MISSISSIPPI STATE DEPARTMENT OF HEALTH
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT
SEPTEMBER 17, 2026

CON REVIEW: HHA-NIS-0326-011
SIMPSON GENERAL HOSPITAL
ESTABLISHMENT OF HOME HEALTH AGENCY AND OFFERING OF HOME HEALTH SERVICES FOR SIMPSON, RANKIN, HINDS AND MADISON COUNTIES
CAPITAL EXPENDITURE: $40,000.00
LOCATION: MENDENHALL, SIMPSON COUNTY, MISSISSIPPI

SUPPLEMENTAL STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

Simpson General Hospital (the "Applicant" or "SGH") is a Mississippi not-for-profit corporation located at 1842 Simpson Highway 149, Mendenhall, Mississippi 39114. Gregg Gibbes is identified as Chief Executive Officer and primary contact. The Applicant proposes to establish a hospital-based home health agency and offer home health services in Simpson, Rankin, Hinds, and Madison Counties.

The application was received March 20, 2026. The certified capital expenditure is $40,000.00. The Applicant submitted a timely one-time submission of new information on May 11, 2026, following issuance of the negative Staff Analysis. The May 11 submission principally addresses the statistical home-health need methodology and asks the Department to revise the negative recommendation.

This Supplemental Staff Analysis constitutes Staff's complete substantive analysis of the application as timely supplemented. Because the initial Staff Analysis applied a methodology that did not complete the population-based comparison stated in the Third Edition using comparable current data and units, Staff has performed the applicable review anew. No substantive finding from the initial Staff Analysis is incorporated by reference.

B. Project Description

SGH proposes the establishment of a new health care facility, specifically a hospital-based home health agency, and the offering of home health services. The proposed service area consists of Simpson, Rankin, Hinds, and Madison Counties. The proposed

home office will be located in existing office space at Simpson General Hospital in Simpson County.

The Applicant states that the project is intended to increase accessibility to home health care and improve the health of residents in the proposed service area. Proposed services include skilled nursing; physical, occupational, and speech therapy; medical social services; home health aide services; and other services approved by the licensing agency.

No new construction or renovation is proposed. No individual item of equipment costing more than $150,000 is proposed. The application states that the home health office will be located in existing Hospital space and includes an office-location exhibit. The Applicant states that site approval will be supplemented when received.

The Applicant states that it complies with applicable state and local building codes, zoning requirements, and environmental requirements and will continue to do so. It reports no outstanding Certificates of Need and no capital expenditure project completed within the preceding two years in excess of $200,000.

Project Component	**Applicant Proposal**
Applicant	Simpson General Hospital
Project	Establishment of hospital-based home health agency; offering home health services
Service Area	Simpson, Rankin, Hinds, and Madison Counties
Home Office	1842 Simpson Highway 149, Mendenhall, Simpson County
Capital Expenditure	$40,000
Funding	Cash reserves
Construction/Renovation	None; existing Hospital office space
Major Equipment	None identified
Ownership	Mississippi not-for-profit corporation

C. Procedural Background

The Applicant filed after the federal district court decision described in the application concerning the statutory moratorium on the establishment of home health agencies and the offering of home health services. The Applicant asserts that the application should therefore be reviewed under the remaining CON statutes, the Certificate of Need Review Manual, and the home-health criteria in the FY 2022 Mississippi State Health Plan, Third Edition.

After Staff issued a negative Staff Analysis on May 4, 2026, the Applicant submitted additional information on May 11, 2026 pursuant to the one-time post-negative-analysis procedure cited in its submission. The supplemental filing does not change the proposed four-county service area, the proposed Simpson County home office, the project cost, or the basic project configuration. It presents additional statistical arguments concerning the need methodology.

II. TYPE OF REVIEW REQUIRED

The establishment of a new home health agency and the offering of home health services are subject to substantive Certificate of Need review. Staff reviews the application under Sections 41-7-171 et seq., Mississippi Code of 1972, Annotated, as amended; the Mississippi Certificate of Need Review Manual; the FY 2022 Mississippi State Health Plan, Third Edition; and applicable rules and procedures of MSDH.

The controlling substantive State Health Plan for this application is the FY 2022 Mississippi State Health Plan, Third Edition. Staff evaluates the application as timely supplemented for substantial compliance with the applicable State Health Plan and General Review criteria.

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

A. State Health Plan

General CON Policies

The Third Edition states general policies directed toward improving the health of Mississippi residents; increasing accessibility, acceptability, continuity, and quality of health services; preventing unnecessary duplication of health resources; and promoting cost containment.

