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

CON REVIEW NUMBER: HHA-NIS-0326-012
MEMORIAL HOSPITAL AT GULFPORT
ESTABLISHMENT OF HOME HEALTH AGENCY AND
OFFERING OF HOME HEALTH SERVICES
CAPITAL EXPENDITURE: $200,000.00
LOCATION: GULFPORT, HARRISON COUNTY, MISSISSIPPI

SUPPLEMENTAL STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

Memorial Hospital at Gulfport ("Memorial" or the "Applicant") is a public hospital/governmental provider. Memorial proposes to establish a new hospital-based home health agency with its agency office at 1340 Broad Avenue, Gulfport, Mississippi 39501, in Harrison County. Kent Nicaud, Chief Executive Officer, is identified as the primary contact.

The proposed home health service area consists of Harrison, Hancock, Jackson, Stone, Pearl River, and George Counties. The application was received March 20, 2026. The certified capital expenditure is $200,000.00.

Following issuance of a negative Staff Analysis on May 4, 2026, Memorial timely submitted new information on May 11, 2026, pursuant to the one-time post-negative-analysis procedure cited in its submission.

This Supplemental Staff Analysis constitutes Staff's complete substantive analysis of the application as timely supplemented. Because the initial Staff Analysis did not complete the population-based home-health 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

Memorial proposes establishment of a new home health agency and the offering of home health services throughout six Mississippi Gulf Coast counties. The Applicant states that

the project is intended to increase accessibility, improve continuity of care, and permit patients to receive skilled nursing, therapy, social, and home health services in their residences.

The proposed agency is hospital-based. No new construction or renovation is proposed. Memorial states that the home health office will be located in existing office space at the Hospital and identifies 1340 Broad Avenue, Gulfport, in Harrison County, as the agency office address. No single item of equipment costing more than $150,000 is proposed.

Project Component	Applicant Proposal
Applicant	Memorial Hospital at Gulfport
Proposed Home Office	1340 Broad Avenue, Gulfport, Harrison County
Proposed Service Area	Harrison, Hancock, Jackson, Stone, Pearl River, George
Project Type	New home health agency / offering home health services
Facility Type	Hospital-based
Capital Expenditure	$200,000
Construction/Renovation	None

C. Procedural Background

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

The May 11 submission does not change the proposed six-county service area, proposed Harrison County home office, or basic project configuration. It principally supplements the statistical need analysis by restoring population-age-65+ and Medicare-paid-home-health-visits-per-1,000-age-65+ data points that Memorial states appeared in earlier State Health Plans.

II TYPE OF REVIEW REQUIRED

The establishment of a 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 MSDH rules and procedures.

The controlling substantive State Health Plan for this application is the FY 2022 Mississippi State Health Plan, Third Edition. Staff evaluate 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 Plan's General CON Policies include improving the health of Mississippi residents; increasing accessibility, acceptability, continuity, and quality of health services; preventing unnecessary duplication of health resources; and providing cost containment.

Memorial states that a hospital-based home health agency will extend its continuum of care into patients' residences, improve access, and potentially avoid transportation and inpatient-care costs. Staff acknowledge those potential benefits. Whether the project would constitute unnecessary duplication depends materially upon the county-specific need findings 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

Section 703 provides that need for home health agencies and services is determined county by county. A possible need may exist if, for the most recent calendar year available, a county has fewer home health care visits per 1,000 persons age sixty-five and older than the average visits per 1,000 persons age sixty-five and older in Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.

The Third Edition identifies 2019 as the most recent data then available and reports 29,061,847 Medicare home health visits for the ten-state region. It 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.

Memorial acknowledges the county-by-county requirement. Its original application analyzes both 2019 and 2023 data and concludes that all six proposed counties are underutilized. Its May 11 supplement adds population-based data and again concludes that each county demonstrates need. Staff evaluate those showings below.

Need Criterion 1 – Establishment of Need

Criterion 1 requires the Applicant to document possible need in each county proposed to be served using the methodology contained in Section 703.

