

**DIVISION OF HEALTH PLANNING
AND RESOURCE DEVELOPMENT
MAY 24, 2019**

**CON REVIEW HG-NIS-0419-004
UNIVERSITY OF MISSISSIPPI MEDICAL CENTER
D/B/A UNIVERSITY OF MISSISSIPPI MEDICAL CENTER - GRENADA
OFFERING OF SWING-BED SERVICES
LOCATION: GRENADA, GRENADA COUNTY, MISSISSIPPI
CAPITAL EXPENDITURE: \$25,000.00**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

The University of Mississippi Medical Center, d/b/a University of Mississippi Medical Center – Grenada (“UMMC-Grenada” and “Applicant”) is a 142-bed publicly owned general acute care hospital (currently set up and staffed for forty-nine (49) beds). UMMC-Grenada is a community based hospital and part of the University of Mississippi Medical Center. The facility offers more than twenty (20) types of specialized care including pediatric care, women’s care, and general surgery. The application contains a letter from the Vice Chancellor for Health Affairs, appointed by the Chancellor of the University of Mississippi pursuant to IHL Board Policy 301.0703, authorizing the filing of the proposed project.

UMMC-Grenada is accredited by DNV GL Healthcare USA, Inc. and certified for participation in the Medicare and Medicaid programs.

B. Project Description

The University of Mississippi Medical Center, d/b/a University of Mississippi Medical Center - Grenada requests Certificate of Need (CON) authority to establish swing-bed services at UMMC-Grenada. Federal law allows rural hospitals with fewer than 100 beds to utilize its beds as “swing beds” to provide post-acute extended care services.

The applicant states that the final objective for the proposed project is to furnish post-acute SNF-level care for patients who require significant rehabilitation services. UMMC-Grenada states that the offering of swing-bed services will help facilitate rehabilitation, without patients having to leave the hospital.

The applicant indicates that no construction, renovation, or other capital expenditure will be necessary for this project. UMMC – Grenada proposes to utilize twenty (20) currently licensed beds for the swing-bed program. The applicant does not propose additional staff for the project.

UMMC – Grenada anticipates that the project will be initiated within thirty (30) days of receiving final approval of a CON and will take ninety (90) days to be complete.

The Mississippi Division of Health Facilities Licensure and Certification has approved the site for the swing bed services.

II. TYPE OF REVIEW REQUESTED

This Certificate of Need (CON) application to establish swing-bed services is reviewed under the applicable statutory requirements of Sections 41-7-173, 41-7-191, and 41-7-193, Mississippi Code of 1972 Annotated, as amended. MSDH will also review applications for CON according to the general criteria listed in the *Mississippi Certificate of Need Review Manual, April 9, 2017, Revision*; all adopted rules, procedures, and plans of the MSDH; and the specific criteria and standards listed below.

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 ten (10) days of publication of the staff analysis. The opportunity to request a hearing expires June 3, 2019.

III. CERTIFICATE OF NEED CRITERIA AND STANDARDS

A. State Health Plan (SHP)

The *FY 2018 Mississippi State Health Plan (MSHP)* contains criteria and standards which the applicant is required to meet before receiving CON authority for the establishment of swing-bed services.

SHP Need Criterion 1- Federal Requirements

UMMC-Grenada documents that the hospital will meet all federal regulations regarding the swing-bed concept. The hospital has 142 licensed beds; however, only forty-nine (49) beds are set up and staffed.

SHP Need Criterion 2 – Resolution Adopted for Proposed Participation

The applicant certifies that UMMC-Grenada is operated by the University of Mississippi Medical Center. The application contains a letter from the Vice Chancellor for Health Affairs of the University of Mississippi Medical Center, authorizing this proposed project.

SHP Need Criterion 3 – Hospitals Proposing Beds over the Maximum allowed by Federal Law

Applicant proposes to operate twenty (20) swing-beds, a number allowed by federal law.

SHP Need Criterion 4 – Medicare Recipients

The applicant states, if approved, UMMC-Grenada shall render services provided under the swing-bed concept to any patient eligible for Medicare (Title XVIII of the Social Security Act) who is certified by a physician to need such services.

