

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
DIVISION OF HEALTH PLANNING
AND RESOURCE DEVELOPMENT
DECEMBER 5, 2024**

**CON REVIEW: MOB-RLS-R-1024-012
FIELD MEMORIAL HOSPITAL D/B/A CATCHINGS CLINIC
RELOCATION AND ADDITION TO MEDICAL OFFICE BUILDING
CAPITAL EXENDITURE: \$14,458,200.00
LOCATION: WOODVILLE, WILKINSON COUNTY, MISSISSIPPI**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

Field Memorial Hospital (Field Health System) is a 25-bed Critical Access (“CAH”) public hospital located in Centreville, Mississippi. Field Health System, owned by Wilkinson County, currently owns a Medical Office Building (“MOB”) located at 451 Bank Street in Woodville, Mississippi, and operates rural health clinics in southwestern Mississippi in both Amite and Wilkinson counties.

The application includes a Resolution, dated October 8, 2024, from the Board of Supervisors of Wilkinson County, Authorizing the Medical Office Building in Woodville, Wilkinson County, Mississippi.

B. Project Description

Field Memorial Hospital (“Field” or the “Applicant”) requests certificate of need (“CON”) authority for the relocation and addition to its medical office building, known as the Catchings Clinic.

The Applicant proposes renovating approximately 16,422 square feet of space in an existing building located at 211 US 61 South, Woodville, Mississippi, and to construct 2,774 square feet of additional space adjacent to the proposed renovated area to accommodate medical providers and suppliers in a central location. Once complete, Field proposes relocating the providers from its current MOB and relocating an existing pharmacy to the MOB. The Applicant also anticipates that new providers will utilize the space.

The Applicant proposes a capital expenditure of \$14,458,200.00 as itemized in Section IV of this Staff Analysis. On October 11, 2024, the Mississippi State Department of Health, Bureau of Health Facilities Licensure and Certification, indicated that the project does not require site approval from the Bureau of Health Facilities Licensure and Certification, Division of Fire Safety and Construction.

The Applicant states it currently has a MOB that complies with and will continue to comply with all applicable codes and zoning ordinances of local, state and federal authorities. Further, the applicant affirms that the proposed project complies and will continue to comply with all applicable state statutes and regulations for protection of the environment,

including: 1) approved water supplies; 2) sewage and water disposal; 3) hazardous waste disposal; 4) water pollution control; 5) air pollution control; and 6) radiation control.

The Applicant proposes that capital expenditure will be obligated within six (6) months of CON approval and anticipates the project will be complete within ten to twelve (10-12) months.

II. TYPE OF REVIEW REQUIRED

The Mississippi State Department of Health will review applications for a Certificate of Need (CON) for the construction of a medical office building under the requirements of Sections 41-7-173, 41-7-191, and 41-7-193, Mississippi Code of 1972 Annotated, as amended. MSDH will also review applications for CON according to the general criteria listed in the *Mississippi Certificate of Need Review Manual, November 11, 2023, Revision*; all adopted rules, procedures, plans, criteria and standards of the MSDH.

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 ten (10) days of publication of the staff analysis. The opportunity to request a hearing expires on December 16, 2024.

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

A. Mississippi State Health Plan (MSHP)

The *FY 2022 Mississippi State Health Plan, 3rd Edition*, does not contain criteria and standards applicable to the construction of medical office buildings. The Mississippi CON law requires CON review for projects that exceed the capital expenditure threshold of \$5,150,000.00 for clinical health services and \$10,300,000.00 for non-clinical health services (adjusted for a 3% inflation factor). This project has a capital expenditure of \$14,458,200.00.

The Plan states Mississippi's health planning and health regulatory activities have the following purposes:

- **To improve the health of Mississippi residents**

The Applicant states that with the new MOB, patients in the southwest corner of the state, particularly those in the Woodville area, will be able to better access healthcare services, thereby improving their health and well-being.

