergency plans to designate an ESRD facility to be operational after a disaster so that renal patients can immediately dialyze. In this case, the applicant references the proposed facility as a "surge" ESRD facility to handle such a task.

Fresenius Medical Care-North Harrison County listed eight ESRD facilities that will be near the ESRD facility in Tradition, which includes six of its FMC affiliates. The applicant requests MSDH to consider the need for an ESRD surge facility and asked its affiliates to waive the minimum 80% utilization rate requirement so that the proposed project can be CON approved.

Presently, Harrison County ESRD patients are being served by FMC affiliates of the applicant. Because of the affiliation, FMC-NHC projects that 30 patients from its existing facilities and other area ESRD patients will utilize the proposed ESRD facility. The applicant states that the proposed ESRD facility will eliminate the driving distance to other facilities and offer access to Tradition patients while establishing an emergency facility for Gulf Coast residents.

The FY 2009 State Health Plan shows the following ESRD facilities and stations in counties bordering Harrison County:

County	ESRD Facility	06/05/2008 ESRD Stations	09/15/2008 ESRD Stations
George-62.03 Miles	Davita f/k/a Gambro Healthcare – Lucedale	12	12
Hancock- 37.39 Miles	FMC-Bay St. Louis fka BMA Sth. MS Kidney Ctr.-Bay St. Louis *	12	12
Jackson- 4.82 Miles	Davita-Ocean Springs fka Gambro Hlthc.of Ocean Springs	16	16
Jackson- 21.68 Miles	Davita-Singing River fka Gambro Healthcare-S. River (Pascagoula)	27	25
Pearl River- 63.52 Miles	Pearl River Dialysis Unit - Picayune	19	20
Stone- 47.51 Miles	Wiggins Dialysis Unit - Wiggins	12	12
Note*: Due to Hurricane Katrina (08/29/2005), the ESRD facility reopened in Diamondhead, MS in 11/2007. Sources: MSDH, Division of Health Facilities Licensure and Certification and FY 2008 ESRD Data			

Staff determined that Tradition is a new development that currently does not have its own zip code; however, the United States Postal Services has designated 39532 as the zip code for Tradition, which is the same as the City of Biloxi. With this in mind, Biloxi is located approximately 4.82 to 63.52 miles from the ESRD facilities listed in the above table. Tradition is six minutes from Interstate 10, 12 minutes from the Mississippi Gulf Coast beaches, and 15 minutes from the actual city of Biloxi, Mississippi.

The FY 2009 MSHP's Need Criterion states: An applicant proposing the establishment of a limited care renal dialysis facility or the relocation of a portion of an existing ESRD facility's dialysis stations to another location shall demonstrate, subject to verification by the Mississippi State Department of Health, that each individual existing ESRD facility in the proposed ESRD Facility Service Area has (a) maintained a minimum annual utilization rate of eighty (80) percent, or (b) that the location of the proposed ESRD facility is in a county which does not have an existing ESRD facility but whose ESRD relative risk score using current ESRD Network 8 data is 1.5 or higher. Note: ESRD Policy Statements 2, 4, 5, and 6 do not apply to criterion 1(b).

As state above, there are ESRD facilities located in Harrison County; therefore, this project must be reviewed under paragraph (a).

For the past 12 month, each Harrison County ESRD facility reported an annual utilization rate of less than 58.0 percent (see Attachment 2). The applicant is not in compliance with this criterion based on the Criteria and Standards listed in the Plan.

SHP Criterion 2 - Number of Stations

The applicant states that the ESRD facility will contain 10 hemodialysis stations in the Tradition Community located in Biloxi, Harrison County, Mississippi.

SHP Criterion 3 - Minimum Utilization

The applicant states that each patient will dialyze from 7 AM to 6 PM and staff will offer after hours ESRD care for patients who seek the service.

If FMC-NHC is CON approved, the chart below indicates the number of procedures that will be performed within the first three years. Staff determined utilization rates for each projected year will be less than the optimum level requirement of 75%.

