

**DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT
DECEMBER 29, 2023**

**CON REVIEW HG-SB-1123-14
GREENWOOD LEFLORE HOSPITAL
OFFERING OF SWING-BED SERVICES
CAPITAL EXPENDITURE: \$0.00
LOCATION: GREENWOOD, LEFLORE COUNTY, MISSISSIPPI**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

Greenwood Leflore Hospital ("GLH" or the "Applicant") is a rural community hospital jointly owned by the City of Greenwood and Leflore County, Mississippi. GLH received approval from the Mississippi State Department of Health's Division of Health Facilities Licensure and Certification for the decrease of bed capacity to not exceed over thirty-five (35) beds on February 3, 2023. GLH's licensed beds count for services are as follows: twenty-five (25) Acute Care beds, Zero (0) Psychiatric beds, Zero (0) Chemical Dependency beds, and ten (10) Rehabilitation beds. Greenwood Leflore Hospital is accredited by the Joint Commission on Accreditation of Healthcare Organizations ("JCAHO"). GLH operates a Level four (4) Trauma Center; clinic laboratories that are Clinical Laboratory Improvement Amendments certified; Mammography, CT, and MRI services that are accredited by the American College of Radiology; and a Level two (2) Stroke Center.

B. Project Description

Greenwood Leflore Hospital requests Certificate of Need (CON) authority to establish swing-bed services. The Applicant states the addition of this service will allow GLH's patients to receive quality post-acute care within their community. Furthermore, the Applicant asserts as a public safety-net hospital, GLH serves medically underserved populations that will greatly benefit the swing-bed services.

The Applicant submits that the primary objective of this proposed project is to respond to community health needs by instituting swing-bed services at Greenwood Leflore Hospital as part of the hospital's continuum of care.

The Applicant confirms there is no capital expenditure to obligate for the proposed project.

The application contains a letter dated December 5, 2023, from the Mississippi State Department of Health's ("MSDH") Division of Health Facilities Licensure and Certification, approving the site for the proposed project.

II. TYPE OF REVIEW REQUESTED

This Certificate of Need (CON) application to establish swing-bed services is reviewed under the applicable statutory 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 a CON according to the general criteria stated in the *Mississippi Certificate of Need Review Manual, November 11, 2023*; all adopted rules, procedures, and plans 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 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 January 8, 2024.

III. CERTIFICATE OF NEED CRITERIA AND STANDARDS

A. State Health Plan (SHP)

The *FY 2022 Mississippi State Health Plan, Third Edition ("MSHP")* contains criteria and standards that the Applicant is required to meet before receiving CON authority to establish swing-bed services. The Applicant substantially complies with the criteria and standards as addressed below.

SHP Need Criterion 1- Federal Requirements

GLH certifies that it will meet all federal regulations regarding swing-bed services, as set forth in the CMS State Operations Manual Appendix T — Regulations and Interpretive Guidelines for Swing Beds in Hospitals. These regulations include the following eligibility requirements found in 42 CFR § 482.58(a):

- (a) GLH is licensed for twenty-five (25) acute care beds and ten (10) distinct-part inpatient rehabilitation beds, which meets the requirement that the facility have fewer than 100 hospital beds.
- (b) GLH is located in a "rural area" because Leflore County is outside of a Metropolitan Statistical Area, as defined by the Federal Office of Management and Budget. This area is not delineated as an "urbanized" area by the Census Bureau, based on the most recent United States Census.
- (c) GLH does not have in effect a 24-hour nursing waiver granted under 42 CFR § 488.54(c)
- (d) GLH has not had a swing-bed approval terminated within the last two (2) years.

SHP Need Criterion 2 – Resolution Adopted for Proposed Participation

The Applicant has provided a copy of the Resolution adopted by the board of trustees of GLH.

SHP Need Criterion 3 – Hospitals Proposing Beds over the Maximum Allowed by Federal Law

The Applicant states this criterion is not applicable to the proposed project. The applicant affirms GLH will not operate more than the maximum number of beds specified in federal regulations for participation in the swing-bed program.

SHP Need Criterion 4 – Medicare Recipients

The Applicant affirms that upon receiving CON approval and meeting all federal requirements for participation in the swing-bed program, the Hospital shall render services provided under the swing-bed program to any patient eligible for Medicare and who is certified by a physician to need such services.

