

**DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT (THURMAN)  
JUNE 2003**

CON Review HG-NIS-0403-010  
Sharkey-Issaquena Community Hospital, Rolling Fork  
Establishment of Mobile Magnetic Resonance Imaging Services  
Capital Expenditure:       \$-0-

**STAFF ANALYSIS**

**I. PROJECT SUMMARY**

**A. Applicant Information**

Sharkey-Issaquena Community Hospital (SICH), is a non-profit Mississippi hospital owned by Sharkey and Issaquena counties. The hospital is an acute care, swing and geriatric psychiatric hospital licensed to operate 29 beds. The hospital is governed by a five member Board of Trustees appointed by the two Boards of Supervisors.

**B. Project Description**

Sharkey-Issaquena Community Hospital (SICH), requests Certificate of Need (CON) authority for offering of Mobile MRI services at Sharkey-Issaquena Community Hospital through a contractual agreement with Scott Medical Imaging. No construction, renovation, or capital expenditures will be needed to institute the MRI services. This proposal will provide MRI services to the physicians referring to SICH as a diagnostic tool to enhance their ability to better serve their patients. SICH will offer a full range of diagnostic imaging modalities for verification and complementary studies that will be available in the area at the time MRI services begin. These modalities include, without limitation, computer tomography (full body), ultrasound, angiography, nuclear medicine, and conventional radiology. The MRI unit will be a Picker 1.0t Vista Polaris MRI System installed in a mobile unit sharing with other institutions. This mobile unit will serve SICH half of one day a week and is guaranteed at least four examinations for that day. Scott Medical Imaging proposes to do two hospitals each working day.

SICH will not have any adverse effect on ancillary or support services. MRI services will be initiated upon CON approval.

**II. TYPE OF REVIEW REQUIRED**

Projects which propose the provision of mobile magnetic resonance imaging services are reviewed in accordance with Section 41-7-191, subparagraphs (1) (d)(xii), and (f) 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 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 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 addresses policy statements and specific criteria and standards which an applicant is required to meet before receiving CON authority to provide MRI services. This application is in substantial compliance with applicable criteria and standards. This proposal is for the provision of mobile magnetic resonance imaging services.

**SHP Criterion 1 - Need**

In this application, Sharkey-Issaquena Community Hospital proposes to offer MRI services through an existing mobile route. The mobile route is operated by Scott Medical Imaging of Morton, Mississippi, and includes or proposes to include, the following providers:

<i>Hospital</i>	<i>Projected # of procedures</i>
Newton Regional Hospital	250
Yalobusha General Hospital	300
Tallahatchie General Hospital	300
Preferred Imaging LLC	960
Sharkey-Issaquena Community Hospital	360
Total Projected MRI Procedures	2170

Source: Scott Medical Imaging

**SHP Criterion 2 - Documentation of Diagnostic Imaging Modalities**

SICH certifies that a full range of diagnostic imaging modalities for verification and complementary studies will be available in the area at the time MRI services begin. These modalities include, without limitation, computed tomography (full body), ultrasound, angiography, nuclear medicine, and conventional radiology.

**SHP Criterion 3 - Accessibility**

SICH certifies 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 handicap.

**SHP Criterion 4 - Staffing**

The applicant states that the described staff will be available at the time MRI services begin and does not plan to conduct experimental procedures; however, should it decide to do so in the future, the above-described procedures will be followed. No projected increase or decrease in staff is proposed as a result of this project.

### **SHP Criterion 6 - Data Requirement**

The applicant affirms 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**

According to the applicant, Scott Medical Imaging has received approval from the Mississippi State Department of Health for the control of the mobile MRI unit within the State of Mississippi.

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

Chapter 8 of the Mississippi Certificate of Need Review Manual, revised May 13, 2000, addresses general criteria by which all CON applications are reviewed.

#### **GR Criterion 2 - Long Range Plan**

SICH 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**

According to the applicant, the proposed project is the result of planning and identification of long range goals for SICH and the community it serves. The project, as proposed, is the most efficient and cost effective method of meeting the community needs identified.

SICH considered alternatives before determining to proceed with proposed project. Alternatives considered include the following:

1. Maintain the Status Quo: To continue referring patients to other providers for MRI services ignores the needs of the community the hospital serves. The disruption of continuity of patient care, the increase in total costs to patients, and the limited accessibility make this alternative unsuitable.
2. Purchase of a Fixed MRI Unit: This alternative was rejected because of cost inefficiency. Contracting for mobile services meets the needs of the community at a much reduced cost.

The proposed project will not adversely affect any other provider of health care services. Rather, the proposed project will greatly enhance the quality of health care provided in the community. There are no training or research programs involved in this project. Failure to implement this project will deny patients convenience, accessibility, and lower treatment costs for MRI access. Implementation of the proposed project will promote quality and continuity of care and will increase patient access.

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

The applicant states that the proposed charges will be comparable to those charges established by other facilities for similar services within the service area. The projected level of utilization is reasonably consistent with those experienced by similar facilities within the service area and state. Additionally, the projected level of utilization is consistent with the need level of the service area, as shown by the need methodology.

