

**Division of Health Planning
And Resource Development
June 2003**

**CON Review MU-NIS-0403-011
Scott Medical Imaging, LLC
Offering of Mobile MRI Services
Capital Expenditure: -0-
Location: Jackson, Mississippi**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

Scott Medical Imaging, LLC is a for-profit limited liability corporation, incorporated in the State of Mississippi. The main objective of the corporation is to provide highly sophisticated MRI diagnostic facilities to Mississippi's rural population through rural hospitals. The Governing Board consists of Howard D. Clark, M.D., Chairman; Mohammad Athar, M.D., Chief Executive Officer; and Mohammad Saleh, Secretary. The entity currently provides MRI equipment to eight facilities in Mississippi.

B. Project Description

As stated above, Scott Medical Imaging currently provides mobile MRI equipment to eight Mississippi facilities, utilizing two mobile MRI scanners. The applicant received exemption from the CON process to control MRI equipment in the state. The applicant now seeks CON authority to offer mobile MRI services to other hospitals and clinics as a provider of the MRI services.

The applicant currently operates two MRI units: (a) Picker 1.0T Vista Polaris MRI System installed in a mobile unit, and (b) Phillips Intera 1.5 Tesla.

II. TYPE OF REVIEW REQUIRED

Projects which propose the provision of magnetic resonance imaging services are reviewed in accordance with Section 41-7-191, subparagraphs (1) (d)(xii) Mississippi Code 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 July 17, 2003.

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

A. State Health Plan (SHP)

The *FY 2003 State Health Plan* contains criteria and standards which an applicant is required to meet before receiving CON authority to provide MRI services. The applicant is in substantial compliance with applicable criteria.

SHP Criterion 1 - Need

An entity desiring to offer MRI services must document that the equipment shall perform a minimum of 1,700 procedures per year, and the procedures estimation methodology shall be used to project the annual patient service volume for the applicant facility. If the MRI unit in question is presently utilized by other providers 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.

Scott Medical Imaging currently provides MRI diagnostic imaging services through shared equipment with other hospitals of the area. Through this application, Scott Medical Imaging seeks to offer MRI services to other health care facilities who currently do not have CON approval, and the population they serve can benefit from MRI services through a contractual arrangement with the facility. The applicant currently operates two units, which applicant states performed 3,384 procedures in the past year at the following hospitals:

Utilization of Scott Medical Imaging MRI Mobile Units

Hospital/Location	2002
Rankin Medical Center, Brandon	635
Scott Regional Hospital, Morton	276
Lackey Memorial Hospital, Forest	98
Newton General Hospital, Newton	135
Bolivar Co. Hospital, Cleveland	1,295
South Sunflower County Hospital, Indianola	409
Magee General Hospital, Magee	536
Totals	3,384

Preliminary data indicate that 4,108 MRI procedures were performed at the above facilities during fiscal year 2002.

The applicant proposes to offer the services Monday through Friday from 8:00 a.m. to 5:00 p.m. Hours and days of operation may be altered as needed by the clients. Applicant

projects to perform 3,600 procedures the first year, 4,200 the second year, and 4,500 the third year of operation.

SHP Criterion 2 - Documentation of Diagnostic Imaging Modalities

Scott Medical Imaging, LLC certified that a full range of diagnostic imaging modalities for verification and complementary studies will be available at the time the mobile MRI services begin. Among these modalities are computed tomography, ultrasound, angiography, nuclear medicine, and conventional radiology.

SHP Criterion 3 - Accessibility

The applicant certified that within the scope of its available services, it will not have policies or procedures which would exclude patients because of race, color, age, sex, ethnicity, or ability to pay.

SHP Criterion 4 - Staffing

Scott Medical Imaging, LLC certified that the required staff will be available at the time MRI services begin.

SHP Criterion 5 - Research Staffing

The applicant states that no experimental procedures are anticipated to be performed on the MRI unit.

SHP Criterion 6 - Data Requirement

Applicant certified that it will maintain and provide all information required by this criterion to be supplied upon request to the Mississippi State Department of Health.