SHP Need Criterion 5 – Limitation on Medicare/Medicaid Patients

The Applicant affirms that upon receiving CON approval and meeting all federal requirements for participation in the swing-bed program, the Hospital shall not permit any patient who is eligible for both Medicaid and Medicare or who is eligible only for Medicaid to stay in the swing beds of the Hospital for more than thirty (30) days per admission unless the Hospital receives prior approval for such patient from the Division of Medicaid.

SHP Need Criterion 6 – Hospitals with More Licensed Beds or a Higher Average Daily Census

The Applicant states this criterion is not applicable to the proposed project. Furthermore, the Applicant affirms GLH will not operate more licensed beds or maintain a higher average daily census than the maximum number specified in federal regulations for participation in the swing-bed program.

SHP Need Criterion 7 – Transfer Agreements

The Applicant states GLH has entered into a transfer agreement with Nexion Health at Greenwood, Inc. d/b/a Crystal Rehabilitation and Healthcare Center.

A copy of the patient transfer agreement was included in the application.

SHP Need Criterion 8 – Failure to Comply

1. The Applicant affirms to comprehend and comply with its understanding of this criterion.
2. The Applicant submits that this criterion is not applicable to the proposed project because swing-bed services are typically provided when the patient no longer meets the criteria for acute care services but requires additional skilled nursing services prior to returning home or to another setting.

B. General Review (GR) Criteria

Chapter 8 of the *Mississippi Certificate of Need Review Manual, November 11, 2023, Revision*, addresses the general criteria by which all CON applications are reviewed. This application substantially complies with the general review criteria.

GR Criterion 1 – State Health Plan

GLH affirms that the proposed project substantially complies with the general review criteria of Chapter 8 of the *Mississippi Certificate of Need Review Manual, November 11, 2023, Revision*. The application is also consistent with and substantially complies with the *FY 2022 (3rd Edition) MS State Health Plan*.

GR Criterion 2 - Long Range Plan

The Applicant submits the establishment of swing-bed services at GLH is consistent with GLH's long-range plan of offering health services in response to community needs. Furthermore, the Applicant states the residents of GLH's service area will greatly benefit from the continuum of care provided through the Hospital's swing-bed program.

GR Criterion 3 – Availability of Alternatives

The Applicant states that GLH considered the establishment of a distinct-part skilled nursing facility ("SNF"); however, GLH determined that it was preferable to institute swing-bed services to provide greater flexibility in responding to the needs of its patients. Additionally, the applicant submits the implementation of swing-bed services does not require a capital expenditure, while the cost of instituting a distinct part SNF would involve significant costs due to the creation of a dayroom, dining room, family conference, and other areas required for an SNF.

- a. **Advantages and disadvantages of alternatives:** The Applicant states the offering of swing-bed services was determined to be a superior alternative because such a program enables GLH to have greater flexibility in responding to patient's needs.
- b. **New construction projects:** The Applicant affirms that the proposed

project does not require new construction.

- c. How the option selected most effectively benefits the health care system:** The Applicant states the offering of swing-bed services at GLH will benefit the health care system by allowing patients to remain in the Hospital, in a post-acute setting, prior to discharge. The level of care offered by swing-bed services is beneficial to the patient in need of post-acute care and is a highly cost-effective process.
- d. More effective and less costly alternative:** GLH states there is no less costly alternative for the proposed project. The institution of swing-bed services at GLH does not involve a capital expenditure and will enable GLH to continue to provide post-acute services to patients in a cost-effective setting.

 - i. Unnecessary duplication of services:** The Applicant submits the proposed project is not a duplication of existing services. Further, the Applicant states the offering of swing-bed services will enable GLH to provide a continuum of care.
 - ii. More efficient solution:** The Applicant submits the proposed swing-bed program will allow acute care patients to receive appropriate post-acute care without the necessity of transfer or discharge. The program offers a cost-effective and clinically appropriate solution to patient needs.
- e. Improvements or innovations:** According to the Applicant, the establishment of swing-bed services at GLH will enable the Hospital to provide post-acute care to patients in a more appropriate, cost-effective setting.
- f. Relevancy:** The Applicant asserts over the course of many years, the federal swing-bed program has proven to be an extremely beneficial component of health services offered by rural hospitals. Furthermore, the Applicant states the proposed swing-bed program will continue to serve community health needs for the foreseeable future.