SHP Need Criterion 5 – Limitation on Medicare/Medicaid Patients

UMMC-Grenada states that if the proposed project is approved and all federal requirements are met, UMMC-Grenada will comply with SHP Need Criterion 5.

SHP Need Criterion 6 – Hospitals with More Licensed Beds or a Higher Average Daily Census

UMMC-Grenada is licensed for 142 beds; however, the applicant states that it only utilizes and staffs forty-nine (49) beds at the present time. Therefore, the applicant states that UMMC-Grenada does not have more than the maximum number specified in federal regulations for participation in the swing-bed program.

SHP Need Criterion 7 – Transfer Agreements

The applicant states that it will comply with this criterion. UMMC-Grenada states that, if approved, it will execute transfer agreements with Grenada Living Center and Grenada Rehabilitation and Healthcare Center, the only two (2) skilled nursing facilities located in Grenada County.

SHP Need Criterion 8 – Failure to Comply

UMMC-Grenada acknowledges this criterion and states it will comply.

B. General Review (GR) Criteria

Chapter 8 of the *Mississippi Certificate of Need Review Manual, April 9, 2017, Revision*, addresses general criteria by which all CON applications are reviewed. This application is in substantial compliance with general review criteria.

GR Criterion 1 – State Health Plan

The application is in compliance with the criteria and standards contained in the *FY 2018 MS State Health Plan*, applicable to swing-bed services.

GR Criterion 2 - Long Range Plan

The applicant submits that UMMC-Grenada's long-term plan includes the continuation of efforts to add new physicians, specialties, and services to meet the needs of the communities the hospital serves. The applicant states that recent milestones include the addition of transplant services, a new 3D mammography suite, telehealth services for the child development clinic, TeleMIND services for patients with Alzheimer's disease and dementia, and establishment of a pain clinic.

UMMC-Grenada states that a general surgeon and orthopaedic surgeon joined its staff in 2018, increasing the need for rehabilitation services in the hospital. According to the applicant, swing-bed services will be a complement to these and other additions being made in an effort to better serve rural communities.

GR Criterion 3- Availability of Alternatives

- a. Advantages and disadvantages of alternatives:** The applicant states that UMMC-Grenada did not consider alternative approaches to the project. UMMC-Grenada affirms that without swing-bed services it will not be able to provide post-acute SNF-level care to patients. As a result, patients would have to be discharged home or to a nursing facility where the cost of care is likely to be higher. UMMC believes that keeping patients in place is easier for the patients and their families and allows physicians to provide a better continuum of care for the condition(s) that required hospitalization.
- b. New construction projects:** The applicant confirms that the proposed project does not require new construction.
- c. How the option selected most effectively benefits the health care system:** The applicant cited a study done by University of North Carolina rural Health Research Program which found that almost twelve percent (12%) of patients discharged from rural hospitals nationwide were discharged to some type of facility-based post-acute care. According to the applicant, these patients tend to be more elderly, female, have multiple chronic conditions, and have been hospitalized for cardiac, respiratory, or orthopaedic conditions. The applicant states the health care system benefits if these patients have a swing-bed option, in addition to SNF care.
- d. Unnecessary duplication of services/more efficient solution to identified need:** UMMC-Grenada states it is not aware of an equally effective and less costly alternative for swing-bed services at its hospital.

The applicant believes that swing-beds are a more efficient and less costly way to provide post-acute care of this type.

- e. **Improvements or innovations in the financing or delivery of health services:** UMMC-Grenada states swing-bed services will allow it to keep patients in place following acute care services. According to the applicant, this option is more convenient for the patients and their families and allows UMMC physicians to provide a better quality and continuum of care for the condition(s) that required hospitalization.
- f. **Relevancy of the proposed project:** The applicant states that Grenada County Mississippi, according to the 2010 Census, has a higher percentage of individuals over the age of sixty-five (65), as well as individuals under age sixty-five (65) living with a disability or without health insurance. According to the applicant, UMMC is mandated by law to serve all persons, including those who are indigent and qualify for Medicaid. Therefore, the applicant states this makes UMMC-Grenada's proposal to provide swing-bed services highly relevant to the health care needs of the Grenada community – now, and as the population continues to age.

