

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT
MARCH 22, 2021**

**CON REVIEW NUMBER: ASC-NIS-0221-001
AMBULATORY CARDIOVASCULAR CENTER OF MISSISSIPPI, LLC
D/B/A AMBULATORY CARDIOVASCULAR CENTER OF MISSISSIPPI
ESTABLISHMENT OF JOINT VENTURE CARDIAC AMBULATORY SURGICAL FACILITY
CAPITAL EXPENDITURE: \$1,761,500.00
LOCATION: HATTIESBURG, FORREST COUNTY, MISSISSIPPI**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

Ambulatory Cardiovascular Center of Mississippi, LLC d/b/a Ambulatory Cardiovascular Center of Mississippi is a Limited Liability Company that will be managed by a six (6) member board of managers. Hattiesburg Clinic and South Mississippi Health Services, Inc. (whose sole corporate member is Forrest General Hospital) will each appoint three (3) members to the board. The application contains a Certificate of Good Standing, dated February 4, 2021, from the Office of the Secretary of State, certifying that the entity is in good standing to do business in Mississippi.

B. Project Description

Ambulatory Cardiovascular Center of Mississippi, LLC d/b/a Ambulatory Cardiovascular Center of Mississippi (“ACC of MS”) proposes the establishment of a Joint Venture Cardiac Ambulatory Surgical Facility (“JV-CASF”) in accordance with certificate of need (“CON”) policies, criteria and standards set forth in the *Fiscal Year 2020 Mississippi State Health Plan* (“the FY 2020 SHP”). ACC of MS is co-owned by Hattiesburg Clinic Professional Association (“Hattiesburg Clinic”) and South Mississippi Health Services, Inc., whose sole member is Forrest General Hospital (“Forrest General”). The applicant states Hattiesburg Clinic is South Mississippi’s largest physician-owned, multi-specialty medical practice with over 350 providers, including fourteen (14) cardiologists, serving nineteen (19) counties. The applicant further asserts Forrest General is the largest health system in South Mississippi and offers a comprehensive range of heart and vascular services, including cardiac catheterization, percutaneous coronary intervention (“PCI”) and cardiovascular surgery.

The applicant states the JV-CASF will be located in a recently constructed addition to Hattiesburg Clinic’s central office building located at 415 South 28th Avenue in Hattiesburg, in close proximity to Forrest General. According to the applicant, ACC of MS will enter into a fair-market-value lease with Hattiesburg Clinic for the use of the space in which the JV-CASF will be located. The applicant states the JV-CASF

will operate four (4) days a week and during the hours of operation, two (2) procedure rooms will be available for use exclusively for cardiac catheterizations, PCI procedures, and other cardiology services which may be performed in an ambulatory surgical facility, as approved by the federal Centers for Medicare and Medicaid Services (“CMS”). The applicant further states Hattiesburg Clinic will use the JV-CASF space one (1) day a week for the operation of an office-based laboratory.

The applicant projects a total capital expenditure of \$1,761,500.00 as itemized in Section IV of this Staff Analysis. ACC of MS expects the capital expenditure will be obligated by March 31, 2021, or upon CON approval with completion within sixty (60) to ninety (90) days following CON approval.

The application contains a letter dated February 16, 2021, documenting the Mississippi State Department of Health (MSDH) Division of Health Facilities Licensure and Certification’s approval of the site for the Joint Venture Cardiac Ambulatory Surgical Facility.

II. TYPE OF REVIEW REQUIRED

This project is reviewed in accordance with Section 41-7-173, 41-7-191(1)(d) 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. MSDH will also review applications for CON according to the general criteria listed in the *Mississippi Certificate of Need Review Manual, September 1, 2019, Revision*; all adopted rules, procedures, plans, criteria and standards of MSDH; and the specific criteria and standards listed below. The Department reviews projects for the provision of cardiac catheterization services if the proposed provider has not provided such service on a regular basis within the period of twelve (12) months prior to the time such service would be offered, regardless of the capital expenditure.

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 ten (10) days of publication of the staff analysis. The opportunity to request a hearing expires on April 1, 2021.

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

A. State Health Plan (SHP)

The *FY 2020 State Health Plan* contains policy statements, criteria and standards which the applicant is required to meet before receiving CON authority for the Establishment of Cardiac Ambulatory Surgical Facilities. This application is in

substantial compliance with the applicable policy, criteria and standards stated in the *Plan*.