GR Criterion 4 - Economic Viability

- a. Proposed charges for and profitability of the proposed service:** The Applicant states the projected charges are based on GLH's financial experience and assessment.
- b. Reasonably consistency of projected levels of utilization:** The Applicant states the projected utilization is based on an assessment of the

needs of GLH patients for post-acute care. Furthermore, the applicant states the proposed project will enable GLH to offer a continuum of care to the residents of its service area.

- c. **Financial feasibility study:** The Applicant affirms the proposed project does not require a capital expenditure; therefore, this criterion is not applicable to the proposed project.
- d. **Deviation of financial forecasts from a three-year historical period:** The Applicant states this criterion is not applicable to the proposed project, and GLH does not project any significant deviations in its financial forecasts.
- e. **In event the project fails:** The Applicant asserts GLH would be able to cover expenses with cash reserves, if needed; however, GLH expects the proposed swing-bed program will meet projected revenues.
- f. **Impact of the proposed project on the cost of health care:** GLH asserts through the offering of swing-bed services, GLH will be able to provide care to patients in need of such services, in a more appropriate and cost-effective setting.

GR Criterion 5 - Need for the Project

- a. **Need of the population to be served:** According to the Applicant, as a Mississippi community "safety net" hospital, GLH is accessible to all residents of the service area, including the underserved groups identified above.
- b. **Relocation:** The Applicant indicates the proposed project will not relocate or replace the facility.
- c. **Current and projected utilization of like facilities:** The Applicant states other rural hospitals in General Hospital Service Area 3 offer swing-bed services to their patients. The Applicant submits that GLH is a public "safety net" located in the heart of the Mississippi Delta, an area with high levels of poverty and chronic disease, therefore access to healthcare is essential to the well-being of this population, and GLH is accessible to all residents of the service area, including the medically underserved. Additionally, the Applicant states GLH determination of offering swing-bed services will greatly benefit the residents of GLH's service area by offering a continuum of care, because the swing-bed program will allow patients to remain in the hospital, following acute care, in a post-acute setting, prior to discharge. The Applicant states that the level of care offered by swing-bed services is beneficial to the patient in need of post-acute care and is also cost effective. Furthermore, the applicant submits GLH proposes to initiate a swing-bed program for the benefit of its patients, many of whom are medically

underserved and need access to post-acute care.

- d. **Probable effect of proposed service on existing facilities:** The applicant asserts GLH's proposed swing-bed program will not duplicate existing health services in the service area but will complement existing services and enable GLH to provide an appropriate continuum of care.
- e. **Community reaction to service:** The application contains thirteen (13) letters of support for the proposed project.

GR Criterion 6 -Accessibility

a. Extent to which medically underserved populations are expected to use the proposed services:

1. The Applicant affirms that all residents of the health planning service area, hospital service area, or patient service area, including Medicaid recipients, charity/medically indigent patients, racial and minorities, women, disabled persons, and the elderly have access to the services of the existing facility.
2. The Applicant affirms that the above-listed residents will continue to have access to the proposed services and/or facility as described in the application.
3. Presented below, the Applicant supplied the percentage of gross patient revenue and actual dollar amount for the past two (2) historical years and projects the following percentage of gross patient revenue and actual dollar amount of healthcare provided to medically indigent and charity care patients for the first two (2) years of the project.

Gross Patient Revenue

	Medically Indigent	Charity Care	Medically Indigent (\$)	Charity Care (\$)
Historical Year 2021	N/A	3%	N/A	\$5,023,770.32
Historical Year 2022	N/A	3%	N/A	\$5,357,953.55
Projected Year 1	N/A	2%	N/A	\$3,604,208.78
Projected Year 2	N/A	2%	N/A	\$3,700,000.00

- b. **Existing obligations under federal regulation:** The Applicant indicates

that it has no existing obligations under any federal regulation requiring the provision of uncompensated care, community service, or access by minority disabled persons.

