

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT**

JUNE 2, 2025

**CON REVIEW: FSF-NIS-MME-0425-002
HATTIESBURG CLINIC PROFESSIONAL ASSOCIATION, D/B/A HATTIESBURG CLINIC
ACQUISITION OF MAGNETIC RESONANCE IMAGING (“MRI”) EQUIPMENT AND
OFFERING OF FIXED MRI SERVICES AT ORTHOPEDIC AND SPORTS MEDICINE CLINIC
CAPITAL EXPENDITURE: \$2,581,415.00
LOCATION: HATTIESBURG, FORREST COUNTY, MISSISSIPPI**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

Hattiesburg Clinic Professional Association d/b/a Hattiesburg Clinic (“HCPA”) is a Mississippi Corporation formed July 1, 1971. Currently, there are thirteen (13) members on the Board of Directors-Executive Committee. According to the application, HCPA currently offers MRI services along with other diagnostic imaging services, at its primary clinic located at 415 South 28th Avenue in Hattiesburg, Mississippi. The application contains a Certificate of Good Standing from the Secretary of State of the State of Mississippi, dated April 18, 2025, indicating Hattiesburg Clinic Professional Association is in good standing to do business in Mississippi.

B. Project Description

Hattiesburg Clinic Professional Association (“HCPA”) proposes to acquire magnetic resonance imaging (“MRI”) equipment and to offer fixed MRI services at its Orthopedics and Sports Medicine Clinic located at 103 Medical Park, Hattiesburg, Mississippi 39401. The Applicant states the project will involve the purchase of a Siemens Magnetom Sola MRI System at a cost of \$1,715,000.00 and will require minor renovation work at an estimated cost of \$866,415.00, including architect’s fees of \$68,415.00. The Applicant submits the total estimated capital expenditure for the project is \$2,581,415.00. The Applicant’s anticipated date for obligation of the capital expenditure is August 2025 and the anticipated date for completion of the proposed project is December 2025.

The Applicant states HCPA currently offers MRI services, along with other diagnostic imaging services, at its primary clinic located at 415 South 28th Avenue in Hattiesburg, Mississippi. During 2023, HCPA’s three (3) fixed MRI units performed 15,266 procedures, an average of 5,089 procedures per machine. The Applicant states this high utilization demonstrates the need for additional MRI service capacity. The Applicant states after reviewing options for the addition of an MRI unit, HCPA determined that the most clinically appropriate and efficient alternative was to place the new MRI equipment at HCPA’s Orthopedics and Sports Medicine Clinic, located at 103 Medical Park in Hattiesburg, approximately three (3) miles from HCPA’s primary clinic. The Applicant asserts that a significant number of HCPA’s orthopedic patients require a MRI study, and the placement of the additional MRI unit at the Orthopedics and Sports Medicine location will increase patient convenience while relieving the high utilization of HCPA’s existing MRI units.

The Applicant states the proposed project fully complies with all applicable policies, criteria and standards in the *Fiscal Year 2022 Mississippi State Health Plan (3rd Edition)* and the General Review Criteria in the *Mississippi Certificate of Need Review Manual*

The Applicant affirms HCPA intends to obligate the capital expenditure within thirty (30) days of CON approval and to commence the offering of MRI services at the Orthopedics and Sports Clinic location within five (5) months following CON approval.

The application includes a site approval letter from the MSDH Division of Licensure and Certification, Bureau of Fire Safety and Construction, dated May 20, 2025, indicating that site approval is not required for the proposed project.

The Applicant states the final objective of the proposed project is to increase HCPA's operational capacity for MRI services at a location that is accessible and convenient for a large number of orthopedic patients in need of these services.

The Applicant submits the proposed project will require minor renovation work to install the MRI equipment. A site plan and a floor plan of the area that will house the MRI unit for the HCPA Orthopedic and Sports Medicine Clinic is included in the application.

The Applicant states HCPA will comply with all applicable codes and zoning ordinances, local, state, and federal authorities. HCPA further affirms that it will 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.