SHP Criterion 7 - CON Approval

Scott Medical Imaging currently is a vendor of MRI equipment in the state of Mississippi, under exemption approved by the MSDH. The applicant is seeking CON authority to become a provider of services.

B. General Review (GR) Criteria

Chapter 8 of the *Mississippi Certificate of Need Review Manual*, revised 2000, addresses general criteria by which all CON applications are reviewed. The applicable criteria are as follows:

GR Criterion 2 - Long Range Plan

Applicant states that Scott Medical Imaging's mission is to provide state of the art equipment and treatment modalities to the citizens of the medical trade area. The proposed project is consistent with the applicant's development plan to offer high quality patient care and access to needed medical services.

GR Criterion 3 - Availability of Alternatives

Applicant submits that the proposed project is the result of planning and identification of long range goals for Scott Medical Imaging and the community it serves. Applicant believes that the project, as proposed, is the most efficient and cost effective method of meeting the community needs identified.

GR Criterion 4 - Economic Viability

The applicant projects gross income of \$198,000 the first year of operation. Therefore, the project appears to be economically viable.

GR Criterion 5 - Need for Service

Scott Medical Imaging states that it does not discriminate against low income persons, racial and ethnic minorities, elderly, women, handicapped persons, or any other underserved groups in the provision of services. This project is projected to serve the needs of the rural population for easier access to health care services and continuity of care.

The application contained five (5) letters of support for the project.

GR Criterion 6 - Accessibility

The applicant states that Scott Medical Imaging, LLC provides services to the residents in its service area without regard to race, ethnicity, sex, age, religion, or handicap. The proposed MRI services will be made accessible to Medicare, Medicaid, and medically indigent patients.

GR Criterion 7 - Information Requirement

Scott Medical Imaging, LLC affirms that it will record and maintain, at a minimum, the required information regarding charity care, care to the medically indigent and Medicaid populations and make it available to the Department within 15 business days of request.

GR Criterion 8 - Relationship to Existing Health Care System

The applicant submits that this proposal involves an enhancement to the services that its client hospitals already provide to the community. The offering of MRI services is crucial to ensuring ease of access to and continuity of care, efficient and rapid delivery of health care services, and convenience to residents in their service areas.

GR Criterion 9 - Availability of Resources

Scott Medical Imaging submits that the proposed service will be staffed by current medical and allied health personnel. No new personnel will be employed as a result of the project.

IV. FINANCIAL FEASIBILITY

A. Capital Expenditure Summary

No capital expenditure is projected for this project.

B. Method of Financing

The proposed project does not require any capital expenditure; therefore, no financing is required.

C. Effect on Operating Cost

The applicant projects the following revenues and expenses for the first year of operation using two units:

	First Year
Salaries & Benefits	\$ 236,197.00
Operational Expenses	169,103.00
Administrative & General	128,000.00
Equipment Lease	624,110.00
Truck Lease	<u>44,460.00</u>
Total Expenses	\$1,201,870.00
Gross Pt. Revenue	\$1,400,000.00
Net Income	\$ 198,130.00
Number of Scans	3,600
Cost/Scan	\$ 333.85
Charge/Scan	\$ 388.88

D. Cost to Medicare/Medicaid

Since Medicaid does not reimburse freestanding MRI facilities, the cost to the Medicaid program will be negligible.

The applicant projects that approximately three (3) percent of its patients will be medically indigent.

V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES

The Division of Medicaid was provided an opportunity to review and comment on this project; however, no written comments were received.

VI. CONCLUSION AND RECOMMENDATION

This project is in substantial compliance with the criteria and standards for the offering of MRI services, as contained in the *FY 2003 State Health Plan*; the *Mississippi Certificate of Need Review Manual*, 2000 revisions; and all adopted rules, procedures, and plans of the Mississippi State Department of Health.

Therefore, the Division of Health Planning and Resource Development recommends approval of this application submitted by Scott Medical Imaging, LLC.