

**DIVISION OF HEALTH PLANNING
AND RESOURCE DEVELOPMENT
MAY 2012**

**CON REVIEW: HG-NIS-0212-001
MISSISSIPPI BAPTIST HEALTH SYSTEMS, INC. D/B/A
BAPTIST MEDICAL CENTER-LEAKE, INC.
ACQUISITION OR OTHERWISE CONTROL OF MAGNETIC
RESONANCE IMAGING (MRI) EQUIPMENT AND OFFERING
OF MOBILE MAGNETIC RESONANCE IMAGING (MRI) SERVICES
CAPITAL EXPENDITURE: \$-0-
LOCATION: CARTHAGE, LEAKE COUNTY, MISSISSIPPI**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

Mississippi Baptist Health Systems, Inc. d/b/a Baptist Medical Center-Leake, Inc. (Leake), is a 69-bed not-for-profit corporation. The corporation has seven (7) officers. Baptist Medical Center-Leake (formerly Leake Memorial Hospital) is an acute care hospital based at 310 Ellis Street, located in Carthage, Leake County, Mississippi. The licensed bed complement consists of 25 general acute care beds and 44 long-term care beds.

Mississippi Baptist Health Systems, Inc. d/b/a Baptist Medical Center-Leake, Inc. formerly Leake Memorial Hospital was approved to Change Ownership, by the Mississippi State Department of Health on February 8, 2011.

Baptist Medical Center-Leake, Inc. is certified to participate in the Medicare-Medicaid programs.

The occupancy rates, average lengths of stay (ALOS), and Medicaid utilization rates for the three most recent years for Leake (medical/surgical beds only) are shown below:

**Baptist Medical Center-Leake, Inc.
Utilization Data**

Fiscal Year	Occupancy Rate %	ALOS (Days)	Medicaid Utilization Rate (%)
2009	27.32	3.23	78.17
2010	26.90	3.03	78.16
2011	23.85	3.02	80.06

Source: Division of Health Facilities Licensure and Certification, Mississippi State Department of Health, (MSDH)

B. Project Description

Mississippi Baptist Health Systems, Inc. d/b/a Baptist Medical Center-Leake, Inc. (Leake) requests Certificate of Need (CON) authority for the acquisition or otherwise control of magnetic resonance imaging (MRI) equipment and offering of mobile magnetic resonance imaging services for one half day per week at its Baptist Medical Center-Leake, Inc. The applicant will enter into a mobile service contract with Scott Medical Imaging, LLC (Scott) upon CON approval.

Currently, Scott Medical Imaging, the mobile MRI vendor, holds the CON authority pursuant to CON #R-0616 (CON review MU-A-0705-028) to provide MRI services at Leake using its mobile MRI equipment (Philips Intera 1.5 Tesla unit). Scott Medical Imaging, LLC currently provides the MRI services to Leake's inpatients and outpatients and bills all third party payors for the MRI services as the provider of the services. The applicant asserts that it proposes to provide and bill for these mobile MRI services itself. Scott has agreed to transfer ownership of its CON # R-0616 (CON review MU-A-0705-028) to Baptist Medical Center-Leake, Inc. so that the hospital may apply for a CON through the Department to be the provider of MRI services at its hospital. Baptist Medical Center-Leake, Inc. will enter into a new equipment and personnel lease agreement with Scott to utilize Scott's MRI equipment and personnel. Leake will provide the MRI services to its patients and will directly bill third party payors for the MRI services. Scott Medical Imaging will serve as the mobile MRI vendor for Leake upon the hospital's CON approval. The application contains a proposed imaging service agreement between the applicant and Scott Medical Imaging, LLC.

The applicant asserts that the only thing that will change as a result of the Department's CON approval of Leake's proposed project is that Leake, instead of Scott, will own the authority to offer MRI services at the hospital. Scott Medical Imaging, LLC's route, for which it already has CON approval, will remain the same and Scott will continue to provide the mobile MRI equipment to be utilized by Baptist Medical Center-Leake.

According to the applicant, no capital expenditure, construction, or renovation will be required to implement the project nor will it require any additional personnel. The applicant included a projected operating statement of showing the first, second, and third years of operation (See Attachment 2).

According to the MSDH Division of Health Facilities Licensure and Certification, the site is approved for proposed project at Baptist Medical Center-Leake, Inc.

The applicant asserts that the project will be implemented within three (3) months of final CON approval by the Department and complete within one (1) month of start.