II. TYPE OF REVIEW REQUIRED

The Mississippi State Department of Health will review applications for a Certificate of Need (CON) to acquire or otherwise control magnetic resonance imaging ("MRI") equipment and offer MRI services 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*; all adopted rules, procedures, plans, criteria and standards of the MSDH; and the specific criteria and standards listed below.

In accordance with Section 41-7-197 (2) of the Mississippi Code of 1972 Annotated, as amended, any 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 June 12, 2025.

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) contains policy statements, criteria and standards, which an applicant is required to meet before receiving CON authority for the acquisition or otherwise control of MRI equipment and the offering of MRI services.

SHP Policy Statement 1 - CON Review Requirements

The Applicant confirms HCPA currently offers MRI services at its primary clinic location, but a CON is required for this project because HCPA proposes to initiate MRI services at a new location through the acquisition of MRI equipment at a cost in excess of \$1.5 million.

SHP Policy Statement 2 - CON Approval Preference

The Applicant states HCPA does not propose to offer MRI services through a joint venture. The Applicant further states the proposed project was developed in response to HCPA's need for additional MRI service capacity.

SHP Policy Statement 3 - Mobile MRI

The Applicant affirms HCPA does not propose to offer mobile MRI services.

SHP Policy Statement 4 - Conversion to Fixed

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

SHP Policy Statement 5 - Utilization of Existing Units

The Applicant affirms the existing MRI units in General Hospital Service Area 8 performed, on average, substantially in excess of 1,700 MRI procedures during the relevant twelve (12) month reporting period.

SHP Policy Statement 6 - Population-Based Formula

The Applicant acknowledges this Policy Statement and submits HCPA demonstrates that General Hospital Service Area 8 has a reasonable and sufficient population base to support the provision of 2,700 MRI procedures at HCPA's Orthopedic Clinic location by the second year of operation.

SHP Policy Statement 7 - Mobile Service Volume Proration

The Applicant states this Policy Statement is not applicable, since this application proposed a fixed MRI unit.

SHP Policy Statement 8 - Addition of a Health Care Facility

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

Certificate of Need Criteria and Standards for the Acquisition or Otherwise Control of Magnetic Resonance Imaging (MRI) Equipment and/or the Offering of MRI Services

MSDH will review applications for a CON for the acquisition or otherwise control of MRI equipment and/or the offering of MRI services under the applicable statutory requirements of Sections 41-7-173, 41-7-191, and 41-7-193, Mississippi Code of 1972, as amended. MSDH will also review applications for Certificate of Need according to the general criteria listed in the *Mississippi Certificate of Need Review Manual*; all adopted rules, procedures, and plans MSDH; and the specific criteria and standards listed below.

The acquisition or otherwise control of MRI equipment is reviewable if the equipment cost is in excess of \$1,545,000.00; if the equipment and/or service is relocated; and if the proposed provider of MRI services has not provided such services on a regular basis within the period of twelve (12) months prior to the time such services would be offered, regardless of the capital expenditure.

SHP Need Criterion 1: Minimum Procedures/Population

The *FY 2022 Mississippi State Health Plan, Third Edition* states: The entity desiring to acquire or otherwise control the MRI equipment shall demonstrate a minimum of 2,700 procedures per year by the end of the second year of operation. The applicant must show the methodology used for the projections.

a. Non-hospital-based MRI facilities

The Applicant submits HCPA currently provides MRI services through three (3) MRI units that performed 15,266 procedures in 2023, an average of 5,088 procedures per machine. The Applicant states that a substantial number of these procedures were performed on orthopedic patients, and HCPA projects that the proposed MRI unit at its Orthopedic Clinic location will perform 2,936 procedures in the second year of operation. The Applicant further states this exceeds the minimum of 2,700 procedures established by Need Criterion, based on the actual, historical operating experience of MRI services at HCPA. The Applicant asserts HCPA has more than enough current MRI procedure volume to support an additional MRI unit. The Applicant further asserts that the actual utilization is a more accurate indicator than projections in physician affidavits, and in this case, demonstrates that HCPA's application complies with Need Criterion 1 (a).

