

**DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT  
MARCH 24, 2023**

**CON REVIEW HG-SB-0223-002  
QUITMAN COMMUNITY HOSPITAL  
PROVISION OF SWING-BED SERVICES  
CAPITAL EXPENDITURE: \$0.00  
LOCATION: MARKS, QUITMAN COUNTY, MISSISSIPPI**

**STAFF ANALYSIS**

**I. PROJECT SUMMARY**

**A. Applicant Information**

Quitman Community Hospital (“QCH or the Applicant”) is a not-for-profit corporation operating a 25-bed acute care hospital located at 340 Getwell Drive, Marks, Quitman County, Mississippi. The Applicant affirms that Quitman Community Hospital is managed by Progressive Health System located at 303 Medical Center Drive, Batesville, Mississippi. Quitman Community Hospital is governed by nine (9) officers and directors.

The application includes a Certificate of Good Standing from the Office of the Secretary of State indicating that as of February 27, 2023, Quitman Community Hospital is in good standing with the State of Mississippi.

**B. Project Description**

Quitman Community Hospital requests Certificate of Need (CON) authority to establish swing-bed services. The Applicant proposed to use all the hospital’s twenty-five (25) medical-surgical beds as Swing Beds. The Applicant notes that Federal law allows rural hospitals with fewer than 100 beds to utilize its beds as “swing beds” to provide post-acute extended care service.

The Applicant asserts that the authorization granted through the approved CON will allow QCH the opportunity to expand services to an underserved population and increase the hospital’s ability to deliver services not only in the acute care setting but in the extended care setting.

The Applicant states that the final objective of the proposed project is to meet the current and future healthcare needs of the Quitman County community. According to the Applicant, inpatients requiring post-acute extended care following hospital discharge are referred to other facilities offering these specialized services. The Applicant states that such practices require patients in need of post-acute extended care to travel great distances from their homes and place hardships on family members as they participate in the care of their loved ones.

The Applicant further states that implementing this project will provide residents in the hospital’s service area convenient access to post-acute extended care and will

allow the hospital to expand services to a population now underserved.

The Applicant confirms there is no capital expenditure to obligate; therefore, the project will be complete upon CON approval.

The application contains a letter dated February 16, 2023, indicating that the project does not require further review by the Mississippi State Department of Health's ("MSDH") Division of Health Facilities Licensure and Certification.

## II. TYPE OF REVIEW REQUESTED

This Certificate of Need (CON) application to establish swing-bed services is reviewed under the applicable statutory requirements of Sections 41-7-173, 41-7-191, and 41-7-193, Mississippi Code of 1972 Annotated, as amended. The MSDH will also review applications for a CON according to the general criteria stated in the *Mississippi Certificate of Need Review Manual, September 1, 2019*; all adopted rules, procedures, and plans of the MSDH; and the specific criteria and standards listed below.

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 ten (10) days of publication of the staff analysis. The opportunity to request a hearing expires on April 3, 2023.

## III. CERTIFICATE OF NEED CRITERIA AND STANDARDS

### A. State Health Plan (SHP)

The *FY 2022 Mississippi State Health Plan, Second Edition ("MSHP")* contains criteria and standards that the Applicant is required to meet before receiving CON authority to establish swing-bed services. The Applicant substantially complies with the criteria and standards as addressed below.

#### **SHP Need Criterion 1- Federal Requirements**

The Applicant states the administration and staff of QCH have carefully reviewed the State Operational Manual, Appendix T – Regulations and Interpretative Guidelines for Swing Bed and are dedicated to strictly adhering to the regulations regarding the Swing Bed program. The Applicant proposes to utilize all twenty-five (25) of its licensed beds as swing beds.

### **SHP Need Criterion 2 – Resolution Adopted for Proposed Participation**

The Applicant has provided a copy of the Resolution adopted by its governing board approving QCH's proposed participation in the swing-bed program.

### **SHP Need Criterion 3 – Hospitals Proposing Beds over the Maximum Allowed by Federal Law**

The Applicant states QCH does not propose to operate and staff more than the maximum number of beds specified in federal regulation for participation in the swing-bed program. The Applicant certifies that once the federal threshold is reached, only private pay patients will receive swing bed services.