The application contains a letter of request dated February 24, 2012, from Scott Medical Imaging, LLC addressed to the Department concerning a request to transfer CON authority from Scott to Baptist Medical Center-Leake, Inc.

As a response to Scott's above letter of request, the Mississippi State Department of Health notified Scott by letter on March 21, 2012, stating that CON laws require any person who has not provided Magnetic Resonance Imaging Services (MRI) in the past 12 months to first obtain a Certificate of Need (CON). Also the letter indicated that Baptist Medical Center-Leake would have to obtain its own CON authority to offer MRI services at its facility.

II. TYPE OF REVIEW REQUIRED

The Mississippi State Department of Health reviews applications for the establishment of MRI services in accordance with Section 41-7-191, subparagraph (1)(d)(xii) of the Mississippi Code of 1972 Annotated, as amended, and 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 1972 Annotated, as amended, any person may request a public hearing on this project within 20 days of publication of the staff analysis. The opportunity to request a hearing expires on June 6, 2012.

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

A. State Health Plan (SHP)

The *FY 2012 State Health Plan* contains policy statements, criteria and standards which an applicant is required to meet before receiving Certificate of Need (CON) authority for the acquisition or otherwise control of magnetic resonance imaging (MRI) equipment and offering of MRI services. This application is in substantial compliance with applicable criteria and standards.

Criteria and Standards for the Acquisition or Otherwise Control of MRI Equipment

SHP Criterion 1- Need

An entity desiring to offer MRI services must document that the equipment shall perform a minimum of 2,700 procedures by the end of the second year of operation. This criterion includes both fixed and mobile MRI equipment. The applicant must show the methodology used for the projections, according to the *FY 2012 State Health Plan*.

Baptist Medical Center-Leake is proposing to offer and bill for hospital-based mobile MRI services utilizing Scott Medical Imaging's mobile MRI equipment and personnel thru a new service lease agreement,

The applicant indicates that Leake County, with a population of 25,091, will generate 2,050 MRI procedures according to *FY 2012 State Health Plan's* MRI need projection methodology. Currently, Scott Medical Imaging, LLC is the only provider of MRI services in the hospital's designated service area, Leake County. Once the hospital begins providing and billing for mobile MRI services at its hospital facility, it will continue to be the only provider of MRI services in Leake County. Scott Medical Imaging is CON approval for its mobile route.

The *FY 2012 State Health Plan*, utilizing the Mississippi Population Projections for 2015, 2020, and 2025, September 2008 indicates a population of 25,091 for Leake County. However, Baptist Medical Center, Inc. is located in GHSA 5, which has a total population projection of 787,626 with a Mississippi MRI use rate of 82.12. Applying the Mississippi MRI use rate to the population projection in GHSA 5, it revealed the number of MRI procedures that statistically will be generated by the residents of GHSA 5 will be 64,680. The applicant notes that when applying the Mississippi MRI use rate to the population projection of Leake County it will statistically generate 2,060 MRI procedures. See Formula below.

Population-Based Formula for Projection of MRI Service Volume

$X \cdot Y \div 1,000 = V$
Where, X = Applicant's Defined Service area population
Y = Mississippi MRI Use Rate
V = Expected Volume

<u>25,091 (Leake County's population projections)</u>	=	25,091
1,000		
25,091*82.12 (MS MRI use rate)	=	2,060
<u>787,626 (GHSA 5 population projections)</u>	=	787,626
1,000		
787,626*82.12 (MS MRI Use Rate)	=	64,680

According to the applicant, Leake is a new entity created by Mississippi Baptist Health Systems, Inc. for the purpose of acquiring and operating Leake Memorial Hospital (currently Baptist Medical Center-Leake). It was acquired on November 1, 2011, and has not previously provided mobile MRI services. However, through Scott, Leake Memorial hospital provided 279 mobile MRI procedures in 2009, 194 procedures in 2010, and 249 procedures in 2011. Due to the improved nature of its mobile MRI service and the availability of new radiology specialist, the applicant projects that its utilization will increase by approximately 5 percent in each of the three years after project completion.

The applicant makes the following projections of MRI procedures to be performed during the first, second, and third years of operation:

Year 1	Year 2	Year 3
300	317	324

For FY 2010, Scott Medical Imaging performed 3,249 MRI procedures at 13 facilities. In this case, the MRI mobile vendor performed over 2,700 during the most recent 12-month period. Along with the projected numbers of MRI procedures it appears the facility will be on a route that will perform over 2,700 MRI scans.