SGH states that a hospital-based home health agency will permit patients to receive skilled nursing, therapy, social, aide, and related services in their residences. The Applicant contends that this will improve access and continuity, avoid unnecessary inpatient and transportation costs, and require comparatively little capital expenditure. It further contends that the project will not unnecessarily duplicate existing resources because additional home health services are needed in the proposed counties.

Staff acknowledge that home-based services may advance access, continuity, and cost-containment objectives when need is demonstrated. Whether the proposed agency would constitute unnecessary duplication depends materially upon the service-specific county need analysis below.

703.01 Policy Statement Regarding Certificate of Need Applications for the Establishment of a Home Health Agency and/or Offering of Home Health Services

The Plan provides that need for home health agencies and services is determined on a county-by-county basis. A possible need may exist when, for the most recent calendar year available, a county has fewer home health care visits per 1,000 elderly persons age sixty-five and older than the average visits per 1,000 elderly persons age sixty-five and older in the ten-state region consisting of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.

The Third Edition reports 29,061,847 Medicare home health visits for the ten-state region and identifies 2019 as the most recent data then available. The Plan further provides that, if unmet need exists, the unmet need must equal fifty patients in each proposed county and states that the 2019 regional visit total approximates thirty-two visits per patient.

SGH acknowledges the county-by-county requirement. Its original application presents both 2019 and 2023 analyses and concludes that all four proposed counties are underutilized. Its May 11 submission adds population-age-65+ and visits-per-1,000-age-65+ columns modeled on prior State Health Plans and again concludes that each proposed county demonstrates unmet need.

Staff evaluate the original and supplemental analyses below.

703.02 Need Criterion 1 – Establishment of Need

Criterion 1 requires the Applicant to document that a possible need for home health services exists in each county proposed to be served using the methodology contained in Section 703.

1. Most Recent Calendar Year Available

The Third Edition requires use of the most recent calendar year available. The application was filed March 20, 2026. Staff find that 2023 is the operative utilization year for this application and uses 2023 consistently for the regional and county utilization observations.

2. Regional Utilization Numerator and Source Validation

The Third Edition's historical ten-state numerator is 29,061,847 Medicare home health visits for 2019. Staff traced that figure to the CMS MDCR HHA 3 Program Statistics series. Summing the 2019 "Total Service Visits" observations for the ten states specified by the Plan reproduces 29,061,847 exactly. This validates the source series and utilization variable underlying the Plan's historical figure.

Staff then applies the same source concept, the same "Total Service Visits" variable, and the same ten-state geography to the operative 2023 year. The resulting observed 2023 ten-state total is 17,980,541 home health visits. Staff therefore does not project or trend the Plan's 2019 number; it uses 2019 to identify and validate the source lineage and substitutes the corresponding observed 2023 values.

State	2023 Total Service Visits
Alabama	1,156,118
Arkansas	691,905
Florida	7,102,327
Georgia	1,471,454
Kentucky	802,022
Louisiana	1,248,202
Mississippi	1,223,109
North Carolina	1,573,492
South Carolina	1,196,185
Tennessee	1,515,727

Ten-State Total	17,980,541

3. Regional Population Denominator

The Plan requires a comparison expressed as visits per 1,000 persons age sixty-five and older. Section 703.03 identifies projected 2025 population age sixty-five and older estimates as part of the statistical methodology. The Third Edition does not separately print a ten-state aggregate 2025 age-65+ population.

Because the Third Edition does not publish these state-level population values, Staff examined prior editions of the Plan to identify the population series historically used to implement this same home-health methodology. In the FY 2012 and FY 2014 Plans, Table 7-3 published the ten-state regional age-65+ population directly, using 2015 state-level projections[1] that correspond exactly to the U.S. Census Bureau, Population Division, Population Projections Branch, Interim State Population Projections by Age and Sex: 2004 to 2030 (released April 21, 2005) (the "2005 Census series"), accessible through the CDC WONDER Population Projections database[2]. When the FY 2015 Plan advanced the applicable population year to 2020, Table 7-3 continued to use the corresponding 2020 values from that same federal series[3] -- even though the Plan's general Mississippi "Population for Planning" provision had by then been updated to a different, Mississippi-specific source (Center for Policy Research and Planning, Mississippi Institutions of Higher Learning, February 2012)[4]. This confirms that the ten-state home-health regional denominator has historically been a distinct data series from the Plan's general

[1] FY 2012 Mississippi State Health Plan, Table 7-3 (reporting a ten-state 2015 age-65-and-older population of 11,336,400, combined with 2009 Medicare home-health visit data to produce the Plan's stated regional benchmark); FY 2014 Mississippi State Health Plan, Table 7-3 (reporting the same 11,336,400 ten-state 2015 age-65-and-older population, combined with updated 2011 Medicare home-health visit data).

