

**DIVISION OF HEALTH PLANNING
AND RESOURCE DEVELOPMENT
AUGUST 2012**

**CON REVIEW: MU-NIS-0612-012
COMPASS IMAGING, LLC, D'IBERVILLE
ESTABLISHMENT OF MOBILE MAGNETIC RESONANCE IMAGING (MRI) SERVICES
CAPITAL EXPENDITURE: \$37,318
LOCATION: D'IBERVILLE, HARRISON COUNTY, MISSISSIPPI**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

Compass Imaging, LLC, ("Compass") is a freestanding, independently owned outpatient imaging center. The Mississippi limited liability company was formed on February 28, 2001 and on May 18, 2012, the limited liability company was listed in good standing with the Office of the Secretary of State. Compass Imaging's, D'Iberville facility is located at 3200 Mallett Road, Suite E-2, D'Iberville, Harrison County, Mississippi. The imaging center is governed by a three-member board of trustees and offers the following modalities; CT, Ultrasound, Digital Mammography, DEXA Scan and X-Ray services to its patients.

B. Project Description

Compass Imaging, LLC requests Certificate of Need (CON) authority for the offering of mobile magnetic resonance imaging (MRI) services for two (2) days per week (Thursday and Saturday) at its D'Iberville imaging center. Upon CON approval The applicant will enter into a mobile service contract with Superior MRI Services, Inc. ("Superior") formally known as ("f/k/a") P&L Contracting, LLC ("P&L") of Batesville, Mississippi.

On May 18, 2012, the department approved P&L Contracting, LLC's request to transfer its vendor authority to Superior MRI Services, Inc. Therefore, Superior intends to provide mobile MRI services on Thursdays and Saturdays at Compass-D'Iberville with its 1.5 Tesla MRI unit. The application contains a proposed imaging service agreement between the applicant and Superior MRI Services, Inc.

The applicant asserts that the proposed \$37,318 capital expenditure is for the pad and electricity connection which already exist. According to the applicant, the capital expenditure for the pad and electrical work are allocated costs from the original construction project which was spent in April 2012. Therefore, no construction or renovation will be required to implement the project; however, 0.5 FTE additional personnel (Patient Coordinator) will be required at an estimated

annual cost of \$56,250. The applicant included a projected operating statement which shows the first, second, and third years of operation (See Attachment 1).

On May 18, 2012, the MSDH Division of Health Facilities Licensure and Certification approved the site for the proposed project at Compass Imaging's D'Iberville location.

According to the applicant the project will be completed within one (1) month of final CON approval by the Department.

II. TYPE OF REVIEW REQUIRED

Projects which propose the establishment of MRI 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 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 September 5, 2012.

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

A. Mississippi State Health Plan (MSHP)

The *FY 2012 Mississippi State Health Plan* contains policy statements, criteria and standards which an applicant is required to meet before receiving Certificate of Need ("CON") authority for the acquisition or otherwise control of magnetic resonance imaging ("MRI") equipment and offering of MRI services. This application is in substantial compliance with applicable criteria and standards.

Criteria and Standards for the Acquisition or Otherwise Control of MRI Equipment

SHP Criterion 1- Need

According to the *FY 2012 Mississippi State Health Plan*, an 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. This criterion includes both fixed and mobile MRI equipment. The applicant must show the methodology used for the projections.

The applicant proposes to enter into a mobile service agreement with Superior MRI Services, Inc. f/k/a P&L Contracting, a mobile MRI vendor. Superior proposes to provide MRI services at Compass Imaging-D'Iberville all day on Thursday and Saturday. According to the applicant, the mobile provider performed 2,896 MRI procedures in the most recent 12 months (May 1, 2011 through April 30, 2012). The applicant further indicates that the proposed route is expected to perform 2,639 procedures for the first year of operation and 3,419 the second year.

According to the *FY 2012 Mississippi State Health Plan*, facilities on P&L's, now know as Superior MRI Services, Inc., existing mobile MRI route performed a total of 3,270 procedures in 2010. The applicant submitted details regarding the proposed route to demonstrate that Superior proposed route is reasonable and could accommodate Compass' need, as well as exceed the number of procedures required by this criterion. The current and proposed route is listed in the table on page five of this analysis.