Baptist Medical Center-Leake asserts that the only change that will result from approval of the proposed project is that the hospital will be the provider of mobile MRI services through a lease arrangement with Scott as opposed to Scott Medical Imaging. Scott will transfer its CON to Leake for the offering of mobile MRI services at Baptist Medical Center-Leake, and Leake will utilize Scott's mobile MRI equipment and personnel.

The applicant shall demonstrate that all existing units within its defined service area have performed an average of 1,700 procedures for the most recent 12-month period.

The applicant asserts that it is not proposing to add a MRI unit to the market or to offer new MRI services. Rather, it is proposing to provide and bill directly for existing MRI services that are currently being provided and billed for by Scott Medical Imaging, LLC. Also, the proposed project will not reduce the utilization of existing providers because Leake is not proposing to add new MRI services to the market. In addition, Scott will not be adversely affected by the proposed project because Leake plans to continue to use Scott as its mobile MRI vendor upon the approval of Leake's CON for the proposed project.

According to the applicant, the only existing MRI service in Leake County is operated at Leake by Scott Medical Imaging. Baptist Medical Center-Leake performed 194 MRI procedures in 2010 and 279 procedures in 2009 by operating for four hours one day per week. This is the equivalent of .1 unit with a full unit being one that operates 40 hours per week. By prorating Leake's .1 unit as though it were a full unit, the applicant would have performed 1,940 MRI procedures in 2010 and 2,790 procedures in 2009, both well in excess of the required 1,700 minimum required of this criterion.

According to the *FY 2012 State Health Plan*, there were 38.7 FTE units operating in General Hospital Service Area 5 during FY 2010, for an average of 1,967 procedures per unit (See Attachment 1).

SHP Criterion 2 – Quality Assurances

The applicant indicates that currently, Scott Medical Imaging, mobile MRI vendor, holds the CON authority pursuant to CON #R-0616 (CON review MU-A-0705-028) to provide MRI services at Leake using its mobile MRI equipment (Philips Intera 1.5 Tesla unit), which is FDA approved. The proposed terms of Baptist Medical Center-Leake's lease agreement with Scott is contained in the proposed application.

The applicant certifies that only qualified personnel will be permitted to operate the mobile MRI equipment. Baptist Medical Center-Leake also certifies that it will enter into a fixed/minimum volume contract with respect to its operation of the mobile MRI equipment and billing for services provided using the mobile MRI equipment.

SHP Criterion 3 – Information Recording/Maintenance

The applicant affirms that data listed in this criterion will be kept and made available to the Mississippi State Department of Health within 15 business days of request.

SHP Criterion 4 – Registration

The application contains documentation of formation and listing of good standing in the State of Mississippi for Baptist Medical Center-Leake, Inc.

SHP Criterion 5 – CON Approval

The applicant asserts that the purpose of the proposed application is for Baptist Medical Center-Leake to obtain CON approval to offer and provide MRI services at the hospital. Scott Medical Imaging, LLC will transfer its CON to the facility to offer mobile MRI services at Baptist Medical Center-Leake, Inc. Leake is not acquiring mobile MRI equipment. Leake will be utilizing SMI's mobile MRI equipment through a lease agreement.

Criteria and Standards for the Offering of Fixed or Mobile MRI Services

SHP Criterion 1- Need

The FY 2012 *Plan* states that an entity desiring to offer MRI services must document that the equipment shall perform a minimum of 2,700 procedures by the end of the second year of operation. However, the *FY 2012 Plan* states:

“If the MRI unit in question is presently utilized by more than one provider of MRI services, the actual number of procedures performed by them during the most recent 12-month period may be used instead of the formula projections”. In addition, the *State Health Plan* requires that if a particular MRI unit is utilized by

more than one provider of MRI services, all existing or proposed providers of MRI services must jointly meet the required service volume of 2,700 procedures annually by the end of the second year of operation.

Baptist Medical Center-Leake, Inc. states that is proposing to offer mobile MRI services on-site at its hospital facility utilizing Scott Medical Imaging's mobile MRI equipment and personnel thru a new service lease equipment.