1. **Most Recent Calendar Year Available**

The application was filed March 20, 2026. Staff finds calendar year 2023 to be the operative utilization year for the present review and uses 2023 consistently at the regional and county levels.

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" for the ten Plan states reproduces 29,061,847 exactly and validates the source series and utilization variable underlying the Plan's historical number.

Staff then applies the same CMS source concept, the same "Total Service Visits" variable, and the same ten-state geography to 2023. The corresponding observed 2023 ten-state total is 17,980,541. Memorial uses the same 17,980,541 numerator in both its original application and May 11 submission.

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 visits-per-1,000-age-65+ comparison. Section 703.03 identifies projected 2025 population age sixty-five and older in the statistical methodology. The Third Edition does not separately print the aggregate 2025 age-65+ population for the ten-state region, but it prescribes the ten states and population measure.

Section 703.03 of the Third Edition directs that the regional calculation use projected 2025 populations age 65 and older for the ten states comprising the comparison region, but Table 7-3 does not publish those state population values. Staff therefore reviewed prior State Health Plans to identify the population projection series historically used to implement the home-health need methodology. The historical HHA tables demonstrate use of the U.S. Census Bureau's 2005 Interim State Population Projections for the prescribed future planning year. When the FY 2015 Plan advanced the HHA projection year from 2015 to 2020, it continued to use the corresponding values from that federal projection series even though the Plan's general Mississippi population projections had been updated from a separate Mississippi-specific source. Staff therefore carry the historically demonstrated HHA state-projection series forward to the Third Edition's prescribed 2025 projection year. The ten 2025 age-65-and-older state projections sum to 16,056,106. This is a source-lineage reconstruction; Staff does not construe the Third Edition as expressly naming or mandating the 2005 Census projection series.[12]

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1 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. Staff sums the 2025 age-65-and-older projections for Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee; aggregate = 16,056,106.

2 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 and § 103.03 (using projected 2015 age-65-and-older populations for the ten-state HHA region); FY 2015 Mississippi State Health Plan, Table 7-3 and § 103.03 (advancing the HHA projection year to 2020). FY 2015 Table 7-3 reports a ten-state 2020 age-65+ denominator of 13,488,705, including Alabama 842,607, Arkansas 531,028, Florida 5,106,857, Georgia 1,409,923, Kentucky 729,741, Louisiana 763,468, Mississippi 499,190, North Carolina 1,618,578, South Carolina 866,250, and Tennessee 1,121,063. Those values correspond to the U.S. Census Bureau, Population Division, 2005 Interim State Population Projections. See also FY 2015 State Health Plan § 102

The historical Plans also confirm that pairing the most recent available utilization observations with a future projection-year population is part of the HHA methodology's design rather than a new Staff convention. The FY 2012 and FY 2014 Plans paired historical utilization with a 2015 projected age-65-and-older population, and the FY 2015 Plan paired its utilization data with a 2020 projected population. Staff's use of 2023 utilization with the Third Edition's prescribed 2025 population year follows the same structure.

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

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

Staff therefore use approximately 1,119.86 home health visits per 1,000 persons age sixty-five and older as the operative regional benchmark.

4. County-Level CMS Data and Unit Conversion

Memorial selected CMS Medicare Geographic Variation data for its county analysis. Staff accept this as a legitimate county-level source. The relevant variable, HH_VISITS_PER_1000_BENES, is a rate—home health visits per 1,000 Original

(identifying a separate 2012 Mississippi-specific projection source for the Plan's general Mississippi population projections).

Medicare beneficiaries—not an absolute count of visits. CMS also supplies the corresponding Original Medicare beneficiary count, BENES_OM_CNT.

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

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

The first step converts the CMS beneficiary-based rate to the number of county visits represented by that rate. The second places those visits over the Plan's projected county age-65+ population. This puts the county and regional measures in the same unit.

5. County Population Denominators

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.

Accordingly, the county and regional population inputs have separate source lineages. The county denominator is derived from population figures published within the controlling Third Edition itself, while the interstate regional denominator is reconstructed from the federal state-projection series demonstrably used in prior HHA Table 7-3 calculations and carried forward to the Third Edition's prescribed 2025 projection year.