Compass Imaging's application contained 27 affidavits signed by physicians attesting to a total of 138 to 153 MRI procedures (per month) that they refer to other facilities for a total of 1,656 to 1,836 procedures annually. However, the applicant states that due to the propose project being a new service at the D'Iberville location and accounting for start-up, time the applicant makes conservative projections for the first and second years of operation.

The applicant asserts that the state's MRI use rate is .0821 a total of 82.1 scans per 1,000 in population. As reported in the *MSHP*, the rate is based on a total of 253,823 scans for FY 2010 compared to the State's population of 3,090,895. The applicant further asserts that GHSA IX has a population of 484,913 when compared to the use rate results in 39,811.36 scans. Thus, the number of scans is more than the 36,213 reported. According to the applicant, the excess scans projected using the population use rate for GHSA IX is in line with the number of scans Compass projects to provide.

Compass Imaging-D'Iberville is located in Harrison County which is in GHSA IX. The 2015 population projections for Harrison County and GHSA IX are 188,335 and 484,913. Also, according to the current *Mississippi State Health Plan* the Mississippi MRI use rate is 82.12. This rate is determined by taking the total number of scans performed (253,823) for the state and dividing it by the state's projected population (3,090,895) multiplied by 1,000 which equates to 82.11958 or 82.12. According to the MSDH's MRI use rate, Harrison County would be expected to generate 15,466 MRI scans and the GHSA IX is expected to produce 39,820 procedures (see formula listed on the next page). The *FY 2012 Mississippi State Health Plan* reports that a total of 36,213 MRI procedures were performed in 2010. When comparing the number of procedures actually performed with the number expected, according the MS MRI use rate, the

service area has the potential of producing an additional 3,607 MRI procedures (see formula listed below). Therefore, the applicant is in compliance with the need criterion.

Population-Based Formula for Projection of MRI Service Volume

$X*Y \div 1,000=V$

Where, X = Applicant's Defined Service area population

Y = Mississippi MRI Use Rate

V = Expected Volume

$\frac{188,335 \text{ (Harrison County's population projections)}}{1,000} = 188.34$

$188.34 * 82.12 \text{ (MS MRI Use Rate)} = 15,466.48$

$\frac{484,913 \text{ (GHSA 9 population projections)}}{1,000} = 484.91$

$484.91 * 82.12 \text{ (MS MRI Use Rate)} = 39,820.81$

Below are the applicant's first, second, and third years of operation projections of MRI procedures to be performed:

Year 1	Year 2	Year 3
520	1,300	1,820

The applicant shall demonstrate that all existing units within its defined service area have performed an average of 1,700 procedures for the most recent 12-month period.

According to the applicant, the full-time equivalent (FTE) units in GHSA IX are performing an average of 2,130 scans per unit based on 17 FTEs in the service area, including Hancock Medical Center – Imaging Center. Hancock Medical Center – Imaging Center is reported as CON approved in the *FY 2012 MSHP* with no MRI scans reported. However, the applicant states that if only 16 of the FTEs were considered, the service area would have performed an average of 2,263 procedures per unit for FY 2010, which exceeds the requirement of 1,700 minimum procedures performed.

According to the *FY 2012 Mississippi State Health Plan*, there were 16 FTE units operating in General Hospital Service Area IX during FY 2010, for an average of 2,263 procedures per FTE unit (see Attachment 2).

An applicant desiring to acquire or otherwise control an MRI unit may make or propose to make the MRI unit available to more than one provider of MRI services, some of which may be located outside of Mississippi. In such cases, all existing or proposed users of the MRI unit must jointly meet the required service volume of 2,700 procedures annually. If the MRI unit in question is presently utilized by other providers of MRI services, the actual number of procedures performed by them during the most recent 12-month period may be used.

