

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT
JUNE 17, 2022**

**CON REVIEW NUMBER: HG-RLS-0522-008
RIVER OAKS HOSPITAL, LLC D/B/A MERIT HEALTH RIVER OAKS
RELOCATION OF CARDIAC SERVICES
CAPITAL EXPENDITURE: \$0.00
LOCATION: FLOWOOD, RANKIN COUNTY, MISSISSIPPI**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

River Oaks Hospital, LLC d/b/a Merit Health River Oaks (“River Oaks”, or the “Applicant”) is a Mississippi limited liability company operated by Community Health Systems of Franklin, Tennessee, a for-profit healthcare organization. River Oaks is governed by four (4) officers and directors. River Oaks is a 160-bed acute care hospital located at 1030 River Oaks Drive, Flowood, Mississippi. The bed complement consists of 105 set up and staffed, short-term acute care beds.

The application contains a Certificate of Good Standing from the Office of the Secretary of State, Jackson, Mississippi, indicating as of March 21, 2022, River Oaks Hospital, LLC d/b/a Merit Health River Oaks is in good standing with the State of Mississippi.

B. Project Description

River Oaks requests certificate of need (“CON”) authority to relocate its cardiac services. The Applicant states the proposed project involves two (2) CON applications, River Oaks Hospital, LLC d/b/a Merit Health River Oaks Hospital submitted simultaneously with the Jackson HMA, LLC d/b/a Merit Health Central (“Central”) application. Both River Oaks and Central (collectively the “Hospitals”) are owned by Community Health Services, Inc. (“CHS”). The Applicant states currently Central’s cardiac services include open-heart surgery (“OHS”) and both diagnostic and therapeutic cardiac catheterization (“cath”) services per CON #R-0091. River Oaks’ current cardiac services include diagnostic cardiac cath services as well as percutaneous coronary intervention (“PCI”) services in a hospital without on-site cardiac surgery capability pursuant to CON #R-0951. The Applicant states River Oaks and Central propose to restructure their cardiac services by relocating their CONs for cardiac services to one another to provide cardiac services more efficiently. The proposed relocation will result in Merit Health Central providing PCI services in a hospital without on-site cardiac surgery capabilities and diagnostic cardiac cath services, and River Oaks providing OHS and both diagnostic and therapeutic cardiac cath services.

River Oaks projects there will be two (2) full-time equivalent (“FTE”) personnel added as a result of this project at an estimated annual cost of \$166,296.00.

The Applicant states the relocation will be accomplished without capital expenditures, and the Hospitals will utilize the vacated space for the relocated services. River Oaks expects the project will be complete within three (3) months of final CON approval.

The application contains a letter dated March 25, 2022, documenting MSDH Division of Health Facilities Licensure and Certification’s site approval for the project.

The Applicant states the final objective for the project is to ensure the long-term viability of the Hospitals’ cardiac care services, thus ensuring the accessibility of cardiac care to the Hospitals’ current and future patients.

II. TYPE OF REVIEW REQUIRED

The Mississippi State Department of Health (“MSDH”) will review applications for a CON for the relocation of health care services under §§ 41-7-173, 41-7-191(1)(e), and 41-7-193, of the Mississippi Code of 1972, Annotated, 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 of MSDH, and the specific criteria and standards listed below.

In accordance with Section 41-7-197(2) of the Mississippi Code of 1972, Annotated, as amended, any affected person may request a public hearing on this project within ten (10) days of publication of the staff analysis. The opportunity to request a hearing expires on June 27, 2022.

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

A. State Health Plan (SHP)

The *FY 2022 Mississippi State Health Plan, Second Edition* (“MSHP”) does not contain policy statements or criteria and standards the applicant is required to meet before receiving CON authority for the relocation of cardiac services. However, the application is in compliance with the four (4) General CON Policies as stated in the Plan: to improve the health of Mississippi residents; to increase the accessibility, acceptability, continuity, and quality of health services; to prevent unnecessary duplication of health resources; and to provide some cost containment.