### **SHP Need Criterion 4 – Medicare Recipients**

1. The Applicant states QCH shall render services provided under the swing-bed concept to any patient eligible for Medicare (Title XVIII of the Social Security Act) who is certified by a physician to need such services.

### **SHP Need Criterion 5 – Limitation on Medicare/Medicaid Patients**

The Applicant certifies that QCH will not allow patients eligible for Medicaid and Medicare or eligible only for Medicaid to remain in a swing bed for more than thirty (30) days per admission unless the Division of Medicaid has granted approval.

### **SHP Need Criterion 6 – Hospitals with More Licensed Beds or a Higher Average Daily Census**

The Applicant certifies that in the event the hospital's daily census exceeds the maximum number specified in federal regulations for participation, a policy and procedure will be developed to ensure that before admission to swing-bed, there are no vacant nursing home beds available within a fifty (50) mile (geographic area) radius of the hospital. The Applicant further states if a nursing home placement is not available and the patient is admitted to swing-bed services, and during their stay, a nursing home bed within the specific geographic area becomes available, the hospital will transfer the patient within five (5) days exclusive of holidays and weekends, unless the patient's physician certifies that the transfer is not medically appropriate.

### **SHP Need Criterion 7 – Transfer Agreements**

The Applicant states QCH has entered into a transfer agreement with Quitman County Health and Rehab. A copy of the patient transfer agreement was included in the application.

### **SHP Need Criterion 8 – Failure to Comply**

The Applicant affirms its understanding of this criterion.

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

Chapter 8 of the *Mississippi Certificate of Need Review Manual, September 1, 2019, Revision*, addresses the general criteria by which all CON applications are reviewed. This application substantially complies with the general review criteria.

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

QCH affirms that the proposed project substantially complies with the general review criteria of Chapter 8 of the *Mississippi Certificate of Need Review Manual, September 1, 2019, Revision*. The application is also consistent with and substantially complies with the *FY 2022 MS State Health Plan*.

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

The Applicant submits in its commitment to the delivery of quality healthcare the management of Quitman Community Hospital has embraced two immediate mission objectives: (1) To restore trust, to provide stability, and to revitalize the delivery of healthcare services currently offered by the hospital; and (2) To provide services that are presently unavailable to the residents of Quitman County and the surrounding area. The Applicant states the addition of swing bed services allows QCH the opportunity to offer services to an underserved population and to advance the hospital's mission to provide services previously not within the hospital's licensure.

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

#### **a. Advantages and disadvantages of alternatives:**

- (i) Maintain the status quo: The Applicant states that QCH could have considered to maintain the status quo. However, the Applicant states given the experience of the individuals involved in the re-opening of the hospital, the hospital's existing staff, and the number of patients who qualify for extended care, the hospital rejected the "maintain the status quo" option because it was not in the best interests of the hospital or the patients.

(ii) Request certification of twenty (25) acute care beds as swing beds.  
The Applicant states a review of the discharge data from the twelve (12) months of operations suggests that the requested twenty (25) beds allow for the immediate swing bed needs and provide potential for growth as well.

- b. **New construction projects:** The Applicant affirms that the proposed project does not require new construction.
- c. **How the option selected most effectively benefits the health care system:** The Applicant states the certification of twenty (25) beds will allow acute discharges requiring extended/rehabilitative care to remain in QCH. In addition, the Applicant states the Swing Bed program allows the facility to utilize existing professional staff more efficiently, which increases patient satisfaction and promotes family participation as part of the restorative process.
- d. **More effective and less costly alternative:** QCH states there is not a more effective or less costly alternative for the proposed project because, currently, General Hospital Service Area (GHSA) 1 offers limited swing bed services. The Applicant states the beds available for swing bed certification are currently operational and staffed. Further, the Applicant states that the transfer of a patient in need of extended care to another facility is costly and can be very upsetting to the patient and the patient's family.
- i. **Unnecessary duplication of services:** The Applicant submits that the Swing Bed services will be provided in existing acute care beds that are used as general routine hospital beds. The Applicant states that these services are not currently available and would improve the delivery of total healthcare services and meet the objectives of the hospital to offer more beneficial services.
- ii. **More efficient solution:** The Applicant submits the addition of a Swing Bed Program to the services offered at QCH will improve the delivery of health care: (1) by more efficiently using professional and ancillary staff in the acute care/rehab environment, (2) by providing an option to rehabilitative services that are less costly, (3) by preventing the delay of needed services through transfer and admission to other facilities, and (4) by promoting a continuum of patient care from acute care discharge, rehabilitation, and discharge to self-home care.
- e. **Improvements or innovations:** According to the Applicant, a goal-oriented approach to health care promotes the maintenance and enhancement of quality of life and the prevention of disability. Therefore, the Applicant states that the goal of the Swing Bed program is to help patients receive rehabilitative care that will enhance their quality of life,

