

**MISSISSIPPI STATE DEPARTMENT OF HEALTH  
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT  
AUGUST 2016**

**CON REVIEW C-NIS-0616-010  
WOUND CARE MANAGEMENT, LLC D/B/A MEDCENTRIS  
PROVISION OF DIGITAL SUBTRACTION ANGIOGRAPHY (DSA) SERVICES  
(LIMB SALVAGE PROGRAM)  
CAPITAL EXPENDITURE: \$317,487  
LOCATION: VICKSBURG, WARREN COUNTY, MISSISSIPPI**

**STAFF ANALYSIS**

**I. PROJECT SUMMARY**

**A. Applicant Information**

Wound Care Management, LLC d/b/a MedCentris (MedCentris) is a Delaware limited liability company authorized to do business in Mississippi. The limited liability company is located at 46 Louis Prima Drive, Covington, Louisiana. Wound Care Management, LLC registered with the Secretary of State of Mississippi on February 18, 2016. MedCentris will be a private physician office clinic located at 2080 South Frontage Road, Vicksburg, Mississippi. The applicant indicates that Wound Care Management, LLC d/b/a MedCentris is owned and managed by five members.

Wound Care Management, LLC d/b/a MedCentris will be a new provider of digital subtraction angiography (DSA) services in Mississippi.

**B. Project Description**

Wound Care Management, LLC d/b/a MedCentris requests Certificate of Need (CON) authority to provide in-office digital subtraction angiography (DSA) services (limb salvage program) to patients in and around Vicksburg, Mississippi. The project involves the renovation of an existing structure. The applicant proposed to lease from Vicksburg Medical Properties, LLC Vicksburg, Mississippi a total of 3,466 square feet but only 347 square feet (build-out) will be utilized for the physician office based lab with DSA capabilities, i.e. vascular lab. The remaining space of 3,119 square feet (not a part of this project) will be occupied and used for wound care treatment rooms and hyperbaric chambers. The applicant asserts that the 347 square feet build-out will include a 10 foot ceiling with tile, tile flooring through-out, drywall and paint through-out. The lab will have lead walls and door to meet the requirements for operation of the equipment required for the DSA procedures.

According to the applicant, the DSA procedures will be done by physicians of the Wound Care Management, LLC d/b/a MedCentris in-office clinic. The physicians will be performing DSA procedures utilizing a Philips veradius neo mobile C-arm with flat detector specifications for the project. The applicant submits that as referenced through-out the proposed project, this will be a private physician based clinic offering DSA services and not an ambulatory surgical facility. The DSA procedures will include an angiography/venography of the non-coronary system limited to the diagnosis and therapeutic intervention of disease affecting the upper extremities, abdominal, pelvic, as well as lower extremity blood vessels. The program will not only provide wound care, HBO therapy and revascularization, but it will also offer a program navigator as well as a data base collection of patient outcomes. The navigator will assist with social needs such as transportation, coordinating multiple physician appointments and triage throughout the program system.

The applicant asserts that Wound Care Management, LLC d/b/a MedCentris will enter into a lease agreement with Vicksburg Medical Properties, LLC of Vicksburg, Mississippi. The application contains a copy of the lease agreement between Wound Care Management, LLC and Vicksburg Medical Properties, LLC regarding the proposed project.

The applicant submits that the project will provide services from an in-office setting as opposed to an acute care hospital. Wound Care Management, LLC hopes to make DSA procedures more accessible, convenient and comfortable for patients. The applicant asserts that the final objective for the project is to provide a comprehensive limb salvage program that will improve patient outcomes of diabetic and peripheral artery disease and decrease the amputation rates in the patient population that it will serve, while at the same time increasing the quality of life for patients and reducing health care costs.

The project will require 1 full time equivalents (FTE) personnel at an estimated cost of \$169,936 per FTE the first year (for project only).

The applicant asserts that the manpower necessary for the operation of the Wound Care Management's vascular lab with DSA capabilities for one day per week will be one (1) physician, one (1) registered nurse, one (1) tech/paramedic, one (1) administrative staff, and one (1) management staff, which all equate to 0.2 or 1/5 for each person because the lab will only be open 1 of 5 days during the work week.