In terms of accessibility, acceptability, continuity, and quality of health services, the Applicant submits the project ensures the long-term viability of existing, CON-authorized open-heart surgery service by relocating that service to River Oaks, which is located in and primarily serves an area with an increasing population. The Applicant further states, the project will ensure that patients in close proximity to Merit Health Central will have access to PCI and diagnostic cardiac catheterization services.

The Applicant submits the relocation of existing cardiac services prevents unnecessary duplication of health resources because no new program or service will be added; rather, the project will address the current maldistribution of open-heart surgery and therapeutic catheterization programs in the Jackson metro area. Further, the Applicant states the relocation of an underutilized program at Central will provide cost containment because OHS service is expected to see some increase in volume due to population growth in River Oaks' service area and expected recruitment of additional cardiac service providers to River Oaks' medical staff.

In addition, the Applicant states the project will ensure existing OHS service remains financially viable in the long-term, thus it can continue to provide needed cardiac services to ultimately improve the health of Mississippi resident. Finally, the Applicant states this project will improve the health of Mississippi residents as heart disease is consistently the number one cause of death in Mississippi. The Applicant states, according to the Centers for Disease Control and Prevention ("CDC"), the Mississippi heart disease death rate is the highest in the nation with 245.6 deaths per 100,000 persons in 2020. The Applicant submits this statistic highlights the importance of keeping existing cardiac programs open.

B. General Review (GR) Criteria

Chapter 8 of the *Mississippi Certificate of Need Review Manual, Revised September 1, 2019*, addresses general criteria by which all CON applications are reviewed. This application is in substantial compliance with the general review criteria contained in the manual.

GR Criterion 1- State Health Plan

The application was reviewed for consistency with the *FY 2022 Mississippi State Health Plan, Second Edition*, in effect at the time of submission. As stated above, the application substantially complies with the four (4) General CON Policies as identified by the Plan.

GR Criterion 2 – Long Range Plan

The Applicant states the hospital recognizes that the population is changing in Hinds and Rankin counties. The Applicant further states the population in Hinds County (the location of Merit Health Central) is decreasing while the population in Rankin

County (the location of River Oaks) is increasing. According to the Applicant, there has been an approximate seven percent (7%) decrease in the population primarily supporting Merit Health Central's utilization (i.e., Hinds County residents) and an approximate eleven percent (11%) increase in the population primarily supporting River Oaks' utilization (i.e., Rankin County residents). Thus, the Applicant states the application is the Hospitals' attempt to relocate services to best address patient needs while at the same time maintaining sufficient services at Central to continue meeting patient needs. The Applicant states, by relocating the OHS authority and catheterization capability from Central to River Oaks and PCI authority and diagnostic catheterization from River Oaks to Central, the two (2) hospitals will be able to address current and future patient and staff needs.

GR Criterion 3 – Availability of Alternatives

- a. Advantages and Disadvantages:** The Applicant states the Hospitals considered not making a change to their services; however, the majority of the population which supports Central is declining overall, while the majority of population supporting River Oaks is increasing. Thus, the Applicant concluded the only viable alternative is to relocate the CONs to ensure the respective programs are financially viable in the long-term and thus can continue to ensure accessibility to cardiac care services for the Hospitals' patient population.
- b. New Construction Projects:** The Applicant states this criterion is not applicable to this project.
- c. Beneficial Effects to the Health Care System:** As indicated above, the Applicant submits cardiac services at Central are underutilized. The Applicant states this is due to several factors including a decreasing population in Hinds County, a small number of interventional cardiologists and cardiovascular surgeons on staff at Central and limited availability of backup interventionalists and surgeons. The Applicant states, by relocating Central's cardiac services to River Oaks and River Oaks' cardiac services to Central, Central will be able to continue to provide PCI services, which is the most prevalent cardiac service utilized at Central, without having to maintain the cost of a full time OHS program. In addition, the Applicant states by relocating services to River Oaks, River Oaks will be able to maximize the efficiency of cardiac services between the two (2) hospitals as its patient population increases, and it will be in a better position to recruit additional staff needed to support a growing program.
- d. Effective and Less Costly Alternatives:**
 - i. Unnecessary Duplication of Services:** The Applicant states the project seeks to improve the efficiency of services offered while helping to ensure the Hospitals' respective patients' continuity of care.