- **To increase accessibility, acceptability, continuity, and quality of health services**

According to the Applicant, the existing building at the proposed location needs renovation to accommodate medical offices. The Applicant further states the new MOB will allow more providers to be in a central location, improving patient access.

- **To prevent unnecessary duplication of health resources, and**

The Applicant asserts that Field is already an existing provider of healthcare services in the area. The Applicant believes that the relocation of the existing clinic providers to the new MOB will help its providers provide care in an improved and efficient manner.

- **To provide cost containment.**

The Applicant states that Field is taking advantage of cost containment by utilizing an existing building for the renovation. Once complete, the Applicant states that Field will relocate its providers at the current clinic space as well as an existing pharmacy to the new MOB.

B. General Review (GR) Criteria

Chapter 8 of the *Mississippi Certificate of Need Review Manual, Revised November 11, 2023*, addresses general criteria by which all CON applications are reviewed. This application is in substantial compliance with the general review criteria.

GR Criterion 1 –State Health Plan

As stated above, the *FY 2022 Mississippi State Health Plan, 3rd Edition* does not contain criteria and standards applicable for the construction of a MOB; however, the project is in substantial compliance with general CON policies.

GR Criterion 2 - Long Range Plan

The Applicant states that Field's long-range plan is to provide healthcare services to patients in Wilkinson and Amite counties and the surrounding area. The Applicant believes that the MOB will improve patient access to care.

GR Criterion 3- Availability of Alternatives

- Advantages and Disadvantages of Alternatives:** The Applicant states Field contemplated not renovating the building and not adding to the clinic; however, this would not improve access to health services. Field states that by undertaking the proposed project, it can improve the availability of services to its patients in Wilkinson and Amite counties and the surrounding area.
- New Construction Projects:** The Applicant states this element is not applicable.
- Beneficial Effects to the Health Care System:** Field states the proposed project will help improve the availability of health services for patients in Wilkinson and Amite counties and surrounding areas as well as to those patients already seeking services at the existing clinic.
- Effective and Less Costly Alternatives:** The Applicant believes that the proposed renovation and addition is the most effective and least costly option for

improving access to patient care in Wilkinson and Amite counties and the surrounding area.

- i. **Unnecessary Duplication of Services:** The Applicant states Field is already providing healthcare services in the area and renovation of the space will improve access to the population in need of those services.
 - ii. **Efficient Solution:** Field believes the project will enable the clinic to increase the availability of services to those in need of such services by relocating and expanding its services.
- e. **Improvements and Innovations:** The Applicant states that ensuring an adequate number of providers are available will improve the quality of healthcare for patients in and around Wilkinson and Amite counties. The Applicant further states that improving and increasing clinic space should result in reduced delays in the commencement of treatment and may ensure more favorable outcomes for patients.
- f. **Relevancy:** The Applicant states the accessibility and availability of healthcare services in Wilkinson and Amite counties is important to ensure that meaningful and appropriate treatment is provided in a timely manner.

GR Criterion 4 - Economic Viability

- a. **Proposed Charge:** The Applicant asserts that this criterion is not applicable to the MOB.
- b. **Projected Levels of Utilization:** The Applicant asserts that this criterion is not applicable.
- c. **Financial Feasibility Study:** The application contains a letter from the Chief Financial Officer of Field Health System, attesting to the viability of the proposed project.
- d. **Financial Forecasts:** The Applicant asserts that this criterion is not applicable to the MOB.
- e. **Covered Expenses:** The Applicant affirms this criterion is not applicable because the proposed project is not based on charges and revenues.
- f. **Impact of Proposed Project on Health Care Cost:** The Applicant affirms this criterion is not applicable because the proposed project is not based on charges and revenues.

GR Criterion 5 - Need for the Project

- a. **Access by Population Served:** The Applicant asserts the need for the MOB is established by the need for additional space for access to available health services. The Applicant further states the current population that is being served is anticipated to continue in the new MOB, to include medically underserved groups such as racial and ethnic minorities, Medicaid recipients and the indigent. According to the Applicant, the MOB is designed with attention of all ages and accommodations for pediatric and geriatric patients.

