

**DIVISION OF HEALTH PLANNING  
AND RESOURCE DEVELOPMENT  
DECEMBER 2011**

**CON REVIEW: HG-NIS-1011-020  
TALLAHATCHIE GENERAL HOSPITAL AND EXTENDED CARE CENTER  
ESTABLISHMENT OF MOBILE MAGNETIC RESONANCE IMAGING (MRI) SERVICES  
CAPITAL EXPENDITURE: \$-0-  
LOCATION: CHARLESTON, TALLAHATCHIE COUNTY, MISSISSIPPI**

**STAFF ANALYSIS**

**I. PROJECT SUMMARY**

**A. Applicant Information**

Tallahatchie General Hospital and Extended Care Facility (TGH) is a County-owned, non-profit organization offering both acute care and long-term care services. The hospital is owned by the County of Tallahatchie and located in Charleston, Mississippi. Tallahatchie General Hospital and Extended Care Facility is governed by a four (4) member Board of Trustees appointed by the Tallahatchie County Board of Supervisors.

Tallahatchie General Hospital and Extended Care Facility is currently licensed to operate 9 acute care beds and 98 skilled nursing facility beds and is certified to participate in the Medicare-Medicaid programs.

The occupancy rates, average lengths of stay (ALOS), and Medicaid utilization rates for the three most recent years are as follows for the years 2008 through 2010:

**Tallahatchie General Hospital  
Utilization Data**

<b>Fiscal Year</b>	<b>Occupancy Rate %</b>	<b>ALOS</b>	<b>Medicaid Utilization Rate (%)</b>
2008	30.87	3.79	96.80
2009	23.07	3.95	96.65
2010	23.62	3.98	94.47

\*Including swing beds

**Source:** Division of Health Facilities Licensure and Certification, Mississippi State Department of Health, (MSDH).

**B. Project Description**

Tallahatchie General Hospital and Extended Care Facility (Tallahatchie) requests Certificate of Need (CON) authority to offer magnetic resonance imaging services at Tallahatchie General Hospital. The applicant will enter into a mobile service contract with P&L Contracting (“P&LC”) of Batesville, Mississippi, a mobile MRI vendor. P&LC is currently a CON approved provider/vendor of mobile MRI services and equipment.

The applicant proposes to be added to P&LC’s existing mobile route. P&LC will be providing a 1.5 Intera scanner or a scanner of comparable quality and capability, installed in a mobile unit and located at the hospital on Thursday from 3pm to 5pm. The application contains a proposed imaging service agreement between the applicant and P&L Contracting.

According to the applicant, no capital expenditure, construction, or renovation will be required to implement the project nor will it require any additional personnel. The applicant included a projected operating statement of showing the first, second, and third years of operation (See Attachment 2).

According to the MSDH Division of Health Facilities Licensure and Certification, the site is approved for proposed project at Tallahatchie General Hospital.

The applicant asserts that the project will be implemented immediately upon CON approval by the Department.

**II. TYPE OF REVIEW REQUIRED**

The Mississippi State Department of Health reviews applications for the establishment of MRI services 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 State Department of Health.

In accordance with Section 41-7-197 (2) of the Mississippi Code 1972 Annotated, as amended, any 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 January 9, 2011.

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

#### A. State Health Plan (SHP)

The *FY 2012 State Health Plan* contains criteria and standards which an applicant is required to meet before receiving Certificate of Need (CON) authority for offering MRI services. This application is in substantial compliance with applicable criteria and standards.

Criteria and Standards for the Offering of Fixed or Mobile MRI Services

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

The entity desiring to offer MRI services must document that the equipment shall perform a minimum of 2,700 procedures by the end of the second year of operation, according to the *FY 2012 Plan*. The *2011 Plan* states, however, that: "If the MRI unit in question is presently utilized by more than one provider of MRI services, the actual number of procedures performed by them during the most recent 12-month period may be used instead of the formula projections". In addition, the State Health Plan requires that if a particular MRI unit is utilized by more than one provider of MRI services, all existing or proposed providers of MRI services must jointly meet the required service volume of 2,700 procedures annually by the end of the second year of operation.