The applicant submits the following current and proposed mobile route regarding Superior MRI Services, Inc. f/k/a P&L Contracting:

Facility Name/Location	Current MRI Scans (05/01/2011 – 04/30/2012)	Year 1 Proposed MRI Scans	Year 2 Proposed MRI Scans	Proposed Day	Proposed Time
Yalobusha General Hosp., Water Valley	271	271	271	Mon	7:30 – 9:30
Tallahatchie General Hosp., Charleston	38	38	38	Mon	11:00 – 1:00
King's Daughter, Yazoo City	595	595	595	Tue & Fri	7:00 – 11:30 & 7:00 – 10:30
McGehee – Desha Cty. Hosp (Arkansas)	11	11	11	Fri	1:30 – 4:00
South Sunflower, Indianola	522	522	522	Wed	7:30 – 11:30
North Sunflower, Ruleville	405	405	405	Wed	1:00 – 5:00
Tri-Lakes, Batesville	435	-	-	-	-
P&L Contracting, Batesville	103	103	103	Sun	2:00 – 4:00
Chicot Memorial, Lake Village	289	-	-	-	-
Sharkey Issaquena, Rolling Fork	174	174	174	Mon	4:00 – 6:00
Stone County, Wiggins	53	-	-	-	-
Madison River Oaks	-	0	0	Tue	1:00 – 5:30
^Compass Imaging-D'Iberville	-	520	1,300	Thur & Sat	All Day
TOTAL	2,896	2,639	3,419		

^ The applicant for the proposed project.

The applicant has demonstrated that the equipment will perform 2,700 procedures by the second year of operation. In accordance with Policy Statement Seven, the minimum service volume for the establishment of mobile MRI services shall be prorated on a "site-by-site" basis based on the amount of time the mobile service will be operational at each site. The mobile service is proposed to be at Compass Imaging-D'Iberville for 16 hours per week, representing .40 FTE MRI units. Therefore, the minimum service volume for this location is 1,080 (2,700 x .4 FTE) scans per year. The applicant projects to perform 520 scans the first year and 1,300 scans their second year of operation.

Currently, there are six MRI providers in Harrison County. According to the *FY 2012 MSHP*, these providers performed a total of 22,609 MRI procedures in 2009 and 19,244 MRI procedures in 2010. However, according to the applicant, there are no existing MRI service providers in the D'Iberville area.

SHP Criterion 2 – Quality Assurances

The applicant acknowledges the requirements of this criterion and documents that Superior's equipment complies as well. Superior proposed to utilize its 1.5T Intera scanner or a scanner of comparable quality and capability installed in a mobile unit at Compass Imaging D'Iberville for two days per week (Thursday and Saturday). The application contains a signed imaging service agreement between Superior MRI Services, Inc. and Compass Imaging, LLC for the proposed project.

SHP Criterion 3 – Information Recording/Maintenance

The applicant affirms that, at a minimum, it will record and maintain the requirements listed in this criterion and will be kept and made available to the Mississippi State Department of Health within 15 business days of request.

SHP Criterion 4 – Registration

The application contains documentation to support the formation of the limited liability company and its listing of good standing within the State of Mississippi from the Office of the Secretary of State.

SHP Criterion 5 – CON Approval

The applicant recognized this requirement and affirms that it will not provide MRI services until CON approval is obtained. The applicant submits that Superior's equipment is CON approved.

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

SHP Criterion 1 - Need

The *FY 2012 MSHP* states that an 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. However, the *FY 2012 MSHP* states: "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 *Mississippi 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. Furthermore the *MSHP* indicates that applicants for non-hospital based MRI facilities may submit affidavits from referring physicians; however, MRI procedures projected in affidavits shall be based on actual MRI procedures referred during the year.

According to the applicant, the mobile provider performed 2,896 MRI procedures in the most recent 12 months (May 1, 2011 through April 30, 2012). Additionally, the applicant indicates that the proposed route is expected to perform 2,639 MRI procedures the first year of operation and 3,419 MRI procedures the second year.