As previously mentioned, the applicant indicates that Leake County, with a population of 25,091, will generate 2,050 MRI procedures according to *FY 2012 State Health Plan's* MRI need projection methodology. See the *Plan's* Formula shown above under SHP Criterion 1-Need. Currently, Scott Medical Imaging, LLC is the only provider of MRI services in the hospital's designated service area, Leake County. Once the hospital begins providing and billing for mobile MRI services at its hospital facility, it will continue to be the only provider of MRI services in Leake County. Scott Medical Imaging is CON approved for its mobile route.

Applying the Mississippi MRI use rate to the population projection in GHSA 5, it revealed the number of MRI procedures that statistically will be generated by the residents of GHSA 5 will be 64,680. The applicant notes that when applying the Mississippi MRI use rate to the population projection of Leake County statistically will generate 2,060 MRI procedures. See Formula previously mentioned above.

Baptist Medical Center-Leake asserts that the only change that will result from approval of the proposed project is that the hospital will be the provider of mobile MRI services rather than Scott Medical Imaging's mobile MRI equipment and personnel through a lease arrangement. Scott will transfer to Leake its CON for the offering of mobile MRI services at Baptist Medical Center-Leake.

The applicant makes the following projections of MRI procedures to be performed during the first, second, and third years of operation:

Year 1	Year 2	Year 3
300	317	324

As previously mentioned, for FY 2010, Scott Medical Imaging performed 3,249 MRI procedures at 13 facilities. In this case the MRI mobile vendor performed over 2,700 during the most recent 12-month period. Along with the projected numbers of MRI procedures it appears the facility will be on a rout that will perform over 2,700 MRI scans.

SHP Criterion 2 – Documentation of Diagnostic Imaging Modalities

According to the applicant, the hospital certifies that a full range of diagnostic imaging modalities for verification and complementary studies, including, but not limited to, full body computed tomography, ultrasound, angiography, nuclear medicine, and conventional radiology, will be available either on-site at Baptist Medical Center-Leake or available at the hospital's affiliated entity, Mississippi Baptist Medical Center, Inc, at the time MRI service begin.

SHP Criterion 3 – Accessibility

The applicant certifies that, within the scope of its available services, 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.

SHP Criterion 4 – Staffing

The applicant certifies that the staff described in this criterion will be available to provide mobile MRI services to patients at Baptist Medical Center-Leake's hospital and nursing home.

SHP Criterion 5 – Research Staffing

The applicant certifies that if the mobile MRI unit that it seeks to operate is to be used for experimental procedures with formal/approved protocols, a full-time medical physicist or MRI scientist with at least one year of experience in diagnostic imaging will be available in the facility.

SHP Criterion 6 – Data Requirement

The applicant certifies that the reference data shall be collected, maintained, and delivered to the Department within 15 days upon request.

SHP Criterion 7 – CON Approval

As previously mentioned, the applicant asserts that the purpose of the proposed application is to obtain CON approval to offer and provide MRI services at the hospital. Scott Medical Imaging, LLC will transfer to Leake its CON to offer mobile MRI services at Baptist Medical Center-Leake, Inc.

B. General Review (GR) Criteria

Chapter 8 of the *Mississippi Certificate of Need Review Manual, 2011 revision*, addresses general criteria by which all CON applications are reviewed. This application is in substantial compliance with general review criteria.

GR Criterion 1 –State Health Plan

The application was reviewed for compliance with the *FY 2012 State Health Plan* as discussed above.

GR Criterion 2 - Long Range Plan

The applicant states that Baptist Medical Center-Leake desires to improve the quality and access to healthcare of residents in its service area. By offering MRI services and billing for mobile MRI procedures directly, Leake will be better able to control the quality of care, thereby improving the quality of care available to residents of Leake County and patients at its hospital and nursing home facilities.

GR Criterion 3- Availability of Alternatives

The applicant states that besides the proposed project, there are two alternatives and they are as follows:

First, Baptist Medical Center-Leake could maintain the status quo and continue allowing Scott to provide and bill for mobile MRI services provided on-site at Baptist Medical Center-Leake's hospital facility. The applicant asserts that it did not choose this option because it does not provide the hospital with the ability to control the quality of care provided to its hospital and nursing home patients.

Second, Baptist Medical Center-Leake could install a fixed MRI at its hospital facility to service its hospital and nursing home patients. The applicant indicates that it did not choose this option because it is cost prohibitive and the hospital currently does not have the MRI volume necessary to support a fixed-site MRI unit.