- c. **Extent to which unmet needs of Medicare, Medicaid, and medically indigent patients are proposed to be served:** The Applicant affirms that GLH serves the community as a public, safety net hospital and is fully accessible to Medicare, Medicaid, and medically indigent patients. Furthermore, GLH asserts the establishment of swing-bed services at GLH will enable the Hospital to offer its patients the clinical benefits of post-acute, skilled nursing.
- d. **Access to the proposed facility or service:** The Applicant submits that all health services offered by GLH are accessible to all residents of the service area.
- e. **Access Issues:**
 - i. **Transportation and travel time to the facility:** The Applicant affirms GLH is accessible via U.S. Highway 82.
 - ii. **Restrictive admissions policies:** The application contained a copy of GLH's admissions policy.
 - iii. **Access to Care by Medically indigent patients:** The Applicant states GLH is fully accessible to medically indigent patients and serves a significant number of these patients on an annual basis.
 - iv. **Hours Per Week of Operation:** The Applicant affirms GLH operates twenty-four (24) hours per day, seven (7) days per week.

GR Criterion 7- Information Requirement

GLH affirms that it will record and maintain information regarding charity care, care to the medically indigent, and Medicaid populations, as required by this General Criterion, and shall make the data available to the Mississippi State Department of Health within fifteen (15) business days of request.

GR Criterion 8 - Relationship to Existing Health Care System

- a. **Existing and comparable services within the proposed Service Area:** The Applicant states GLH's swing-bed program is intended to serve the needs of the Hospital's acute care patients in need of continued care in a post-acute setting. Furthermore, the Applicant asserts this project does not duplicate or adversely impact existing services or providers.

- b. How the proposed project will affect existing health services:**
- i. Complement existing services:** The Applicant states the addition of the swing-bed program will complement the existing acute care services offered at the Hospital.
 - ii. Provide alternative or unique service:** The Applicant states swing-bed services are a unique arrangement, authorized by both federal and state regulations, in which a hospital is allowed to adjust its level of care in direct response to patient needs.
 - iii. Provide a service for a specific target population:** The Applicant submits the specific population that will benefit from such an arrangement is the acute care patients in need of post-acute care.
 - iv. Provide services for which there is an unmet need:** The Applicant states the proposed project will serve the unmet needs of patients who no longer need to be cared for in an acute care setting but would benefit from post-acute care prior to the transfer of discharge.
- c. Adverse impact due to failure to implement the proposed project:** GLH submits the failure to implement this project would be determinantal primarily to GLH's acute care patients in need of post-acute services and care.
- d. Transfer/referral/affiliation agreements:** The Applicant states that GLH currently has transfer/referral/affiliation agreements with Sta-Home Health and Hospice, Inc., Mid-Delta Home Health, Inc., University of Mississippi Health Care, and University of Mississippi Medical Center.

GR Criterion 9 - Availability of Resources

- a. Availability of new personnel:** The Applicant submits that GLH will be able to staff the proposed swing-bed program with existing personnel.
- b. Clinically related contractual services:** The Applicant submits GLH has professional services agreements with Jackson Heart Clinic, Professional Association for Cardiology Services, and Transitional Care Services Agreements with Segue Health of Mississippi, LLC for nurse practitioner services.
- c. Satisfactory staffing history:** The Applicant states GLH's satisfactory staffing history is demonstrated by the Hospital's accreditation by the Joint Commission on Accreditation of Healthcare Organizations ("JCAHO"). Additionally, GLH is licensed by the Mississippi State Department of Health and certified for Medicare and Medicaid participation.

- d. **Alternative uses of resources:** The Applicant submits this criterion is not applicable to the proposed project.

GR Criterion 10 - Relationship to Ancillary or Support Services

- a. **Ancillary services:** The Applicant states GLH currently has and will provide all necessary and ancillary services for its proposed swing-bed program.
- b. **Changes in costs or charges:** The Applicant states that no material changes in costs or charges are projected as a result of this proposed project.
- c. **Accommodation of change in costs or charges:** The Applicant states this is not applicable to the proposed project.

GR Criterion 11- Health Professional Training Programs

The Applicant states the proposed project does not involve or affect health professional training programs.

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 submits this criterion is not applicable to the proposed project.

GR Criterion 14 – Construction Projects

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

GR Criterion 15 – Competing Applications

The Applicant affirms they are not aware of any competing applications on file with the Department for swing bed services.