reduce risk factors in daily living, and return the patient to an independent lifestyle. The Applicant further states the intent is to provide services that are monitored, patient-specific, and initiated to restore confidence, build strength and endurance, create activities to stimulate social involvement, and revive an independent spirit. The Applicant states that admitting patients to the Swing Bed program allows professionals an opportunity to evaluate patient progress daily in a setting that is less costly than a rehabilitation center of a nursing home and more intensive in therapy than home health and physical therapy.

- f. **Relevancy:** The Applicant asserts that QCH is currently unable to provide its patients with the important link between an acute care discharge, and home or community-based services as a continuum of care for the elderly as well as others with long-term needs. The Applicant states with the approval of swing bed services, QCH will be able to offer patients a continuum of care from acute discharge through restorative, rehabilitative discharge. Further, the Applicant states that based on patient data, Quitman County residents who have been patients at the facility would have benefited from the swing bed program.

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

- a. **Proposed charges for and profitability of the proposed service:** The Applicant submits that the facility's calculation of gross charges 3.5 times the average expected reimbursement from Medicare reimbursement was determined by using the Skilled Nursing Medicare Part A rates for Quitman County and expected rehabilitative needs of the patient.
- b. **Reasonably consistency of projected levels of utilization:** The Applicant states that the first-year projections are based on patient discharge information gathered from the first year of operation, while the projections for successive years are based on conservative growth patterns and needs consistent with the need of the service area.
- c. **Financial feasibility study:** The Applicant affirms the project does not require a capital expenditure; therefore, this criterion is not applicable to the project.
- d. **Deviation of financial forecasts from a three-year historical period:** The Applicant states that QCH was re-opened in October of 2021, and has limited data from the first year of operation to base financial forecasts; therefore, the facility is unable to identify financial forecasts which deviate significantly from past historical periods.
- e. **In event the project fails:** The Applicant asserts no expenses will occur in the event the project fails to meet projected revenues.

- f. **Impact of the proposed project on the cost of health care:** QCH asserts that the project will not have an adverse impact on gross revenues per patient day. The Applicant states the implementation of the project will not result in a change in charges; any change will result due to inflationary and reimbursement issues. In addition, the Applicant states that while there will be an overall increase in operating expenses due primarily to salaries and benefits, supplies, and services, the expenses per patient day decrease substantially due to the economies of scale that will result from the project.

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

- a. **Need of the population to be served:** According to the Applicant, the population to be served consists of patients who meet the need for extended care services after discharge from the acute care setting. The Applicant states that currently, the population is underserved in GHSA 1, with one (1) hospital designated as a swing bed provider. QCH asserts that a need exists, and as the population progressively grows older, the need will increase for such services to be made available in a geographical area of exceptional growth. The Applicant states that care and services are provided without discrimination based on age, race, ethnicity, religion, culture, language, physical or mental disability, socioeconomic status, sex, sexual orientation, and gender identity or expression. The Applicant states that this policy will be extended to the Swing Bed program.
- b. **Relocation:** The Applicant affirms the proposed project does not propose the relocation or replacement of the facility.
- c. **Current and projected utilization of like facilities:** The Applicant states that projections for the proposed addition of swing bed services are based on discharge data over the past year of operation by identifying patients who would have benefited from swing bed services. The Applicant asserts that existing facilities in or near the service area should not be impacted adversely by QCH's inclusion in the swing bed program and states that the addition of twenty-five (25) swing beds would give the service area a marginal increase in the extended care market.
- d. **Probable effect of proposed service on existing facilities:** QCH states projections and assumptions for the project are based on facility data only and does not take into consideration the beneficial and greater impact that the addition of the swing bed services will have on the extended care services offered in GHSA 1.
- e. **Community reaction to service:** The application contains two (2) letters of support for the project.