According to the applicant, the proposed project is the most efficient solution to the identified need because it allows Baptist Medical Center-Leake to improve the quality of care its patients receive at minimal expense. By offering MRI service and billing directly for mobile MRI procedures through a lease to utilize Scott Medical Imaging's mobile MRI equipment, the hospital can ensure that its patients are receiving the highest quality of care possible.

GR Criterion 4 - Economic Viability

According to the applicant, the three-year projected operating statement contained in the application indicates net income of \$19,648 the first year, \$34,478 the second year, and \$33,295 the third year of operation.

The applicant states that the cost for an MRI scan will be \$316 per scan and the charge to patients will be \$2,200 per scan the first year of operation.

The applicant asserts that it is not currently receiving revenue generated from mobile MRI services. Upon CON approval, the hospital will increase its revenue by providing MRI service and billing directly for mobile MRI procedures. As a facility that has operated at a loss in the past, the applicant believes that this arrangement will be beneficial to the hospital's sustainability and growth as a critical access hospital.

According to the applicant, Mississippi Baptist Health Systems, Inc. has the financial capacity to offset any failure of the proposed project to meet the projected revenues.

GR Criterion 5 - Need for the Project

According to Baptist Medical Center-Leake, all low income persons, racial and ethnic minorities, women, handicapped persons and other underserved groups, and the elderly will have access to the mobile MRI services offered by Leake at its hospital facility.

The applicant asserts that it is not proposing to add additional MRI services to its service area. Rather, Leake is seeking CON approval to provide mobile MRI services on-site at its hospital facility using mobile MRI equipment leased from Scott Medical Imaging, LLC. Baptist Medical Center-Leake will offer MRI services and bill directly for procedures currently being provided by Scott. Scott will remain Leake's mobile MRI vendor and Scott's mobile route will not change as a result of this project.

According to the applicant, the applicant's final objectives of the proposed project is to offer MRI service and bill for mobile MRI procedures on-site at its hospital facility so that it can improve quality of care for its patients and assist its physicians in the diagnosis and treatment of their patients.

The application contains approximately three (3) letters supporting this proposed project.

GR Criterion 6- Access to the Facility

The applicant states that it will provide MRI services to all patients who require such services, including all medically underserved populations being treated at its hospital and nursing home facility.

The applicant's projected percentage of gross patient revenue of health care provided to charity care patients for years one and two will be one (13) percent for the proposed project.

The applicant asserts that it is a new entity created by Mississippi Baptist Health Systems, Inc. for the purpose of acquiring and operating Leake Memorial Hospital. It was acquired on November 1, 2011 and has not previously provided MRI services. Thus, Leake is able to project only medically indigent and charity care data for 2012.

GR Criterion 7- Information Requirement

Baptist Medical Center-Leake affirms that it will record and maintain, at a minimum, the information stated in this criterion regarding charity care, care to the medically indigent, and Medicaid populations, and make it available to the Mississippi State Department of Health within 15 days of request.

GR Criterion 8 - Relationship to Existing Health Care System

Baptist Medical Center-Leake is located in General Hospital Service Area 5 (GHSA 5), Leake County, Mississippi. The applicant asserts that there is not another existing comparable mobile MRI services in Leake's service area. Leake's primary service area is Leake County and no other provider offers MRI services in Leake County. Baptist Medical Center-Leake's hospital and nursing home patients currently received mobile MRI services from Scott Medical Imaging on-site at Leake's hospital facility. The applicant is seeking CON approval to directly provide mobile MRI services to its patients currently being served by Scott.

According to the applicant, if the proposed project is CON approved, the target population will continue to have access to mobile MRI services, and will experience improved quality of care as a result. Scott will transfer its CON to Leake to offer mobile MRI services at Leake and will continue to serve as the hospital's mobile MRI vendor through an equipment and personnel lease with Baptist Medical Center-Leake. The hospital will continue to be a part of Scott Medical Imaging's existing mobile route.

According to the *2012 Plan*, GHSA 5 had a total of 39 MRI sites (mobile and fixed) in FY 2009 and FY 2010 utilizing 38.7 FTE MRI units. These sites and units performed a total of 80,938 MRI procedures in 2009 and 76,116 MRI procedures in 2010, with an average of 2,091 per FTE unit for FY 2009 and 1,967 FTE units for FY 2010. See Attachment 1.

Staff concludes that this project should have no significant adverse affect on existing MRI providers in GHSA 5.

The Department has not received any letters of opposition for the proposed project.

