

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

CON Review HG-A-0503-012

Delta Regional Medical Center, Greenville

Amendment to CON #R-0401 (Construction of a Medical Office Building) and Site Change

Original Capital Expenditure: \$5,533,600

Revised Capital Expenditure \$5,533,600

Proposed Additional Capital Expenditure: \$ -0-

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

Delta Regional Medical Center is a 268-bed short term acute-care facility owned by Washington County, and is governed by a seven-member Board of Trustees. The Board of Trustees is appointed by the Board of Supervisors of Washington County. The facility is accredited by the Joint Commission on Healthcare Organizations.

The licensed bed capacity of the hospital is made of 221 medical surgical beds, 15 adult chemical dependency beds, 16 adult psychiatric beds and 16 Burn Center/rehab beds.

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

Delta Regional Medical Center

Fiscal Year	Occupancy Rate (%)	ALOS (Days)	Medicaid* Utilization Rate (%)
2001	38.55	5.45	18.83
2002	35.77	4.85	19.01
2003	36.30	4.43	20.85

Source: Division of Health Facilities Licensure and Certification, MSDH

B. PROJECT BACKGROUND (CON #R-0401)

Delta Regional Medical Center was granted a Certificate of Need (CON) HG-MOB-0500-008 August 31, 2000, for the construction of a medical office building with a capital expenditure amount of \$5,533,600. This medical office building was originally proposed to be located at 1400 East Union (North Greenville) and is currently seeking approval to relocate to Martin Luther King Blvd., which is in South Greenville.

The CON granted the Delta Regional Medical Center authority to construct a 48,000 square foot Medical Services Building adjacent to the north end of the existing physical plant. The original application describes the layout of the proposed medical office building.

B. Project Description

Delta Regional Medical Center requests Certificate of Need (CON) authority to relocate the referenced medical office building to its newly acquired 182- acre site in South Greenville. The site was acquired for the development of their new comprehensive medical campus.

There is no increase in the capital expenditure. The applicant includes a revised capital expenditure summary. There have been no physical changes in the range, facilities, types of services, equipment, etc. The only change in this application is the proposed relocation of the medical office building from 1400 East Union to 1949-1968 Martin Luther King Blvd. The project is expected to begin by November 1, 2003. No completion date was provided in this application.

II. TYPE OF REVIEW REQUESTED

The State Health Officer reviews all projects for cost overrun and amendments in accordance with 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 September 4, 2003.

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

A. State Health Plan (SHP)

The *FY-2003 State Health Plan* contains criteria and standards which the applicant is required to meet before receiving CON authority for construction, renovation, and the acquisition of major medical equipment. The original project was in substantial compliance with the Plan in effect at the time of submission. This application continues to be in substantial compliance with applicable criteria and standards contained in the Plan.

B. General Review (GR) Criteria

Chapter 8 of the *Mississippi Certificate of Need Review Manual, 2000 revisions*, addresses general criteria by which all CON applications are reviewed. This application continues to be in substantial compliance with general review criteria.

Attorney for The King's Daughters Hospital, Greenville, Mississippi, filed comments in opposition to the amendment. The attorney asserts that Delta Regional has failed to demonstrate any significant activity toward meeting requirements of "good faith effort to obligate approved expenditure" or "commencement of construction." Comments further suggest that the applicant has failed to document need for the project or the likely additional costs associated with relocation.

IV. FINANCIAL FEASIBILITY

A. Capital Expenditure Summary

	Original Approved Capital Expenditure	Revised Capital Expenditure	Increased or Decreased Capital Expenditure
New Construction Cost	\$ 4,160,000.00	\$ 4,160,000.00	\$ 0.00
Land		\$*81,055.00	\$ 81,055.00
Site Work	\$ 900,000.00	\$ 900,000.00	\$ 0.00
Contingency	\$ 150,000.00	\$*68,945.00	\$ (81,055.00)
Fees	\$ 303,600.00	\$ 303,600.00	
Total Capital Expenditure	<u>\$ 5,513,600.00</u>	<u>\$ 5,513,600.00</u>	<u>\$ 0.00</u>

B. Method of Financing

There is no cost as a result of this project.

C. Effects on Operating Costs

There has been no change from the originally approved CON proposal.

D. Cost to Medicaid/Medicare

There has been no change from the originally approved CON proposal.

V. RECOMMENDATION OF OTHER AFFECTED AGENCIES

The Division of Medicaid was provided a copy of this application for comment and takes no position of the referenced Certificate of Need.

VI. CONCLUSION AND RECOMMENDATION

This project is in substantial compliance with the overall objectives of the *FY 2003 Mississippi State Health Plan*; Chapter 8 of the *Mississippi Certificate of Need Review Manual, 2000*; and all adopted rules, procedures, and plans of the Mississippi State Department of Health in effect at the time of the approval. The project continues to be in substantial compliance with applicable criteria and standards and adopted rules, procedures and plans of the Department.

The Division of Health Planning and Resource Development recommends approval of this application submitted by Delta Regional Medical Center.