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

Year 1	Year 2	Year 3
520	1,300	1,820

Harrison County's population project is 188,335 which means that the county should generate 15,466 MRI procedures, according to *FY 2012 MSHP* MRI need projection methodology. However, applying the Mississippi MRI use rate to the population projection for GHSA IX indicates that the service area, as a whole, could perform approximately 39,820 procedures which are more than the 36,213 procedures reported in the *FY 2012 MSHP*. Therefore, the applicant comments that that the excess scans projected using the population use rate for GHSA IX lines up with the number of scans Compass projects to provide (see formula above under *MSHP 1 Need Criterion*).

Staff contends that in conjunction with the actual number of procedures performed on the mobile provider's current route the proposed route appears to be a reasonable route that should perform over 2,700 MRI scans by the end of the second year of operation.

SHP Criterion 2 – Documentation of Diagnostic Imaging Modalities

According to the applicant, the imaging center certifies that a full range of diagnostic imaging modalities for verification and complementary studies, including, but not limited to, computed tomography (full body), ultrasound, angiography, and conventional radiology are currently available on-site at Compass Imaging. However, nuclear medicine services are provided at the area hospitals.

SHP Criterion 3 – Accessibility

The applicant certifies that it does not have admission policies which would exclude patients because of race, color, age, sex, ethnicity, or ability to pay. The applicant contains a copy of Compass Imaging's, LLC admission policy.

SHP Criterion 4 – Staffing

The applicant affirms that a full-time, board eligible radiologist will be available for the interpretation of all MRI images. The application contains a curriculum vita for Richard Hays, M.D., who will serve as the medical director.

The applicant states that Superior will provide a MRI technician-radiographer with the mobile unit. According to the applicant, the technician will be on-site at all times and has experience in CT and other cross sectional imaging methods. Furthermore, the applicant states that its director of radiology will be on-site when the unit is in service, and the imaging center has its own trained staff to assist Superior, if necessary.

SHP Criterion 5 – Research Staffing

The applicant certifies that this unit will not be used for experimental procedures.

SHP Criterion 6 – Data Requirement

The applicant affirms that the data requirements listed for this criterion shall be collected, maintained, and delivered to the Department within 15 days upon request. The applicant asserts that it recognizes that to the extent it is within the scope of its recording system, it will maintain source of payment and total amounts charged for the fiscal year.

SHP Criterion 7 – CON Approval

As previously stated, the applicant asserts that it will not utilize the MRI equipment until obtaining a CON or written evidence from the Department that the equipment is exempt from CON approval; therefore, Compass Imaging submits this application.

The applicant submits that Superior's equipment is CON approved based upon the Determination of Reviewability approved by the Department.

B. General Review (GR) Criteria

Chapter 8 of the *Mississippi Certificate of Need Review Manual, September 1, 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 Mississippi State Health Plan* as discussed above.

GR Criterion 2 - Long Range Plan

The applicant states that Compass Imaging wishes to improve the quality of healthcare for the citizens of Harrison County and GHSA IX. Thus, believe that the addition of mobile MRI services will aid in achieving this goal.

GR Criterion 3- Availability of Alternatives

The applicant states that they considered two other alternatives, along with the proposed project and they are as follows:

The applicant considered the option to not seek CON approval and maintain status quo as their first option. However, this option was rejected because it failed to provide Compass with the ability to provide this diagnostic modality at its D'Iberville location where other radiological services are being provided. Additionally, this option would cause Compass Imaging-D'Iberville to continue to divert its patients living in this area, North Biloxi, and Ocean Springs to its main facility for MRI services instead of a more convenient location, according to the applicant.

Secondly, the applicant considered providing fixed MRI services at its D'Iberville location; however, rejected this alternative. The applicant submits that they did

not select this alternative due to the current demand that makes fixed services cost prohibitive at this time.

According to the applicant, the proposed project is the best solution to the documented need because it provides availability of MRI services for patients and referral sources in the most convenient and cost efficient manner.

GR Criterion 4 - Economic Viability

The applicant's three-year projected operating statement contained in the application indicates net income of \$58,650 the first year, \$234,250 the second year, and \$482,050 the third year of operation.

