MISSISSIPPI STATE DEPARTMENT OF HEALTH
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT
September 21, 2026

CON Review Number: C-CO-0826-008
The Stern Cardiovascular Center, P.A. d/b/a Stern Cardiology Oxford East
Cost Overrun to CON # R- 1035 (C-NIS-1125-012)
Offering of Cardiac-Only PET Services
Capital Expenditure: $70,000.00
Additional Capital Expenditure: $73,457.59
Revised Capital Expenditure: $143,457.59
Location: Oxford, Lafayette County, Mississippi

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

The Stern Cardiovascular Center, P.A. ("Stern Cardiology" or the "Applicant") is a Business Corporation (Professional Association), and one (1) of the largest and most clinically effective Cardiology practices in the United States. Stern Cardiology was founded in 1920, operates twenty-three (23) outpatient offices primarily in Mississippi and Tennessee, and sees 260,000 patients annually.

According to the Applicant, Stern Cardiology joined Baptist Medical Group (MBG) in 2011. After fourteen (14) years of partnership, Stern Cardiology has decided to restore its independence and again operate as a private physician group. Stern Cardiology will be supported by Atria Health, a cardiology enablement platform, as both a financial and operational partner.

B. Project Background

On December 29, 2025, the Mississippi State of Department of Health ("MSDH" or the "Department") issued a Certificate of Need ("CON") Number R-1035 to the Stern Cardiology Center, P.A. d/b/a Stern Cardiology Oxford East. The CON authorized Stern Cardiology Oxford East to offer Cardiac-Only PET services.

According to the original application, Stern Cardiology joined Baptist Medical Group (BMG) in 2011. After fourteen (14) years of partnership, Stern Cardiology has decided to restore its independence and again operate as a private physician group. Stern Cardiology will be supported by Atria Health, a cardiology enablement platform, as both a financial and operational partner. The Applicant states that Stern Cardiology provides state-of-the-art diagnostics and treatment of all aspects of cardiovascular disease including hypertension, coronary artery disease, congestive heart failure, cardiac valve disorders (including mitral valve prolapse),

myocardial infarction, cardiac hyperlipidemia, arteriosclerosis, and atherosclerosis. The Applicant states that Stern Cardiology currently operates eight (8) SPECT cameras serving over 12,400 SPECT patients each year. Each of its SPECT programs are IAC accredited and in good standing. The Applicant further states Stern Cardiology is systematically upgrading its SPECT programs to PET/CT cameras as PET/CT is a superior diagnostic tool which results in improved clinical care and patient convenience.

According to the application, Stern Cardiology expanded its operations to Oxford, MS in January 2020 by the integration of Lafayette Cardiology. Stern Cardiology currently operates two (2) outpatient centers in Oxford, MS one (1) at Jefferson Davis Road and one (1) within the medical office building at Baptist Memorial Hospital. Stern Cardiology currently employs nine (9) physicians across these two (2) locations. Each of these physicians have privileges at Baptist Memorial Hospital and have a stellar reputation within the community.

C. Project Description

The Stern Cardiovascular Center, P.A. requests a cost overrun to CON No. R-1035 to increase the capital expenditure from $70,000.00 to $143,457.59, an increase of $73,457.59.

1. Provide a photocopy of the original Certificate of Need.

The application includes a copy of the original Certificate of Need.

2. Describe all proposed changes, not approved, in the original CON application (e.g. changes in square footage, construction, or renovation; changes in range, facilities served, or types of services, bed changes; equipment changes; etc.)

The Applicant states this statement is not applicable. The Applicant further states the Stern Cardiology affirms that there have been no changes to the project scope since the original approval.

a. Transfer of CON:
This Cost Overrun project does not involve a transfer of the CON.

b. Change of Site:
The Applicant affirms the proposed project does not involve a site change.

3. If project is related in whole or in part to compliance with requirements of the Licensure and Certification Division of the MSDH, or any other certification or licensing authority, provide documentation.

The Applicant states this item is not applicable to their proposed cost overrun request.

4. If the project is related to a construction/expansion project, enclose a copy of the revised cost estimate signed by a licensed architect or licensed Mississippi building contractor.

The Applicant states this project does not involve construction/expansion.

a. The Applicant states this statement is not applicable to this project.

5. If actual construction has not begun, give date it will begin and the reasons for the delay.

The Applicant states this statement is not applicable. The Applicant affirms all site preparation and electrical work for the placement of the Modular PET/CT Unit has been completed.

6. Provide evidence that the Division of Radiological Health has approved the plans for the provision of radiation therapy services, if applicable.

The application includes a copy of Stern Cardiology's Radioactive Material License for this cost overrun.

7. If the project involves the purchase/lease/change in vendor or manufacturer of major medical equipment, not included in the originally approved certificate of need project, provide the following:

a. Type of equipment, capacity, and manufacturer
b. Purchase price of equipment
c. Purchase and installation date(s) of equipment; and
d. Explanation of cost variance from original quotes.