GR Criterion 16 - Quality of Care

- a. **Past quality of care:** The Applicant submits GLH is accredited by the JCAHO, licensed by the Mississippi State Department of Health, and certified for participation in the Medicare and Medicaid Programs.
- b. **Improvement in quality of care:** The Applicant states the proposed project will improve the quality of care provided to GLH's acute care

patients by enabling the Hospital to offer a continuum of care through post-acute skilled nursing services.

- c. **Accreditation and/or certifications held:** The Applicant affirms GLH is accredited by the JCAHO and is a Medicare and Medicaid certified provider.

IV. FINANCIAL FEASIBILITY

A. Capital Expenditure Summary

The Applicant states there is no proposed capital expenditure for this proposed project.

B. Cost to Medicaid/Medicare

The applicant’s projections of gross patient revenue percentages and actual dollar amount to Medicaid and Medicare payor sources for the first year of operation are presented below (Project ONLY).

Payor Mix	Utilization Percentage (%)	First Year Revenue (\$)
Medicare	100.00%	\$4,524,000
Medicaid	-	-
Commercial	-	-
Self Pay	-	-
Charity Care	-	-
Other	-	-
Total	100.00 %	\$4,524,000.00

C. Effect on Operating Cost

See Attachment 1 for the Applicant’s three-year projected operating statement.

V. RECOMMENDATION OF OTHER AFFECTED AGENCIES

The Division of Medicaid was provided with a copy of this application for review and comment. The Division of Medicaid has not responded to this application as of December 29, 2023.

VI. CONCLUSION AND RECOMMENDATION

This project substantially complies with the criteria and standards for the offering of swing-bed services contained in the *FY 2022 Mississippi State Health Plan, Third Edition*; Chapter 8 of the *Mississippi Certificate of Need Review Manual, November 11, 2023*; and

all adopted rules, procedures, and plans of the Mississippi State Department of Health.

The Division of Health Planning and Resource Development recommends approval of the application submitted by Greenwood Leflore Hospital for the Offering of Swing-Bed Services.

**ATTACHMENT 1
 Greenwood Leflore Hospital
 Offering of Swing-Bed Services
 Three-Year Projected Operating Statement
 (Project Only)**

	Year 1*	Year 2	Year 3
Revenue			
Patient Revenue:			
Inpatient	\$4,524,000.00	\$9,409,919.00	\$9,786,315.00
Outpatient	0.00	0.00	0.00
Gross Patient Revenue	<u>4,524,000.00</u>	<u>9,409,919.00</u>	<u>9,786,315.00</u>
Charity Care	0.00	0.00	0.00
Deductions from Rev.	<u>3,954,000.00</u>	<u>3,024,617.00</u>	<u>3,145,601.00</u>
Net Patient Care Revenue	<u>\$570,000.00</u>	<u>\$6,385,302.00</u>	<u>\$6,640,714.00</u>
Total Operating Revenue	<u>\$570,000.00</u>	<u>\$6,385,302.00</u>	<u>\$ 6,640,714.00</u>
Expenses			
Operating Expenses:			
Salaries	\$ 750,000.00	\$1,200,000.00	\$ 1,236,000.00
Benefits	150,000.00	240,000.00	247,200.00
Supplies	30,000.00	75,000.00	78,750.00
Services	15,000.00	15,000.00	15,000.00
Lease	0.00	0.00	0.00
Depreciation	0.00	0.00	0.00
Interest	0.00	0.00	0.00
Other	0.00	0.00	0.00
Total Operating Expenses	<u>\$ 945,000.00</u>	<u>\$ 1,530,000.00</u>	<u>\$ 1,576,950.00</u>
Net Operating Income (Loss)	<u>\$ (375,000.00)</u>	<u>\$ 4,855,302.00</u>	<u>\$5,063,764.00</u>
Assumptions			
Inpatient days	1,200	2,420	2,475
Outpatient days	0	0	0
Procedures	0	0	0
Charge per outpatient day	\$ 0.00	\$ 0.00	\$ 0.00
Charge per inpatient day	\$ 3,770.00	\$ 3,888.00	\$ 3,954.00
Charge per procedure	0.00	0.00	0.00
Cost per inpatient day	\$ 788.00	\$ 632.00	\$ 637.00
Cost per outpatient day	0.00	0.00	0.00
Cost per procedure	0.00	0.00	0.00