b. Reasonable population base:

The Applicant states that additionally, a population-based methodology documents that more than 2,700 MRI procedures will be performed annually at HCPA's Orthopedic Clinic location. The Applicant states HCPA's Orthopedic Clinic is located in General Hospital Service Area ("GHSA") 8. The Applicant further states according to the current State Health Plan, GHSA 8 has a population of 314,514. The Applicant submits this population base generated 35,728 MRI procedures in the most recent year reported in the State Health Plan. The Applicant affirms HCPA consistently performs the highest volume of MRI procedures among the existing MRI providers in GHSA 8, and as discussed below, the average utilization of existing MRI units in GHSA 8 is 3,418. The Applicant also affirms if an additional fixed MRI unit is approved for GHSA 8, the average utilization among all existing providers would still be 3,120, without taking into account future population growth. The Applicant asserts this demonstrates

that the current population of GHSA 8 can easily support an additional MRI unit performing a minimum of 2,700 procedures on an annual basis.

c. Utilization of existing units:

The Applicant attached an analysis of the utilization of all existing MRI units in GHSA 8, based on the most recent data in the current State Health Plan. The Applicant states the existing units performed an average of 3,419 procedures in the most recent twelve (12) month period in the Plan, which is twice the minimum annual volume of 1,700 procedures. The Applicant affirms this application fully complies with Need Criterion 1 (c).

SHP Need Criterion 2: Equipment Requirements

- a. FDA Approval** - The Applicant states the proposed Siemens MAGNETOM Solo MRI equipment is FDA-approved. The Applicant states that an excerpt from the Equipment Quote from Siemens included with the application contains a letter from the FDA indicating approval. The Applicant submits the quote has been redacted in order to exclude confidential and proprietary information.
- b. Qualified Personnel** – The Applicant certifies that only qualified personnel will be allowed to operate the MRI equipment.
- c. Fixed/minimum volume contracts** - The Applicant further affirms that HCPA will not permit the equipment to be rented, leased or otherwise used by any other provider on a contractual basis.

SHP Need Criterion 3 – Data Requirements

The Applicant affirms that the information and data described above will be maintained and made available to the **MSDH** within fifteen (15) business days of request.

SHP Need Criterion 4: Business Registration

The application includes a Certificate of Good Standing from the Mississippi Secretary of State, for Hattiesburg Clinic Professional Association, dated April 18, 2025.

SHP Need Criterion 5: CON Approval/Exemption for MRI Equipment

The Applicant states that in this application, HCPA requests CON approval to offer MRI services through the utilization of Siemens MRI equipment at HCPA's Orthopedic Clinic location.

Certificate of Need (CON) Criteria and Standards for the Offering of Fixed or Mobile MRI Services

CON Need Criterion 1: Minimum Procedures/Population

The entity desiring to offer MRI services must document that the equipment shall perform a minimum of 2,700 procedures (or 1,700 procedures for rural hospitals) by the end of the second year of operation. This criterion includes both fixed and mobile MRI equipment. The application must show the methodology used for the projections.

a. Non-hospital-based MRI facilities

The Applicant submits HCPA currently provides MRI services through three (3) MRI units that performed 15,266 procedures in 2023, an average of 5,088 procedures per machine. The Applicant states that a substantial number of these procedures were performed on orthopedic patients, and HCPA projects that the proposed MRI unit at its Orthopedic Clinic location will perform 2,936 procedures in the second year of operation. The Applicant further states this exceeds the minimum of 2,700 procedures established by Need Criterion, based on the actual, historical operating experience of MRI services at HCPA. The Applicant asserts HCPA has more than enough current MRI procedure volume to support an additional MRI unit. The Applicant further asserts actual utilization is a more accurate indicator than projections in physician affidavits, and in this case, demonstrates that HCPA's Application complies with Need Criterion 1 (a).