[2] U.S. Census Bureau, Population Division, Population Projections Branch, Interim State Population Projections by Age and Sex: 2004 to 2030 (released Apr. 21, 2005), available via the CDC WONDER Population Projections database, https://wonder.cdc.gov/wonder/help/populationprojections.html. The FY 2012 and FY 2014 Plans' state-level 2015 age-65-and-older figures correspond exactly to this series (e.g., Alabama 739,580; Florida 4,133,945; South Carolina 729,179), and the FY 2015 Plan's 2020 figures likewise correspond exactly to this same series (e.g., Alabama 842,607; Florida 5,106,857; South Carolina 866,250; Tennessee 1,121,063), confirming the identification of the series across editions.

[3] FY 2015 Mississippi State Health Plan, Table 7-3, Ch. 7 ("Other Health Services") at 14 (reporting a ten-state 2020 age-65-and-older population of 13,488,705, combined with calendar-year 2012 Medicare home-health visit data).

[4] FY 2015 Mississippi State Health Plan, § 102 ("Population for Planning"), Ch. 1 ("Introduction") at 2 (identifying the Center for Policy Research and Planning, Mississippi Institutions of Higher Learning, February 2012, as the source of the Plan's general Mississippi population projections and stating the Plan is based on 2020 population projections).

Mississippi population source, and that the historical practice was not disturbed when the Plan's general population citation changed.

Beginning with the Second Edition (FY 2018) and continuing through the Third Edition, the Plan has continued to direct use of a projected age-65-and-older population for each state -- the Third Edition's Section 703.03 calls for the "2025 projected population aged 65 and older estimates from each state" -- but Table 7-3 no longer publishes those state population values or the resulting regional rate; the table now shows only raw CMS utilization figures. Staff accordingly carried forward the same federal state-projection series historically used to implement this methodology, applied to the projection year the Third Edition prescribes. Pairing the most recent available utilization year against a forward population-projection year is likewise the Plan's longstanding design: the FY 2012 and FY 2014 Plans paired historical utilization data with a 2015 population target, and the FY 2015 Plan paired its utilization data with a 2020 population target, in each case several years ahead of the utilization year. Staff's pairing of 2023 utilization data with the Third Edition's 2025 population target is consistent with, and narrower than, this longstanding design. The 2005 Census series' 2025 age-65-and-older projections for the ten states specified by the Plan are shown below.

State	2025 Projected Age 65+
Alabama	953,727
Arkansas	599,028
Florida	6,387,843
Georgia	1,659,679
Kentucky	826,659
Louisiana	868,502
Mississippi	573,543
North Carolina	1,897,902
South Carolina	1,009,242
Tennessee	1,279,981
Ten-State Total	16,056,106

The resulting ten-state population denominator is 16,056,106. This is an arithmetic aggregation of the Plan-prescribed states and population measure from the underlying federal projection series; it is not a separate figure printed in the Third Edition.

4. **Regional Benchmark**

Staff calculates the 2023 regional benchmark as follows:

17,980,541 ÷ 16,056,106 × 1,000 = 1,119.86 visits per 1,000 persons age 65+

The operative Staff benchmark is therefore approximately 1,119.86 home health visits per 1,000 persons age sixty-five and older.

5. **County-Level CMS Data and Unit Treatment**

SGH uses CMS Medicare Geographic Variation data for the county analysis. Staff accepts that dataset as a legitimate county-level source. The relevant CMS variable, HH_VISITS_PER_1000_BENES, is defined as home health visits per 1,000 Original Medicare beneficiaries. It is a rate, not a total number of home health visits. CMS also supplies BENES_OM_CNT, the corresponding Original Medicare beneficiary count.

To place county utilization into the Plan-required population unit, Staff first converts the CMS beneficiary-based rate to derived county visits:

Derived County Visits = (CMS HH Visits per 1,000 OM Beneficiaries ÷ 1,000) × OM Beneficiary Count

Staff then divide the derived county visits by the Third Edition’s projected 2025 county population age sixty-five and older:

County Plan Rate = Derived County Visits ÷ 2025 County Population Age 65+ × 1,000

This sequence preserves the CMS unit and places both the county and regional measures into the same Plan-required unit.

6. **County Population Denominators**

Unlike the ten-state regional denominator, the county population denominator is not a data source Staff selected from outside the Plan. The Third Edition does not contain a home-health-specific county population table. Table 2-2A, in the Plan's nursing-home appendix, reports each Mississippi county's projected 2025 population in separately labeled columns for ages 0–64, 65–74, 75–84, and 85 and older, as a plain demographic input preceding that chapter's bed-need calculation; the population figures themselves

are not adjusted for nursing-home use. Consistent with the population projection source and methodology stated in Plan § 103 ("Population for Planning"), which states that the population projections used throughout the Plan, including the 2025 projections on which the Plan is based, were calculated by the State Data Center of Mississippi, University of Mississippi Center for Population Studies, November 9, 2020, and in the absence of any home-health-specific county population table, Staff summed each proposed county's Table 2-2A population figures for ages 65–74, 75–84, and 85 and older to determine that county's 2025 age-65-and-older population for purposes of the home-health calculation. Staff did not independently select, substitute, or update this figure from any outside source.

