

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT
JUNE 6, 2019**

**CON REVIEW NUMBER: MOB-NIS-0419-005
MODERN VASCULAR OF SOUTHAVEN, LLC
PROVIDING IN-OFFICE INVASIVE DIGITAL ANGIOGRAPHY (DA) SERVICES
CAPITAL EXPENDITURE: \$1,040,605.00
LOCATION: SOUTHAVEN, DESOTO COUNTY, MISSISSIPPI**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

Modern Vascular of Southaven, LLC is a Mississippi Limited Liability Company (LLC), located at 55 Physician's Lane, Southaven, Mississippi, 38671. The applicant indicates that Modern Vascular of Southaven, LLC is governed by Yury Gampel, Director and Manager, Mark Rabinovich, V.P. Legal, Elena Rabinovich, Controller, and Ernest Tepman, Chief of Operations.

The applicant provided a Certificate of Good Standing dated April 11, 2019 from the Secretary of State verifying the LLC was registered on February 15, 2019. The document indicates that the business is authorized to do business in the State of Mississippi.

B. Project Description

Modern Vascular of Southaven, LLC (MV Southaven) requests Certificate of Need (CON) authority to provide in-office invasive digital angiography (DA) services to patients in and around Southaven, DeSoto County, Mississippi.

The *FY 2018 MS State Health Plan*, defines Invasive Digital Angiography ("DA") as "a diagnostic and catheter based therapeutic intravascular intervention imaging procedure that combines a digital processing unit with equipment similar to that used for standard fluoroscopic procedures." As defined, the Mississippi State Department of Health (MSDH) now regulates DA as a diagnostic and therapeutic practice. The applicant notes that prior State Health Plans did not define DA, but instead defined Digital Subtraction Angiography ("DSA") as a "diagnostic imaging procedure".

Southaven, Mississippi is located in General Hospital Service Area (GHSA) 1. According to the applicant, there is a significant unmet need for DA services in GHSA 1. The applicant states that based on the letters of support provided area providers are asserting that there are no practices devoted to providing

comprehensive wound care and limb salvage services in GHSA 1.

General Hospital Service Area 1 is comprised of five (5) counties: DeSoto, Tunica, Marshall, Tate, and Panola. The applicant states the *FY 2015 State Health Plan* indicated for FY 2013, there were only two (2) providers of DA services registered in GHSA 1; Baptist Memorial Hospital- DeSoto and DeSoto Imaging Specialists, which are both located in Southaven, MS. According to the applicant, Desoto Imaging Specialists, which performed the large majority of reported DSA services in GHSA 1 (per the *FY 2015 State Health Plan*) has ceased performing DSA services for over twelve (12) months. The applicant further states that currently there is one (1) hospital-based DSA Service provider located in GHSA 1, Baptist Memorial Hospital (Southaven, DeSoto County, Mississippi).

The applicant submits that the proposed project will provide services from an in-office setting that will ease the cost burden of health care services in GHSA 1 as well as improve the quality of life for DeSoto County citizens with peripheral vascular disease. The applicant believes that GHSA 1 is an area of the state that is currently underserved by DA providers. The applicant states by providing the services from an in-office setting as opposed to an acute care hospital, Modern Vascular of Southaven will make DA procedures more accessible, convenient, affordable, and comfortable for patients. Furthermore, the addition of DA services at Modern Vascular of Southaven will decrease unnecessary amputations.

According to the applicant, Modern Vascular of Southaven intends to lease an existing medical office building for the establishment and opening of a physician practice. The allocated practice will be dedicated to diagnose and treat arterial disease in lower extremities including but not limited to DA services. MV Southaven will be purchasing two (2) C-arm units and will have an on-site interventional cardiologist and radiologist to perform the proposed DA procedures. The applicant states that the project does not involve any new major construction.