Minimum Utilization			
	Year 1	Year 2	Year 3
Projected No. of Dialyses	3,960	4,680	5,400
Utilization Rate	42.31%	50%	57.70%
The number of dialysis is based on year end data. Utilization rate is based on Optimum 75% utilization and is defined as an average of 702 dialyses/station per year as per page 13-26 of the <i>FY 2009 State Health Plan</i> .			

The *FY 2009 State Health Plan* indicates that Harrison County has a 2010 population projection of 197,103. *Mississippi Population Projections for 2005, 2010, and 2015, March 2002*, published by the Center for Policy Research and Planning, shows that 55,380 non-whites and 141,723 Caucasians live in Harrison County. The ESRD Network 8 2007 data shows that 4,007 African-Americans and 1,340 Caucasians in Mississippi suffer from ESRD.

Based on 2007 data provided by ESRD Network 8, Harrison County had an ESRD incidence rate of 93, a prevalence rate of 280, and a death rate of 68. The state as a whole experienced incidence, prevalence, and death rates of 1,471, 5,456, and 1,086, respectively. FMC-NHC estimates the proposed facility will dialyze 30, 35, and 40 patients the first through third year of operation, respectively.

SHP Criterion 4 - Minimum Services

Fresenius Medical Care-North Harrison County affirms that the facility will provide social, dietetic, and rehabilitative services.

SHP Criterion 5 - Access to Needed Services

Fresenius Medical Care-North Harrison County affirms that the applicant will provide reasonable access to equipment/facilities for such needs as vascular access and transfusions required by stable maintenance ESRD patients.

SHP Criterion 6 - Hours of Operation

The FMC-NHC will open between the hours of 7:00 a.m. to 6:00 p.m. Patients who work each day and cannot dialyze between regular hours will be accommodated after hours.

SHP Criterion 7 - Home Training Program

Patients who would like to participate in the home training program will be counseled on the availability of the home-training program and the requirements to enter the home/self-dialysis program. No self/home training stations are being requested for this facility.

SHP Criterion 8 - Indigent/Charity Care

The applicant affirms that FMC-NHC will provide a "reasonable amount" of indigent/charity care and serve approximately 4% indigent/charity care patients. The ESRD will serve all ESRD patients including Medicaid and Medicare recipients.

SHP Criterion 9 - Facility Staffing

The applicant included a proposed list of staff by category, position qualification guidelines (minimum education and experience requirements), and specific duties. If the proposed project is CON approved, the applicant affirms that 7.35 full time equivalents will be utilized from existing FMC facilities to operate the ESRD facility.

SHP Criterion 10 - Staffing Qualifications

The applicant asserts that the staff of the facility will meet, at a minimum, all requirements and qualifications as stated in 42 CFR, Chapter IV, Subpart U.

SHP Criterion 11 - Staffing Time

When the unit is in operation, the applicant affirms that at least one (1) R.N. will be on duty and at least two (2) persons will be present for each dialysis shift, one of which will be an R.N. In addition, the applicant affirms that the medical director or a designated physician will be on site or on call at all times when the unit is in operation. When the ESRD facility is not in operation, the applicant states that the medical director or a designated physician and one R.N. will be on call.

SHP Criterion 12 - Data Collection

The applicant affirms that FMC-NHC will record and maintain the required data and shall make it available to the Mississippi State Department of Health as required by the Department.

SHP Criterion 13 Staff Training

Fresenius Medical Care-North Harrison County asserts that the applicant will provide an ongoing training program for nurses and technicians in dialysis techniques at the facility.

SHP Criterion 14 -Scope of Privileges

The applicant affirms that it will provide access to doctors of medicine or osteopathic medicine licensed by the State of Mississippi who possess qualifications established by the proposed governing body of the facility.

SHP Criterion 15 - Affiliation with a Renal Transplant Center

The applicant affirms that they will enter into an affiliation agreement with a transplant center within one (1) year after the facility is opened and operating. The applicant provides a copy of the transfer agreement with Tulane University Hospital and Clinic.