County	Age 65–74	Age 75–84	Age 85+	Total Age 65+
Hinds	25,603	11,825	3,787	41,215
Madison	11,897	5,495	1,760	19,152
Rankin	15,871	7,330	2,348	25,549
Simpson	2,764	1,276	409	4,449

7. Criterion 1 County Calculations

County	OM Beneficiaries	CMS HH Visits/1,000 OM	Derived County Visits	2025 Age 65+	Plan Rate/1,000 Age 65+	Below 1,119.86?
Hinds	18,558	2,613.4282	48,500	41,215	1,176.76	No
Madison	12,647	2,332.5690	29,500	19,152	1,540.31	No
Rankin	18,052	2,471.7483	44,620	25,549	1,746.45	No
Simpson	3,506	5,694.2384	19,964	4,449	4,487.30	No

None of the four proposed counties has a county utilization rate below the 1,119.86 ten-state benchmark. Hinds County is the closest at approximately 1,176.76 but remains approximately 5.08 percent above the benchmark. Staff therefore find that SGH does not satisfy Criterion 1 in Hinds, Madison, Rankin, or Simpson County.

a. Sensitivity Check Using Current County Population Estimates

As an additional robustness check, and without substituting for the Plan-mandated 2025 projected population used above, Staff also tested each county's derived visits against current county population estimates rather than the Third Edition's 2025 projection. Using U.S. Census Bureau Population Estimates Program (Vintage 2024) county population age 65 and older produces the following comparison:

County	Derived Visits	Plan 2025 Age 65+	Current (V2024) Age 65+	Current Rate/1,000	Below 1,119.86?
Hinds	48,500	41,215	37,100	1,307.28	No
Madison	29,500	19,152	18,600	1,586.02	No
Rankin	44,620	25,549	28,300	1,576.68	No
Simpson	19,964	4,449	5,200	3,839.23	No

Notably, Rankin's and Simpson's current age-65+ populations exceed the Plan's 2025 projection for those counties, while Hinds' and Madison's current populations are lower than projected; the Plan's 2025 projection is therefore not uniformly the most favorable or least favorable input across the four counties. In every instance, however, the resulting rate remains well above both the primary regional benchmark of 1,119.86 and the alternative benchmark of 1,247.27 derived from Simpson General's own May 11, 2026 regional denominator. The recommendation in this Supplemental Staff Analysis does not depend on which of these two county population sources is used.

8. Applicant’s Original Criterion 1 Analysis

The original application correctly identifies 2023 as the most recent CMS year then available and correctly reports 17,980,541 total service visits for the ten-state region. It also identifies CMS Medicare Geographic Variation as the county source.

The original application, however, labels county values of 2,613.43 for Hinds, 2,332.57 for Madison, 2,471.75 for Rankin, and 5,694.24 for Simpson as the “Total Number of Visits.” Those values correspond to CMS’s home-health-visits-per-1,000-beneficiaries rate, not total visit counts. The application then divides those rate values by persons with utilization and reports approximately 1, 2, 1, and 9 visits per patient.

Staff find that this calculation does not preserve the unit assigned to the CMS variable. A rate expressed as visits per 1,000 beneficiaries cannot be treated as an absolute number of visits. Consequently, the resulting visits-per-user calculations do not establish the Plan's required county visits-per-1,000-age-65+ comparison.

9. Applicant's May 11 Supplemental Criterion 1 Analysis

The May 11 submission states that SGH reviewed prior State Health Plans and identified two data points that had appeared in earlier versions of Table 7-3 but were not shown in the current Plan: population age 65+ and Medicare paid home health visits per 1,000 population age 65+. SGH adds those columns for 2019 and 2023.

For 2019, the supplement uses a regional age-65+ population of 13,208,934 and reports a regional rate of 2,220 visits per 1,000 age 65+. For 2023, it uses an age-65+ population of 14,415,954 and the agreed 17,980,541 visit numerator to derive approximately 1,247 visits per 1,000 age 65+.

Staff agree that the Plan calls for a population-based visits-per-1,000-age-65+ comparison and agrees with the 2023 visit numerator. Staff does not accept the Applicant's contemporaneous 2023 ACS population denominator as the controlling denominator because the Third Edition's statistical methodology identifies projected 2025 age-65+ population data. Staff therefore use the Plan-consistent 2025 projected denominator of 16,056,106.