Policy Statement Regarding Certificate of Need Applications for the Establishment of Cardiac Ambulatory Surgical Facilities

1. Definitions

- a. "Cardiac Ambulatory Surgical Facility (CASF)" means an ambulatory surgical facility which is established and operated for the purpose of providing cardiac catheterization procedures. A JV-CASF (as defined below) is a type of CASF.
- b. "Joint Venture Cardiac Ambulatory Surgical Facility (JV-CASF)" means a CASF which is jointly owned by (i) an acute care hospital which offers cardiac catheterization services and PCI services, and (ii) one or more cardiologists who are licensed to practice medicine by the MS State Board of Medical Licensure, or a group comprised of such cardiologists.

The applicant proposes the establishment of a Joint Venture Cardiac Ambulatory Surgical Facility.

2. Offering of Cardiac Catheterization Services

The applicant states the proposed JV-CASF will be located on the Third Floor of Hattiesburg Clinic's central office building located at 415 South 28th Avenue in Hattiesburg, MS. According to the applicant, the Third Floor is connected, via skywalk to Forrest General Hospital, which provides cardiac catheterization, PCI and cardiovascular surgery services. Additionally, the applicant states the JV-CASF will be co-owned by Forrest General Hospital through its non-profit affiliate, South Mississippi Health Services, Inc., and therefore, meets the 25-mile radius requirement regarding local ownership and operation. The applicant affirms the JV-CASF will maintain appropriate third-party accreditation.

3. Type of Procedures

The applicant states the proposed JV-CASF will perform only those catheterization procedures which have been approved for performance in an ambulatory surgical center by the federal Centers for Medicare and Medicaid Services (CMS). The applicant further states primary (i.e. acute infarct) PCIs will not be performed in the JV-CASF.

4. Multispecialty and Single-Specialty Ambulatory Surgical Facilities

The applicant states the proposed JV-CASF will be licensed as a

multispecialty ambulatory surgical facility but dedicated to cardiology services and procedures.

5. CON-Exempt Single-Specialty CASFs Prohibited

The applicant states ACC of MS is requesting CON approval prior to the commencement of operations of services.

6. Application of Policy Statement

The applicant asserts the proposed project substantially complies with the applicable policies set forth in Section 515.02 of the *FY 2020 Mississippi State Health Plan*.

Certificate of Need Criteria and Standards for the Establishment of Cardiac Ambulatory Surgical Facilities

SHP Criterion 1 – Minimum Procedures

ACC of MS projects the JV-CASF will perform the following volumes of cardiac catheterization procedures (diagnostic and therapeutic) in the first three years of operation:

Year 1: – 2,262
Year 2: – 2,330
Year 3: – 2,330

The applicant states these projections are based on an analysis of the historical volume of cardiac catheterization and PCI procedures performed at Forrest General Hospital by cardiologists affiliated with Hattiesburg Clinic, and an evaluation of the number of such procedures that may appropriately be conducted in the JV-CASF. The applicant further states based on historical experience, a three percent (3%) increase is projected for Year 2, with Year 3 conservatively projected to be the same volume as Year 2.

ACC of MS certifies that it will submit volume data to the Mississippi State Department of Health every three (3) years, in order to demonstrate and verify the utilization of services at the JV-CASF.

SHP Criterion 2 – Minimum Population

The applicant states the proposed JV-CASF is located in Hattiesburg, Forrest County, Mississippi, which is part of Cardiac Catheterization/Open Heart Surgery Planning Area 8. The applicant asserts Forrest County has a population of 78,443, according to the *FY 2020 Mississippi State Health Plan*, and Lamar County, which is adjacent to Forrest County, has a population of 66,071. The applicant submits the population of these counties and other areas within a 30-minute travel time of the

proposed JF-CASF substantially exceeds 60,000.

SHP Criterion 3 – Minimum Number of Procedure Rooms

The applicant submits the JV-CASF will have two (2) procedure rooms available for service and used exclusively for cardiac catheterization and PCI services.

SHP Criterion 4 – Financial Feasibility

The applicant submits the financial tables demonstrate that the JV-CASF will be economically viable within two (2) years of commencement of service. Specifically, the applicant states the Income Statement projects a net operating income of \$1,391,423.00 in the second year of operation.

SHP Criterion 5 – Letters of Support

The application contains a joint letter of support from fourteen (14) cardiologists who the applicant states will utilize the JV-CASF.