GR Criterion 4 - Economic Viability

- a. **Proposed charges for and profitability of the proposed service:** The applicant states that it does not have specific data regarding the charges for similar services in the area, because currently there are no swing-bed services offered in Grenada County. The applicant's proposed charges are presented in Attachment 1 of this Staff Analysis.
- b. **Reasonably consistency of projected levels of utilization:** Utilization levels at other hospitals in Service Area 4 are provided in the *FY 2018 MS State Health Plan* at Table 5-4. The applicant believes that its projected levels of utilization will be reasonably consistent with those experienced by other hospitals in the service area and state.
- c. **Financial feasibility study:** Since the capital expenditure for this project is less than \$2,000,000.00, a financial feasibility study is not applicable.
- d. **Deviation of financial forecasts from three-year historical period:** The applicant states it has not provided swing-bed services in the past and, therefore, there is no comparable historical period.
- e. **In event the project fails:** UMMC-Grenada states if the proposed project fails to meet projected revenues, the applicant will utilize operating revenues generated by the facility as a whole to cover expenses.
- f. **Impact of the proposed project on the cost of health care:** The applicant contends that its swing-bed services will result in lower costs to patients and

to Medicaid, since similar rehabilitation services provided in other inpatient settings, including critical access hospitals and skilled nursing facilities are more expensive.

GR Criterion 5 - Need for the Project

- a. Need of the population to be served:** The applicant states that Grenada County Mississippi, according to the 2010 Census, has a higher percentage of individuals over the age of sixty-five (65), as well as individuals under age sixty-five (65) living with a disability or without health insurance. According to the applicant, UMMC is mandated by law to serve all persons, including those who are indigent and qualify for Medicaid. Therefore, the applicant states that this makes UMMC-Grenada's proposal to provide swing-bed services highly relevant to the health care needs of the Grenada community – now, and as the population continues to age. The applicant affirms that swing-bed services at UMMC-Grenada will make post-acute SNF care more readily available to low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups.
- b. Relocation:** The project does not propose the relocation or replacement of the allocated facility.
- c. Current and projected utilization of like facilities:** UMMC-Grenada is located in General Hospital Service Area (GHSA) 4. According to the *FY 2018 MS State Health Plan*, there were twelve (12) hospitals providing swing-bed services in GHSA 4 in FY 2016. However, the applicant asserts that none of the twelve (12) facilities are located in Grenada County and the closest facility, Webster Health Services, is approximately twenty-nine (29) miles from UMMC-Grenada. Furthermore, UMMC-Grenada states it is seeking swing-bed authority to provide rehabilitation options to patients who have been treated at its hospital by a University Physician. Therefore, the applicant does not expect the swing-bed service to affect the utilization of other hospitals in the service area.
- d. Probable effect of proposed service on existing facilities:** UMMC-Grenada asserts that its swing-bed service will not have an impact on any other hospitals in the service area. UMMC-Grenada states, in addition, the average length of stay for swing-beds in GHSA 4 is only 14.65 days. The applicant expects the average duration of swing-bed stays at its facility to be approximately fourteen (14) days, and should have no adverse effect on the two licensed nursing homes in Grenada County - Grenada Living Center (110 beds) and Grenada Rehabilitation and Healthcare Center (137 beds). UMMC-Grenada states it has transfer agreements in place for both nursing homes for patients requiring longer-term skilled nursing care.
- e. Community reaction to service:** The application contains eleven (11) letters of support for the project.

GR Criterion 6 -Accessibility

- a. **Extent to which medically underserved populations are expected to use the proposed services:** The applicant asserts that Mississippi law provides that UMMC “shall be utilized to serve the people of Mississippi generally.” It further states that in this role UMMC is required to devote substantial resources to the care of indigent patients and qualified beneficiaries of the State Medicaid Program. According to the applicant, UMMC-Grenada offers a range of means by which indigent persons and Medicaid beneficiaries may access the facility. The applicant believes that swing-bed services will help UMMC comply with these state mandates.