- ii. **Efficient Solution:** The Applicant states the project will help the Hospitals more efficiently address the needs of their respective patients as well as address the growing population of Rankin County.
- e. **Improvements and Innovations:** The Applicant asserts following the relocation of Central's historically underutilized OHS program to River Oaks, Central will be able to more efficiently allocate and utilize existing resources to support other service lines that it has in place and help to ensure the long-term viability of its array of services to meet its patients' needs.
- f. **Relevancy.** The Applicant states the relocation of open-heart services to River Oaks will ensure efficient operations by placing an existing cardiac care program at the hospital that is located at and primarily serves an increasing population base.

GR Criterion 4 - Economic Viability

- a. **Proposed Charge:** The Applicant asserts there are no changes anticipated to charges as a result of the project. The Applicant states River Oaks is unaware of the profitability of similar services in the metro area.
- b. **Projected Levels of Utilization:** The Applicant states the Hospitals propose to relocate their respective existing cardiac services to one another and have based their projections on historical utilization. The Applicant further states River Oaks has conservatively assumed minimal volume growth while Central has assumed that its PCI volume will remain relatively flat.
- c. **Financial Feasibility Study:** This criterion is not applicable as the Applicant proposes no capital expenditure.
- d. **Financial Forecasts:** The Applicant states this criterion is not applicable.
- e. **Means of Covering Expenses in Event of Failure to Meet Projections:** The Applicant states the Hospitals propose to relocate their respective existing cardiac services to one another and have based their projections on historical utilization and in consideration of population changes in the communities they serve. The Applicant further states both hospitals are owned by Community Health Services and will work together in any decisions regarding the use of resources to cover expenses if the projected revenues are not met.
- f. **Impact of Proposed Project on Health Care Cost:** The Applicant states the project will not have a significant impact to the overall cost of healthcare and the Hospitals do not anticipate any substantial impact on gross revenues or impact on Medicaid expenses per procedure.

GR Criterion 5 - Need for the Project

- a. Access by Population Served:** The Applicant states the need for the project is to better align an existing OHS program with the population growth in the metro area, which will ensure the long-term viability of that existing program for patients. The Applicant states an added benefit of relocation of the OHS program from Central to River Oaks is the increased efficiency of cardiac care services at each hospital and the ability of Central to allocate limited resources to programs that it uniquely provides to the communities served, e.g., inpatient psychiatric services. Thus, the Applicant states the Hospitals will continue to serve low-income persons, racial and ethnic minorities, women, handicapped persons and other underserved groups following completion of the proposed project as they have in the past.

Moreover, the Applicant states, there will be no net change in the inventory of available OHS and cardiac catheterization programs in the metro area; rather, the accessibility of existing cardiac care programs will be enhanced through better distribution of those programs in terms of population growth.

- b. Relocation of Services:** The Applicant asserts population changes support the relocation of existing services. The Applicant submitted charts, from the U.S. Census Bureau, that indicate Rankin County's population has increased by 157,031 residents since 2010, making Rankin County the State's 4th most populated county. In addition, information submitted by the Applicant indicates that Rankin County's total population increased by 15,414 persons, or 10.9%, from 2010 to 2020. During this same period, the Applicant states Hinds County's population lost 17,543 residents between 2010 and 2020, a 7.2% loss of its population base.

The Applicant notes that all existing OHS programs in the metro area are located in Hinds County, and Rankin County only has cardiac cath services without OHS capability. Thus, the Applicant believes the project will better align an existing OHS program with the changing population base in the metropolitan area.

The Applicant submits not only does the total population changes support the relocation of existing services, but the aging population does as well. The Applicant states those over sixty-five (65) utilize healthcare services more frequently than those younger. The Applicant states Rankin County's population aged sixty-five (65) and over is projected to increase by double digits (14.0%) between 2022 and 2027 while Hinds County's sixty-five (65) and over population is projected to grow slower at 8.5%.