10. Alternative Denominator Analysis

Without accepting SGH's interpretation of the regional population denominator, Staff also performs an alternative analysis to determine whether the denominator dispute affects the recommendation. Using the Applicant's 14,415,954 denominator with 17,980,541 regional visits produces approximately 1,247.27 visits per 1,000 age 65+.

County	Staff County Rate	Below 1,247.27?	Result
Hinds	1,176.76	Yes	Possible need under alternative
Madison	1,540.31	No	No possible need
Rankin	1,746.45	No	No possible need
Simpson	4,487.30	No	No possible need

Under this alternative, Hinds County alone satisfies the numerical Criterion 1 comparison. Madison, Rankin, and Simpson remain above the alternative regional benchmark.

Need Criterion 2 – Home Health Service Area Boundaries

Criterion 2 requires the Applicant to state the boundaries of the proposed home health service area. SGH expressly identifies Simpson, Rankin, Hinds, and Madison Counties. Staff find that Criterion 2 is satisfied as to the project proposed.

Need Criterion 3 – Unmet Need

Criterion 3 requires unmet need equivalent to fifty patients in each proposed county. The Third Edition states that 29,061,847 total regional visits approximate thirty-two (32) visits per patient. Staff therefore convert a positive county utilization deficit into patient equivalents using thirty-two visits per patient.

Expected County Visits = Regional Benchmark × County Age-65+ Population ÷ 1,000

Unmet Visits = Expected County Visits - Derived County Visits.

Patient Equivalents = Unmet Visits ÷ 32

Under Staff's primary 1,119.86 benchmark, none of the four counties is below the regional rate. There is therefore no positive unmet-visit deficit to convert to patient equivalents, and Criterion 3 is not established in any proposed county.

The original application's Criterion 3 analysis adds 1,250 hypothetical visits—fifty patients multiplied by approximately twenty-five visits per patient—to the CMS county rate values and then divides by an increased user count. For example, it adds 1,250 to the Hinds CMS value of 2,613.43. Because 2,613.43 is a rate per 1,000 beneficiaries rather than a visit count, this operation combines quantities having incompatible units.

The May 11 submission follows a related approach after deriving a regional visits-per-1,000-age-65+ value. In its 2023 Hinds example, it adds the regional 2,368 figure to the county CMS value of 2,613.43 and then divides the resulting amount by 2,108 users. This likewise does not produce the Plan's county population-based utilization deficit.

Under Staff's alternative 1,247.27 benchmark, Hinds County has expected visits of approximately 51,406 and derived visits of approximately 48,500, producing an unmet-visit deficit of approximately 2,906. Dividing by thirty-two visits per patient produces approximately 90.8 patient equivalents. Hinds therefore satisfies the numerical Criterion

3 threshold solely under the Applicant-denominator alternative. The other three counties do not.

Need Criterion 4 – Home Office of New Home Health Agency

Criterion 4 requires the home office of a new home health agency to be located in a county included in the approved service area. SGH proposes its home office at Simpson General Hospital, 1842 Simpson Highway 149, Mendenhall, in Simpson County. Simpson County is part of the four-county service area proposed. Staff find that Criterion 4 is satisfied for the project as proposed.

The alternative denominator analysis creates a separate issue. Hinds is the only proposed county satisfying Criteria 1 and 3 under that assumption. A service area reduced to Hinds County alone would exclude Simpson County and would place the proposed home office outside the approved service area. Thus, the present application does not demonstrate compliance with Criterion 4 for a Hinds-only project.

A reduction of the service area from four counties to one is conceptually different from relocating the physical home office identified in the application. Staff therefore do not treat the alternative Hinds numerical result as authority to redesign the application by moving the home office.

Need Criterion 5 – Application Requirements

Criterion 5 requires the application to document specified information for each county to be served.

Criterion 5(a) – Physician Letters of Intent

SGH submits physician affidavits in Exhibit F. The affidavits state an intent to utilize the proposed home health service and generally identify patients residing in Simpson, Rankin, Hinds, and Madison Counties. Staff find that the Applicant submitted physician-intent evidence responsive to subsection (a), although the affidavits generally address the four counties collectively.

Criterion 5(b) – Types and Projected Number of Cases

The Applicant states that Exhibit F identifies types of cases and projected referrals by category for the first year. The affidavits identify categories such as skilled nursing and therapy services and state anticipated referral volumes. The evidence, however, is generally expressed as an overall referral volume for the four-county service area rather than a separate monthly case projection for each county.

Criterion 5(c) – Prior Twelve-Month Referrals

SGH states that the Exhibit F affidavits provide historical referrals to existing home health agencies during the preceding twelve months. The affidavits provide physician referral information, but the record does not clearly allocate those historical referrals among the four proposed counties.