GR Criterion 9 - Availability of Resources

The applicant states that the additional personnel required to provide mobile MRI services will be leased from Scott Medical Imaging as part of the equipment leased arrangement for the proposed project.

GR Criterion 10 – Relationship to Ancillary or Support Services

According to the applicant, Baptist Medical Center-Leake will provide any necessary support and ancillary services for the propose project

GR Criterion 11- Health Professional Training Programs

According to the applicant, Baptist Medical Center-Leake will grant access to the mobile MRI unit to any health professional training programs in the service area for training purposes.

GR Criterion 16 - Quality of Care

Baptist Medical Center-Leake, Inc. is in compliance with the *Minimum Standards for the Operation of Mississippi Hospitals*, according to the Division of Health Facilities Licensure and Certification, MSDH.

Baptist Medical Center-Leake, Inc. is certified to participate in the Medicare and Medicaid programs.

IV. FINANCIAL FEASIBILITY

A. Capital Expenditure Summary

According to the applicant, no capital expenditure is associated with this project.

B. Method of Financing

The proposed project requires no financing.

C. Effect on Operating Costs

Baptist Medical Center-Leake, Inc.'s three-year projected operating statement is provided in Attachment 2 for the proposed project.

D. Cost to Medicaid/Medicare

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

Payor	Utilization Percentage	First Year Revenue
Medicaid	10 %	\$66,000
Medicare	60%	396,000
Other	<u>30%</u>	<u>198,000</u>
Total	<u>100%</u>	<u>\$660,000</u>

V. RECOMMENDATION OF OTHER AFFECTED AGENCIES

The Division of Medicaid indicates that outpatient services are paid based on a facility's cost to charge ratio, as outlined in the Medicaid State Health. Any services resulting from this project will be reimbursed using that methodology. Consequently, any additional cost to the Division of Medicaid cannot be determined at this time. The Division of Medicaid opposes this project.

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 of mobile MRI services as contained in the FY 2012 *Mississippi State Health Plan*, Chapter 8 of the *Mississippi Certificate of Need Review Manual, 2011 revision*; 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 Mississippi Baptist Health Systems, Inc. d/b/a Baptist Medical Center-Leake, Inc. for the acquisition or otherwise control of magnetic resonance imaging (MRI) equipment and offering of mobile MRI services.

**Attachment 1
 General Hospital Service Area 5
 Location and Number of MRI Procedures
 FY 2012 State Health Plan**

Facility	Location	Type/No. of Equip.	Number of Procedures FY 2009	Number of Procedures FY 2010	Days Operated 2010	FTE Unit 2010
Central Ms. Diagnostics	Jackson/Hinds	F	2,503	2,312	M-F, 45 hrs.	1.00
Central Ms. Medical Center	Jackson/Hinds	F(2)	5,574	5,454	M-F, 50+hrs.	1.00
Crossgates River Oaks Hosp.-Rankin	Brandon/Rankin	F	2,072	2,103	M-F, 40 hrs.	1.00
Hardy Wilson Hospital	Hazlehurst/Copiah	M	363	392	M-AM & W-PM, 8 hrs.	.20
King's Daughters Medical Center	Yazoo City/Yazoo	M	519	464	Tu. 4 hrs.	.10
Kosciusko Medical Clinic	Kosciusko/Attala	F	2,113	2,080	M & F. 30	.8
Madison Medical Imaging, LLC	Madison/Madison	F	2,260	1,671	M-F, 40 hrs.	1.00
Madison Radiological Group, LLC	Madison/Madison	F	2,103	2,170	M-F, 40 hrs.	1.00
Magee General Hospital	Magee/Simpson	F	1,093	1,032	M-F, 40 hrs.	1.00
Miss Baptist Medical Center	Jackson/Hinds	F(2)	8,305	7,901	M-Sat., M-F, 104 hrs.	2.00
Miss. Diagnostic Imaging Center	Flowood/Rankin	F(2)	5,149	4,774	M-F, 104 hrs.	2.00
Miss. Sports Med. & Orthopedic	Jackson/Hinds	F(2)	3,736	2,348	M-F, 100 hrs.	2.00
Montfort Jones Memorial Hospital (3)	Kosciusko/Attala		253	222	M-F, 50 hrs.	1.00
Open MRI of Jackson	Flowood/Rankin	F	1,574	1,420	M-F, 45 hrs.	1.00
Ridgeland Diagnostic Center	Ridgeland/Madison	M	324	333	M & W, 8 hrs.	.20
River Oaks Hospital	Flowood/Rankin	F	5,903	5,744	M-F, 40 hrs.	1.00
River Region Health System	Vicksburg/Warren	F	3,155	2,390	M-F, 56 hrs.	1.00
SE Lackey Memorial Hospital	Forrest/Scott	M	634	540	M. W. & Th., 24 hrs.	.60
Scott Regional Hospital	Morton/Scott	M	197	277	F., 4 hrs.	.10
Sharkey/Issaquena Hospital	Rolling Fork/Sharkey	M	131	348	Tues, 4 hrs.	.10