As previously mentioned, the applicant will enter into a mobile service contract with P&L Contracting ("P&LC"), of Batesville, Mississippi, a mobile MRI vendor. P&L proposed to provide MRI services at the hospital on Thursday afternoons from 3:00 p.m. through 5:00 p.m. According to the applicant, P&L Contracting performed 2,910 MRI procedures during the most recent 12 month period and proposed to perform 3,540 procedures for 2011 on its existing mobile MRI route. The applicant submitted details regarding the proposed route to demonstrate that P&LC produced a reasonable route which would accommodate the hospital's need and exceeds the number of procedures required by this criterion (see table below).

Facility	Location	Actual MRI Scans 2010	Proposed MRI Scans 2011	Schedule
Chilot Memorial Hospital	Lake Village, AR	394	400	Friday, 8-12
King's Daughters Medical Center	Yazoo City/Yazoo	488	500	Tue, 7-1
North Sunflower Medical Center	Ruleville/Sunflower	274	300	Wed, 1:30-5
P&L Contracting	Batesville/Panola	120	125	Mon., 6-8
Sharkey-Issaquena Hospital	Rolling Fork/Sharkey	249	250	Tue., 2:30-5
South Sunflower County Hospital	Indianola/Sunflower	482	500	Wed., 7:30-12
Stone County Hospital	Wiggins/Stone	0	300	Sat., 8-12
*Tallahatchie General Hospital	Charleston/Tallahatchie	0	240	Thur., 3-5
Tri-Lakes Medical Center	Batesville/Panola	591	600	Thur., 8-12
Yalobusha Hospital	Water Valley/Yalobusha	312	325	Mon., 8-12
<b>Total</b>		<b>2,910</b>	<b>3,540</b>	

\*Tallahatchie General Hospital's proposed project pending CON approval.

The *State Health Plan* allows for applicants of non-hospital based facilities to submit affidavits from referring physicians. MRI procedures projected in affidavits shall be based on actual MRI procedures referred during the year. The application contained four (4) affidavits signed by physicians attesting to a total of 25 MRI procedures per month that they will refer to other facilities for a total of 300 procedures annually; however, this application is for MRI services at an existing hospital.

The applicant makes the following projections of MRI procedures to be performed during the first, second, and third years of operation:

Year 1	Year 2	Year 3
240	264	288

According to the *FY 2012 State Health Plan*, there were 4.2 FTE units operating in General Hospital Service Area 3 during 2010, for an average of 2,520 procedures per unit (See the table 1).

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

According to the applicant, all required backup services will be available to support the proposed MRI services to be provided by Tallahatchie General Hospital.

### **SHP Criterion 3 – Accessibility**

The applicant affirms that neither Tallahatchie General Hospital nor its participating medical personnel shall have policies or procedures which would exclude patients because of race, color, age, sex, ethnicity, or ability to pay.

### **SHP Criterion 4 – Staffing**

According to the applicant, a full-time, board eligible radiologist is available for the interpretation of all MRI images. The application contains a curriculum vita concerning the referenced staff and P&L Contracting, the mobile MRI vendor for Tallahatchie will provide the full-time MRI technologist for the proposed project.

### **SHP Criterion 5 – Research Staffing**

The applicant asserts that the mobile MRI unit will not be used in experimental procedures.

### **SHP Criterion 6 – Data Requirement**

The applicant affirms that the reference data shall be collected, maintained, and delivered to the Department within 15 days upon request.

### **SHP Criterion 7 – CON Approval**

The applicant asserts that the proposed mobile MRI Vendor, P&L Contracting is approved to provide MRI equipment and services in Mississippi. Tallahatchie General Hospital indicates that P&L Contracting will petition the Department to change route to include Tallahatchie General Hospital.

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

Chapter 8 of the *Mississippi Certificate of Need Review Manual, 2011 revision*, addresses general criteria by which all CON applications are reviewed. This application is in substantial compliance with general review criteria.

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

The application was reviewed for compliance with the *FY 2012 State Health Plan* as discussed above.