County	Age 65–74	Age 75–84	Age 85+	Total Age 65+
George	2,385	1,102	353	3,840
Hancock	4,672	2,158	691	7,521

Harrison	20,181	9,321	2,985	32,487
Jackson	14,490	6,693	2,143	23,326
Pearl River	6,229	2,877	921	10,027
Stone	2,580	1,192	382	4,154

6. 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?
George	2,608	3,458.2055	9,019	3,840	2,348.70	No
Hancock	4,714	3,136.4022	14,785	7,521	1,965.83	No
Harrison	21,479	3,397.1321	72,967	32,487	2,246.04	No
Jackson	14,672	2,854.0076	41,874	23,326	1,795.16	No
Pearl River	6,178	2,930.0745	18,102	10,027	1,805.33	No
Stone	1,949	2,666.4956	5,197	4,154	1,251.08	No

None of Memorial's six proposed counties is below the 1,119.86 regional benchmark. Stone is the closest at approximately 1,251.08, still approximately 11.72 percent above the benchmark. Staff finds that Memorial has not documented possible need under Criterion 1 in any proposed county.

7. Applicant's Original Criterion 1 Analysis

Memorial's original application correctly identifies 2023 as the most recent CMS year used in its analysis, correctly reports 17,980,541 total service visits for the ten-state region, and selects CMS Medicare Geographic Variation as its county source.

The original application labels the county CMS values—3,458.21 for George, 3,136.40 for Hancock, 3,397.13 for Harrison, 2,854.01 for Jackson, 2,930.07 for Pearl River, and 2,666.50 for Stone—as the "Total Number of Visits." It then divides those values by persons with utilization and reports visits-per-patient figures.

Those county CMS values are not total visit counts. They are rates per 1,000 Original Medicare beneficiaries. Treating the rate as a count and dividing it by users changes the meaning of the published variable and does not establish the Plan's county visits-per-1,000-age-65+ measure.

8. Applicant's May 11 Supplemental Criterion 1 Analysis

The May 11 submission argues that earlier State Health Plans contained two Table 7-3 data points omitted from the current Plan: population age 65+ and Medicare paid home health visits per 1,000 population age 65+. Memorial reconstructs those columns for 2019 and 2023.

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

Staff agree with the supplement that the Plan calls for a population-based visits-per-1,000-age-65+ comparison and agrees with the 2023 regional utilization 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.

The supplement continues, however, to use the county CMS values as though they were actual county visit counts when performing the county unmet-need analysis. Staff accept the county source but not that treatment of the source variable.

9. Alternative Analysis Using Applicant's Regional Denominator

Staff also test Memorial's disputed 2023 regional denominator of 14,415,954 solely to determine whether that disagreement changes the outcome. The resulting alternative regional benchmark is approximately 1,247.27 visits per 1,000 age 65+.

County	Staff County Rate	Below 1,247.27?	Alternative Result
George	2,348.70	No	No possible need
Hancock	1,965.83	No	No possible need
Harrison	2,246.04	No	No possible need
Jackson	1,795.16	No	No possible need
Pearl River	1,805.33	No	No possible need

Stone	1,251.08	No	No possible need

The denominator dispute does not change the result for Memorial. Stone comes closest but remains approximately 3.82 visits per 1,000 above Memorial's own alternative regional benchmark. Every proposed county therefore remains above the regional benchmark even if Staff gives the Applicant the benefit of its disputed denominator.

Need Criterion 2 – Home Health Service Area Boundaries

Memorial identifies Harrison, Hancock, Jackson, Stone, Pearl River, and George Counties as the proposed service area. Staff find Criterion 2 satisfied.

Need Criterion 3 – Unmet Need

Criterion 3 requires each proposed county to have unmet need equivalent to fifty patients. The Third Edition states that the 2019 regional utilization approximates 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

Because all six proposed counties are above Staff's 1,119.86 regional benchmark, none has a positive unmet-visit deficit to convert to patient equivalents. Criterion 3 is therefore not established in any proposed county.