Southern Diagnostic Imaging	Flowood/Rankin	F(2)	5,711	5,436	M-F, 85 hrs.	2.00
SMI Leake Memorial Hospital (2)	Carthage/Leake	M	279	194	Tu., 4 hrs.	.10
SMI-Madison Specialty Clinic (2)	Canton/Madison	M	358	300	Tu., & Th., 8 hrs.	.20
SMI-Simpson General Hosp. (2)	Mendenhall/Simpson	M	154	136	Th., 4 hrs.	.10
St. Dominic Hosp.	Jackson/Hinds	F(3)/M(1)	13,018	12,276	M-F, 195 hrs.	5.00
University Hospital & Clinics	Jackson/Hinds	F(5)	11,955	12,233	M-F, 476 hrs.	12.00
University Hospital Clinics	Jackson/Hinds	M	473	351	M, 8 hrs.	.20
Vicksburg Diagnostic Imaging	Vicksburg/Warren	M	1,029	1,215	M-F, 40 hrs.	1.00
Totals			80,938	76,116		38.7
Average Procedures/MRI FTE			2,091	1,967		

Source: FY 2012 State Health Plan

F – Fixed Unit
 M -Mobile MRI unit

2 Scott Medical Imaging is the approved service provider.
 3 Montfort Jones Memorial hospital shares a fixed unit with Kosciusko Medical Clinic

ATTACHMENT 2			
Baptist Medical Center-Leake Three-Year Operating Statement (Project Only)			
	Year 1	Year 2	Year 3
Revenue			
Inpatient Care Revenue	\$32,000	\$33,660	\$34,333
Outpatient Care Revenue	<u>\$627,000</u>	<u>\$664,620</u>	<u>\$677,912</u>
Gross Patient Care Revenue	\$660,000	\$698,280	\$712,246
Charity			
Charity	\$39,600	\$41,897	\$42,735
Deductions from Revenue	510,752	528,305	538,871
Net Patient Care Revenue	\$ 109,648	\$128,078	\$130,639
Total Operating Revenue	\$ 109,648	\$ 128,078	\$130,639
Operating Expenses			
Lease	\$90,000	\$93,600	\$97,344
Total Operating Expense	<u>\$ 90,000</u>	<u>\$ 93,600</u>	<u>\$ 97,344</u>
Net Operating Income	\$ 19,648	\$ 34,478	33,295
Assumptions			
Inpatient days	15	15	16
Outpatient days	285	302	308
MRI Procedures	300	317	324
Charge per outpatient day	\$2,200	\$2,201	2,201
Charge per inpatient day	\$2,200	\$2,244	\$2,146
Cost per outpatient day	\$316	\$310	\$316
Cost per inpatient day	\$6,000	\$6,240	\$6,084

Baptist Medical Center-Leake asserts that it will enter into an equipment and personnel lease with Scott Medical Imaging to utilize Scott's MRI equipment and personnel. Leake will provide the MRI services to its patients and will directly bill third party payors for the MRI services. The applicant projects the following cost and charge per MRI procedure:

Costs

Pursuant to Leake's equipment and personnel lease with Scott, Leake will pay Scott \$300/exam up to 40 exams per month, and \$275/exam for exams in excess of 40 per month. Leake's direct cost per MRI procedure is \$300 for the first 40 procedures per month, and \$275 for all additional procedures per month.

Charges

The applicant indicates that it will charge a rate for mobile MRI services comparable to the rate charged by other providers in its service area, including Scott Medical Imaging. Baptist Medical Center-Leake calculated its proposed charges for mobile MRI services based on Scott's charges for this service provided at the facility prior to Leake's purchase of the facility in November 2011.

Leake plans to charge the following rates for its mobile MRI services:

MRI without contrast:	\$2,000
MRI with contrast:	\$2,200
MRI with and without contrast:	\$2,400