Criterion 5(d) – Attempts to Obtain Services

The Applicant relies on physician statements concerning delays in placing patients and the anticipated benefit of an additional home health provider. Those statements support the Applicant's access concerns. Staff, however, do not identify in the application a clear county-by-county showing of patients or providers who attempted to secure home health services and were unable to obtain them. Generalized delay or preference for an additional provider is not necessarily the same evidentiary showing as an unsuccessful attempt to obtain service in each county.

Criterion 5(e) – Three-Year Operating Statements

SGH identifies Exhibit J, specifically Tables 5B and 5C, as the three-year operating information responsive to Criterion 5(e). The application also includes historical financial statements in Exhibit K. Staff find that the Applicant submitted operating and financial information responsive to this component.

Taken as a whole, Criterion 5 evidence supports physician interest in the proposed four-county agency and provides financial information, but significant physician/referral evidence is aggregated across the proposed service area. This limitation is especially important if a Hinds-only alternative is considered, because the record does not clearly show how many referrals, case types, or unsuccessful placement attempts are attributable specifically to Hinds County.

Need Criterion 6 – Difference in Existing Services Already Provided

Criterion 6 requests information concerning whether the proposed agency would provide services different from those available from existing agencies. SGH proposes skilled nursing; physical, occupational, and speech therapy; medical social services; home health aide services; and other approved services. It acknowledges that existing home health agencies serve the proposed counties.

SGH's justification is not principally that it will provide a unique clinical category of home health service; it contends that additional access and capacity are needed. Staff find that the Applicant has addressed the informational requirement of Criterion 6. This criterion

does not independently establish the county-specific statistical need required by Criteria 1 and 3.

703.03 Statistical Need Methodology for Home Health Services

Section 703.03 identifies the ten-state region and the statistical framework for calculating average visits per 1,000 elderly persons age sixty-five and older. Staff's analysis above applies that framework by preserving the Plan's geography and 2025 projected age-65+ population basis while updating the utilization observations to the operative 2023 year.

Staff's approach does not add a new need criterion. It completes the comparison expressly stated in the Third Edition using comparable data and the units assigned by the underlying federal sources.

B. General Review Criteria

The Certificate of Need Review Manual contains General Review criteria applicable to substantive CON applications. SGH responds to the criteria in its application. Staff's findings below are based on the application as timely supplemented.

Criterion 1 – State Health Plan

SGH contends that the project conforms to the Third Edition and relies principally upon its home-health need calculations. Staff find that the project does not substantially comply with the service-specific need requirements because none of the four proposed counties satisfies Need Criterion 1 under Staff's Plan-consistent methodology. The favorable Hinds result under the Applicant-denominator alternative does not establish compliance for the four-county project.

Criterion 2 – Long-Range Plan

SGH presents the proposed home health agency as an extension of its existing health-care operations and as a means of improving continuity of care following hospital treatment. The project uses existing Hospital space and is intended to allow patients to receive follow-up skilled care in their residences. Staff finds the project reasonably related to the Applicant's stated institutional objectives.

Criterion 3 – Availability of Alternatives

SGH proposes a hospital-based home health agency as the means of addressing asserted access and placement delays. Existing agencies already provide home health services in the proposed counties. The Applicant emphasizes use of existing Hospital space and a low capital expenditure. Staff acknowledge these operational advantages,

but the availability of an administratively convenient alternative does not substitute for the Plan's county-specific need showing.

Criterion 4 – Economic Viability

SGH states that proposed charges and revenue projections are based on Medicare and Medicaid reimbursement rates applicable to home health providers. It relies upon physician referral projections and its asserted county underutilization to support projected utilization. It states that no separate historical home-health comparison exists because SGH is a new provider and that expenses were estimated using Hospital health-care experience. SGH further states that it is financially able to operate at a loss if projected revenues are not achieved. Staff finds that the Applicant has addressed financial capability. However, the utilization portion of this criterion relies in part on the same county calculations of plan consistent service-specific analysis; financial ability to operate does not establish statistical need.

Criterion 5 – Need for the Project

SGH relies on its statistical analysis, physician affidavits, Hospital experience with patients seeking home health services, home-care discharges, and discussions with medical staff. It states that the project will not adversely affect existing providers because additional need exists. Staff acknowledge the physician and institutional support. Under the plan consistent Section 703 methodology, however, the four-county project does not demonstrate county-specific statistical need.

Criterion 6 – Access to the Facility or Service

SGH states that it currently serves medically underserved populations and intends to provide the proposed home health services to such populations. It affirmatively states that Medicaid recipients, charity or medically indigent patients, racial and ethnic minorities, women, persons with disabilities, and elderly residents will have access to the proposed services. Staff find that the Applicant has addressed access considerations.