SHP Criterion 6 – Staffing Standards

The applicant states Forrest General Hospital and Hattiesburg Clinic have extensive experience in the provision of cardiac catheterization and PCI services, and have demonstrated their ability to provide sufficiently trained staff and to evaluate the performance of these programs in a hospital setting. The applicant further states this experience and expertise will be used in staffing and operations of the JV-CASF. Finally, the applicant states all cardiologists performing procedures in the JV-CASF currently have, and will maintain, active medical staff membership and clinical privileges at Forrest General Hospital, which will have a formal emergency transfer agreement with the JV-CASF.

SHP Criterion 7 – Recording and Maintenance of Data

ACC of MS confirms that it will record and maintain separate utilization data for diagnostic cardiac catheterization and PCI procedures (e.g., mobility data, number of diagnostic cardiac catheterization and PCI procedures performed, and mortality data, all reported by race, sex and payor status) and make that data available to the Mississippi State Department of Health annually.

SHP Criterion 8 – Service Specific

- a. **Formal emergency transfer agreement.** The applicant asserts open-heart surgery services will be available through a formal emergency transfer agreement between the JV-CASF and Forrest General Hospital. The applicant proposes that the JV-CASF will be located on the Third Floor of Hattiesburg Clinic's central office building, directly across South 28th Avenue from Forrest General

Hospital. According to the applicant, this arrangement will ensure emergency transfers are accomplished rapidly, and in significantly less time than 120 minutes from the onset of PCI complications to cardiopulmonary bypass. The applicant states emergency transfer protocols will include the capability to provide a ventricular support device, such as an intra-aortic balloon pump (LABP) or an Impella.

- b. Certification of lifetime experience.** The applicant certifies that cardiologists performing PCIs in the JV-CASF have a lifetime experience of greater than 150 total PCIs with acceptable outcomes as primary operator after completing a cardiology fellowship, which may include the successful completion of an Interventional Cardiology fellowship as adequate certification.
- c. Quality data.** ACC of MS certifies that the JV-CASF will participate in and submit quality data to the appropriate cardiac catheterization registries.
- d. Multi-disciplinary meetings.** The applicant certifies that it will hold quarterly multi-disciplinary meetings to evaluate patient outcomes, review quality improvement data, and identify and implement solutions for any operational issues.
- e. Certification of meeting the Society of Cardiovascular Angiography and Interventions Guideline (SCAI)-ACCF/AHA/SCAI Guidelines for Percutaneous Coronary Intervention (PCI)**
 - i. Equipment.** ACC of MS certifies that it will have available in the catheterization laboratory the equipment listed in Section 4.1.1 of the above stated guidelines (the “Guidelines”) entitled “Equipment” and that the equipment will be routinely tested.
 - ii. Staffing.** ACC of MS certifies the availability of adequate staff in the catheterization laboratory as set forth in Section 4.1.2 of the Guidelines entitled “Staffing” and that such staff will be certified on both basic life support and advanced cardiovascular life support.
 - iii. Time-Out Procedures.** ACC of MS certifies that “time-out” procedures will be implemented as discussed in Section 4.1.3 of the Guidelines, entitled “Time-Out Procedures.”
 - iv. Quality Performance: Recommendations.** The applicant certifies that it will operate a quality improvement program and participate in a national PCI registry as discussed in

Section 7.1 of the Guidelines, entitled “Quality Performance: Recommendations.”

SHP Criterion 9 – Medicaid Participation

The applicant certifies that the JV-CASF will participate in the Mississippi Medicaid program.

SHP Criterion 10 – Indigent/Charity Care

ACC of MS certifies that (a) the JV-CASF will provide care to Medicaid patients, (b) the JV-CASF will provide indigent/charity care, including care to underinsured patients, of no less than five percent (5%) of the total volume of procedures performed at the JV-CASF, and (c) the JV-CASF will report the total volume of indigent/charity care to the MSDH Office of Health Policy and Planning annually, and will publish its indigent/charity care policy on the JV-CASF’s website.

SHP Criterion 11 – Regulatory Approval

Through this application, ACC of MS requests CON approval for the establishment of a Joint Venture Cardiac Ambulatory Surgical Facility, including the equipment to be used in the operation of the JV-CASF.