- b. Relocation of Services:** The Applicant states the proposed relocation of the MOB will increase access to care of all patients including low-income persons, racial and ethnic minorities, women, handicapped persons and other underserved groups, and the elderly.
 - i. The Applicant affirms this criterion is not applicable to the proposed project, as it is for capital expenditure only.
 - ii. The Applicant states the existing medical providers will be relocated to the new MOB. The Applicant further states Field will also recruit new medical providers to the MOB.
- c. Current and Projected Utilization of Comparable Facilities:** The Applicant affirms this criterion is not applicable because the proposed project is not based on charges and revenues
- d. Probable Effect on Existing Facilities in the Area:** The Applicant asserts that there should be no negative effect on existing clinics providing similar services in the area.
- e. Community Reaction to Service:** The application contains three (3) letters of support from the Mississippi House of Representatives, District 96; the Mayor of Woodville, Mississippi; and President of the Board of Supervisors for Wilkinson County.

GR Criterion 6- Access to the Facility or Service

- a. Access to Services:** The Applicant submits that this criterion is not applicable as the proposed project is for capital equipment only. However, the Applicant states that much of Wilkinson and Amite counties are medically underserved. The Applicant states the MOB, and its providers will allow all patients including the underserved to access medical care in a more accommodating and acceptable environment in a central location.
 - i. The Applicant states that all patients of the health planning service area, hospital service area, or patient service area, including Medicaid recipients, charity/medically indigent patients, racial and ethnic minorities, women, handicapped persons, and the elderly have access to the services of the existing facility.
 - ii. The Applicant states that all patients will continue to have access to the facility.
 - iii. The Applicant states that the MOB will not have revenue from payor sources.
- b. Existing Obligations:** The Applicant indicates that it has no existing or remaining obligations under federal regulation requiring provision of uncompensated care, community service, or access by minority or handicapped persons.
- c. Unmet Needs of Medicare, Medicaid, and Medically Indigent Patients:** The Applicant states the MOB providers treat all patients regardless of payor source.
- d. Access to Proposed Facility:** The Applicant submits that the hospital has relationships with other providers throughout the area. Field states that the

increased availability of medical services at its MOB will improve access to care for its patient population.

e. Access Issues:

- i. Transportation and Travel:** The Applicant states that the MOB will be located off Highway 61 South in Woodville, Mississippi.
- ii. Restrictive Admission Policy:** The Applicant states this element is not applicable to the proposed project.
- iii. Access to Care by Medically Indigent Patients:** The Applicant asserts Field will not treat patients, but its providers provide care to medically indigent patients.
- iv. Operational Hours of Service:**
 1. **Regular operation.** The Applicant states the MOB will operate Monday through Friday from 8:00 a.m. to 5:00 p.m.
 2. **Emergency only operation.** The Applicant states the MOB will not operate emergency only.

GR Criterion 7- Information Requirement

The Applicant 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 fifteen (15) days of request.

GR Criterion 8 - Relationship to Existing Health Care System

- a. Comparable Services:** The Applicant states this criterion is not applicable, as upon completion of the MOB, the applicant's existing providers will be relocated to the renovated space.
- b. Effects on Existing Health Services:**

Complement Existing Services: The Applicant states the proposed project will enable the clinic to increase the availability of nonclinical health services (as defined under Miss. Code Ann. § 41-7-173(k)) to those in need of such services in Wilkinson and Amite counties and surrounding areas.
- c. Adverse Impact:** The Applicant states the proposed project anticipates increasing the number of healthcare providers in the surrounding area to benefit patients. Field states that failure to implement the proposed project could result in decreased availability of such services provided in the area.
- d. Transfer/Referral/Affiliation Agreements:** The Applicant states this criterion is not applicable to the proposed project as it is for capital expenditure only.

GR Criterion 9 - Availability of Resources

The Applicant asserts that this criterion is not applicable to the proposed project as the

MOB providers will hire their own staff.