Criterion 7 – Information Requirement

SGH submitted the substantive-review application, organizational information, project description, State Health Plan responses, General Review responses, financial exhibits, physician affidavits, support letters, and historical financial statements. Staff have also considered the timely May 11 supplemental submission. Staff find that the application contains substantial information responsive to the CON review requirements, subject to the specific deficiencies identified under the home-health criteria.

Criterion 8 – Relationship to Existing Health Care System

SGH is an existing hospital and proposes a hospital-based agency. It relies on continuity between inpatient or outpatient care and services delivered in the home. The Applicant states that it does not anticipate an adverse impact on existing providers. Staff acknowledge the proposed integration with SGH's existing delivery system but notes that existing agencies already serve the proposed counties.

Criterion 9 – Availability of Resources

The Applicant proposes to operate the agency from existing Hospital space and does not propose major equipment. Its manpower schedule projects additional clinical and administrative personnel. The Applicant states that it has the resources to develop and operate the agency. Staff find that the application identifies the physical and personnel resources contemplated for the project.

Criterion 10 – Relationship to Ancillary or Support Services

The proposed service categories include skilled nursing, therapy, medical social services, home health aide services, and other approved home health services. Because the agency will be hospital-based, SGH proposes to integrate the service with its existing health-care operations. Staff find that the application addresses the relationship to necessary support services.

Criterion 11 – Health Professional Training Programs

The project does not principally involve the establishment or expansion of a health-professional training program. Nothing in the application indicates that approval is required to preserve an existing training program. Staff find no material adverse training-program issue presented by the project.

Criterion 12 – Accessibility to Schools and Businesses

The proposed home office will be located in existing space at Simpson General Hospital in Mendenhall. Home health services are delivered primarily in patients' residences. The application does not identify a material adverse issue concerning accessibility to schools or businesses.

Criterion 13 – Environmental Impact

No construction or renovation is proposed. SGH states that it complies and will continue to comply with applicable environmental statutes and regulations concerning water,

sewage, hazardous waste, pollution control, and radiation control. Staff find no material environmental issue identified by the proposed project.

Criterion 14 – Construction

No construction or renovation is proposed. The home health office will use existing Hospital office space. The Applicant states that it complies with applicable building codes and zoning requirements. Staff find construction-related review is limited accordingly.

Criterion 15 – Competing Applications

SGH states that it is unaware of any competing applications. Staff's recommendation is based on the merits of this application under the applicable criteria.

Criterion 16 – Quality of Care

SGH states that it is accredited by The Joint Commission, licensed by MSDH, and certified for participation in Medicare and Medicaid. It contends that the proposed project will improve quality by increasing access to skilled services for patients recovering from illness or injury or managing chronic conditions in their homes. Staff find that the Applicant has presented evidence of existing institutional quality and has addressed the anticipated quality benefit of the project.

C. Community Reaction

The application includes support letters in Exhibit G. The record includes, among other support, a March 5, 2026 letter from the Hospital's Chief of Medical Staff supporting SGH's establishment of a home health agency serving the four proposed counties. Staff acknowledge the favorable community and physician support. Such support is relevant to the overall review but does not replace the quantitative need showing required by Section 703.

IV. FINANCIAL FEASIBILITY

1. Capital Expenditure and Sources of Funds

The certified capital expenditure is $40,000. The financial schedules identify the $40,000 source of funds as cash reserves. No debt financing, grant funding, or related-company financing is identified for the project.

Source	Amount

Cash Reserves	$40,000
Total	$40,000

The project does not include construction or renovation and does not include major equipment. The comparatively small capital expenditure is associated with development of the home health service.

2. Operating Projections

Exhibit J contains the seven-table CON Application Financial Analysis, including the operating information the Applicant identifies as responsive to home-health Criterion 5(e). Exhibit K contains historical financial statements. SGH explains that a direct historical home-health comparison is unavailable because it is not presently a home health provider.

The Applicant states that reimbursement projections were based on Medicare data and that expense projections were based on the Hospital's experience with health-care expenses in the area. SGH states that it does not anticipate failing to meet projected revenues but is financially able to operate at a loss if necessary.

Staff find that the Applicant has demonstrated access to the stated $40,000 capital requirement and has submitted operating projections. Staff's principal concern is not the Applicant's institutional ability to finance the project; it is whether the projected four-county utilization is supported by the State Health Plan need methodology.

3. Manpower

The manpower schedule projects an increase from 178 to 193 full-time equivalents, or fifteen additional FTEs, with an estimated additional annual personnel cost of approximately $1,110,000. The proposed additions include eight registered nurses, one licensed practical nurse, one aide, two administrative FTEs, and two PT/PTA FTEs, together with other staffing reflected in the Applicant's schedule.