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

The applicant states that the purpose of this proposal is to provide access to mobile MRI services to all medical care professionals with admitting privileges to Tallahatchie General Hospital. Presently, these providers must refer patients needing diagnostic services beyond x-ray and CAT scans to other counties for services. The applicant asserts that Tallahatchie's long range plan is to assure that its medical staff and referring physicians have access to a full range of diagnostic modalities locally for the least amount of capital expenditure possible. The efficacy of this project provides all of these.

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

The applicant states that the only other possible alternative other than to do nothing is for Tallahatchie General Hospital to become a mobile MRI provider. Tallahatchie General Hospital asserts that it does not have the patient volume to justify an in-house MRI unit, and continuing to refer patients to other counties for services could continue to add travel expense and travel time to patient care. Many of the patients who are expected to use this proposed service are elderly and/or infirmed.

According to the applicant, the medical professionals will have access to an essential diagnostic tool in the practice of modern medicine: tools which most have used during medical training. It will also be a plus in recruiting new physicians into the area.

Tallahatchie General Hospital believes that the proposed project is the only workable solution to provide mobile MRI services at its hospital.

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

According to the applicant, the three-year projected operating statement contained in the application indicates net income of \$27,597 the first year, \$30,357 the second year, and \$33,117 the third year of operation.

The applicant states that the cost for an MRI scan will be \$325 per scan and the charge to patients will be \$3,224 per scan the first year of operation.

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

Tallahatchie General Hospital asserts that Tallahatchie County presently has no MRI vendors or providers. The applicant believes that a local mobile MRI service located at Tallahatchie General Hospital will assist in meeting the need for Tallahatchie County resident, alleviating the need of low income persons, racial and ethnic minorities, women, handicapped persons and other underserved groups, and the elderly to travel to out-of-county facilities to obtain such services.

The applicant believes that without MRI services being provided locally, many of Tallahatchie County residents will continue to be referred to other providers. Most of these patients will be transferred to P&L Contracting at North Sunflower County Hospital in Ruleville, Mississippi. The applicant asserts that it would be more convenient for all concerned for P&L Contracting and the applicant's mobile MRI vendor, to come to Tallahatchie General Hospital as opposed to sending patients to Ruleville.

The application contains approximately four (4) affidavits supporting this proposed project.

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

The applicant affirms that all residents of the health planning service area, hospital service area, and patient service area, including Medicaid recipients, charity/medically indigent patients, racial and ethnic minorities, women, handicapped persons, and the elderly will have access to the services proposed.

The applicant's projected percentage of gross patient revenue of health care provided to charity care patients for years one and two will be one (1) percent for the proposed project.

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

Tallahatchie General Hospital affirms that it will record and maintain, at a minimum, the information stated in this criterion regarding charity care, care to the medically indigent, and Medicaid populations, and make it available to the Mississippi State Department of Health within 15 days of request.

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

Tallahatchie General Hospital is located in General Hospital Service Area 3 (GHSA 3). The applicant asserts that the service area of this proposal is limited to Tallahatchie County. Residents now needing MRI procedures are being referred to MRI providers in other counties at an increased expense and inconvenience to the patient, most of which are aged or otherwise infirmed.

According to the *2012 Plan*, GHSA 3 had a total of six (6) MRI sites (mobile and fixed) in FY 2009 and FY 2010 utilizing 4.2 FTE MRI units. These sites and units performed a total of 11,228 MRI procedures in 2009 and 10,584 MRI procedures in 2010, with an average of 2,673 per FTE unit for FY 2009 and 2,250 FTE units for FY 2010. See Attachment 1.

Staff concludes that this project should have no significant adverse affect on existing MRI providers in GHSA 3.

**GR Criterion 9 - Availability of Resources**

The applicant states that no new staff will be required as the result of this project.

**GR Criterion 11- Health Professional Training Programs**

According to the applicant, the proposed project will not be involved with health professional training programs.

**GR Criterion 16 - Quality of Care**

Tallahatchie General Hospital is in compliance with the *Minimum Standards for the Operation of Mississippi Hospitals*, according to the Division of Health Facilities Licensure and Certification, MSDH.