Memorial's original 2023 Criterion 3 analysis adds 1,250 visits, representing fifty patients multiplied by a 25-visit regional average, to each county CMS value and adds fifty users to the county user count. Its 2019 analysis similarly adds 1,600 visits. Because the county CMS value being increased is a rate rather than a visit count, those operations combine quantities having different units.

The May 11 supplement follows a related structure. For George County, for example, it adds 2,368—the supplement's Mississippi visits-per-1,000-age-65+ figure—to 3,458, which it treats as county visits, and then divides by 365 users. That does not calculate a county visit deficit from the ten-state population-based benchmark.

Even under Memorial's alternative regional denominator, every correctly calculated county rate remains above the regional benchmark. No reduced-county configuration reaches Criteria 1 and 3 numerically.

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. Memorial proposes its home office at 1340 Broad Avenue, Gulfport, Harrison County. Harrison is one of the six proposed counties.

Accordingly, as proposed, Memorial addresses the Criterion 4 location requirement. Staff identify no independent home-office defect in the application. Because no proposed county satisfies Criteria 1 and 3, however, Criterion 4 does not provide an independent basis for approval.

Need Criterion 5 – Application Requirements

Criterion 5 requires specified documentation for each county proposed to be served.

Criterion 5(a) – Physician Letters of Intent

Exhibit E contains physician affidavits stating that the affiants routinely treat patients residing in Harrison, Hancock, Jackson, Stone, Pearl River, and George Counties; currently refer patients for home health services; understand Memorial's proposed agency; and intend to utilize Memorial for eligible patients. Staff finds that Memorial submitted meaningful intent-to-utilize evidence.

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

The affidavits identify anticipated referrals for skilled nursing, physical therapy, occupational therapy, and speech-language pathology and provide anticipated monthly referral figures. Staff find this responsive to the requested case types and projected referrals, but the figures generally are stated for the six-county area collectively rather than allocated by county.

Criterion 5(c) – Prior Twelve-Month Referrals

The affidavits state current referral experience and describe projected referrals as based on historical practice patterns over the preceding twelve months. The evidence supports physician referral activity but generally does not quantify the number and type of historical referrals separately for each of the six proposed counties.

Criterion 5(d) – Attempts to Secure Services

The affidavits state that establishment of Memorial's agency would help alleviate delays so patients may timely secure home health services. Staff recognize those statements as evidence of provider concern regarding access. The record reviewed, however, does not

clearly identify for each proposed county a patient or provider who attempted to obtain home health services and was unable to secure them. Staff therefore find that the application does not clearly establish the specific county-by-county evidentiary showing contemplated by subsection (d).

Criterion 5(e) – Projected Operating Statements

Memorial submits project financial schedules in Exhibit I, including project-only revenue projections, an income statement, and cost information. Staff find that the Applicant supplied substantial projected operating information responsive to subsection (e).

Overall, Criterion 5 contains meaningful physician, referral, and operating evidence. Staff's concern is the criterion's express county-by-county formulation: the physician affidavits generally group all six counties, and subsection (d) is not clearly demonstrated separately for each county.

Need Criterion 6 – Difference in Existing Services

Memorial proposes the home health services described in Section 702, including skilled nursing, physical therapy, occupational therapy, speech therapy, medical social services, home health aide services, and other approved services. Memorial acknowledges that existing home health agencies operate in the proposed counties and principally justifies the new agency on asserted need, physician support, and continuity with its hospital system.

Staff find Criterion 6 addressed as an informational matter. Memorial may offer an additional hospital-integrated provider choice, but the record does not identify a fundamentally different category of home health service, and Criterion 6 does not independently establish the statistical need required by Criteria 1 and 3.