Staff find that SGH has identified a staffing plan for the proposed service. Staffing feasibility does not independently establish need but is relevant to operational capability.

4. Effect on Cost of Health Care

SGH anticipates a positive effect on health-care costs because patients able to receive care at home may avoid transportation and inpatient-care costs. The Applicant also notes that many home health patients are Medicare beneficiaries. Staff acknowledge the

potential cost advantages of appropriate home-based care. The cost-containment benefits of an additional provider nevertheless depend upon demonstrated need and avoidance of unnecessary duplication.

5. Utilization

Because SGH is not currently a home health provider, historical utilization of the proposed service is not available. The Applicant bases projected utilization on physician referrals, Medicare reimbursement assumptions, Hospital experience, and its asserted county need calculations.

Staff find that the Applicant's projected utilization should be considered in light of the plan consistent Section 703 analysis. The CMS county observations relied upon in the original application are rates per 1,000 Original Medicare beneficiaries, not total visits. Once converted to derived visits and placed over the Plan's 2025 age-65+ county populations, none of the four proposed counties is below the primary ten-state benchmark.

Accordingly, Staff does not find that the four-county projected utilization is supported by the specific statistical need criterion, notwithstanding physician support or the Applicant's financial ability to operate the service.

V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES AND COMMENTS

The application contains letters of support from physicians and other supporters in Exhibit G. The materials supplied for this review do not identify a separate recommendation from another affected state agency concerning approval or disapproval. Any agency correspondence maintained separately in the Department's review file should be included in the final administrative record.

STAFF FINDINGS ON THE MAY 11, 2026, SUPPLEMENT

Staff have considered the May 11 submission as new information timely submitted in response to the negative Staff Analysis. The supplement materially improves the Applicant's articulation of the Plan methodology by recognizing that the operative comparison is population-based visits per 1,000 persons age sixty-five and older rather than merely visits per home health patient.

Staff agree with the supplement that 2023 is the operative CMS utilization year and agrees with the 17,980,541 regional visit numerator. Staff also accept the Applicant's selection of CMS Medicare Geographic Variation as the county utilization source.

Staff disagree with two aspects of the supplemented analysis. First, SGH uses a contemporaneous 2023 regional age-65+ population of 14,415,954, while the Third

Edition's statistical methodology uses projected 2025 age-65+ population data. Second, the supplemented county calculations continue to manipulate the CMS county rate as though it were a visit count or otherwise combine rates and counts without first converting the CMS beneficiary-based rate to derived county visits.

Staff's plan consistent analysis therefore preserves the Applicant's accepted CMS source selections but applies the variables according to their defined units and uses the Plan's population framework. That produces a primary regional benchmark of 1,119.86 and county rates of 1,176.76 for Hinds, 1,540.31 for Madison, 1,746.45 for Rankin, and 4,487.30 for Simpson.

Staff also gives the Applicant the benefit of its disputed denominator in an alternative calculation. That alternative changes the numerical result only for Hinds County, which demonstrates approximately 90.8 patient equivalents of unmet need. It does not establish need in the other three proposed counties and does not produce an approvable Hinds-only project on the present configuration because the proposed home office remains in Simpson County.

VI. CONCLUSION AND RECOMMENDATION

The application contains substantial favorable evidence concerning Simpson General Hospital's institutional capability, physician support, proposed staffing, access to underserved populations, quality credentials, use of existing Hospital space, and ability to fund the comparatively small capital expenditure. Staff have considered those matters.

The controlling service-specific issue is county need under Section 703. Under Staff's Plan-consistent methodology, none of Hinds, Madison, Rankin, or Simpson County has fewer home health visits per 1,000 persons age sixty-five and older than the ten-state regional benchmark. Criterion 1 is therefore not established in any proposed county, and no positive unmet-visit deficit exists to convert to the fifty-patient threshold under Criterion 3.

Staff separately considered the Applicant's May 11 methodology and performed an alternative calculation using the Applicant's 2023 regional population denominator. Even under that assumption, only Hinds County satisfies the numerical requirements of Criteria 1 and 3. Madison, Rankin, and Simpson do not.

A Hinds-only alternative does not support approval of the application as presently configured. SGH proposes its new home health agency's home office at Simpson General Hospital in Simpson County. A service area limited to Hinds County would therefore place the proposed home office outside the approved service area contrary to Criterion 4. The physician/referral record also is principally presented on a four-county aggregate basis

and does not clearly establish every Criterion 5 component specifically for a Hinds-only project.

Accordingly, the favorable evidence under other review criteria does not cure the failure to establish the county-specific need required for the four-county project.

The Division of Health Planning and Resource Development recommends disapproval of Simpson General Hospital's application for a Certificate of Need to establish a home health agency and offer home health services in Simpson, Rankin, Hinds, and Madison Counties.