The applicant affirms that the proposed project requires a capital expenditure of \$1,040,605.00 for the renovation of 6,000 square feet of currently leased space. The applicant states that the project will be completed and all capital expenditures will be incurred upon approval and receipt of certification or within six (6) months thereafter.

The applicant anticipates that the offering of CON approved services will begin immediately following receipt of final CON approval.

The applicant states upon approval and issuance of the CON for the proposed project from MSDH, an approval, as deemed appropriate, from the Division of Radiological Health will be provided.

The applicant submitted a request for site approval to the MSDH Division of Health Facilities Licensure and Certification on April 10, 2019.

II. TYPE OF REVIEW REQUIRED

This project is reviewed in accordance with Sections 41-7-173, 41-7-191 (1)(d)(vii), 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.

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 on June 16, 2019. However, since June 16, 2019 is a Sunday, requests for a hearing will be accepted until Monday, June 17, 2019.

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

A. State Health Plan (SHP)

The *FY2018 State Health Plan* contains criteria and standards which the applicant is required to meet before receiving CON authority for offering of diagnostic imaging services of an invasive nature, i.e. invasive digital angiography, if those services have not been provided on a regular basis by the proposed provider of such services within the period of twelve (12) months prior to the time such services would be offered. This application is in substantial compliance with the applicable criteria stated in the *Plan* as follows:

SHP Need Criterion 1 – Staffing Requirements

- a. **The applicant for invasive DA services shall demonstrate that proper protocols for screening and medical specialty backup are in place before services are rendered by personnel other than those with specialized training. The protocols shall include, but are not limited to, having prior arrangements for consultation/backup from a vascular surgeon, cardiologist, radiologist or nephrologist credentialed and accredited for interventional peripheral vascular procedures.**

The applicant states that all DA services provided by Modern Vascular of Southaven, LLC will be conducted by physicians with the necessary qualifications to meet the specialized training requirements as outlined in the Mississippi State Health Plan.

- b. Identify physicians in the group and state which physicians(s) will perform intravascular interventions using DA. Certify that:
 - i. Each physician will maintain medical staff privileges at a full service hospital; or
 - ii. At least one member of the physician group has staff privileges at a

full service hospital and will be available at the facility or on call within a 30-minute travel time of the full service hospital during the hours of operation of the facility.

The applicant states each physician will maintain medical staff privileges at a full service hospital; or at least one member of the physician group has staff privileges at a full service hospital and will be available at the facility or on call within a 30-minute travel time of the full service hospital during the hours of operation of the facility.

The application contained Curricula Vitae for Sanjeev Saxena, MD and Scott Brannan, MD; whom the applicant affirms are the physicians that will be performing DA procedures at Modern Vascular of Southaven, LLC. The applicant confirms that Dr. Saxena is an interventional cardiologist and Dr. Brannan is a vascular interventional radiologist. Both have specialized interest, training and expertise in the diagnosis and treatment of vascular disease. The applicant further affirms that both physicians have spent dedicated time learning and developing skills in endovascular intervention. The applicant states Dr. Brannan performs these procedures in his current practice environment at one of Modern Vascular's affiliated clinics in Mesa, Arizona. The applicant states Dr. Brannan is in the process of obtaining a license in Mississippi and will work with MV Southaven upon approval of the CON, providing on-site medical coverage during startup as well as any necessary backup coverage. The applicant states Dr. Saxena also performs these procedures in his current practice environment at Appalachian Cardiovascular Associates in Fort Payne, Alabama, where he has practiced for seventeen (17) years. The applicant affirms that, Dr. Saxena has also applied for a Mississippi license and has agreed that upon approval of the CON, he will join MV Southaven, practicing on location in Southaven a minimum of three (3) days per week.