Compass contends that the charges are based on allowable charges and that the profitability numbers for this project are not exceedingly high. The applicant submits that the cost for an MRI scan will be \$443 per scan and the charge to patients will be \$1,200 per scan the first year of operation.

The applicant states that the projected number of scans is based on the affidavits attached to the application. The applicant further states that utilization of the services will be similar to that experienced by other mobile providers.

The applicant asserts that Compass Imaging, LLC has the financial capacity to offset any failure of the proposed project to meet the projected revenues.

GR Criterion 5 - Need for the Project

According to Compass Imaging, all low income persons, racial and ethnic minorities, women, handicapped persons, other underserved groups and the elderly will have access to the mobile MRI services offered by Compass at its D'Iberville location.

The applicant note that per the current *MSHP*, the MRI scans for the facilities in the service area have decreased slightly over the last year but have still remained well above the minimum requirement. Nevertheless, the applicant asserts that its addition of mobile services two days a week in an area away from other providers should not have a significant impact on other facilities. Conversely, the applicant contends that approval of the proposed project will provide a new access point for MRI services in an area of Harrison County that is currently underserved.

According to the *FY 2012 MSHP*, there were 17 MRI sites (mobile and fixed), including one CON site, who provided MRI services during FY 2009 and FY 2010 in GHSA IX. Six of these sites were located in Harrison County, including the applicant's main campus. The six sites located in Harrison County exceeded the 1,700 minimum procedure requirements for FY 2009 and FY 2010. Listed below are the sites located in Harrison County and their distance from the proposed site of 3200 Mallett Road, D'Iberville, Mississippi based upon information from Mapquest.

Facility Name	Location	Miles from Proposed Site	2010 Number of Procedures Performed
Biloxi Regional Medical Center	150 Reynoir Street, Biloxi	5.81 miles	3,264
Cedar Lake MRI	1720 Medical Park Drive, Biloxi	3.58 miles	2,643
Coastal County Imaging Services	4320 15 th Street, Gulfport	19.16 miles	1,744
Garden Park Medical Center	15200 Community Road, Gulfport	14.09 miles	2,229
Memorial Hospital @ Gulfport	4500 13 th Street, Gulfport	20.15 miles	5,906
^Open MRI – Compass Site	14245 Dedeaux Road, Gulfport	12.42 miles	4,458

^Applicant's main campus

The applicant documents that no existing service provider should experience any significant adverse effect due to the proposed project. Additionally, the applicant states that to project the number of scans, Compass reviewed the affidavits provided by the physicians and determined that based on the affidavits, it could anticipate a minimum of 1,584 physician referrals. Furthermore, the applicant took into account that approximately 20 scans could be performed in a full day which equals to about 2,000 scans per year. As a results, the applicant conservatively projected it could perform 520 scans the first year, 1,300 scans the second year, and 1,820 scans the third year of operation.

According to the applicant, the first year conservative projections allow for start-up time and the second year projections are based more on the affidavit's anticipated referrals. The applicant further states that the third year projections are more reasonable based on service area utilization, affidavits, use of Compass' Gulfport location, and expected population growth for the D'Iberville area.

Staff contends that this project should not have an adverse affect on existing providers in GHSA IX.

The application contains nine (9) letters of support for the project from residents, healthcare professionals, business owners, and city officials. The favorable letters express how the proposed project will serve to enhance the healthcare service provided to the residents and patients of the Mississippi Gulf Coast and GHSA IX.

The Department did not receive any letters of opposition concerning the proposed project.

GR Criterion 6- Access to the Facility

The applicant states that Compass currently provides MRI services to all patients who require such services, including all medically underserved populations at its main facility and will continue to do so.

The applicant's projected percentage of gross patient revenue of health care provided to charity care patients for the first and second years of operation will be two percent for the proposed project. The applicant indicates that medically indigent and charity care patients are tracked together and this percentage represents patients for whom Compass has no expectation of payment.