Based on the applicant's financial projections, the economic viability of this project appears to be good. Based on the applicant's three year projections, this project will be economically viable. The first three years projected net income will be \$349,000, \$495,500 and \$632,666, respectively.

#### **GR Criterion 5 - Need for Services**

SICH will 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 will serve the needs of the surrounding population for easier access to health care services and continuity of care. No adverse effect will be incurred by any existing facility or service as a result of the implementation of this project. The proposed project has strong support from area physicians through letters of endorsements.

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

According to the applicant, the hospital will provide services to the residents in its service area without regard to race, ethnicity, sex, age, religion, or handicap. SICH has provided, and will continue to provide, services to Medicaid recipients, charity/medically indigent patients, racial and ethnic minorities, women, handicapped persons, and the elderly. All residents of the service area have access to the hospital and will have access to the proposed mobile MRI services.

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

The applicant affirms that it will record and maintain, at a minimum, the following information regarding charity care, care to the medically indigent, and Medicaid populations and will make such information available to the Mississippi State Department of Health within 15 days of a request of a request from the Department as noted above.

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

This proposal involves an enhancement to the Services Sharkey-Issaquena Community Hospital provides to the community. The applicant submits that the offering of MRI services is crucial to ensuring ease of accessibility and continuity of care, efficient and rapid delivery of health care services, and convenience to residents in the service area.

**GR Criterion 9 - Availability of Resources**

The applicant states that the current medical staff physicians and personnel will staff the proposed service. No new personnel will be employed as a result of this project. All physicians utilizing the Imaging Center will be private practitioners. MRI technician personnel will be employed by or provided by Alliance Imaging, Inc., pursuant to contract. This project is supported by area physicians and surgeons who have expressed their interest through letters of commitment and affidavits included in the application.

**GR Criterion 10 - Relationship to Ancillary or Support Services**

SICH anticipates no adverse effect on ancillary or support services. The applicant states that the proposed project will not adversely affect any other provider of health care services; rather, the project will greatly enhance the quality of health care provided in the community.

**GR Criterion 16 - Quality of Care**

SICH currently provides and will continue to provide quality healthcare. The hospital will be certified to participate in Medicaid, Medicare, and Blue Cross. However, it will not be JCAHO certified.

**IV. FINANCIAL FEASIBILITY**

**A. Capital Expenditure Summary**

There is no capital expenditure as a result of this project.

**B. Method of Financing**

No financing is required for this project.

**C. Effect on Operating Cost**

The applicant projects the following expenses, utilization, and results from operation for the first three years following completion of the project:

<b>EXPENSES</b>		<b>YEAR 1</b>		<b>YEAR 2</b>		<b>YEAR 3</b>
Salaries & Benefits	\$	144,000.00	\$	168,000.00	\$	196,000.00
Other Direct Expenses	\$	50,000.00	\$	67,000.00	\$	83,334.00
Other Indirect Expenses	\$	33,000.00	\$	37,500.00	\$	48,000.00
<b>TOTAL EXPENSES</b>	<b>\$</b>	<b><u>227,000.00</u></b>	<b>\$</b>	<b><u>272,500.00</u></b>	<b>\$</b>	<b><u>327,334.00</u></b>
GROSS PAT. REVENUE	\$	576,000.00	\$	768,000.00	\$	960,000.00
NET INCOME (LOSS)	\$	349,000.00	\$	495,500.00	\$	632,666.00
NUMBER OF SCANS		360		480		600
TREATMENT PATIENTS		1		1		1
NO. OF TREATMENT		1		1		1
COST PER PROCEDURE	\$	320.00	\$	320.00	\$	320.00
CHARGE PROCEDURE	\$	1,600.00	\$	1,600.00	\$	1,600.00
COST PER PROCEDURE (STAFF)	\$	630.56	\$	567.71	\$	545.56
CHARGE PROCEDURE (STAFF)	\$	1,600.00	\$	1,600.00	\$	1,600.00

\* Applicant projects approximately 9.0 percent of gross revenue for bad debt patients, medically indigent patients and charity care patients.

**D. Cost to Medicaid/Medicare**

Patient Mix by Type Payer	Utilization Percentage	First Year Expenses
Medicaid	30.0%	\$ 15,000.00
Medicare	55.0%	\$ 27,500.00
Private/ Self Pay	<u>15.0%</u>	<u>\$ 7,500.00</u>
<b>TOTAL</b>	<b><u>100.0%</u></b>	<b><u>\$ 50,000.00</u></b>

**V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES**

The Division of Medicaid was provided a copy of this application for review. The DOM stated that outpatient services are paid as outlined in the State Plan, and took no position on the project.

**VI. CONCLUSION AND RECOMMENDATION**

This project is in substantial compliance with criteria and standards contained in the FY 2003 State Health Plan; the Certificate of Need Review Manual, revised 2000; 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 Sharkey-Issaquena Community Hospital, Rolling Fork, for offering mobile magnetic resonance imaging services.