#### **GR Criterion 6 -Accessibility**

- a. Extent to which medically underserved populations are expected to use the proposed services:** The Applicant asserts that the underserved population, identified as those requiring extended rehab care, make up 85% of those who use the services of QCH. The Applicant states this number is consistent with those admitted to acute care. The Applicant further states QCH expects 100% of those patients qualifying for extended rehab care will be admitted to the proposed service.
1. The Applicant affirms that all residents of the health planning service area, hospital service area or patient service area, including Medicaid recipients, charity/medically indigent patients, racial and minorities, women, handicapped persons, and the elderly have access to the services of the existing facility.
  2. The Applicant affirms that the above-listed residents will continue to have access to the proposed services and/or facility as described in the application.
  3. The Applicant asserts that the current charity/indigent policy first offers patients without insurance a 61% discount upon discharge. QCH states if it continues with the same policy, a revision will be made to offer charity care to swing bed patients that are medically indigent. Presented below, the Applicant projects the following percentage of gross patient revenue and actual dollar amount of healthcare provided to medically indigent and charity care patients for the first two (2) years of the project.

**Gross Patient Revenue**

	<b>Medically Indigent</b>	<b>Charity Care</b>	<b>Medically Indigent (\$)</b>	<b>Charity Care (\$)</b>
Historical Year 2020	N/A	N/A	N/A	N/A
Historical Year 2021	N/A	N/A	N/A	N/A
Projected Year 1	1%	1.5%	\$149,442.00	\$234,002.00
Projected Year 2	2%	2.5%	\$298,884.00	\$390,003.00

- b. Existing obligations under federal regulation:** The Applicant indicates that it has no existing obligations under any federal regulation requiring the provision of uncompensated care, community service, or access by minority handicapped persons.
- c. Extent to which unmet needs of Medicare, Medicaid, and medically indigent patients are proposed to be served:** The Applicant affirms that QCH provides health care services regardless of the patient's ability to pay. The Applicant further states that services are provided to individual patients based on their health care needs.
- d. Access to the proposed facility or service:** The Applicant submits that patients of QCH have access to all services offered by the facility.
- e. Access Issues:**

  - i. Transportation and travel time to the facility:** The Applicant affirms QCH is in Marks, Mississippi, off highway 3, approximately twenty (20) miles west of Batesville, Mississippi, and twenty (20) miles east of Clarksdale, Mississippi. The Applicant further states travel time from either community is very accommodating.
  - ii. Restrictive admissions policies:** The application contained a copy of QCH's admissions policy.
  - iii. Access to Care by Medically indigent patient:** The Applicant states the Management of QCH is committed to meeting the health care needs of the community without placing restrictions or limitations on services provided based on one's ability to pay.
  - iv. Hours Per Week of Operation:** The Applicant affirms QCH operates twenty-four (24) hours per day, seven (7) days per week.

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

QCH affirms that it will record and maintain information regarding charity care, care to the medically indigent, and Medicaid populations, as required by this General 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**