The applicant submits that Compass Imaging has no obligations under any federal regulations requiring provision of uncompensated care, community service, or access by minority/handicapped persons.

The applicant states that all payor sources and indigent patients will be able to receive MRI services at its facility. Although, Compass is prohibited from billing for services provided to Medicaid patients, it submits that such services will be provided, according to the applicant.

The applicant submits that MRI services will be available two days per week (Thursday and Saturday) for non-emergency procedures. The facility does not have an emergency department and does not offer emergency room services.

GR Criterion 7- Information Requirement

Compass Imaging, LLC 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

Compass Imaging, D'Iberville is located in GHSA IX, Harrison County, Mississippi. According to the applicant, there are existing MRI service providers in GHSA IX, but there are none in the D'Iberville area. The applicant submits that currently, patients in need of MRI services are traveling to the coast area or to the Cedar Lake community for an MRI. The applicant believes that by adding a free-standing MRI provider to this area, the residents will have better access to the service. Furthermore, the applicant asserts that it provides a wide range of radiology services in D'Iberville, except for MRI services and the addition of MRI services will allow Compass to offer a full range of radiological services at this location. However, failure to implement this project will result in Compass not having this diagnostic ability for its patients and referral sources.

According to the 2012 MSHP GHSA IX had a total of 17 MRI sites, mobile and fixed, in FY 2009 and FY 2010 utilizing 16 FTE MRI units. These sites and units performed a total of 37,103 and 36,213 MRI procedures in 2009 and 2010, respectively. The average number of procedures performed per FTE unit for FY 2009 and FY 2010 was 2,318 and 2,263, respectively. (See Attachment 2)

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

The Department has not received any letters of opposition for the proposed project.

GR Criterion 9 - Availability of Resources

Compass Imaging states that there will be minimal personnel anticipated for this project since Superior will be providing the MRI technician. The applicant further states that additional personnel will be recruited through traditional advertising and networking, if necessary.

GR Criterion 10 – Relationship to Ancillary or Support Services

According to the applicant, no support or ancillary services will be needed for the proposed MRI project.

GR Criterion 11- Health Professional Training Programs

According to the applicant, Compass anticipates continuing to work with the Institute for Ultrasound Diagnostics which sends student to Gulfport, and will send them to D'Iberville, to shadow and train with Compass' technologists and radiologists to learn proper scanning techniques, patient safety, and patient interviewing for clinical history.

GR Criterion 16 - Quality of Care

The applicant submits that Compass Imaging-Gulfport is American College of Radiology (ACR) accredited in MRI, Computed Tomography, Mammography, and Ultrasound and anticipates applying for and receiving the same ACR accreditation for its D'Iberville location.

IV. FINANCIAL FEASIBILITY

A. Capital Expenditure Summary

According to the applicant, the only capital expenditure associated with this project is for electrical connections and pad. However, the electrical and pad work was completed in April 2012 during a prior construction project. As a result, the applicant allocated all costs for the pad and electrical from the original construction to this project. The proposed capital expenditure is \$37,318.

B. Method of Financing

As previously stated, the only capital expenditure associated with this project is for electrical connections and pad. This work was completed during a previous construction project. Consequently, the costs are allocated for this project.

C. Effect on Operating Costs

Compass Imaging, LLC's three-year projected operating statement is provided in Attachment 1 for the proposed project.

D. Cost to Medicaid/Medicare

The applicant's projection to third party payors is as follows (based on gross patient revenue):

Payor	Utilization Percentage	First Year Revenue
Medicare	25%	\$156,000
Medicaid	0%	0
Commercial	60%	374,400
Self Pay	10%	62,400
Charity Care	5%	31,200
Other	<u>0%</u>	<u>0</u>
Total	<u>100%</u>	<u>\$624,000</u>

V. RECOMMENDATION OF OTHER AFFECTED AGENCIES

The Division of Medicaid ("DOM") was provided a copy of this application for comment; however, as of August 6, 2012, the Department has received no comments.