In further support of the need for the relocation project, the Applicant performed a Zip-Code Analysis, which the Applicant states confirms that the relocation of an existing OHS program from an area with a declining

population to an area with an increasing population is in the patients' and programs' best interest.

The following tables (as submitted by the Applicant) indicate while Central's geographic area served is projected to lose population overall (-3.0%), River Oaks' zip codes served are projected to marginally increase in population overall (0.5%).

Merit Health Central Inpatient Origin by Zip Code, CY 2021							
Zip Codes Served by Central				Total Population by Zip Code			
Zip Code	County	CY 2021		2010 Census	2022 Proj.	2027 Proj.	% Change, 2022-2027
		% of Total	Cum. %				
39212	Hinds	10.5%	10.5%	32,733	29,365	28,002	-4.6%
39209	Hinds	8.2%	18.7%	29,723	25,825	24,464	-5.3%
39204	Hinds	7.5%	26.2%	19,879	17,825	17,022	-4.5%
39046	Madison	3.0%	29.2%	27,089	29,332	29,951	-2.1%
39056	Hinds	2.9%	32.1%	25,812	24,198	23,345	-3.5%
39180	Warren	2.6%	34.7%	32,778	29,491	28,306	-4.0%
39154	Hinds	2.4%	37.1%	10,369	9,749	9,417	-3.4%
39201	Hinds	2.2%	39.3%	501	518	516	-0.4%
39120	Adams	2.1%	41.4%	32,130	29,482	28,404	-3.7%
30213	Hinds	2.1%	43.4%	23,625	20,558	19,486	-5.2%
39206	Hinds	1.8%	45.2%	24,743	21,695	20,569	-5.2%
39066	Hinds	1.8%	47.0%	4,451	4,001	3,810	-4.8%
39202	Hinds	1.8%	48.7%	8,389	7,505	7,174	-4.4%
39194	Yazoo	1.7%	50.4%	21,216	20,127	19,506	-3.1%
39059	Copiah	1.7%	52.1%	12,065	11,178	10,866	-2.8%
39208	Rankin	1.6%	53.7%	33,708	35,936	36,314	1.1%
39203	Hinds	1.4%	55.1%	7,667	6,818	6,556	-3.8%
39272	Hinds	1.4%	56.5%	12,877	13,451	13,350	-0.8%
Total Population for Identified Zip Codes				359,755	337,054	327,058	-3.0%
Source: Central internal data; Environics Analytics (EA) and Claritas.							
Note: Patient origin for acute care inpatients.							

Source: CON Application, River Oaks Hospital, LLC d/b/a Merit Health River Oaks, Application for Certificate of Need, Relocation of Cardiac Services, May 3, 2022.

River Oaks Inpatient Origin by Zip Code, CY 2021							
Zip Codes Served by Central				Total Population by Zip Code			
Zip Code	County	CY 2021		2010 Census	2022 Proj.	2027 Proj.	% Change, 2022-2027
		% of Total	Cum. %				
39047	Rankin	9.7%	9.7%	34,321	40,518	42,022	3.7%
39208	Rankin	9.1%	18.8%	33,708	35,936	36,314	1.1%
39042	Rankin	8.2%	27.0%	32,980	37,408	38,388	2.6%
39073	Rankin	5.2%	32.2%	20,187	21,471	21,711	1.1%
39110	Madison	3.5%	35.7%	35,505	43,985	45,488	3.4%
39211	Hinds	2.9%	38.6%	24,355	21,985	21,025	-4.4%
39056	Hinds	2.6%	41.2%	25,812	24,198	23,345	-3.5%
39157	Madison	2.5%	43.6%	24,530	25,568	25,959	1.5%
39046	Madison	2.4%	46.0%	27,089	29,332	29,951	2.1%
39074	Scott	2.3%	48.3%	14,740	14,465	14,299	-1.1%
39051	Leake	2.2%	50.5%	16,984	16,048	15,771	-1.7%
39114	Simpson	2.1%	52.6%	10,543	10,221	10,067	-1.5%
39218	Rankin	2.0%	54.7%	6,602	6,870	6,909	0.6%
39272	Hinds	1.9%	56.6%	12,877	13,451	13,350	-0.8%
39232	Rankin	1.9%	58.5%	7,372	8,254	8,472	2.6%
39212	Hinds	1.8%	60.3%	32,733	29,365	28,002	-4.6%
Total Population for Identified Zip Codes				360,338	379,075	381,073	0.5%
Source: Central internal data; Environics Analytics (EA) and Claritas.							
Note: Patient origin for acute care inpatients.							