703.03 Statistical Need Methodology for Home Health Services

Staff applies the Plan's prescribed ten-state geography and the most recent comparable CMS utilization data available for the application. For the regional denominator, Staff use the historically demonstrated HHA federal state-projection series described above and carries it to the Third Edition's prescribed 2025 projection year. For each Mississippi county denominator, Staff uses the Third Edition's own 2025 county elderly-population projections as described above. The county CMS rate is converted to derived visits before the Plan-based county age-65+ denominator is applied. This preserves the Plan's specified projection year and common units while distinguishing the historically separate regional and Mississippi county population source lineages.

Staff's methodology does not reject the federal sources selected by Memorial. It applies those sources according to their defined units to perform the population-based comparison the Plan states.

B. General Review Criteria

Criterion 1 – State Health Plan

Memorial contends that the project conforms to the Third Edition and relies on its 2019 and 2023 need analyses. Staff find that the project does not substantially comply with the service-specific need requirements because all six proposed counties exceed the regional utilization benchmark under Staff's Plan-consistent analysis. The result remains unchanged under Memorial's own alternative regional denominator.

Criterion 2 – Long-Range Plan

Memorial proposes to extend its continuum of care from its hospital and outpatient system into the home. The project is consistent with that stated institutional objective, subject to demonstration of need under the State Health Plan.

Criterion 3 – Availability of Alternatives

Memorial states that absent the project patients and caregivers would continue to seek services from existing providers, forego home health services, travel for service, or seek inpatient care. Staff recognizes the potential value of a hospital-integrated home health option but finds that the asserted need for an additional provider is not established by the Plan's county-specific methodology.

Criterion 4 – Economic Viability

Memorial bases revenue projections on Medicare and Medicaid reimbursement rates and utilization on physician affidavits, system discharges, medical-staff participation, and its broader Gulf Coast operations. Memorial states that it is financially able to operate at a loss if necessary. Staff find the project financially supportable by the institution, but financial capacity is distinct from demonstrated State Health Plan need.

Criterion 5 – Need for the Project

Memorial relies on Section 703 calculations, physician affidavits, system discharges, anticipated referrals, and access concerns. Staff acknowledge meaningful institutional and physician support. The application nevertheless does not demonstrate county-specific statistical need under Criteria 1 and 3.

Criterion 6 – Access to the Facility or Service

Memorial states that medically underserved populations, including low-income persons, racial and ethnic minorities, women, persons with disabilities, and elderly persons, will have access to the proposed service. It projects charity care and states that it will work with Medicare, Medicaid, and medically indigent patients. Staff find that the Applicant addresses access considerations.

Criterion 7 – Information Requirement

The application contains organizational information, project description, State Health Plan and General Review responses, physician affidavits, support letters, financial schedules, audited financial statements, and utilization projections. Staff have also considered the May 11 submission. Staff finds substantial information responsive to substantive review, subject to the specific home-health deficiencies identified herein.

Criterion 8 – Relationship to Existing Health Care System

Memorial is an established hospital system and proposes a hospital-based home health agency intended to integrate with its existing continuum of care. Staff acknowledges the potential coordination benefit, while noting that existing home health agencies already serve the proposed counties.

Criterion 9 – Availability of Resources

Memorial proposes no construction and identifies a fourteen-FTE staffing model for the new agency, with an estimated annual personnel cost of $1,050,000. Its hospital system provides an existing administrative and clinical platform. Staff find that the Applicant identifies substantial resources for implementation.

Criterion 10 – Relationship to Ancillary or Support Services

Memorial states that, as a full-service general acute care hospital, all necessary support and ancillary services are available to the proposed home health agency. Staff find this criterion addressed.

Criterion 11 – Health Professional Training Programs

Memorial states that it works with local universities and community colleges to support health-professional training and provide clinical experience. Staff finds no adverse training-program issue.

Criterion 12 – Access by Health Professional Schools

Memorial states that it supports local training programs through onsite experience. Staff find this criterion addressed to the extent applicable.

Criterion 13 – Special Needs / Out-of-Area Service

Memorial states that this criterion is not applicable. Staff identify no material issue requiring a different finding on the present record.

Criterion 14 – Construction Projects

No construction or renovation is proposed. Staff find this criterion not materially implicated.