B. General Review (GR) Criteria

Chapter 8 of the *Mississippi Certificate of Need Review Manual, Revised September 1, 2019*; addresses general criteria by which all CON applications are reviewed. This application is in substantial compliance with the general review criteria contained in the manual.

GR Criterion 1- State Health Plan

The applicant asserts the project fully complies with the *FY 2020 Mississippi State Health Plan*’s policies, criteria and standards governing the establishment of a Joint Venture Cardiac Ambulatory Surgical Facility.

GR Criterion 2 – Long Range Plan

The applicant submits the long-range plan of both Forrest General Hospital and Hattiesburg Clinic include a commitment to meeting the health care needs of the residents of South Mississippi through innovative and cost-effective approaches to the delivery of health services. Further, the applicant states following the Mississippi State Board of Health’s approval of the *FY 2020 Mississippi State Health Plan*, Forrest General’s management team and Hattiesburg Clinic’s cardiologists and administrative staff conducted a series of meetings in order to develop a plan and process for the establishment and operation of the proposed JV-CASF.

GR Criterion 3 – Availability of Alternatives

- a. **Advantages and Disadvantages:** The applicant states an alternative to the proposed project is to maintain the status quo, but that approach was rejected as not being in the best interests of the patients served by Forrest General Hospital and Hattiesburg Clinic. Further, the applicant states the primary advantage of the proposed JV-CASF is that it will provide an alternative diagnostic and treatment site for cardiovascular procedures in an outpatient setting.
- b. **New Construction Projects:** The applicant affirms the proposed JV-CASF will be located in a recently constructed addition to Hattiesburg Clinic's central office building, in close proximity to Forrest General Hospital.
- c. **Beneficial Effects to the Health Care System:** The applicant states the JV-CASF will complement the existing health care system in Hattiesburg and surrounding areas by establishing an additional access point for cardiac catheterizations, PCI procedures, and other cardiology services in an outpatient setting. The applicant asserts Forrest General and Hattiesburg Clinic are, respectively, the largest hospital and medical practice in South Mississippi, and have designed the proposed project to become an integral part of that health system.
- d. **Effective and Less Costly Alternatives:** ACC of MS asserts there is not a more effective or less costly alternative to the proposed project. The applicant states the JV-CASF will provide an efficient and cost-effective alternative for patients in need of diagnostic and interventional cardiology procedures.
 - i. **Unnecessary Duplication of Services:** The applicant states the proposed project is not a duplication of existing services. The applicant states the JV-CASF will be the state's first ambulatory surgical facility to offer cardiac catheterization and PCI services, consistent with the *FY 2020 Mississippi State Health Plan's* policies, criteria, and standards.
 - ii. **Efficient Solution:** The applicant asserts one of the primary objectives of the JV-CASF is to provide cardiovascular procedures in a clinically efficient, outpatient environment, as recognized by both CMS and the Mississippi State Board of Health.
- e. **Improvements and Innovations:** The applicant states in 2018, CMS added seventeen (17) cardiac catheterization-related procedures to the list of Medicare-covered procedures in an ambulatory surgical facility. The applicant states CMS subsequently expanded the list to include six (6) additional procedures, including PCI. The applicant further states, in

response the Mississippi State Board of Health adopted new policies, criteria and standards for the establishment of cardiac ambulatory surgical facilities. The applicant submits this is the first CON application submitted under the new standards, which were implemented at the federal and state levels in order to promote cost effectiveness in the delivery of these health services.

- f. **Relevancy.** ACC of MS states the proposed project is part of a recognized trend that encourages the provision of health services in an outpatient setting, when clinically appropriate.

GR Criterion 4 - Economic Viability

- a. **Proposed Charge:** The applicant submits the proposed charges and financial projections are based on the operational experience of Hattiesburg Clinic and Forest General as the JV-CASF is the first of its kind in the state.
- b. **Projected Levels of Utilization:** The applicant states the projected levels of utilization are based directly on the historical volume of cardiac catheterizations, PCIs and other procedures performed by Hattiesburg Clinic cardiologists at Forrest General, with reasonable projections of future growth. The applicant asserts since the JV-CASF will be the first to be established in the state, there are no comparable facilities in the service area.
- c. **Financial Feasibility Study:** The applicant affirms that the proposed capital expenditure does not exceed \$2,000,000.00; therefore, a feasibility study is not required.
- d. **Financial Forecasts:** The applicant states ACC of MS does not project any significant deviations from its financial forecasts.
- e. **Impact of Proposed Project on Health Care Cost:** The applicant projects that ACC of MS will cover expenses with working capital, if needed.