Source: CON Application, River Oaks Hospital, LLC d/b/a Merit Health River Oaks, Application for Certificate of Need, Relocation of Cardiac Services, May 3, 2022.

As shown above, the Applicant states the Hospitals' service areas have been directly impacted by population changes and will continue to be impacted based on reasonable projections. The Applicant believes the project will address the current and future needs of the Hospitals in an efficient way that ensures the Hospitals' patients and communities served continue to have available cardiac care services at the Hospitals.

The Applicant states the only visible change, after the relocation of services, will be the OHS service at River Oaks, which the Applicant states will better align an existing OHS program with population changes. The spaces utilized by the relocated services at the two (2) hospitals will continue to be utilized for cardiac services.

- c. **Current and Projected Utilization of Comparable Facilities:** The Applicant submits for purposes of the project, the Hospitals have anticipated a modest increase in utilization at River Oaks with relatively stable utilization at Central. The Hospitals anticipate the proposed relocations will not significantly impact utilization at other existing providers in the Plan defined service area, CC/OHSPA-5.

- d. **Probable Effect on Existing Facilities in the Area:** The Applicant states the proposed project will relocate existing OHS services from Central to River Oaks to better serve the Hospitals' existing patients and ensure long-term financial viability of the OHS program. Thus, the project will not have an impact on existing OHS providers.
- e. **Community Reaction:** The application contains eleven (11) letters of support from the Mayor of Flowood, residents of Rankin County, and physicians.

GR Criterion 6 - Access to the Facility or Service

- a. **Access to Services.** The Applicant states both Hospitals serve medically underserved populations and will continue to do so following approval of the project. The Applicant further states while the population served by Central would generally be considered more medically underserved than the population served by River Oaks, the project seeks to ensure the continued availability of OHS services to Central's patients within the Merit Health system by relocating OHS to River Oaks where the program is expected to be financially viable in the long-term.

The following table reveals River Oaks' projections of charity care and medically indigent patient revenue for the first two (2) years.

	Medically* Indigent (%)	Medically Indigent (\$)	Charity Care (%)	Charity Care (\$)
Historical Year 2019	NA	NA	2%	\$1,262,154.00
Historical Year 2020	NA	NA	2%	\$1,311,465.00
Projected Year 1	NA	NA	2%	\$3,247,708.00
Projected Year 2	NA	NA	2%	\$3,369,963.00

*The Hospital does not separate its indigent/charity cases. All patients in this category are captured together.

- b. **Existing Obligations:** The Applicant affirms this criterion is not applicable.
- c. **Unmet Needs of Medicare/Medicaid and Medically Indigent Patients:** The Applicant states the hospital treats all patients regardless of payor source.
- d. **Access to Proposed Facility:** The Applicant states the hospital is an established provider and anticipates potential patients will continue to access services at the hospital in the same way as they have in the past.

e. Access Issues

- i. **Transportation and Travel:** The Applicant submits River Oaks is conveniently located off Lakeland Drive.
- ii. **Restrictive Admissions Policy:** The application contains a copy of River Oaks' admission policy.
- iii. **Access to Care by Medically Indigent Patients:** The Applicant states medically indigent patients currently receive services at River Oaks and will continue to do so.
- iv. **Operational Hours of Service:** The Applicant states elective services will be scheduled during the traditional business hours, generally, 7am – 5pm, five (5) days per week. Primary/emergency PCI services will be available twenty-four (24) hours per day, seven (7) days per week, 365 days per year.

GR Criterion 7 - Information Requirement

River Oaks affirms it will record and maintain the information required by this criterion regarding charity care, care to the medically indigent, and Medicaid populations and will make it available to the Department within fifteen (15) business days of its request.