The Applicant affirms this item is not applicable for the project.

8. **Will the amendment require any change in facility staffing? If so, identify changes in terms of personnel skills and number of personnel and indicate your recruitment plan which will obtain the services of these personnel.**

   The Applicant states this item is not applicable for this project

9. **List all transfer/referral/affiliation agreements between your facility and other providers of health care within your service area, which have changed since the original application was submitted or will change as a result of this amendment.**

   The Applicant states this item is not applicable to this project.

10. **Provide the estimated date this project will be implemented/completed if the amendment/cost overrun is granted.**

    The Applicant affirms this project was completed on May 4, 2026.

II. TYPE OF REVIEW REQUIRED

The Mississippi State Department of Health reviewed the original project pursuant to Sections 41-7-173, 41-7-191, and 41-7-193 of the Mississippi Code of 1972 Annotated, as amended, and the duly adopted rules, procedures, plans, criteria, and standards of the Mississippi State Department of Health. The State Health Officer reviews all projects for cost overrun in accordance with the duly adopted rules, procedures, plans, criteria, and standards of the Mississippi State Department of Health.

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 October 1, 2026.

III. FINANCIAL ANALYSIS

A. Capital Expenditure Summary

1. **Complete the Capital Expenditure Summary.**

Capital Expenditure Summary

	Original Approved Amount	Revised Amount	Increase or (Decrease)
New Construction			
Const./Renovation			
Land			
Site Work	60,000.00	138,167.64	78,167.64
Fixed Equipment			
Non-fixed Equip.		5,289.95	5,289.95
Contingency	10,000.00		(10,000)
Fees (Architectural, Consultant, etc.)			
Capitalized Interest			
Capital Improvement			
Total Capital Expenditure	**$70,000.00**	**$143,457.79**	**$73,457.59**

The above capital expenditure table represents approximately a 104.94% increase over the original capital expenditure.

2. <u>Line-Item Justification for increase (or decrease).</u>

Applicant states as described in Stern Cardiology's original CON Application, Stern Cardiology proposed and was approved to offer Fixed-Site Cardiac Only PET/CT Services by placing a Cardiac PET/CT Unit in a self-contained modular trailer which will be situated in the parking lot adjacent to Stern Cardiology's Oxford Clinic. The Applicant further states that Stern Cardiology was required to perform minor electrical and telecommunications work to enable the operation of the Cardiac PET/CT unit, including the installation of a 480W — 150A three (3) phase grounded electrical service. In addition, the Applicant states that Stern Cardiology conservatively projected that these minor site improvements would cost approximately S60,000.00, and also requested a $10,000.00 contingency reserve.

The Applicant further states unfortunately, the costs associated with installing electrical capacity for the Cardiac PET/CT Unit were considerably higher than projected, resulting in an increased capital expenditure. The Applicant submits the capital expenditure to date includes:

$91,355.00 — A&R Construction cost for electrical work
$46,812.64 — City of Oxford price to connect electrical power
$5,289.95 — Baxter Q-Stress Cardiac Stress EKG Testing System

a. <u>Capital Expenditure made to date and percentage of completion</u>:

The Applicant affirms that Stern Cardiology has expended $143,457.59 of the capital expenditure, and the project is 100% complete.

3. Revised Operating Statement

The Applicant's affirms Stern Cardiology does not project any changes to the Operating Statement which is included as Attachment 1 of this Staff Analysis.

4. Sources of Financing. The Applicant states this project was funded with existing cash reserves.

a. Provide amount of loan/lease, interest rate, term of loan and payment/lease amount.

The Applicant states this item is not applicable to this project.

b. <u>Loan amortization schedule:</u>

The Applicant submits this item is not applicable to this project.

5. Audited or un-audited financial statements

The Applicant states as set forth in Stern Cardiology's original CON Application, although the Stern Cardiovascular Center, P.A. has been in existence since 1991, this legal entity has been essentially dormant during the time period that Stern Cardiology was affiliated with Baptist Health System, during which time all services were offered through a separate non-profit entity, the Stern Cardiovascular Foundation. As Stern Cardiology has only recently transitioned to an independent physician practice, Stern Cardiology has not generated historical financial statements.

6. Depreciation Schedule

The Applicant's application includes a revised depreciation schedule for the electrical system upgrades associated with this project.

7. Effect on Medicaid patients, Medicare patients and other payers.

The Applicant states that Stern Cardiology affirms that there is no anticipated impact on Medicaid patients, Medicare patients, or other payers due to this Cost Overrun Request.

B. Method of Financing

In its original CON application, the Applicant proposed to finance the project with existing cash reserves. According to the Applicant, there are no financing changes associated with the cost overrun request.

C. Effect on Operating Cost

See Attachment 1 for Proposed Year 1 Projected Operating Statement.