B. General Review (GR) Criteria

Chapter 8 of the *Mississippi Certificate of Need Review Manual, February 23, 2008*, addresses general criteria by which all CON applications are reviewed. This application is not in substantial compliance with general review criteria.

GR Criterion 2 - Long Range Plan

The long range development plan of FMC-NHC is to operate a facility that provides hemodialysis to patients who must dialyze during scheduled times during the week and on an outpatient basis. Also, the applicant states the purpose of the facility is to provide ESRD services for the dialysis healthcare system. FMC-NHC will continue to improve the quality of life for patients who suffer from chronic and acute care renal failure by providing access to the service.

GR Criterion 3- Availability of Alternatives

A CON would give patients the opportunity to use a facility in the Tradition area, therefore eliminating the traveling distance. The applicant states there are no other alternatives to provide efficient, effective, and accessible healthcare to area 30 projected ESRD patients.

GR Criterion 4 - Economic Viability

Three year operating projections reflect a first year net profit of \$107,442, a second year profit of \$147,687, and a third year profit of \$184,233. The proposal reflects a capital expenditure of \$430,800, which will be funded from cash reserves.

The proposed project does not have a capital expenditure that exceeds \$2,000,000; however, the applicant provided financial statements to show the proposed project will be financially viable. Based on the statements, the project appears to be economically viable.

GR Criterion 5 - Need for the Project

The Tradition community has the same zip code of (39532) as the City of Biloxi. Facilities Biloxi are located approximately 4.82 to 63.52 miles from the ESRD facilities referenced in table shown in SHP Criterion 1. As stated previously, Tradition is six minutes from Interstate 10, 12 minutes from the Mississippi Gulf Coast beaches, and 15 minutes from the actual city of Biloxi, Mississippi.

The applicant believes a new ESRD facility is needed in Tradition to serve 30 projected ESRD patients, patients who may be on the verge of renal failure, and to provide an emergency ESRD facility for Gulf Coast ESRD patients/residents who may be displaced due to storms, hurricanes or other disasters. Fresenius Medical Care-North Harrison County states that some U.S. coastal areas have experienced devastation due to acts of nature and references agencies/journals that promote the importance of implementing strategic healthcare plans to care for ill patients after a disaster. Regarding the proposed project, the applicant believes there is a need to establish an emergency ESRD facility inland to handle patients who immediately need dialysis after a disaster.

End Stage Renal Disease Utilization data for FY 2008 shows that each ESRD facility in Harrison County had a utilization rate of less than 58.0 percent (see Attachment 2). The applicant is not in compliance with this criterion based on the previous year's utilization rates. In addition, Harrison County is not a county without an ESRD facility; therefore criterion 1(b) does not apply. Davita-Ocean Springs f/k/a Gambro Healthcare of Ocean Springs and Davita-Singing River f/k/a Gambro Healthcare-Singing River (Pascagoula) are less than 30 highway miles from the proposed facility. The proposed project and the two facilities listed above do not meet the 80% utilization requirement set forth in the *FY 2009 MSHP*.

The application provides many letters of support stating that community and professionals recognize that FMC-NHC complies with all federal regulations regarding community service and supports FMC's efforts to service all patients in GHSA 7 regardless of race, creed, sex, race, or ability to pay. However, the Department received two letters of comment from DVA Healthcare Renal Care, Incorporated (Davita-Ocean Springs) and Hattiesburg Dialysis P.A. d/b/a Wiggins Dialysis Unit opposing the establishment of an ESRD facility in the Tradition Community located in Biloxi, Harrison County, Mississippi.

GR Criterion 6 - Access to the Facility or Service

All patients will be served without regard to race, sex, age, physical abilities, or ability to pay. Also, FMC-NHC will serve approximately 4% indigent care patients.

GR Criterion 7- Information Requirement

Fresenius Medical Center-North Harrison County affirms that they will record and maintain the information required by this criterion and shall make the data available to the Mississippi State Department of Health within fifteen (15) business days of request.