GR Criterion 10 – Relationship to Ancillary or Support Services

The Applicant asserts that this criterion is not applicable to the proposed project as the MOB providers will hire their own staff. In addition, the Applicant states there will be no charges by the facility for patient care.

GR Criterion 11- Health Professional Training Programs

The Applicant asserts that this criterion is not applicable to the proposed project as it is for capital expenditure only.

GR Criterion 12 – Access by Health Professional Schools

The Applicant asserts that this criterion is not applicable to the proposed project as it is for capital expenditure only.

GR Criterion 13 – Access to Individuals Outside Service Area

The Applicant asserts that this criterion is not applicable to the proposed project as it is for capital expenditure only.

GR Criterion 14 – Construction Projects

The Applicant proposes to renovate 16,422 square feet of space at a cost of \$501.88 per square foot, and to construct 2,774 square feet of new space at a cost of \$489.61 per square foot. The application contains a cost estimate signed by an architect authorized to do business in Mississippi. The Applicant proposes to fund the project with USDA funds.

GR Criterion 15 – Competing Applications

There are no competing applications on file with the Department regarding relocation and addition to a MOB.

GR Criterion 16 - Quality of Care

- a. **Past Quality of Care:** The Applicant states its clinic is an already existing entity in the area where providers offer quality care.
- b. **Improvement of Quality of Care:** The Applicant states the proposed MOB will provide a more accommodating and acceptable location for patient care as well as a central location, improving patient access.
- c. **Accreditation and/or Certificates:** The Applicant asserts that this criterion is not applicable to the proposed project as it is for capital expenditure only.

IV. FINANCIAL FEASIBILITY

A. Capital Expenditure Summary

Item	Cost	Percentage of Total
New Construction	\$903,680.00	6.3%
Renovation	5,551,180.00	38.4%
Capital Improvements	0.00	0.00%
Land Cost	1,212,160.00	8.4%
Fixed Equipment	0.00	0.00%
Non-fixed Equipment	2,274,452.00	15.73%
Fees (architectural, etc.)	1,022,950.00	7.1%
Site Preparation	0.00	0.00%
Legal and Accounting Fees	145,785.00	1.00%
Contingency Reserve	1,044,400.00	7.2.%
Capitalized Interest	1,077,852.00	7.5.%
Other (constr. Monitoring)	908,170.00	6.3%
Other	317,571.00	2.2%
Totals	\$14,458,200.00	100.00%

Total may differ due to rounding.

B. Method of Financing

The Applicant proposes to finance the project with a USDA Direct Loan, Series 2024.

C. Effect on Operating Costs

The Applicant asserts that this criterion is not applicable to a MOB, as the project will have no effect on operating costs.

The Applicant anticipates that the tenants of the MOB that are not a clinic/hospital employee will pay rent; however, the tenants and the rent amounts have not been determined but will be determined based on fair market value near completion of the MOB.

Further, the Applicant states the treatment of the building and equipment for accounting purposes has not yet been determined. The Applicant affirms that the depreciation will be done in accordance with government accounting standards as applied to the hospital.

D. Cost to Medicaid/Medicare

The Applicant asserts that the proposed project is for Capital Expenditure only. The Applicant further states there will be no costs and charges to Medicaid/Medicare because of the project.

V. RECOMMENDATION OF OTHER AFFECTED AGENCIES

The Division of Medicaid (“DOM”) was provided a copy of this application for review and comment. DOM had not commented on the project as of December 5, 2024.

VI. CONCLUSION AND RECOMMENDATION

This *FY 2022 Mississippi State Health Plan, 3rd Edition* does not contain criteria and standards for the construction of a medical office building; however, the project is in compliance with general CON policies and is consistent with Mississippi's health planning and health regulatory activities stated in the Plan; Chapter 8 of the *Mississippi Certificate of Need Review Manual, November 11, 2023 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 Field Memorial Hospital d/b/a Catchings Clinic for the relocation and addition to medical office building in Woodville, Wilkinson County, Mississippi.