The percentage of gross patient revenue and actual dollar amount of healthcare provided to medically indigent and charity care patients for the last two years are presented below:

	Medically Indigent	Charity Care
Historical Year 2017	\$5,340,593.00 (3.8%)	\$1,397,162.00 (1.0%)
Historical Year 2018	\$4,644,863.00 (3.4%)	\$7,533,531.00 (5.6%)
Projected Year 1	\$4,831,894.00 (3.6%)	\$7,836,878.00 (5.8%)
Projected Year 2	\$5,327,164.00 (3.8%)	\$8,640,158.00 (6.1%)

- b. **Existing obligations under federal regulation:** The applicant indicates that it has no existing obligations under any federal regulation requiring provision of uncompensated care, community service, or access by minority handicapped persons.
- c. **Extent to which unmet needs of Medicare, Medicaid, and medically indigent patients are proposed to be served:** See (a) above and IV. B (Cost to Third Party Payors) below.
- d. **Access to the proposed facility or service:** See (a) above.
- e. **Access Issues:** The applicant states that UMMC-Grenada is conveniently located in the City of Grenada. Swing-bed services will not adversely affect transportation or travel time to the facility. The applicant believes that access to rehabilitation services will be enhanced by the availability of SNF-level services to patients who would otherwise be forced to travel for such care.

The applicant further submits that UMMC-Grenada provides a significant volume of care to indigent persons and beneficiaries of the Medicaid program, as required by law. The application contained a copy of UMMC’s

admissions policy. The applicant states that the regular hours of operation as well as UMMC-Grenada's emergency department is 24 hours/7 days a week.

GR Criterion 7- Information Requirement

UMMC-Grenada affirms that it will record and maintain the information required by this criterion and shall make the data available to the Mississippi Department of Health within fifteen (15) business days of request.

GR Criterion 8 - Relationship to Existing Health Care System

- a. Existing and comparable services within the proposed Service Area:** The applicant submits that swing-bed services are provided at twelve (12) other hospitals in GHS 4. The applicant states, however, that none of these facilities is located in Grenada County and the closest such facility, Webster Health services, is approximately twenty-nine (29) miles from UMMC-Grenada. Further, the applicant states that UMMC-Grenada is seeking swing-bed authority to provide rehabilitation options to patients who have been treated at its hospital by a University physician. Therefore, the applicant believes that should UMMC-Grenada be granted CON authority to provide swing-bed services, it should not affect the utilization of other hospitals in the service area.

The applicant asserts that individuals who currently require post-acute SNF care in the area are either forced to transfer to a nursing home that offers rehabilitation services or travel to/from their homes. UMMC-Grenada has transfer agreements in place with the two licensed nursing homes in Grenada County for patients requiring longer-term skilled nursing care. The applicant states that because the ALOS is relatively short, swing-beds at UMMC-Grenada should have no impact on these nursing homes.

- b. How the proposed project will affect existing health services:**
- i. Complement existing services:** UMMC-Grenada states it has transfer agreements in place with both nursing homes in Grenada County for patients requiring longer-term skilled nursing care. Swing-beds will, therefore, complement existing services provided by these facilities.
 - ii. Provide alternative or unique service:** The applicant states that patients and their families who desire the option to remain in the hospital for rehabilitation following post-acute care, with swing-bed services, will have an alternative to forced travel for rehabilitation or temporary stays in a different facility.