GR Criterion 8 - Relationship to Existing Health Care System

Fresenius Medical Care-North Harrison County affirms that the proposed service will meet the needs of projected patients and Gulf Coast ESRD patients displaced by future disasters. Also, the proposed project lists three transfer agreements with other providers the facility will adhere to. Since the majority of ESRD patients in Harrison County are currently being served by other FMC facilities in the county and surrounding counties, the applicant believes there will be no significant adverse impact on existing providers of ESRD services.

Since each ESRD facility in Harrison County has a utilization rate less than 58%, which is less than the optimal rate of 75%, staff has determined that establishing a new ESRD facility in Harrison County will cause existing utilization rates to further plummet. Thus, staff determined that the proposed ESRD facility will have an adverse impact on existing ESRD providers in Harrison County, as well as other neighboring providers who are less than 30 miles from the proposed facility.

GR Criterion 9 - Availability of Resources

The applicant states that the required staff from FMC affiliates will be utilized to implement the proposed project. The application lists the descriptions of each position the applicant plans to fill, and names nephrologists who will deliver healthcare services to ESRD patients.

Fresenius Medical Care has been providing dialysis for ESRD patients for about 30 years. Thus, FMC states it has maintained a satisfactory staffing history at all facilities.

GR Criterion 10 - Relationship to Ancillary or Support Services

The applicant affirms that all necessary ancillary or support services will be available and projects no changes in costs or charges if the proposed project is implemented.

GR Criterion 11 - Delivery of Health Services

If the proposed project is approved, the applicant states the establishment of FMC-NHC will allow the facility to be accessible to area programs to address the clinical needs of the health professional training programs.

GR Criterion 12 - Access by Health Professional Schools

Fresenius Medical Care-North Harrison County asserts the facility will coordinate with area health professional schools to have access to the services for training purposes.

GR Criterion 14- Construction Projects

If the proposed project is CON approved, the applicant states that BMA of MS, Incorporated d/b/a FMC-NHC will enter a lease agreement with an independent developer, Doctor's Properties, LLC (DP). Doctor's Properties, LLC will obtain an architect approved by the applicant to construct the "shell" of the ESRD facility, which will consist of 2,828 square feet of space. The applicant will make \$282,800 of leasehold improvements in the form of renovations and install \$148,000 of non-fixed equipment (furniture and equipment) in the facility.

The architect who will be hired by DP submitted a cost estimate to show a proposed capital expenditure of \$430,800. The application includes a statement from the Division of Health Facilities Licensure and Certification indicating that the Division does not approve sites for freestanding ESRD facilities. It also includes a schematic drawing to show how the floor plan will look after the construction and renovation process has been completed.

The applicant states that the project complies with state and local building codes, zoning ordinances, and all appropriate regulatory authorities. The applicant has provided written assurance that FMC-NHC will comply with state statutes and regulations for the protection of the environment.

There is no new construction associated with this project; however, the renovation formula was used by the FMC-NHC to show how much the proposed project will cost per square foot. The applicant states that the cost to renovate 2,828 square feet of space in a new building will be \$100.00 per square foot.

The *Means Construction Cost Data for 2008* does not compare costs for renovation projects (see Attachment 3).

GR Criterion 15- Competing Applications

The Department received the proposed ESRD project submitted by the applicant, FMC-NHC, which is located in the southern portion of Mississippi. Therefore, there are no competing applications for this service.

GR Criterion 16 - Quality of Care

Currently, there are no ESRD facilities in the Tradition Community; however, FMC has been providing dialysis for ESRD patients for about 30 years. The applicant believes the proposed project will provide quality care to the residents of North Harrison County and allow the facility to be accessible to patients seeking ESRD service, current ESRD patients who live near Tradition, and potential MS Gulf Coast patients who may be displaced by a future disaster. The proposed ESRD facility will be certified to participate in the Medicare and Medicaid programs.