- a. Existing and comparable services within the proposed Service Area:** The Applicant affirms that QCH is in GHSA 1 according to the State designated Hospital Service Areas. The Applicant states that there is presently one (1) hospital in GHSA 1 currently offering swing bed services, Tallahatchie General Hospital, located approximately thirty (30) miles from QCH. The Applicant states the targeted population in GHSA 1 receives extended care services in the following ways: (1) through referrals to swing bed services in other service areas; (2) placement in nursing facilities, (3) referrals to home health agencies, or (4) admission to rehabilitation facilities. The Applicant further states many factors are involved in the decision for the best alternative for extended care, including the patient's family's choice of travel and inconvenience during the time of rehabilitation.
- b. How the proposed project will affect existing health services:**
- i. Complement existing services:** The Applicant states the addition of the swing-bed program will provide QCH with a service that is presently unavailable.
  - ii. Provide alternative or unique service:** The Applicant states if granted approval, the swing bed program will provide rehab services that will be a benefit to patients that have been neglected in its delivery of health care.
  - iii. Provide a service for a specific target population:** The Applicant submits the addition will allow the QCH to meet one of its mission objectives while benefitting an underserved patient group.
  - iv. Provide services for which there is an unmet need:** The Applicant states Swing Bed services will provide a continuum of care spanning hospital admission, discharge from acute care, rehab care, and discharge to home and self-care.
- c. Adverse impact due to failure to implement the proposed project:** QCH submits the existing delivery of health care will not be adversely impacted; however, the health care system will be impacted. The Applicant states the swing bed program allows the hospital to become a part of the entire health care process, from acute care discharge to discharge to home self-care.
- d. Transfer/referral/affiliation agreements:** The Applicant indicates that it currently has transfer agreements in place with Panola Medical Center, Alliance Healthcare, and Quitman County Health and Rehab.

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

- a. Availability of new personnel:** The Applicant submits that personnel requirements of the proposed service will be accomplished utilizing existing staff. QCH states this will require changes in the job descriptions as well as assignments of duties specific to swing bed services. The Applicant states QCH utilizes the services of hospitalists that are committed to the additional patient services. The Applicant states QCH currently has 45.5 FTEs and with the addition of swing-bed services the number will increase to 55.5. The Applicant states the estimated annual cost of ten (10) additional FTEs to support the swing-bed program is \$520,000.00.
- b. Clinically related contractual services:** The Applicant states clinically related contractual services are not applicable to the proposed project.
- c. Satisfactory staffing history:** The Applicant states staffing plans for patient care are developed based upon the level and scope of care, the frequency of the care, and the level of the staff providing care.
- d. Alternative uses of resources:** The Applicant submits the hospital's pursuit of new revenue streams is driven by the healthcare demands of the community, the utilization of the existing professional staff, as well as the most efficient utilization of the facility itself.

### **GR Criterion 10 - Relationship to Ancillary or Support Services**

- a. Ancillary services:** QCH attests that those involved in the support and ancillary services of the hospital are dedicated to accomplishing the intended purpose of the Swing bed program through a connected effort.
- b. Changes in costs or charges:** The Applicant states that changes related to ancillary or support services in the proposed project will cause no increase. The Applicant states that there will be cost adjustments in salary as the staff is repositioned and jobs tailored for the proposed project.
- c. Accommodation of change in costs or charges:** The Applicant states the cost associated with personnel is a result of utilizing employees in capacities other than those of original hire, which will require new job descriptions and assignment of duties. The Applicant affirms that the facility will not incur an additional expense until the proposed project is approved.

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

The Applicant states this criterion is not applicable to the proposed project.

**GR Criterion 12 – Access by Health Professional Schools**

The Applicant states this criterion is not applicable to the proposed project.

**GR Criterion 13 – Access to Individuals Outside Service Area**

The Applicant submits that all patients to be admitted to the swing bed program must meet the same criteria regardless of the service area.

**GR Criterion 14 – Construction Projects**

This Applicant states this criterion is not applicable to the proposed project.

**GR Criterion 15 – Competing Applications**

There are no competing applications on file with the Department for swing bed services.

**GR Criterion 16 - Quality of Care**

- a. **Past quality of care:** The Applicant submits QCH has a Quality Management oversight group that meets monthly to ensure the effectiveness of its facility and services.
- b. **Improvement in quality of care:** The Applicant submits with the addition of Swing Bed services patients in need of extended/rehab care after an acute care stay can continue to receive the services in the same facility as they received acute care.
- c. **Accreditation and/or certifications held:** The Applicant affirms QCH is certified to participate in the Medicare and Medicaid programs.

**IV. FINANCIAL FEASIBILITY**

**A. Capital Expenditure Summary**

The Applicant states there is no proposed capital expenditure for this project.

**B. Cost to Medicaid/Medicare**

The applicant’s projections of gross patient revenue percentages and actual dollar amount to Medicaid and Medicare payor sources for the first year of operation are presented below (Project ONLY).