The total proposed capital expenditure for this project is \$317,487; most of which (\$243,404 or 76.67 percent) has been allocated toward fixed equipment cost. The remaining expenditures are allocated toward the following: renovation cost of build-out of 347 square feet for the office based DSA lab services (\$51,000 or 16.06 percent), capitalized interest (\$3,083 or 0.97 percent), legal and accounting fees (\$20,000 or 6.30 percent) for the proposed project. The project will be financed with Wound Care Management, LLC's assets available as contingency reserve.

The applicant projects that the project will be completed between 90 to 120 days after CON approval and the capital expenditure will be obligated upon CON approval.

The MSDH Division of Health Facilities Licensure and Certification has approved the site for the proposed project at MedCentris.

## II. TYPE OF REVIEW REQUIRED

This project is reviewed in accordance with Sections 41-7-173, 41-7-191 (1)(d)(vii), and 41-7-193 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 of 1972, Annotated, as amended, any affected 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 August 25, 2016.

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

### A. State Health Plan (SHP)

The *FY 2015 State Health Plan* contains criteria and standards which the applicant is required to meet before receiving CON authority for offering of diagnostic imaging services of an invasive nature, i.e. invasive digital angiography, if those services have not been provided on a regular basis by the proposed provider of such services within the period of 12 months prior to the time such services would be offered. This application is in substantial compliance with the applicable criteria stated in the *Plan* as follows:

#### **SHP Criterion 1 - Need**

**The applicant for DSA services shall demonstrate that proper protocols for screening, consultation, and medical specialty backup are in place before services are rendered by personnel other than those with specialized training.**

Wound Care Management, LLC d/b/a MedCentris is not a current provider of DSA services. The applicant submits that the proposed diagnostic imaging services of an invasive nature will be performed by two board-certified vascular surgeons and they are as follows: Joseph Martin Griffin, MD from Baton Rouge, Louisiana and Paul Williamson Peirce, IV, MD from Vicksburg, Mississippi. The applicant states that Dr. Paul Pierce, IV is a cardiologist practicing medicine in Vicksburg, Mississippi and performs vascular procedures in his current practice environment. According to the

applicant, these specialists have spent dedicated time above and beyond the requirements for interventional cardiology, learning and developing skills in endovascular intervention. Each physician has had excellent procedure outcomes over the past several years, and has the requisite training, experience and knowledge to meet and comply with this criterion for the proposed project. The application contains curriculum vitae for Dr. Joseph Martin Griffin and Dr. Paul Pierce. The application also contains a copy of a signed letter from Merit Health River Region of Vicksburg, Mississippi regarding Dr. Paul Pierce's hospital admitting privileges at Merit Health River Region for the proposed project.

The applicant states that there are no DSA providers in Warren County. All other DSA providers are located in either the cities of Jackson or Brandon, Mississippi (Hinds and Rankin Counties). The applicant believes that the counties in direct need of more accessible DSA services are Warren, Claiborne, Issaquena, Sharkey and Yazoo, which has a collective 2020 projected population exceeding 90,000 people. The applicant submits that the proposed MedCentris will reside in General Hospital Service Area 5 with a projected population in 2020 of 793,137 individuals.

The applicant states that according to the *FY 2015 State Health Plan*, there were a total of 42,885 DSA procedures statewide; with a state 2020 population of 3,156,054 that equates to a DSA usage rate of .0136 or 136 procedures per 10,000 population. GHSA 5 has a population of 793,137. After multiplying the usage rate times GHSA 5 population, staff projected that there will be a need for 10,787 DSA procedures for the residents of GHSA 5 by 2020.

The applicant believes that it can meet its projected numbers of DSA procedures because the level of need in GHSA 5 is not currently being met. The rate of diabetes and peripheral arterial disease in the Vicksburg region is more than 6 per 11,000 patients. The projected 2020 combined population of Warren, Issaquena, Sharkey and Claiborne Counties is 61,459 and patients from Yazoo County are likely to be served as well. Therefore, Wound Care Management, LLC believes that it will be able to meet its DSA projections.

Wound Care Management, LLC d/b/a MedCentris projects to perform approximately 104 DSA services in the first year with that number increasing to 208-250 procedures in the second and third years of operation.

### **SHP Criterion 2 - CON Approval/Exemption**

Wound Care Management, LLC d/b/a MedCentris is requesting CON approval to provide in-office digital subtraction angiography (DSA) services (limb salvage program) in Vicksburg, Warren County, Mississippi.