IV. FINANCIAL FEASIBILITY

A. CAPITAL EXPENDITURE SUMMARY

A. CAPITAL EXPENDITURE SUMMARY	
Construction Cost -New	\$0.00
Construction Cost-Renovation	\$260,176.00
Capital Improvements, i.e. (minor painting and repairs, refurbishing)	\$0.00
Total Fixed Equipment Cost	\$0.00
Total Non-Fixed Equipment Cost	\$148,000.00
Land Cost	\$0.00
Site Preparation Cost	\$0.00
Fees (Architectural, Consultant, etc.)	\$22,624.00
Contingency Reserve	\$0.00
Capitalized Interest	\$0.00
Other Cost (Specify)	\$0.00
TOTAL PROPOSED CAPITAL EXPENDITURE	\$430,800.00

Under a lease agreement, Fresenius Medical Care-North Harrison County will renovate 2,828 square feet of space in a building constructed by Doctor's Properties, LLC. The cost to renovate 2,828 square feet of space will be \$100.00 per square foot. The *Means Construction Cost Data 2008* does not compare costs for renovation projects.

B. Method of Financing

There is no debt associated with this proposal. The proposed project will be funded from cash reserves.

C. Effects on Operating Costs

For the first, second, and third year of operation, the applicant projects gross revenues of \$1,005,841, \$1,188,720, \$1,371,600; expenses of \$898,399, \$1,041,033, \$1,187,367; and net income of \$107,442, \$147,687, \$184,233, respectively. Utilization, cost, and charges are included in the applicant's Three-Year Projected Operating Statement (see Attachment 1).

D. Cost to Medicaid/Medicare

Payor	Utilization Percentage	First Year Gross Revenue
Medicaid	54.0%	\$543,154.14
Medicare	02.0%	\$ 20,116.82
Other	44.0%	\$442,570.04
Total	100.0%	<u>\$1,005,841</u>
FMC-NHC projects 5% bad debt. Medically indigent and charity care are approximately 4% of gross patient revenues each.		

V. RECOMMENDATION OF OTHER AFFECTED AGENCIES

The Division of Medicaid was provided a copy of this application; however, no written comments were received from the Division.

VI. CONCLUSION AND RECOMMENDATION

This project is not in substantial compliance with the criteria and standards for the establishment of an end stage renal disease facility/service as contained in the 2009 Mississippi State Health Plan; Chapter 8 of the Mississippi Certificate of Need Review Manual, February 23, 2008 adopted rules, procedures, and plans of the Mississippi State Department of Health. Specifically, the application does not comply with SHP Policy Statement (PS) 5, SHP Criterion 1(a), and GR Criterion 5-Need.

PS 5. CON Approval: A CON application for the establishment of an ESRD facility shall be considered for approval only when each individual facility within an applicant's proposed ESRD Facility Service Area has maintained, at a minimum, an annual or prorated utilization rate of 80 percent as verified by the MSDH. The 12 months prior to the month of submission of the CON application shall be used to determine utilization, if such information is available and verifiable by the Department.

CON Need Criterion 1(a) or (b): An applicant proposing the establishment of a limited care renal dialysis facility or the relocation of a portion of an existing ESRD facility's dialysis stations to another location shall demonstrate, subject to verification by the Mississippi State

Department of Health, that each individual existing ESRD facility in the proposed ESRD Facility Service Area has (a) maintained a minimum annual utilization rate of eighty (80) percent, or (b) that the location of the proposed ESRD facility is in a county which does not currently have an existing ESRD facility but whose ESRD relative risk score using current ESRD Network 8 data is 1.5 or higher. Note: ESRD Policy Statements 2, 4, 5, and 6 do not apply to criterion 1(b).

General Review Criterion 5(a) - Need for the Project

The current and projected utilization of like facilities or services within the proposed service area will be considered in determining the need for additional facilities or services. Unless clearly shown otherwise, data where available from the Division of Health Planning and Resource Development shall be considered to be the most reliable data available.

Staff determined that there are five ESRD facilities located in Harrison County and they are within a 30 mile radius of the proposed facility. These existing ESRD facilities did not maintain 80% utilization for the past 12 months.

Consequently, the Division of Health Planning and Resource Development recommends disapproval of this application submitted by Bio Medical Applications of MS Incorporated d/b/a Fresenius Medical Care for the establishment of a 10 station ESRD facility in North Harrison County, Mississippi, in the community of Tradition.