b. Reasonable population base

The Applicant submits additionally, a population-based methodology documents that more than 2,700 MRI procedures will be performed annually at HCPA's Orthopedic Clinic location. The Applicant states HCPA's Orthopedic Clinic is located in General Hospital Service Area ("GHSA") 8. According to the current State Health Plan, GHSA 8 has a population of 314,514. The Applicant states this population base generated 35,728 MRI procedures in the most recent year reported in the State Health Plan. The Applicant affirms HCPA consistently performs the highest volume of MRI procedures among the existing MRI providers in GHSA 8, and as discussed below, the average utilization of existing MRI units in GHSA 8 is 3,418. The Applicant also affirms that if an additional fixed MRI unit is approved for GHSA 8, the average utilization among all existing providers would still be 3,120, without taking into account future population growth. The Applicant submits this demonstrates that the current population of GHSA 8 can easily support an additional MRI unit performing a minimum of 2,700 procedures on an annual basis.

c. Utilization of existing units.

The Applicant attached an analysis of the utilization of all existing MRI units in GHSA 8, based on the most recent data in the current State Health Plan. The Applicant also submits that the existing units performed an average of 3,419 procedures in the most recent 12- month period in the Plan, which is twice the minimum annual volume of 1,700 procedures.

Accordingly, the applicant affirms that this Application fully complies with Need Criterion 1 (c).

CON Need Criterion 2: Availability of Diagnostic Imaging Modalities

The Applicant states HCPA currently offers a full range of diagnostic imaging modalities,

including those noted in this criterion.

CON Need Criterion 3: Non-Discrimination

The Applicant affirms that neither the facility where the service is provided nor its participating medical personnel shall have policies or procedures which would exclude patients because of race color, age, sex, ethnicity or ability to pay.

CON Need Criterion 4: Staffing Requirements

The Applicant must document that the following staff will be available:

a. Director

The Applicant affirms the current Medical Director of HCPA's MRI Services meets these standards and will be available with respect to MRI services at HCPA's Orthopedic Clinic location.

b. One Full-time MRI Technologist-Radiographer

The Applicant affirms HCPA's current MRI Technologist meets these requirements and also will be available with respect to MRI services at HCPA's Orthopedic Clinic location.

CON Need Criterion 5: Experimental Procedures

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

CON Need Criterion 6: Data Requirement

The Applicant affirms that the information and data described in this criterion will be maintained and made available to MSDH within fifteen (15) business days of request.

CON Need Criterion 7: CON Approval/Exemption for MRI Equipment

The Applicant states in this application, HCPA requests CON approval to offer MRI services through the utilization of Siemens MRI equipment at HCPA's Orthopedic Clinic location.

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 general review criteria contained in the *Manual*.

GR Criterion 1 –State Health Plan:

The Applicant asserts the proposed project substantially complies with all applicable policies, standards and criteria governing the offering of MRI services and the acquisition and control of MRI equipment, as set forth in the *Fiscal Year 2022 Mississippi State Health Plan (Third Edition)*.

GR Criterion 2 - Long Range Plan:

The Applicant states HCPA's long-range plan focuses on serving the needs of patients through a comprehensive range of accessible outpatient health services. The Applicant states as previously noted, HCPA's three (3) existing MRI units have experienced high levels of utilization for many years, demonstrating the need for additional MRI service capacity. The Applicant asserts in order to address this need, HCPA's governing board and senior leadership reviewed and assessed various options and determined that the most clinically appropriate and efficient alternative was to acquire an additional MRI unit and locate it at HCPA's Orthopedic and Sports Medicine Clinic.