SHP Need Criterion 2- Types of Procedures

- a. Procedures in a freestanding facility are generally non-emergent nor life threatening in nature and require a patient stay of less than 24 consecutive hours. The procedures shall not be of a type that:**
 - i. Generally, result in blood loss of more than ten percent of estimated blood volume in a patient with a normal hemoglobin;**
 - ii. Require major or prolonged intracranial, intrathoracic, abdominal, or major joint replacement procedures, except for laparoscopic procedures; or**
 - iii. Involve major blood vessels.**

1. Major blood vessels are defined as the group of critical arteries and veins including the aorta, coronary arteries, pulmonary arteries, superior and inferior vena cava, pulmonary veins, carotid arteries, and any intracerebral artery or vein.

- b. Percutaneous endovascular interventions of the peripheral vessels not excluded in a.iii.1. above are permitted to be performed in a freestanding facility. These procedures are defined as procedures performed without open direct visualization of the target vessel, requiring only needle puncture of an artery or vein followed by insertion of catheters, wires, or similar devices which are then advanced through the blood vessels using imaging guidance. Once the catheter reaches the intended location, various maneuvers to address the diseased area may be performed which include, but are not limited to, injection of contrast for imaging, ultrasound of the vessel, treatment of vessels with angioplasty, artherectomy, covered or uncovered stenting, intentional occlusion of vessels or organs (embolization), and delivering of medications, radiation, or other energy such as laser, radiofrequency, or cryo.**

The applicant states that all DA procedures performed by physicians at MV Southaven shall meet SHP Need Criterion 2. The applicant further states that none of the DA procedures performed by or at MV Southaven shall generally result in blood loss of more than ten (10) percent of estimated blood volume in a patient with a normal hemoglobin, require major or prolonged intracranial, intrathoracic, abdominal, or major joint replacement procedures, except for laparoscopic procedures, or involve major blood vessels as defined in this Criterion.

SHP Need Criterion 3- Transfer Agreement

Modern Vascular of Southaven understands, agrees, and certifies that, upon approval of the CON, it will obtain a formal transfer agreement with a full service hospital to provide services which are required beyond the scope of Modern Vascular of Southaven's programs. MV Southaven certifies that it will not perform any DA services until it has such an agreement in place.

SHP Need Criterion 4 - CON Approval/Exemption

The applicant acknowledges that CON approval is necessary before DA services may be provided. The applicant further affirms that Modern Vascular of Southaven will not perform DA services until CON approval is obtained.

B. General Review (GR) Criteria

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

GR Criterion 1- State Health Plan

The project is in substantial compliance with all criteria, standards, and policies of the *FY 2018 Mississippi State Health Plan* applicable to the offering of digital angiography services.

GR Criterion 2 – Long Range Plan

The applicant states that their mission is to advance the diagnosis and treatment of peripheral arterial disease (PAD), techniques, and commitment to saving limbs and lives. The applicant further states, MV Southaven's long-range plan is to provide patients with a local option to receive DA services as part of a comprehensive wound care and limb salvage program in order to improve patient access to care. The applicant believes that more accessible in-office DA procedures will greatly service Southaven, and GHSA 1 by increasing patient access to appropriate intervention and decrease amputation rates.

GR Criterion 3 – Availability of Alternatives

The applicant affirms that the only alternative to the offering of invasive DA services at its clinic is the status quo, which the applicant deems as a clear unmet need. The applicant states that MV Southaven has had discussions and received letters of support from numerous area physicians and other health care providers, corroborating this unmet need. The applicant confirms that the health care providers indicate an abundance of patients, requiring comprehensive wound care and limb salvage series, with no institution currently available in GHSA 1, devoted to providing such services in-office for them to refer these patients. The applicant states historically and disproportionately underserved populations are forced to do without a choice in vascular health care or make the choice to travel elsewhere for services. The applicant believes there are no alternate approaches and therefore, rejects the status quo as an abdication of its responsibility to meet the significant healthcare needs of the citizens of DeSoto County and the surrounding area.