ATTACHMENT 1

**Bio Medical Applications of MS, Incorporated
 d/b/a Fresenius Medical Care-Harrison County
 Three-Year Projected Operating Statement (PROJECT ONLY)**

	First Year	Second Year	Third Year
Revenue			
Inpatient Care Revenue	\$0	\$0	\$0
Outpatient Care Revenue	1,005,841	1,188,720	1,371,600
Gross Patient Care Revenue	\$1,005,841	\$1,188,720	\$1,371,600
Charity Care	0	0	0
Deductions from Revenue	0	0	0
Net Patient Care Revenue	\$1,005,841	\$1,188,720	\$1,371,600
Other Operating Revenue	0	0	0
Total Operating Revenue	\$1,005,841	\$1,188,720	\$1,371,600
Operating Expense			
Salaries	\$273,103	\$319,611	\$368,664
Benefits	55,937	65,462	75,509
Supplies	336,125	397,238	458,352
Services	0	0	0
Lease	59,983	60,831	61,705
Depreciation	46,780	46,780	46,780
Interest	0	0	0
Other	126,471	151,111	176,357
Total Operating Expense	\$898,399	\$1,041,033	\$1,187,367
Net Operating Income (Loss)	\$107,442	\$147,687	\$184,233
Outpatient days	313	313	313
Charge per outpatient day	\$3,214	\$3,798	\$4,382
Cost per outpatient day	\$2,870	\$3,326	\$3,794

ATTACHMENT 2

Mississippi End Stage Renal Disease (ESRD) Dialysis Utilization Data Fiscal Year 2008							
COUNTY	FACILITY/CITY	ACTUAL NUMBER OF TREATMENTS	AVERAGE NUMBER OF OPERATIONAL STATIONS	AVERAGE SHIFTS PER WEEK	AVERAGE DAYS PER WEEK	UTILIZATION PERCENTAGE	AVERAGE NUMBER OF PATIENTS (MONTHLY)
Harrison	FMC-Biloxi f/k/a BMA Sth. MS Kidney Ctr.- Biloxi	8,574	16	4	6	57	60
Harrison	FMC-D'Iberville f/k/a BMA Sth. MS Kidney Ctr.-D'Iberville	9,826	18	4	6	58	68
Harrison	FMC-Gulfport f/k/a BMA Sth. MS Kidney Ctr.-Gulfport	19,389	36	3	6	58	127
Harrison	FMC-N. Gulfport f/k/a BMA Sth. MS Kidney Ctr.-N.Gulfport	4,610	18	3	3	27	35
Harrison	FMC-Orange Grove f/k/a BMA Sth. MS Kidney Ctr.-Orange Grv.	18,276	38	3	5	52	123

ATTACHEMENT 3

**BIO MEDICAL APPLICATIONS OF MS, INCORPORATED
 d/b/a FRESENIUS MEDICAL CARE-NORTH HARRISON COUNTY**

Computation of Construction and Renovation Cost			
-	<u>Total</u>	<u>New Constructon</u>	<u>Renovation</u>
-	<u>Cost Component</u>		
A	New Construction Cost	\$0	\$0
B	Renovation Cost	\$260,176	\$260,176
C	Total Fixed Equipment Cost	\$0	\$0
	Total Non-Fixed Equipment Cost	\$148,000	\$0
	Capital Improvement	\$0	
	Land Cost	\$0	\$0
D	Site Preparation Cost	\$0	\$0
E	Fees (Architectural, Consultant, etc.)	\$22,624	\$22,624
F	Contingency Reserve	\$0	\$0
G	Capitalized Interest	\$0	\$0
	Total Proposed Capital Expenditure	\$430,800	\$282,800
	Square Footage	2,828	0
	Allocation Percent	0.00%	100.00%
	Costs Less Land, Non-Fixed Eq. & Capital Improvements	\$282,800	\$282,800
	Cost Per Square Foot	\$100.00	\$100.00