Criterion 15 – Competing Applications

Memorial states that it is unaware of competing applications. Staff evaluate the application on its own record and the applicable criteria.

Criterion 16 – Quality of Care

Memorial is licensed by MSDH, certified for Medicare and Medicaid participation, and accredited by The Joint Commission. It states that the proposed agency would improve continuity and access for patients recovering from illness or injury or managing chronic conditions. Staff find that Memorial has demonstrated an established institutional quality framework.

C. Community Reaction

Exhibit F contains letters supporting Memorial's proposed home health agency, including letters from hospital medical and nursing leadership. The letters emphasize Memorial's long-standing role in the Gulf Coast community and the asserted benefit of expanded home health access. Staff acknowledge the favorable support. Community and professional support do not substitute for the quantitative county-need requirements.

IV. Financial Feasibility

1. Capital Expenditure and Project Resources

The certified capital expenditure is $200,000. No new construction or renovation is proposed, and no major medical equipment is identified. Memorial is an established hospital system with substantial existing operations and financial resources.

Memorial's audited financial information reflects substantial system operations. The project is far below the application threshold that would require the separate financial-feasibility study described in the application form. Memorial states that it is financially able to operate the project at a loss if projected revenues are not achieved.

2. Project-Only Revenue Projections

Exhibit I, Table 4B, projects gross outpatient/patient revenue of $1,465,000 in Year 1, $1,589,525 in Year 2, and $1,716,687 in Year 3. The projected gross payer mix is approximately 68 percent Medicare, 17 percent Medicaid, 14 percent commercial, with small self-pay and charity components.

Project Only	Year 1	Year 2	Year 3
Gross Patient Revenue	$1,465,000	$1,589,525	$1,716,687
Net Patient Revenue	$1,450,350	$1,573,630	$1,699,520

3. Project-Only Income Statement

Exhibit I, Table 5C, projects total operating expense of $1,331,500 in Year 1, $1,442,425 in Year 2, and $1,555,699 in Year 3, producing positive projected operating income in each year.

Project Only	Year 1	Year 2	Year 3
Total Operating Revenue	$1,450,350	$1,573,630	$1,699,520
Total Operating Expense	$1,331,500	$1,442,425	$1,555,699
Net Operating Income	$118,850	$131,205	$143,821
Table 5C Cost per Procedure/Visit	$140	$139	$136

Staff find that the financial schedules project positive operating performance and that Memorial has substantial institutional resources. Financial feasibility, however, remains analytically distinct from the State Health Plan's county-specific need requirement.

4. Manpower

Memorial's Table 7 identifies fourteen projected FTEs for the new home health agency at an estimated annual cost of $1,050,000.

Position	Projected Year 1 FTE
Registered Nurses	2.0
Licensed Practical Nurses	4.0
Aides	1.0
Administrative	1.0
Management	1.0
Physical Therapists	2.0
Occupational Therapist	1.0
Speech Therapist	1.0
Medical Social Worker	1.0
Total	14.0

Staff find that Memorial has identified a staffing model for the proposed agency.

5. Effect on Cost of Health Care

Memorial states that home health services may permit patients to remain in their residences, avoid transportation costs, and reduce inpatient-care costs. Staff acknowledge these potential efficiencies. Their weight in the CON determination remains subject to demonstrated need and avoidance of unnecessary duplication.

6. Utilization

Memorial is a new provider of home health services and therefore has no historical home-health utilization of its own. It bases projected utilization on its broader health system, which it states has more than 40,000 discharges annually and more than 800 medical-staff providers across three acute-care hospitals in the proposed service area, together with physician discussions, affidavits, overall discharges, Gulf Coast utilization, and expected growth and aging of the population.

The narrative utilization section projects 9,429 home health visits in Year 1, 10,360 in Year 2, and 11,425 in Year 3.

Service Type	Year 1	Year 2	Year 3
Home Health Visits – Utilization Narrative	9,429	10,360	11,425

Staff note a minor internal inconsistency in the application: Table 5C lists 9,485 procedures for Year 1, while the utilization narrative states 9,429 visits. Years 2 and 3 are consistent at 10,360 and 11,425. This discrepancy should be clarified for the administrative record but does not affect Staff's dispositive county-need analysis.