GR Criterion 8 - Relationship to Existing Health Care System

- a. **Comparable Services.** The Applicant states Central and River Oaks are seeking approval to relocate their respective services in order to address the anticipated continuing trend in population changes and accompanying utilization changes while ensuring utilized services (namely PCI) remain available at Central. The Applicant further states, by prioritizing OHS patients seeking services at Central for surgery at River Oaks, there will not be a significant disruption in service delivery. The two (2) hospitals are in the same CC/OHSPA and are less than fifteen (15) miles apart. There will not be a change in the overall number of providers in the CC/OHSPA as a result of the project.
- b. **Effect on Existing Health Services**
 - i. **Complement Existing Services:** The Applicant states the project proposes to improve the efficiency of cardiac care at the Hospitals by relocating services to position them to meet current and future needs of patients in a way that continues to provide the most utilized cardiac procedure, namely PCI, at Central.

- ii. **Provide Alternative or Unique Service:** The Applicant states the project is only for the relocation of existing services. The Applicant affirms the proposed project does not change existing services in the CC/OHSPA.
 - iii. **Provide a service for a specified target population:** The Applicant states the ability of cardiac patients to receive health services will not change as a result of the project.
 - iv. **Provide services for which there is an unmet need:** The Applicant submits that while the two hospitals currently provide cardiac services, access to services will improve as operational efficiency helps build OHS and therapeutic cath at River Oaks through the recruitment of more specialists to support the population growth. The Applicant states the project supports the Hospitals' respective services to ensure their patients continue to receive services in an efficient system of care matching resources and staff to population and utilization.
- c. **Adverse Impact.** The Applicant submits failure to approve the project could result in no interventional cardiac services being offered at Central. The Applicant affirms this would most likely result in a gap in care for the patients utilizing Central for PCI services. The Applicant states the project will result in the continuation of PCI services at Central (the interventional procedures most utilized there) while relocating OHS and additional therapeutic cath services to River Oaks where it can be more efficiently sustained and an existing OHS program is better aligned with population growth.
- d. **Transfer/Referral/Affiliation Agreements.** The application contains a Clinical Educational Affiliation Agreement between University Hospitals and Health System for the University of Mississippi Medical Center and Community Health Systems Professional Services Corporation.

GR Criterion 9 - Availability of Resources

- a. **New Personnel.** The Applicant states the hospital's current staff along with cardiovascular surgery support staff will provide services.
- b. **Contractual Services.** The Applicant submits the hospital is a full service general acute care hospital and will ensure any necessary services are provided.
- c. **Existing Facilities or Services.** The Applicant states the hospital has adequate staff for its services.
- d. **Alternative Uses of Resources.** The Applicant states the hospital is an existing facility and is adequately staffed.

GR Criterion 10 – Relationship to Ancillary or Support Services

- a. Support and Ancillary Services.** The Applicant states, as a full service general acute care hospital, all necessary support and ancillary services are available.
- b. Changes in Costs or Charges.** The Applicant submits no significant change in costs or charges is anticipated as a result of the project.
- c. Accommodation of Changes in Cost or Charges.** As stated above, the Applicant submits no significant change in costs or charges is anticipated as a result of the project.

GR Criterion 11 – Health Professional Training Programs

The Applicant submitted a list of active Health Care School Agreements, containing sixteen (16) nursing and two (2) social work programs.

GR Criterion 12 – Access by Health Professional Schools

The Applicant submitted a list of active Health Care School Agreements, containing sixteen (16) nursing and two (2) social work programs.

GR Criterion 13 – Access by Individuals Outside Service Area

The Applicant states the Hospitals anticipate providing services to the populations historically served; however, in the event persons outside the hospital's existing communities served presents to the hospital with cardiac problems, services will be made available.

GR Criterion 14 - Construction Projects

The Applicant affirms this criterion is not applicable.

GR Criterion 15 – Competing Applications

The project proposes the relocation of services between providers; therefore, the project is not a competing application.