GR Criterion 5 - Need for the Project

- a. **Access by Population Served:** The applicant asserts the JV-CASF will be accessible to all residents of the service area, including underserved groups.
- b. **Relocation of Services:** Not applicable. The applicant does not propose the relocation or replacement of services.
- c. **Current and Projected Utilization of Comparable Facilities:** The applicant submits ACC of MS will be the first JV-CASF established in the State. The applicant states the application is submitted in response to the new CON policies, criteria and standards approved by the Mississippi State Board of Health for inclusion in the *FY 2020 Mississippi State Health Plan*.

The applicant further asserts in adopting these regulatory changes, the Board of Health encouraged the establishment of locally owned and operated cardiac ambulatory surgical facilities through joint ventures between hospitals and area cardiologists.

- d. **Probable Effect on Existing Facilities in the Area:** The applicant projects that a number of cardiac catheterization and PCI procedures historically performed at Forrest General Hospital will move to the proposed JV-CASF.
- e. **Community Reaction:** The application contains a joint letter of support from the fourteen (14) cardiologists who will perform services at the JV-CASF.

GR Criterion 6 - Access to the Facility or Service

- a. **Access to Services.** The applicant submits Forrest General Hospital and the Hattiesburg Clinic are accessible to all residents of its service area, including Medicaid recipients, charity/medically indigent patients, racial and ethnic minorities, women, handicapped persons, and the elderly.

The applicant states as a new facility, the JV-CASF does not have historical utilization data on indigent/charity care; however, the following table shows the projected charity/medically indigent care for first two (2) years of operation:

| | Year 1 | Year 2 |
|-----------------------|----------------|----------------|
| Indigent/Charity Care | \$1,150,000.00 | \$1,184,500.00 |
| Percentage of Total | 8.00% | 8.00% |

- b. **Existing Obligations:** The applicant submits that ACC of MS does not have any obligations under any federal regulations requiring provision of uncompensated care, community service, or access by minority/handicapped persons.
- c. **Unmet Needs of Medicare/Medicaid and Medically Indigent Patients:** The applicant states the JV-CASF will serve the needs of all residents of the service area, including Medicare, Medicaid and medically indigent patients.
- d. **Access to Proposed Facility:** The applicant submits Medicare, Medicaid and medically indigent patients will have access to services offered by the JV-CASF.

e. Access Issues:

- i. **Transportation and Travel:** The applicant submits the JV-CASF will be easily accessible by Interstate 59 and U.S. Highway 49.
- ii. **Restrictive Admissions Policy:** The applicant states the JV-CASF will comply with applicable Federal civil rights laws and will not discriminate on the basis of race, color, national origin, age, disability, or sex. The applicant further states the JV-CASF will not exclude people or treat them differently because of race, color, national origin, age, disability, or sex.
- iii. **Access to Care by Medically Indigent Patients:** ACC of MS ensures that the JV-CASF will be accessible to medically indigent patients.
- iv. **Operational Hours of Service:** The applicant states the JV-CASF will operate four (4) days a week, with hours scheduled based on patient needs and demand.

GR Criterion 7 - Information Requirement

ACC of MS affirms that it will record, maintain, and provide the required information upon request of the Mississippi State Department of Health.

GR Criterion 8 - Relationship to Existing Health Care Baptist System

- a. **Comparable Services.** The applicant asserts the proposed JV-CASF is the first Cardiac Ambulatory Surgical Facility in the service area and state. ACC of MS states residents of the service area currently access cardiac catheterization and PCI services through Forrest General Hospital and other hospitals in the area.
- b. **Effect on Existing Health Services**
 - i. **Complement Existing Services:** The applicant states the proposed project will complement the existing health system by making cardiac catheterization and PCI services available in an outpatient setting.
 - ii. **Provide Alternative or Unique Service:** The applicant asserts this unique facility has been developed and is proposed in direct response to the Mississippi State Board of Health's adoption of policies, criteria, and standards for the establishment of Cardiac Ambulatory Surgical Facilities, as set forth in the *FY2020 Mississippi State Health Plan*.