**B. General Review (GR) Criteria**

Chapter 8 of the *Mississippi Certificate of Need Review Manual, (Revised September 1, 2011)*; addresses general criteria by which all CON applications are reviewed. This application is in substantial compliance with general review criteria contained in the manual.

**GR Criterion 1- Consistency with the *State Health Plan***

The project is in substantial compliance with all criteria, standards, and policies of the *FY 2015 Mississippi State Health Plan* applicable to the offering of digital subtraction angiography services.

**GR Criterion 2 – Long Range Plan**

The applicant states that DSA services are a necessary part of Wound Care Management, LLC's long term plan to perform endovascular procedures in an in-office setting. The applicant asserts that DSA services are essential for Wound Care Management, LLC's business model and were a focus in planning a safe and effective process to perform endovascular procedures in an in-office setting. The applicant identified GHSA 5 as an underserved area of the State regarding the availability of DSA procedures being offered. This ultimately played a major role in Wound Care Management, LLC's decision to open a clinic in Vicksburg, Warren County, Mississippi.

The applicant asserts that Vicksburg, Mississippi, would be an optimal site to establish a clinic that will serve the purpose of improving the quality of healthcare for the citizens of Vicksburg, Warren County, Mississippi, GHSA 5 by offering patients convenient access to DSA medical procedures.

The applicant believes that with access to advanced wound care and peripheral DSA arterial/venous interventions, patients in the Vicksburg area will have a decreased amputation rate and a decrease in wound related morbidity and mortality, thereby, raising the quality of life for patients and decreasing medical costs long term for patients and Mississippi Medicaid.

**GR Criterion 3 – Availability of Alternatives**

According to the applicant, Wound Care Management, LLC believes the status quo is the only alternative, and this approach does not adequately address the significant healthcare needs of the citizens in Vicksburg, Warren County and those neighboring counties that would benefit from more convenient access to an in-office setting with DSA capabilities. Therefore, the applicant states it rejected the status quo as an abdication of its responsibility to meet the significant healthcare needs of the citizen

of Warren County and the surrounding area. Based on this conclusion, Wound Care Management, LLC believes that no alternate approaches exist.

#### **GR Criterion 4 - Economic Viability**

Based on the income statement contained in the application, the project will be economically viable. Wound Care Management, LLC d/b/a MedCentris projects net income of \$255,290 the first year, \$920,724 the second year, and \$1,186,897 the third year of operation.

The applicant asserts that it is an office-based practice and does not have the high overhead normally associated with hospitals where acute care is traditionally performed. Nonetheless, Wound Care Management, LLC submits that it has a contingency reserve of \$350,000, so if projected revenues are not met, it will be able to meet its operational budget.

#### **GR Criterion 5 - Need for the Project**

The applicant states that there are no DSA providers in Warren County. Wound Care Management, LLC d/b/a MedCentris believes that providing the proposed DSA services in Vicksburg and Warren County will be a great assistance for the citizens, especially those who are elderly, handicapped or underprivileged, who have difficulty traveling longer distances to either the city of Jackson or Brandon, Mississippi to receive treatment.

The applicant states that there is no office-based endovascular lab offering DSA in Vicksburg, Warren County, Mississippi.

The application contains 10 letters of support from physicians, Promise Hospital of Vicksburg, the Mayor of Vicksburg, Warren County Port Commission, Battlefield Discount Drugs and Hometown Medical for the proposed project.

#### **GR Criterion 6 - Access to the Facility or Service**

Wound Care Management, LLC d/b/a MedCentris affirms that all patients, including Medicaid, Medicare and the medically indigent, will have access to the DSA procedures offered.

The applicant asserts that it will provide DSA services to the underserved citizens of Vicksburg, Warren County, Mississippi and the surrounding areas, including low income, racial and ethnic minorities, women, handicapped groups and elderly patients. The proposed DSA services will be offered in a handicap-accessible office based location, with a warmer and smaller scope environment than that of a

traditional hospital setting. The applicant believes the proposed project's office setting environment will better serve elderly and handicapped patients.

According to the applicant, Wound Care Management LLC's clinic will be open to provide services 40 hours per week, from 9 to 5 Monday through Friday. The office based vascular lab with DSA capabilities will be open one (1) day per week (8 hours) initially, with additional days added as patient need requires expansion of the hours.