<b>Payor Mix</b>	<b>Utilization Percentage (%)</b>	<b>First Year Revenue (\$)</b>
<b>Medicare</b>	33.00%	\$2,044,000.00
<b>Medicaid</b>	33.00%	2,044,000.00
<b>Commercial</b>	17.00%	1,022,000.00
<b>Self Pay</b>	17.00%	1,022,000.00
<b>Charity Care</b>	-	0.00
<b>Other</b>	-	0.00
<b>Total</b>	<b>100.00 %</b>	<b>\$6,132,000.00</b>

**C. Effect on Operating Cost**

See Attachment 1 for the Applicant's three-year projected operating statement.

**V. RECOMMENDATION OF OTHER AFFECTED AGENCIES**

The Division of Medicaid was provided a copy of this application for review and comment. The Division of Medicaid has not responded to this application as of March 24, 2023.

**VI. CONCLUSION AND RECOMMENDATION**

This project substantially complies with the criteria and standards for the offering of swing-bed services contained in the *FY 2022 Mississippi State Health Plan, Second Edition*; Chapter 8 of the *Mississippi Certificate of Need Review Manual, September 1, 2019*; 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 Quitman Community Hospital for the Offering of Swing-Bed Services.

**ATTACHMENT 1  
 Quitman Community Hospital  
 Offering of Swing-Bed Services  
 Three-Year Projected Operating Statement  
 (Project Only)**

	Year 1*	Year 2	Year 3
<b>Revenue</b>			
<b>Patient Revenue:</b>			
<b>Inpatient</b>	\$6,132,000.00	\$6,622,560.00	\$7,284,816.00
<b>Outpatient</b>	0.00	0.00	0.00
<b>Gross Patient Revenue</b>	<b>6,132,000.00</b>	<b>6,622,560.00</b>	<b>7,284,816.00</b>
<b>Charity Care</b>	0.00	0.00	0.00
<b>Deductions from Rev.</b>	1,971,000.00	2,128,680.00	2,431,426.00
<b>Net Patient Care Revenue</b>	<b>\$4,161,000.00</b>	<b>\$4,493,880.00</b>	<b>\$4,853,390.00</b>
<b>Total Operating Revenue</b>	<b>\$4,161,000.00</b>	<b>\$4,493,880.00</b>	<b>\$ 4,853,390.00</b>
<b>Expenses</b>			
<b>Operating Expenses:</b>			
<b>Salaries</b>	\$ 520,000.00	\$535,600.00	\$ 551,668.00
<b>Benefits</b>	93,600.00	96,408.00	99,300.00
<b>Supplies</b>	22,500.00	23,175.00	23,870.00
<b>Services</b>	10,000.00	10,300.00	10,609.00
<b>Lease</b>	0.00	0.00	0.00
<b>Depreciation</b>	0.00	0.00	0.00
<b>Interest</b>	0.00	0.00	0.00
<b>Other</b>	0.00	0.00	0.00
<b>Total Operating Expenses</b>	<b>\$ 646,100.00</b>	<b>\$ 665,483.00</b>	<b>\$ 685,447.00</b>
<b>Net Operating Income (Loss)</b>	<b>\$3,514,900.00</b>	<b>\$3,828,397.00</b>	<b>\$4,167,943.00</b>
<b>Assumptions</b>			
<b>Inpatient days</b>	2,190	2,365	2,602
<b>Outpatient days</b>	0	0	0
<b>Procedures</b>	0	0	0
<b>Charge per outpatient day</b>	\$ 0.00	\$ 0.00	\$ 0.00
<b>Charge per inpatient day</b>	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00
<b>Charge per procedure</b>	0.00	0.00	0.00
<b>Cost per inpatient day</b>	\$ 295.00	\$ 281.00	\$ 263.00
<b>Cost per outpatient day</b>	0.00	0.00	0.00
<b>Cost per procedure</b>	0.00	0.00	0.00

\*Note: The first-year projections of revenues and expenses were taken from the Applicant's Table 4B – Revenue Source Projections Project Only and differed significantly from the Applicant's Income Statement Project Only (Table 5B). The Applicant projects Net Revenue for the first year to be (\$1,971,000.00), producing a net operating loss of \$2,617,000.00 the first year).