GR Criterion 3- Availability of Alternatives:

The Applicant identified three (3) alternatives considered with respect to the project: (1) work to improve existing settings; (2) establish new service locations in new territories; and (3) expand existing service locations.

a. Advantages and Disadvantages of Alternatives:

The Applicant states having determined that the acquisition of an additional MRI unit was essential in order to service current and future patient needs, HCPA's board and senior leadership considered alternative locations for the placement of the new unit. The Applicant states HCPA's Orthopedic and Sports Medicine Clinic was chosen for two primary reasons:

- A significant number of HCPA's orthopedic patients require an MRI study, and locating the new MRI unit at the Orthopedic Clinic will result in increased patient convenience.
- The placement of the new unit approximately three (3) miles from the existing MRI units at the HCPA's Primary Clinic will achieve a more balanced distribution of patients in need of an MRI procedure, thereby alleviating the high utilization of HCPA's existing units.

b. New Construction Projects:

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

c. Beneficial Effects to the Health Care System:

The Applicant states that as noted above, the addition of an MRI unit at HCPA's Orthopedic Clinic will address the need for additional MRI service capacity and result in greater patient convenience.

d. Effective and Less Costly Alternatives:

i. Unnecessary Duplication of Services:

The Applicant asserts the proposed project does not involve a duplication of services because HCPA currently offers MRI services and the acquisition of a new MRI unit is in direct response to the clear need for additional MRI service capacity.

ii. Efficient Solution:

The Applicant asserts the placement of the new MRI unit at HCPA's Orthopedic Clinic is an efficient solution to the identified need for additional MRI service capacity by making the unit accessible to the significant number of orthopedic patients who require an MRI study.

e. Improvements and Innovations:

The Applicant affirms the proposed Siemens MRI equipment will enhance the quality of diagnostic imaging services offered by HCPA, in a cost effective, clinical setting.

f. Relevancy:

The Applicant asserts there is a clear industry trend in which health services are being moved to and expanded in more efficient, accessible and less costly outpatient facilities. The Applicant affirms the proposed project is consistent with this trend.

GR Criterion 4 - Economic Viability:

a. Proposed Charge:

The Applicant states the proposed charges for the MRI services to be offered by HCPA are presented in the accompanying financial analysis tables and are based on HCPA's historical charge structure for the services.

b. Projected Levels of Utilization:

The Applicant states HCPA's current and projected levels of utilization of MRI services reflect the need for the proposed project.

c. Financial Feasibility Study:

The application contains a financial feasibility study letter prepared by HCPA's Chief Financial Officer.

d. Financial Forecasts:

The Applicant states HCPA does not project that its financial forecasts will deviate significantly from the facility's historical financial experience.

e. Covered Expenses:

The Applicant states HCPA does not anticipate that the project will fail to meet projected revenues but has financial resources available to cover expenses.

f. Impact of Proposed Project on Health Care Cost:

. The Applicant states proposed project will actually reduce the cost of health care. The Applicant states research has shown that MRI procedures ultimately reduce health care costs by preventing unnecessary procedures and improving diagnostic accuracy. The Applicant asserts by providing detailed images of internal organs and tissues, MRI studies can assist physicians in identifying medical conditions earlier and more accurately, leading to fewer hospitalizations, less need for invasive procedures, and ultimately, lower overall health care expenses. The Applicant submits it is well-recognized that the absence of timely interventions will generally result in higher costs at a later date.

The Applicant affirms Medicare and Medicaid generally pay between \$150 and \$300 per MRI study.

The Applicant states Hattiesburg Clinic has projected Medicare/Medicaid and commercial reimbursement, as well as cost per outpatient day and cost per procedure as follows:

Net Outpatient Revenue-Medicare

Year 1	\$325,421.00
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Year 2	\$335,184.00
Year 3	\$345,239.00

Net Outpatient Revenue- Medicaid

Year 1	\$38,142.00
Year 2	\$39,286.00
Year 3	\$ 40,464.00

Net Outpatient Revenue-Commercial

Year 1	\$742,536.00
Year 2	\$764,812.00
Year 3	\$787,756.00

Cost Per Outpatient Day

Year 1	\$3,904.00
Year 2	\$3,954.00
Year 3	\$4,643.00

Cost Per Procedure

Year 1	\$345.00
Year 2	\$339.00
Year 3	\$387.00

GR Criterion 5 - Need for the Project

a. Access by Population Served:

The Applicant affirms HCPA currently provides MRI and other diagnostic imaging services in response to community health needs, and medically underserved groups, including low-income persons, racial and ethnic minorities, women, handicapped persons and other underserved groups, and the elderly.

b. Relocation of Services: This criterion is not applicable as the Applicant does not propose to relocate services.

i. Replacement Facility:

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

ii. Utilization of Existing Space Post Relocation of Services:

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

c. Current and Projected Utilization of Comparable Facilities:

The Applicant states as documented in this Application, the existing MRI providers in General Hospital Service Area 8, including HCPA, continue to experience high utilization of their services, and the need for an additional MRI unit is clearly established under the State Health Plan's need formulas.

d. Probable Effect on Existing Facilities in the Area:

The Applicant states in view of the high utilization of MRI services experienced by existing providers, the addition of an MRI unit in GHSA 8 is clearly needed and will not adversely impact these providers.

e. Community Reaction to Service:

The application contained one (1) joint letter of support.

In addition, MSDH received a letter from HiFidelity Imaging (“HiFidelity”), opposing the proposed project. HiFidelity opposes the application, citing concerns that the project does not substantially comply with the Mississippi State Health Plan requirements or The General Considerations of the Certificate of Need Review Manual.

GR Criterion 6- Access to the Facility or Service

a. Access

1. Access to Services:

The Applicant states HCPA will be accessible to all residents who are primarily in GHSA 8. The Applicant further states HCPA does not exclude patients because of race, age, sex, ethnicity, or ability to pay.

2. Access to the Proposed Services:

The Applicant states the residents of the proposed project will have access to the services.

3. Gross Patient Revenues: The following table shows the projected estimated gross patient revenues of health care to medically indigent and charity care patients for Years 1 and 2 for the proposed project.

	Medically Indigent (%)	Charity Care (%)	Medically Indigent (\$)	Charity Care (\$)
Historical Year FY 2023	1%	N/A	\$332,769.00	N/A
Historical Year FY 2024	1%	N/A	\$292,073.00	N/A
Projected Year 1	3%	N/A	\$206,400.00	N/A
Projected Year 2	3%	N/A	\$212,592.00	N/A

b. Existing Obligations:

The Applicant asserts the facility has no existing obligations under any federal regulation requiring provision of uncompensated care, community service, or

access by minority/handicapped persons. The Applicant affirms this criterion is not applicable to the proposed project.

c. Unmet Needs of Medicare, Medicaid, and Medically Indigent Patients:

The Applicant states HCPA currently serves and will continue to serve Medicare, Medicaid and medically indigent patients.

d. Access to Proposed Facility:

The Applicant submits the services offered by HCPA are accessible to residents of the area served by its physicians.

e. Access Issues:

i. Transportation and Travel:

The Applicant states the HCPA Orthopedic and Sports Medicine is located at 103 Medical Park in Hattiesburg, which is easily accessible from U.S. Highway 49 and Interstate 59.

ii. Restrictive Admission Policy:

The Applicant states this criterion is not applicable because HCPA is not an inpatient facility.

iii. Access to Care by Medically Indigent Patients:

The Applicant submits HCPA is accessible to medically indigent patients.

iv. Operational Hours of Service:

1. Regular Operation:

The Applicant states operating hours will be Monday through Friday, 8:00 a.m. to 5:00 p.m.

2. Emergency Operation:

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

GR Criterion 7- Information Requirement

The Applicant affirms that it will maintain the information described by this criterion and make it available to the Department of Health within 15 business days of request.