- iii. **Provide a service for a specific target population:** The applicant states that patients and their families who desire the option to remain in the hospital for rehabilitation following post-acute care, with swing-bed services, will have an alternate to forced travel for rehabilitation or temporary stays in a different facility.
- iv. **Provide services for which there is an unmet need:** The applicant states that individuals who currently require post-acute SNF care in the area are either forced to transfer (temporarily) to a nursing home that offers rehabilitation or travel to/from their homes.
- c. **Adverse impact due to failure to implement the proposed project:** UMMC-Grenada submits that if the proposed project is not implemented, individuals will be forced to continue the above course of treatment or, possibly, forgo regular rehabilitation services.
- d. **Transfer/referral/affiliation agreements:** The applicant affirms that there is currently two (2) licensed nursing homes in Grenada County. The applicant states that UMMC-Grenada will enter into transfer agreements with both nursing homes in Grenada County for patients requiring longer-term skilled nursing care if this CON is approved.

GR Criterion 9 - Availability of Resources

- a. **Availability of new personnel:** The applicant asserts that UMMC-Grenada has had no trouble in the past recruiting sufficient numbers of trained personnel to provide nursing or physician services to patients. UMMC-Grenada does not anticipate the addition of any FTEs (full-time equivalents) or personnel required to provide swing-bed services.
- b. **Clinically related contractual services:** UMMC-Grenada submits it is a fully-staffed and functioning acute care hospital. Services to patients are provided directly by UMMC or through contracts with vendors supplying specialized healthcare services. The applicant asserts that the full range of acute care services available to its patients, both inpatient and those treated on an outpatient basis, will be available to those patients requiring swing-bed services.
- c. **Satisfactory staffing history:** UMMC-Grenada submits that it currently employs approximately 301 employees and because of its successful staffing history, does not anticipate problems recruiting the individuals needed to continue to staff the hospital, including those that will provide swing-bed services.

- d. **Alternative uses of resources:** The applicant submits that no alternative use of resources for the provision of rehabilitation services was considered. It further submits that swing-beds, utilizing existing beds, is a very cost effective method to provide rehabilitation services for those patients requiring post-acute SNF-level care.

GR Criterion 10 - Relationship to Ancillary or Support Services

- a. **Ancillary services:** UMMC-Grenada submits it is a fully-staffed and functioning acute care hospital. Services to patients are provided directly by UMMC or through contracts with vendors supplying specialized healthcare services. The applicant asserts that the full range of acute care services available to its patients, both inpatient and those treated on an outpatient basis, will be available to those patients requiring swing-bed services.
- b. **Changes in costs or charges:** The applicant states it anticipates no changes in its cost or charge structure. See Attachment 1.
- c. **Accommodation of change in costs or charges:** The applicant suggests that there will be no changes to its cost or charge structure as a result of the project. The applicant affirms that swing-beds, utilizing existing beds, is a very cost-effective method to provide rehabilitation services for those patients requiring post-acute SNF-level care.

GR Criterion 11- Health Professional Training Programs

The applicant submits that UMMC is the state's only academic medical center; therefore, swing-bed services at UMMC-Grenada will give all academic departments that use the facility an additional teaching resource.

GR Criterion 12 – Access by Health Professional Schools

See response to GR Criterion 11 above.

GR Criterion 13 – Access to Individuals Outside Service Area

The applicant states that Criterion 13 is not applicable to the proposed project.

GR Criterion 14 – Construction Projects

The applicant affirms that the proposed project does not involve any construction.

GR Criterion 15 – Competing Applications

There are no competing applications on file with the Mississippi State Department of Health for swing-bed services.

GR Criterion 16 - Quality of Care

- a. Past quality of care:** UMMC-Grenada submits that it is accredited by DNV GL Healthcare USA, Inc. (with a triennial full survey process and interim survey on an annual basis). According to the applicant, the hospital also participates in the Leapfrog Hospital Safety Grade rating program and utilizes a physician-driven hospital quality council model. The applicant states it has educated the leadership team in Lean principles for quality improvement strategies and as a result of these and other efforts UMMC-Grenada states it has realized a marked improvement in its core measure quality indicator scores, Hospital Consumer Assessment of Healthcare Providers and Systems (“HCAHPS”) patient experience scores, and Leapfrog quality scores over the past 12-24 months.
- b. Improvement in quality of care:** The applicant submits that the CMS Value Based Purchasing Program (“VBP”) is an overall measurement of quality that incorporates a bonus/penalty component based on individual/aggregated performance. UMMC-Grenada anticipates that its ability to provide swing-bed services will greatly improve the hospital’s VBP metrics related to Medicare cost-per-beneficiary and will have a positive impact on its HCAHPS patient experience scores.
- c. Accreditation and/or certifications held:** The applicant submits that UMMC-Grenada is accredited by DNV GL Healthcare USA, Inc. effective February 21, 2017 to February 21, 2020.