D. Cost to Medicaid/Medicare

The Applicant submits the minor cost overrun will not impact Medicare or Medicaid patients or other payors. The cost to Medicaid/Medicare and other payors as presented in the original application is listed below.

Payor Mix	Utilization Percentage (%)	First-Year Revenue ($)
Medicare	64%	$6,703,308.00
Medicaid	5%	$536,265.00
Commercial	29%	$3,034,129.00
Self-Pay	2%	$211,683.00
Charity Care	0%	-
Other	0%	-
Total	100%	$10,485,385.00

Totals may differ due to rounding

IV. COMPLIANCE WITH STATE HEALTH PLAN, POLICIES AND PROCEDURES

A. State Health Plan (SHP)

The FY 2022 Mississippi State Health Plan Third Edition was in effect at the time the original CON application was submitted. The original CON application was found to be in substantial compliance with FY 2022, Third Edition MSHP, and the cost overrun project continues to be in compliance with FY 2022 Mississippi State Health Plan, Fourth Edition.

B. General Review (GR) Criteria

The Original project was in substantial compliance with General Considerations contained in the *Mississippi Certificate of Need Review Manual, Revised November 11, 2023,*. In addition, the cost overrun proposed project is also in

substantial compliance with the Certificate of Need Review Manual, August 2026, Revision.

The Cost Overrun Application complies with Chapter 6, section 6.7 of the CON Review Manual, revised August,2026 , and the duly adopted rules, procedures, and plans of the Mississippi State Department of Health.

1. **Construction Projects:**

   a. **Revised Estimate**: The Applicant states the project does not require renovation. The Applicant confirms the project is 100% complete.

   b. **Method Used to Determine Cost Estimate:** The Applicant states it expended $143,457.59, which exceeds the original 70,000.00, approved capital expenditure by approximately 104.94% or $73,457.59.00. According to the Applicant, the increased capital expenditure is attributabled to inflation in construction labor and materials costs.

   b. **Revised Expenditure Summary**: See the Revised Capital Expenditure Summary Table in the Financial Analysis section of this Staff Analysis.

2. **Purchase of Equipment**: The Applicant confirms the cost overrun does not involve the purchase of additional equipment.

3. **Construction Cost**: -Construction cost was not included in the revised capital expenditure summary

4. **Licensure and Certification Requirements**: The Applicant affirms there are no additional licensure and certification requirements associated with its overrun cost request.

5. **Fee Calculation**: The Applicant's Cost Overrun application included the appropriate fee amount.

V. RECOMMENDATION OF OTHER AFFECTED AGENCIES

The Division of Medicaid ("DOM") was provided a copy of this application for review and comment. As of September 21, 2026, the Division has not commented on this project.

VI. CONCLUSION AND RECOMMENDATION

The original project was found to be in substantial compliance with the guidelines for all health planning in Mississippi, as *contained in the FY 2022 Mississippi State Health Plan, third edition, and the Mississippi Certificate of Need Review Manual, November 11, 2023, Revision*; and duly adopted rules, procedures, and plans of the Mississippi State Department of Health. The Cost Overrun Application continues to comply with all the 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 The Stern Cardiovascular Center, P.A. d/b/a Stern Cardiology Oxford East for a Cost Overrun on CON No. R-1035, for the Offering of Cardiac-Only PET Services. The cost overrun will increase the original approved capital expenditure from $70,000.00 to $143,457.59, an increase of $73,457.59.

Attachment 1

The Stern Cardiovascular Center d/b/a Stern Cardiology Oxford East
Cost Overrun to CON # R- 1035 (C-NIS-1125-012)
Offering of Cardiac-Only PET Services

One-Year Projected Operating Statement Service Only

	Year 1
Revenue	
Inpatient Care Revenue	$0
Outpatient Care Revenue	$10,485,386.00
Gross Patient Care Rev.	$10,485,386.00
Charity Care	$73,736.00
Deductions for Revenue	$6,463,401.00
Net Patient Care Revenue	**$3,948,249.00**
Other Operating Revenue	$0
Total Operating Revenue	**$3,948,249.00**
Operating Expenses	
Salaries	$89,354.00
Benefits	$25,290.00
Supplies	$796,084.00
Services	$60,656.00
Lease	$927,000.00
Depreciation	$7,000.00
Interest	$42,537.00
Other	$46,587.00
Total Operating Expenses	**$1,994,508.00**
Net Operating Income (Loss)	**$1,953,741.00**
Inpatient Days	250
Outpatient Days	250
Procedures	1,024
Charge per outpatient day	$41,942.00
Charge per inpatient day	$0
Charge per procedure	$10,240.00
Cost per inpatient day	$7,978.00
Cost per outpatient day	$7,978.00

Cost per procedure	$1,948.00

*Staff's calculations differs from Applicant's by $1.00 due to rounding.