GR Criterion 8 - Relationship to Existing Health Care System

a. Comparable Services:

The Applicant states MRI services are currently offered by hospitals, clinics and freestanding providers in Hattiesburg surrounding areas. The Applicant asserts HCPA has provided these services in a freestanding, outpatient setting, and will continue to do so through the placement of an MRI unit at its Orthopedic and Sports Medicine Clinic.

b. Effect on Existing Health Services:

i. Complement existing services:

The Applicant asserts MRI services are part of the extensive continuum of outpatient care offered by HCPA and its affiliated health facilities.

ii. Provide Alternative or Unique Services:

The Applicant asserts the proposed project will allow patients to continue to access MRI services in an outpatient setting.

iii. Provide Services for a Specific Target Population:

According to the Applicant this project will provide direct access to MRI services for orthopedic patients in need of such services.

iv. Provide Services for Which There is an Unmet Need:

The Applicant asserts the consistently high utilization of MRI services at HCPA demonstrates the need for this project.

c. Adverse Impact:

The Applicant submits if the project is not implemented, patients will be deprived of the benefits of receiving MRI services in an additional, convenient and accessible location.

d. Transfer/Referral/Affiliation Agreements:

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

GR Criterion 9 - Availability of Resources

a. New Personnel:

The Applicant submits in order to staff the proposed project, HCPA will hire an additional Registered Nurse, two (2) MRI technicians, an MRI assistant and a receptionist. The Applicant also submits HCPA will recruit the additional personnel through its extensive contacts and resources.

b. Contractual Services:

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

c. Existing Facilities or Services:

The Applicant states all health facilities operated by affiliates of HCPA are licensed by the Mississippi State Department of Health, Medicare-certified and fully comply with applicable regulations on staffing.

d. Alternative Uses of Resources:

The Applicant states as previously discussed; the proposed project is the best alternative for the provision of health services in response to community needs.

GR Criterion 10 – Relationship to Ancillary or Support Services

a. Support and Ancillary Services:

The Applicant states HCPA offers a comprehensive range of diagnostic imaging and other health services and currently has all necessary support and ancillary services needed for the proposed project.

b. Changes in Costs or Charges:

The Applicant submits HCPA does not anticipate a material change in costs or charges as a result of this project. Cost and charge information is included in the financial tables which accompany this Application.

c. Accommodation of Changes in Costs or Charges:

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

GR Criterion 11- Health Professional Training Programs

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

GR Criterion 12 – Access by Health Professional Schools

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

GR Criterion 13 – Access to Individuals Outside Service Area

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

GR Criterion 14 – Construction Projects

The application includes a cost estimate for the renovation work has been included with the application.

GR Criterion 15 – Competing Applications

There are no competing applications related to this proposed project on file with the Department.

GR Criterion 16 - Quality of Care

a. Past Quality of Care:

The Applicant asserts HCPA's mission as a group practice is to provide high quality patient-centered health care in an efficient and cost-effective manner. The Applicant also asserts HCPA has worked diligently over recent years to expand diagnostic imaging capabilities, including MRI services, in order to provide HCPA physicians with a diverse imaging department and to extend these services to the residents of Hattiesburg and surrounding communities.

b. Improvement of Quality of Care:

The Applicant states the proposed project is directly responsive to the demonstrated need for additional MRI capacity at HCPA, in order to effectively serve current and future patients.

c. Accreditation and/or Certificates:

The Applicant affirms HCPA's physicians are licensed by the Mississippi State Board of Medical Licensure, and many are board-certified in their specialty.

IV. FINANCIAL FEASIBILITY

A. Capital Expenditure Summary

Cost Item	Estimated Cost	Percentage (%) of Total
Construction Cost -New	\$ 0.00	0%
Construction Cost-Renovation	798,000.00	30.91%
Capital Improvements	0.00	0%
Fixed Equipment	1,715,000.00	66.44%
Non-fixed Equipment	0.00	0%
Fees (Architectural, Consultant, etc.)	68,415.00	2.65%
Contingency Reserve	0.00	0%
Capitalized Interest	0.00	0%
Legal and Accounting Fees	0.00	0%
TOTAL PROPOSED CAPITAL EXPENDITURE	\$2,581,415.00	100.00%

HCPA proposes to renovate approximately 1,900 square feet of space to house a fixed MRI unit at an estimated cost of \$456.01 per square foot.