- iii. **Provide a service for a specified target population:** The proposed project proposes to serve cardiac catheterization patients in an outpatient setting.
- iv. **Provide services for which there is an unmet need:** The proposed JV-CASF will be the first in the state to provide cardiac catheterization and PCI services in a freestanding, outpatient facility.
- c. **Adverse Impact.** The applicant submits if the proposed project is not implemented, the residents of the area served by Forrest General Hospital and Hattiesburg Clinic will not have access to cardiac catheterization and PCI services in a freestanding, outpatient facility.
- d. **Transfer/Referral/Affiliation Agreements.** The applicant asserts the JV-CASF will have formal emergency transfer agreements with Forrest General Hospital for the provision of open-heart surgery services.

GR Criterion 9 - Availability of Resources

- a. **New Personnel.** The applicant states fourteen (14) cardiologists affiliated with Hattiesburg Clinic will utilize the proposed JV-CASF. In addition, the applicant states staff will be recruited through the resources of Hattiesburg Clinic and Forrest General Hospital.
- b. **Contractual Services.** The applicant states there are no clinically-related contractual services associated with the proposed project.
- c. **Existing Facilities or Services.** The applicant states Forrest General Hospital is an accredited institution with a long history of health service excellence through qualified health personnel. Further, the applicant states Hattiesburg Clinic is the largest medical practice in South Mississippi, and employs a significant number of nurses, nurse practitioners and support staff.
- d. **Alternative Uses of Resources.** The applicant affirms this criterion is not applicable for this project.

GR Criterion 10 – Relationship to Ancillary or Support Services

- a. **Support and Ancillary Services.** The applicant asserts the resources of both Forrest General Hospital and Hattiesburg Clinic will be used to ensure that all necessary support and ancillary services for the JV-CASF are available.
- b. **Changes in Costs or Charges.** The applicant states the JV-CASF's projected costs and charges are based on the provision of cardiac catheterization, PCI and other services in an ambulatory surgical facility.

- c. **Accommodation of Changes in Cost or Charges.** The applicant submits the financial tables take into account projected changes in cost and charges.

GR Criterion 11 – Health Professional Training Programs

The applicant affirms the JV-CASF will be available to meet the clinical needs of professional training programs in the service area.

GR Criterion 12 – Access by Health Professional Schools

The applicant states the JV-CASF will provide a unique opportunity to meet the clinical needs of health professional training programs.

GR Criterion 13 – Access by Individuals Outside Service Area

The applicant affirms this criterion is not applicable to this project.

GR Criterion 14 - Construction Projects

The applicant affirms this criterion is not applicable.

GR Criterion 15 – Competing Applications

There are no competing applications on file with the Mississippi State Department of Health for a joint venture cardiac ambulatory surgical facility.

GR Criterion 16 - Quality of Care

- a. **Past Quality of Care.** The applicant submits the proposed JV-CASF is a new facility. Therefore, this criterion is not applicable.
- b. **Improvement of Quality of Care.** The applicant asserts the JV-CASF and all cardiologists who perform procedures at the facility will comply with the service specific clinical requirements set forth in Need Criterion 8, thereby ensuring the quality of care delivered to the patient population.
- c. **Accreditations and/or Certifications.** The applicant submits the JV-CASF will be licensed by the Mississippi State Department of Health and certified for participation in the Medicare and Medicaid programs.

IV. FINANCIAL FEASIBILITY

A. Capital Expenditure Summary

| Cost Item | Projected Cost | Percentage of Cost (%) |
|---------------------------|------------------------|------------------------|
| Construction Cost – New | \$ 0.00 | 0.00% |
| Construction - Renovation | 0.00 | 0.00% |
| Capital Improvement | 0.00 | 0.00% |
| Total Fixed Equipment | 1,312,000.00 | 74.50% |
| Non-fixed Equipment | 378,000.00 | 21.47% |
| Land Cost | 0.00 | 0.00% |
| Site Preparation | 0.00 | 0.00% |
| Fees (Architectural) | 0.00 | 0.00% |
| Fees (Legal & Acct.) | 71,000.00 | 4.03% |
| Contingency Reserve | 0.00 | 0.00% |
| Capitalized Interest | 0.00 | 0.00% |
| Other | 0.00 | 0.00% |
| Total Expenditure | \$ 1,761,000.00 | 100.00% |

B. Method of Financing

The applicant proposes to finance the project with an operating fifteen (15) year term loan from Trustmark National (“Trustmark”) Bank with a thirty (30) day LIBOR Plus 275 basis points with a floor of 1.00% (Currently 2.88%). A letter from Trustmark indicates that a fixed rate will be established at closing.