The applicant asserts that Wound Care Management, LLC d/b/a MedCentris plans to implement a program using a program navigator with hopes of being able to coordinate and assist in transportation for the underprivileged and elderly or those who have difficulty with transportation.

#### **GR Criterion 7 - Information Requirement**

The applicant affirmed that it will record and maintain the information required by this criterion and make it available to the Mississippi State Department of Health within 15 business days of request.

#### **GR Criterion 8 - Relationship to Existing Health Care System**

Wound Care Management, LLC d/b/a MedCentris is located in General Hospital Service Area 5. The applicant states that the *FY 2015 Mississippi State Health Plan* shows that there are no DSA provider in Warren County, and that all other DSA providers are located in either Jackson or Brandon, Mississippi and are limited to hospital settings, and a private office setting is not available in General Hospital Services Area 5. The applicant asserts that by providing in-office DSA services in Vicksburg, Wound Care Management, LLC will make DSA procedures more accessible to citizens of Warren, Issaquena, Sharkey, Yazoo and Claiborne Counties, and possibly other areas of GHSA 5.

There are six providers currently offering digital subtraction angiography services in GHSA 5 and they are as follows: Central Mississippi Medical Center now known as Merit Health Medical Center, Jackson, Mississippi; Baptist Medical Center, Jackson, St. Dominic Jackson Memorial Hospital, Jackson, Mississippi; University Hospital & Health System, Jackson, Mississippi; Crossgates River Oaks Hospital (Rankin MC), Brandon, Mississippi; and River Oaks Hospital, Brandon, Mississippi. These providers performed 19,902 digital subtraction angiography procedures in FY 2013.

Wound Care Management, LLC d/b/a MedCentris believes that the proposed project will not affect existing health services in the target area because no services are currently offered. Due to the distance to hospitals where DSA services are offered (Jackson and Brandon), the applicant believes that no adverse effect will be impacted by the referenced providers. According to the applicant, Wound Care Management, LLC's proposed DSA program is unique because it will provide local

patients who could not otherwise travel longer distances the opportunity to seek treatment that will improve quality of life, while at the same time reduce overall health costs.

The applicant asserts that if more aggressive approaches to chronic and non-healing wounds (DSA) are not available to patients, amputations, health care costs and mortality will increase in an underserved population.

The Department received no letters of opposition concerning the proposed project.

### **GR Criterion 9 - Availability of Resources**

As previously mentioned, the applicant asserts that the manpower necessary for operation of the Wound Care Management's vascular lab with DSA capabilities for one day per week will be one (1) physician, one (1) registered nurse, one (1) tech/paramedic, one (1) administrative staff, and one (1) management staff, which all equate to 0.2 or 1/5 for each person because the lab will only be open 1 of 5 days during the work week.

Wound Care Management, LLC d/b/a MedCentris states that it will have two board certified vascular surgeons (Dr. Joseph Griffin and Dr. Paul Pierce, IV) available to provide DSA services at the office based lab. According to the applicant, additional personnel will be recruited by Wound Care Management, LLC through traditional advertising and networking, if necessary.

### **GR Criterion 10 – Relationship to Ancillary or Support Services**

The applicant asserts that no support or ancillary services will be needed for the proposed DSA project.

### **GR Criterion 14 - Construction Projects**

This project does not require new construction. The proposed project involves renovation of existing space only.

### **GR Criterion 16 - Quality of Care**

Wound Care Management, LLC d/b/a MedCentris will be a new provider of DSA services in Mississippi. The applicant states that the proposed project involves a comprehensive limb salvage program/amputation prevention program that includes advanced wound care, revascularization of lower extremities and hyperbaric chamber which will increase patient access to appropriate interventions for complications of diabetes and peripheral arterial disease, thus decreasing the amputation rates in the patient population area. Wound Care Management, LLC



d/b/a MedCentris believes that the proposed project will improve the quality of care being delivered to the target population area, and make DSA services more convenient and accessible in the Vicksburg, Mississippi area.