VI. CONCLUSION AND RECOMMENDATION

This project is in substantial compliance with the criteria and standards for the acquisition or otherwise control of magnetic resonance imaging (MRI) equipment and offering of mobile MRI services as contained in the FY 2012 *Mississippi State Health Plan*, Chapter 8 of the *Mississippi Certificate of Need Review Manual, September 1, 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 Compass Imaging, LLC for the offering of mobile MRI services.

ATTACHMENT 1			
Compass Imaging, LLC			
Three-Year Operating Statement (Project Only)			
	Year 1	Year 2	Year 3
Revenue			
Inpatient Care Revenue	0	0	0
Outpatient Care Revenue	\$ 624,000	\$1,560,000	\$2,220,000
Gross Patient Care Revenue	\$ 624,000	\$1,560,000	\$2,220,000
Charity			
Charity	\$ 7,300	\$ 15,000	\$ 30,000
Deductions from Revenue	327,600	819,000	1,165,500
Net Patient Care Revenue	\$ 289,100	\$ 726,000	\$1,024,500
Total Operating Revenue	\$ 289,100	\$ 726,000	\$1,024,500
Operating Expenses			
Salaries	\$ 45,000	\$ 45,000	\$ 45,000
Benefits	11,250	11,250	11,250
Supplies	5,200	13,000	18,200
Services	0	0	0
Lease	169,000	422,500	468,000
Depreciation	0	0	0
Interest	0	0	0
Other	0	0	0
Total Operating Expense	\$ 230,450	\$ 491,750	\$ 542,450
Net Operating Income	\$ 58,650	\$ 234,250	\$ 482,050
Assumptions			
Inpatient days	0	0	0
Outpatient days	0	0	0
Number MRI scans	520	1,300	1,820
Charge per scans	\$1,200	\$1,200	\$1,220
Charge per inpatient day	0	0	0
Cost per outpatient day	0	0	0
Cost per scans	\$443	\$378	\$298

ATTACHMENT 2
General Hospital Service Area IX
Location and Number of MRI Procedures
FY 2012 State Health Plan

Facility	Location	Type/No. of Equip.	Number of Procedures Performed FY 2009	Number of Procedures Performed FY 2010	Days Operated 2010	FTE Unit (2010)
Biloxi Regional Medical Center	Biloxi (Harrison)	F	4,951	3,264	M-F, 50+ Hrs.	1
Cedar Lake MRI	Gulfport (Harrison)	F	2,980	2,643	M-F, 45 Hrs	1
Coastal County Imaging Services	Gulfport (Harrison)	F	1,730	1,744	M& F, 50 Hrs.	1
Garden Park Medical Center	Gulfport (Harrison)	F	2,290	2,229	M-F, 40 Hrs.	1
George County Hospital	Lucedale (George)	F	747	791	M-F, 40 Hrs.	1
Hancock Medical Center	Bay St. Louis (Hancock)	F	1,348	1,084	M-F, 80 Hrs.	1
Hancock Medical Center-Imaging Center	Diamond Head (Hancock)	F	0	CON	N/A	-
Highland Community Hospital	Picayune (Pearl River)	M	1,131	1,024	M,F- 40 Hrs.	1
Memorial Hospital at Gulfport	Gulfport (Harrison)	F(2)	6,024	5,906	M-F, 150 Hrs.	2
Ocean Springs Hospital	Ocean S./OS Img Ctr. (Jackson)	F(2)	3,860	5,090	M-F, 90 Hrs.	2
Open MRI - Compass Site	Gulfport (Harrison)	F	4,634	4,458	M-F, 80 Hrs.	1
OMRI, Inc. dba Open MRI	Ocean S./Pasg. (Jackson)	M(2)	2,610	2,756	M-F, 80 Hrs.	2
Singing River Hospital	Pascagoula (Jackson)	F(1) M(1)	4,798	5,224	M-F, 98 + Hrs.	2
Totals			37,103	36,213		16
Average Procedures/ FTE MRI			2,318	2,263		

Source: *FY 2012 State Health Plan*

F – Fixed Unit
 M -Mobile MRI unit
 FTE – Full-time equivalent