C. Effect on Operating Cost

The Hospital’s three-year projected operating statement is presented at Attachment 1.

D. Cost to Medicaid/Medicare

The applicant projects gross patient revenue cost to third party payors as follows:

| Payor Mix | Utilization Percentage (%) | First Year Revenue (\$) |
|---------------------|----------------------------|-------------------------|
| Medicare | 60.00% | \$13,839,008.00 |
| Medicaid | 7.00% | \$1,714,379.00 |
| Commercial | 26.00% | \$6,033,711.00 |
| Self Pay | 0.00% | \$50,000.00 |
| Charity Care | 5.00% | \$1,150,000.00 |
| Other | 1.00% | \$316,169.00 |
| Total | 100.00% | \$23,103,267.00 |

V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES

The Division of Medicaid was provided a copy of this application for review and comment. No comments had been received from the Division of Medicaid as of March 22, 2021.

VI. CONCLUSION AND RECOMMENDATION

This project is in substantial compliance with the criteria and standards for the establishment of a Joint Venture Cardiac Ambulatory Surgical Facility as contained in the *FY 2020 Mississippi State Health Plan and the Mississippi Certificate of Need Review Manual, September 1, 2019 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 Ambulatory Cardiovascular Center of Mississippi, LLC d/b/a Ambulatory Cardiovascular Center of Mississippi for the Establishment of a Joint Venture Cardiac Ambulatory Surgical Facility.

Attachment 1

| Ambulatory Cardiovascular Center of Mississippi LLC Three-Year Operating Statement (Project Only) | | | |
|--|------------------------|-------------------------|-------------------------|
| | Year 1 | Year 2 | Year 3 |
| Revenue | | | |
| Patient Revenue: | | | |
| Inpatient | | | |
| Outpatient | \$23,103,267.00 | \$ 23,796,365.00 | \$ 23,796,365.00 |
| Gross Patient Revenue | \$23,103,267.00 | \$ 23,796,365.00 | \$ 23,796,365.00 |
| Charity Care | \$ 1,150,000.00 | \$ 1,184,500.00 | \$ 1,184,500.00 |
| Deductions from Revenue | \$13,427,267.00 | \$ 13,830,085.00 | \$ 13,830,085.00 |
| Net Patient Revenue | \$ 8,526,000.00 | \$ 8,781,780.00 | \$ 8,781,780.00 |
| Other Operating Revenue | \$ 116,914.00 | \$ 116,914.00 | \$ 116,914.00 |
| Total Operating Revenue | \$ 8,642,914.00 | \$ 8,898,694.00 | \$ 8,898,694.00 |
| Expenses | | | |
| Operating Expenses: | | | |
| Salaries | \$ 594,048.00 | \$ 611,870.00 | \$ 630,226.00 |
| Benefits | 166,334.00 | 171,324.00 | 176,463.00 |
| Supplies | 4,840,925.00 | 5,082,971.00 | 5,184,631.00 |
| Services | 682,080.00 | 711,896.00 | 711,896.00 |
| Lease | 348,800.00 | 348,800.00 | 348,800.00 |
| Depreciation | 219,611.00 | 219,611.00 | 219,611.00 |
| Interest | 67,159.00 | 63,000.00 | 57,000.00 |
| Other | 297,800.00 | 297,800.00 | 297,800.00 |
| Total Expenses | \$ 7,216,757.00 | \$ 7,507,271.00 | \$ 7,626,426.00 |
| Net Income (Loss) | \$ 1,426,157.00 | \$ 1,391,423.00 | \$ 1,272,268.00 |
| Assumptions | | | |
| Inpatient days | 0 | 0 | 0 |
| Outpatient days | 0 | 0 | 0 |
| Procedures | 2,262 | 2,330 | 2,330 |
| Charge/outpatient day | N/A | N/A | N/A |
| Charge per inpatient day | N/A | N/A | N/A |
| Charge per procedure | \$ 10,214.00 | \$ 10,214.00 | \$ 10,214.00 |
| Cost per inpatient day | N/A | N/A | N/A |
| Cost per outpatient day | NA | NA | NA |
| Cost per procedure | \$ 3,190.00 | \$ 3,222.00 | \$ 3,273.00 |

Note: Staff's calculation of Total Operating Expenses and Net Income may differ from Applicant's due to rounding.