GR Criterion 16 - Quality of Care

- a. Past Quality of Care.** The Applicant asserts the hospital maintains its Joint Commission accreditation which is an indicator for quality of care.
- b. Improvement of Quality of Care.** The Applicant asserts the relocation of services will allow the continuation of PCI services at Central while ensuring

the long-term availability of OHS for Central’s patients at River Oaks and allow River Oaks to treat its growing population base with both OHS and therapeutic cardiac cath services.

- c. **Accreditations and/or Certifications.** The Applicant submits the hospital is accredited by the Joint Commission.

IV. FINANCIAL FEASIBILITY

A. Capital Expenditure Summary

The Applicant indicates no capital expenditure will be required for this project.

B. Method of Financing

The Applicant proposes a capital expenditure less than \$2,000,000.00; therefore, this criterion is not applicable

C. Effect on Operating Cost

The three-year projected operating statement for River Oaks is presented at Attachment 1.

D. Cost to Medicaid/Medicare

River Oaks projects gross patient revenue cost (Project Only) to third party payors as follows:

Payor Mix	Utilization Percentage (%)	First Year Revenue (\$)
Medicare	62.00%	\$ 4,004,865.00
Medicaid	7.00%	452,162.00
Commercial	12.00%	775,135.00
Self Pay	6.00%	387,568.00
Charity Care	2.00%	129,189.00
Other	11.00%	710,541.00
Total	100.00%	\$ 6,459,460.00

V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES

The Division of Medicaid (“Division”) was provided a copy of this application for review and comment. A letter dated May 17, 2022, indicates the Division has no opinion on this transaction.

VI. CONCLUSION AND RECOMMENDATION

This project is in substantial compliance with the four (4) general CON policies as contained in the *FY 2022 Mississippi State Health Plan, Second Edition*; the *Mississippi Certificate of Need Review Manual, September 1, 2019, Revision*; and the duly 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 River Oaks Hospital, LLC d/b/a Merit Health River Oaks for the relocation of cardiac services.

Attachment 1

River Oaks Hospital, LLC d/b/a Merit Health River Oaks Relocation of Cardiac Services Three-Year Operating Statement (Project Only)			
	Year 1	Year 2	Year 3
Revenue			
Patient Revenue:			
Inpatient	\$ 4,979,067.00	\$ 5,784,987.00	\$ 6,508,111.00
Outpatient	1,480,393.00	1,720,013.00	1,935,014.00
Gross Patient Revenue	\$ 6,459,460.00	\$ 7,505,000.00	\$ 8,443,125.00
Charity Care	\$ 89,140.00	\$ 103,569.00	\$ 116,515.00
Deductions from Rev.	4,367,887.00	5,074,881.00	5,709,241.00
Net Patient Revenue	\$ 2,002,433.00	*\$ 2,326,550.00	\$ 2,617,369.00
Other Operating Revenue			
Total Operating Revenue	\$ 2,002,433.00	*\$ 2,326,550.00	\$ 2,617,369.00
Expenses			
Operating Expenses:			
Salaries	\$ 732,554.00	\$ 747,205.00	\$ 762,149.00
Benefits	153,836.00	156,913.00	160,051.00
Supplies	634,796.00	753,640.00	847,845.00
Service	171,000.00	171,000.00	171,000.00
Lease	0.00	0.00	0.00
Depreciation	0.00	0.00	0.00
Interest	0.00	0.00	0.00
Other	316,976.00	316,796.00	316,976.00
Total Expenses	\$ 2,009,162.00	\$ 2,145,554.00	\$ 2,258,021.00
Net Income (Loss)	\$ (6,729.00)	*\$ 180,996.00	*\$ 359,348.00
Assumptions			
Inpatient days	0	0	0
Outpatient days	0	0	0
Procedures	428	520	585
Charge/inpatient day	\$ NA	\$ NA	\$ NA
Charge per outpatient	\$ NA	\$ NA	\$ NA
Charge per procedure	\$ 15,092.00	\$ 14,433.00	\$ 14,433.00
Cost per inpatient day	\$ NA	\$ NA	\$ NA
Cost per procedure	\$ 4,604.00	\$ 4,126.00	\$ 3,860.00
*Note: Staff calculation differs from applicant's by \$1.00.			