IV. FINANCIAL FEASIBILITY

A. Capital Expenditure Summary

The proposed capital expenditure for this project is \$25,000.00 for legal and accounting fees.

B. Cost to Medicaid/Medicare

The applicant’s projections of gross patient revenue percentages and actual dollar amount to Medicaid and Medicare payor sources for the first year of operation is presented below (Project ONLY).

Payor Mix	Utilization Percentage (%)	First Year Revenue (\$)
Medicare	100.00%	\$2,737,500.00
Medicaid	-	0.00
Commercial	-	0.00
Self Pay	-	0.00
Charity Care	-	0.00
Other	-	0.00
Total	100.00 %	\$2,737,500.00

C. Effect on Operating Cost

The applicant's projections of gross revenues for the first, second, and third years of operation, expenses and net income are shown in Attachment 1. Utilization, cost, and charges are also included in the applicant's Three-Year Projected Operating Statement (see Attachment 1).

V. RECOMMENDATION OF OTHER AFFECTED AGENCIES

The Division of Medicaid was provided a copy of this application for review and comment. The Division of Medicaid had not responded on this proposal as of this staff analysis.

VI. CONCLUSION AND RECOMMENDATION

This project is in substantial compliance with the criteria and standards for the offering of swing-bed services as contained in the *FY 2018 Mississippi State Health Plan*; Chapter 8 of the *Mississippi Certificate of Need Review Manual, April 9, 2017, Revision*; and all adopted rules, procedures, and plans of the Mississippi Department of Health.

The Division of Health Planning and Resource Development recommends approval of this application submitted by the University of Mississippi Medical Center – Grenada for the Offering of Swing-Bed Services.

ATTACHMENT 1
University of Mississippi Medical Center - Grenada
Offering of Swing-Bed Services
Three-Year Projected Operating Statement
(Project Only)

	Year 1	Year 2	Year 3
Revenue			
Patient Revenue:			
Inpatient	\$ 2,737,500	\$ 3,832,500	\$ 5,475,000
Outpatient	0.00	0.00	0.00
Gross Patient Revenue	<u>2,737,500</u>	<u>3,832,500</u>	<u>5,475,000</u>
Charity Care	-	-	-
Deductions from Revenue	<u>1,624,555</u>	<u>2,274,376</u>	<u>3,249,109</u>
Net Patient Revenue	\$ <u>1,112,945</u>	\$ <u>1,558,124</u>	\$ <u>2,225,891</u>
Expenses			
Operating Expenses:			
Salaries	\$ 0.00	\$ 0.00	\$ 0.00
Benefits	0.00	0.00	0.00
Supplies	182,500	255,500	365,000
Services	201,147	281,605	402,293
Lease	0.00	0.00	0.00
Depreciation	0.00	0.00	0.00
Interest	0.00	0.00	0.00
Other	0.00	0.00	0.00
Total Expenses	\$ <u>383,647</u>	\$ <u>537,105</u>	\$ <u>767,293</u>
Net Income (Loss)	\$ 729,298	\$ 1,021,019	\$ 1,458,598
Assumptions			
Inpatient days	1,825	2,555	3,650
Outpatient days	0	0	0
Procedures	0	0	0
Charge per outpatient day	\$ 0.00	\$ 0.00	\$ 0.00
Charge per inpatient day	\$ 1,500	\$ 1,500	\$ 1,500
Charge per procedure	N/A	N/A	N/A
Cost per inpatient day	\$ 210	\$ 210	\$ 210
Cost per outpatient day	N/A	N/A	N/A
Cost per procedure	N/A	N/A	N/A