**IV. FINANCIAL FEASIBILITY**

**Capital Expenditure Summary**

The total estimated capital expenditure is allocated as follows:

	<b>Item</b>	<b>Cost (\$)</b>	<b>Percent (%) of Total</b>
a.	Construction Cost -- New	0	0
b.	Construction Cost -- Renovation	\$51,000	16.06
c.	Capital Improvements	0	0
d.	Total Fixed Equipment Cost	243,404	76.67
e.	Total Non-Fixed Equipment Cost	0	0
f.	Land Cost	0	0
g.	Site Preparation Cost	0	0
h.	Fees (Architectural, Consultant, etc.)	0	0
i.	Contingency Reserve	0	0
j	Capitalized Interest	3,083	0.97
j.	Legal and accounting fees	20,000	6.30
k.	Other	<u>0</u>	<u>0</u>
	<b>Total Proposed Capital Expenditure</b>	<b><u>\$317,487</u></b>	<b><u>100.00</u></b>

The above capital expenditure is to renovate only 347 square feet (build-out) of an existing structure to accommodate the proposed project, and the purchase of angiographic equipment for the proposed DSA services. The applicant asserts that the renovation cost per square foot is \$157.68. *RSMMeans Building Construction Cost Data 2015 Edition* does not compare costs of renovation projects.

**Method of Financing**

According to the applicant, the proposed project will be financed with Wound Care Management, LLC's assets available as contingency reserve.

According to applicant, as of April 30, 2016 Wound Care Management, LLC's balance sheet shows assets are available to fund the proposed capital expenditure (\$317,487) for the project.

**C. Effect on Operating Cost**

Wound Care Management, LLC d/b/a MedCentris’s three-year projected operating statement is presented at Attachment 1.

**D. Cost to Medicaid/Medicare**

The applicant projects the cost to third party payors as follows:

<b>Payor Mix</b>	<b>Utilization Percentage (%)</b>	<b>First Year Revenue (\$)</b>
<b>Medicare</b>	55	\$ 462,145
<b>Medicaid</b>	2	15,335
<b>Commercial</b>	40	334,628
<b>Self Pay</b>	1	4,667
<b>Charity Care</b>	2	16,669
<b>Other</b>	<u>0</u>	<u>0</u>
<b>Total</b>	<b>100</b>	<b>\$ 833,445</b>

**V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES**

The Division of Medicaid was provided a copy of this application for review and comment; the Department has not received a letter of comment on the proposed project.

**VI. CONCLUSION AND RECOMMENDATION**

This project is in substantial compliance with the criteria and standards for the provision of digital subtraction angiography services contained in the *FY 2015 Mississippi State Health Plan*; the *Mississippi Certificate of Need Review Manual, (2011 Revision)*; and duly 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 Wound Care Management, LLC d/b/a MedCentris for the provision of digital subtraction angiography (DSA) Services (limb salvage program).

## Attachment 1

<b>Wound Care Management, LLC d/b/a MedCentris Three-Year Operating Statement (Project Only)</b>			
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Revenue</b>			
Patient Revenue:			
Inpatient			
Outpatient	\$ 833,445	\$ 1,666,889	\$ 2,000,267
<b>Gross Patient Revenue</b>	<b>\$833,445</b>	<b>\$ 1,666,889</b>	<b>\$ 2,000,267</b>
Charity Care	2,000	4,001	4,801
Deductions	98,013	196,026	235,231
<b>Net Patient Revenue</b>	<b>\$ 733,431</b>	<b>\$ 1,466,863</b>	<b>\$ 1,760,235</b>
Other Operating Revenue	0	0	0
<b>Total Operating Revenue</b>	<b>\$ 733,431</b>	<b>\$ 1,466,863</b>	<b>\$ 1,760,235</b>
<b>Expenses</b>			
Operating Expenses:			
Salaries	\$103,680	\$103,680	\$ 103,680
Benefits	29,030	29,030	29,030
Supplies	67,998	135,996	163,195
Services	61,500	61,500	61,500
Lease	96,000	96,000	96,000
Depreciation	83,333	83,333	83,333
Interest	0	0	0
Other	36,600	36,600	36,600
<b>Total Expenses</b>	<b>\$ 478,141</b>	<b>\$ 546,139</b>	<b>\$ 573,338</b>
<b>Net Income (Loss)</b>	<b>\$ 255,290</b>	<b>\$ 920,724</b>	<b>\$1,186,897</b>
<b>Assumptions</b>			
Inpatient days*	0	0	0
Outpatient days*	0	0	0
Procedures	104	208	250
Charge/outpatient day	0	0	0
Charge per inpatient day	0	0	0
Charge per procedure	\$8,014	\$8,014	\$8,001
Cost per inpatient day	0	0	0
Cost per outpatient day	\$4,598	\$2,626	\$2,293