Staff find that Memorial has articulated an institutional basis for its volume projections. Nevertheless, a plausible referral or volume projection does not establish the Plan's county-specific statistical need. Under the plan consistent Section 703 methodology, each proposed county already exceeds the regional utilization benchmark.

V. Recommendations of Other Affected Agencies and Comments

The application contains support letters in Exhibit F. The materials reviewed for this Supplemental Staff Analysis do not establish a separate recommendation from another affected state agency concerning approval or disapproval. Any affected-agency correspondence maintained separately in the Department's review file should be included in the final administrative record.

The application originally stated that site approval would be supplemented as Exhibit C. The exhibit list identifies a Site Approval Letter as Exhibit C. Before final issuance, Staff should confirm that the final administrative record contains the Division of Licensure and Certification site-approval documentation for the proposed 1340 Broad Avenue office.

STAFF FINDINGS ON THE MAY 11, 2026 SUPPLEMENT

Staff have considered Memorial's May 11 submission as timely new information. The supplement improves the Applicant's articulation of the Plan by recognizing that the operative comparison is visits per 1,000 persons age sixty-five and older and by reconstructing population-based columns from prior State Health Plans.

Staff agrees with Memorial that 2023 is the operative utilization year used for this application, agrees with the 17,980,541 ten-state utilization numerator, and accepts CMS Medicare Geographic Variation as a legitimate county-level source.

Staff disagree with Memorial's use of a contemporaneous 2023 regional age-65+ population denominator in place of the Third Edition's projected 2025 population framework. Staff also find that Memorial's county calculation continues to treat the CMS county rate as though it were a visit count rather than converting that rate to derived county visits before applying the Plan's county age-65+ population.

Correcting those issues yields a primary benchmark of 1,119.86 and county rates of 2,348.70 for George, 1,965.83 for Hancock, 2,246.04 for Harrison, 1,795.16 for Jackson, 1,805.33 for Pearl River, and 1,251.08 for Stone. Each county is above the regional benchmark.

Staff additionally test Memorial's own 14,415,954 regional denominator. The resulting benchmark is approximately 1,247.27. Stone remains slightly above that alternative benchmark, and every other proposed county is substantially above it. Accordingly, the regional-denominator disagreement does not affect the disposition of Memorial's application.

VI. CONCLUSION AND RECOMMENDATION

Memorial is an established hospital system with substantial institutional resources, a proposed Harrison County home office, an identified fourteen-FTE staffing plan, physician and leadership support, a hospital-integrated continuum-of-care rationale, and financial projections showing positive project operating income. Staff have considered these favorable factors.

The controlling service-specific issue is county need under Section 703. Using Staff's Plan-consistent methodology, George, Hancock, Harrison, Jackson, Pearl River, and Stone Counties each have home health utilization above the ten-state regional benchmark. None satisfies Criterion 1, and none produces a positive unmet-visit deficit for Criterion 3.

Staff also gives Memorial the benefit of its disputed 2023 regional population denominator as an alternative analysis. The result is unchanged. Stone, the closest county, remains above the alternative benchmark. There is therefore no reduced-county alternative within Memorial's proposed service area that independently satisfies the numerical need criteria.

Memorial addresses Criterion 2 and, as proposed, the Criterion 4 home-office location requirement because the proposed home office is in Harrison County, one of the proposed counties. The application also contains meaningful physician and referral evidence and substantial operating and financial information. Staff nevertheless note that much of the Criterion 5 physician evidence groups all six counties and that the record reviewed does not clearly document county-specific unsuccessful attempts to secure service as contemplated by Criterion 5(d).

Those favorable considerations do not cure the failure to establish county-specific statistical need in any proposed county.

The Division of Health Planning and Resource Development recommends disapproval of Memorial Hospital at Gulfport's application for a Certificate of Need to establish a home health agency and offer home health services in Harrison, Hancock, Jackson, Stone, Pearl River, and George Counties.