**IV. FINANCIAL FEASIBILITY**

**A. Capital Expenditure Summary**

According to the applicant, no capital expenditure is associated with this project.

**B. Method of Financing**

The proposed project requires no financing.

**C. Effect on Operating Costs**

Tallahatchie General Hospital's three-year projected operating statement is provided in Attachment 2.

**D. Cost to Medicaid/Medicare**

The applicant's projection to third party payors is as follows:

<b>Payor</b>	<b>Utilization Percentage</b>	<b>First Year Revenue</b>
<b>Medicaid</b>	8%	\$61,903
<b>Medicare</b>	75%	580,338
<b>Other</b>	<u>17%</u>	<u>131,543</u>
<b>Total</b>	<u>100%</u>	<u>\$773,784</u>

**V. RECOMMENDATION OF OTHER AFFECTED AGENCIES**

The Division of Medicaid indicates that outpatient services are paid based on a facility's cost to charge ratio, as outlined in the Medicaid State Health. Any services resulting from this project will be reimbursed using that methodology. Consequently, any additional cost to the Division of Medicaid cannot be determined at this time. The Division of Medicaid oppose this project.

**VI. CONCLUSION AND RECOMMENDATION**

This project is in substantial compliance with the criteria and standards for the offering of fixed or mobile MRI services as contained in the FY 2012 *Mississippi State Health Plan*, Chapter 8 of the *Mississippi Certificate of Need Review Manual, 2011 revision*; 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 the application submitted by Tallahatchie General Hospital and Extended Care Facility for the establishment of mobile MRI services provided by P&L Contracting.

Attachment 1

**General Hospital Service Area 3  
 Location and Number of MRI Procedures**

Facility	Location	Type/No. of Equip.	Number of Procedures FY 2009	Number of Procedures FY 2010	Days Operated 2010	FTE Unit 2010
Bolivar Medical Center	Cleveland/Bolivar	M	1,439	869	M-F, 40 hrs.	1
Delta Regional Med. Center- Main Campus	Greenville/ Washington	F	3,205	3,120	M-F, 40 hrs.	1
Greenwood Leflore Hospital	Greenwood/Leflore	F	4,115	3,877	M-F, 60 hrs.	1
Northwest Miss. Reg. Medical Center	Clarksdale/Coahoma	M	1,704	1,968	M-F, 45 hrs.	1
P&L C-North Sunflower Medical Center	Ruleville/Sunflower	M	235	268	Tue, 4 hrs.	.10
South Sunflower County Hospital	Indianola/Sunflower	M	530	482	Wed, 4 hrs.	.10
<b>Totals</b>			<b>11,228</b>	<b>10,584</b>		<b>4.2</b>

Source: FY 2012 State Health Plan

F – Fixed Unit  
 M -Mobile MRI unit

<b>ATTACHMENT 2</b>			
<b>Tallahatchie General Hospital Three-Year Operating Statement</b>			
	Year 1	Year 2	Year 3
<b>Revenue</b>			
Inpatient Care Revenue			
Outpatient Care Revenue	<u>\$773,784</u>	<u>\$851,162</u>	<u>\$928,541</u>
Gross Patient Care Revenue	<u>\$773,784</u>	<u>\$851,162</u>	<u>\$928,541</u>
Charity	\$7,738	\$8,512	\$9,285
Deductions from Revenue	660,449	726,494	792,539
Net Patient Care Revenue	\$ 105,597	\$116,157	\$126,717
<b>Total Operating Revenue</b>	<b>\$ 105,597</b>	<b>\$ 116,157</b>	<b>\$126,717</b>
<b>Operating Expenses</b>			
Services	\$78,000	85,800	93,600
<b>Total Operating Expense</b>	<b>\$ 78,000</b>	<b>\$ 85,800</b>	<b>\$ 93,600</b>
<b>Net Operating Income</b>	<b>\$ 27,597</b>	<b>\$ 30,357</b>	<b>\$ 33,117</b>
<b>Assumptions</b>			
Number of Scans	240	264	288
Charge per Scan	\$ 3,224	\$ 3,224	\$ 3,224
Cost per Scan	\$ 325	\$ 325	\$ 325