B. Method of Financing

The Applicant states Hattiesburg Clinic Professional Association will purchase the MRI equipment with their working capital/ cash reverses. The Applicant also states within six (6) months of the equipment acquisition; they will take out a loan for the purchase to restore their working capital.

C. Effect on Operating Costs

See Attachment 1 for HCPA's three-year projected operating statement for the proposed project.

D. Cost to Medicaid/Medicare

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

Payor	First Year Revenue	Utilization Percentage
Medicare	\$3,712,800.00	62.00%
Medicaid	\$190,800.00	3.00%
Commercial	\$1,627,200.00	27.00%
Self-Pay	\$206,400.00	3.00%
Charity	0.00	0.00%
Other	\$226,800.00	4.00%
Total	\$6,000,000.00	100.00%

V. RECOMMENDATION OF OTHER AFFECTED AGENCIES

The Division of Medicaid (Division) was provided with a copy of this application for review and comment. In a letter dated May 15, 2025, the Division of Medicaid indicated the Division has no opinions on this CON application.

VI. CONCLUSION AND RECOMMENDATION

This project is in substantial compliance with the criteria and standards for the acquisition or otherwise control of magnetic resonance imaging (MRI) equipment and offering MRI services contained in the *FY 2022 Mississippi State Plan (Third Edition)*; Chapter 8 of the *Mississippi Certificate of Need Review Manual, Revised - November 11, 2023*; and all adopted rules, procedures, and plans of the Mississippi State Department of Health.

Therefore, the Division of Health Planning and Resource Development recommends approval of the application submitted by Hattiesburg Clinic Professional Association d/b/a Hattiesburg Clinic, for the Acquisition of MRI Equipment and Offering of Fixed MRI Services at Orthopedic and Sports Medicine Clinic.

Attachment 1
Hattiesburg Clinic Professional Association d/b/a Hattiesburg Clinic
Three-Year Operating Statement (Project Only)

	Year 1	Year 2	Year 3
Revenue			
Inpatient Care Revenue	\$0.00	\$ 0.00	\$0.00
Outpatient Revenue	\$ 6,000,000.00	\$ 6,180,000.00	\$ 6,365,400.00
Gross Patient Revenue	\$ 6,000,000.00	\$ 6,180,000.00	\$ 6,365,400.00
Charity	\$0.00	\$0.00	\$0.00
Deductions from Revenue	\$4,800,000.00	\$4,944,000.00	\$5,092,320.00
Net Patient Care Revenue	\$1,200,000.00	\$1,236,000.00	\$1,273,080.00
Other Operating Revenue	\$0.00	\$0.00	\$0.00
Total Operating Revenue	\$1,200,000.00	\$1,236,000.00	\$1,273,080.00
Operating Expenses			
Salaries	\$245,440.00	\$250,349.00	\$255,356.00
Benefits	\$68,723.00	\$68,723.00	\$68,723.00
Supplies	\$48,423.00	\$49,391.00	\$50,379.00
Services	\$247,850.00	\$252,807.00	\$257,863.00
Lease Expenses	\$76,136.00	\$76,136.00	\$76,136.00
Depreciation	\$214,375.00	\$214,375.00	\$214,375.00
Interest	\$63,653.00	\$63,653.00	\$63,653.00
Other	\$13,840.00	\$14,117.00	\$14,399.00
Total Operating Expenses	\$978,440.00	\$989,551.00	\$1,000,885.00
Net Operating Income	\$221,560.00	\$246,449.00	\$272,195.00
	Proposed Year 1	Proposed Year 2	Proposed Year 3
Inpatient Days	0	0	0
Outpatient Visits	252	252	252
Procedures	2,850	2,936	3,024
Charge per Outpatient Day	\$23,810.00	\$24,524.00	\$25,260.00
Charge per Inpatient Day	0	0	0
Charge per Procedure	\$2,105.00	\$2,105.00	\$2,105.00
Cost per Inpatient Day	0	0	0
Cost per Outpatient Day	\$3,883.00	\$3,927.00	\$3,972.00
Cost per Procedure	\$343.00	\$337.00	\$331.00