- a. **Advantages and Disadvantages:** The applicant states that the status quo is the only alternative. Nevertheless, the applicant affirms that this approach does not adequately address the previously-established significant healthcare needs of the citizens in Southaven, DeSoto. The applicant believes that the neighboring counties would benefit in having a convenient access to an in-office comprehensive wound care and limb salvage setting

with invasive DA service capabilities.

- b. **New Construction Projects:** The applicant affirms the proposed project does not involve any new construction. The applicant further states that the project will only involve renovations to an existing structure.
- c. **Beneficial Effects to the Health Care System:** The applicant states that access to advanced wound care and peripheral invasive DA arterial/venous interventions, patients in the Southaven area will have a decrease amputation rate and a decrease in wound-related morbidity and mortality. The applicant suggests that having access to these services in an office setting rather than a hospital will also decrease costs to the patients and offer greater access and efficiency, by decreasing hospital admissions and overnight stays for observation in the hospital setting and the issues that arise as a result of same such as hospital-acquired infections and illnesses. The applicant believes this proposal will enhance the quality of life for patients and decrease the exorbitant direct medical costs and indirect costs of diabetes incurred by Mississippians in the short term and over the long term.
- d. **Effective and Less Costly Alternatives:**
 - i. **Unnecessary Duplication of Services:** The applicant states that MV Southaven has had discussions and received letters of support from numerous physicians and other health care providers, indicating an abundance of patients requiring comprehensive wound care and limb salvage services. The applicant states that currently there is no institution available in GHSA 1, devoted to providing such services in-office to refer these patients. The applicant further states that because patients are not currently receiving these services, the proposed project is not an unnecessary duplication.
 - ii. **Efficient Solution:** The applicant affirms that GHSA 1 is an underserved area of the State with regard to the availability of DA procedures. The applicant also states that the project is more efficient because it allows patients from DeSoto County, as well as Marshall, Panola, Tate, and Tunica Counties to have easy access to DA services. The applicant suggests that the proposed project will also decrease hospital admissions and overnight stays for observation in the hospital setting.
- e. **Improvements and Innovations:** The applicant states, that a physician practice dedicated to the diagnosis and treatment of arterial disease in extremities and related interventional radiology procedures, including a comprehensive Limb Salvage Program/Amputation Prevention Program with in-office DA services, will increase patient access to appropriate

interventions for complications of Diabetes and Peripheral Vascular Disease; thus decreasing amputation rates in this patient population. The applicant further states that the program will also decrease hospital admissions with more patient access to office based procedures.

- f. **Relevancy:** The applicant affirms per MSDH, in 2016, Mississippi ranked first in the nation for overall diabetes prevalence, with an estimated 308,295 adult Mississippians living with diabetes (over 13.6% of adult population). Diabetes accounted for 1,083 deaths in Mississippi in 2016. The applicant confirms that this is well above the national average of 9.5% reported by the CDC in its National Diabetes Statistics 2016. The applicant also states, nationally, of those with diabetes, more than 8 million are estimated to suffer with chronic or non-healing wounds. The incidence of diabetes is even more prevalent in the southeast of the United States, and significantly increased in the state of Mississippi. Across the United States, the risk of amputation averaged between 2 and 3 per 1,000 Medicare patients with diabetes and peripheral arterial disease, and the rate in Mississippi is more than 6 per 1,000 patients. The applicant further states, MSDH estimated diabetes cost Mississippians nearly \$3.4 billion dollars in combined direct medical costs and indirect costs in 2013 alone. The applicant believes that a comprehensive Limb Salvage Program/Amputation Prevention Program in Southaven, DeSoto County, an underserved market, will lower both direct and indirect cost, provide greater access and efficiency for patients to appropriate interventions and provide better health outcomes by improving healing rates of patients with non-healing wounds and also decrease the amputation rates in this patient population.

GR Criterion 4 - Economic Viability

- a. **Proposed Charge:** The applicant submits the charges calculated are based on the appropriate CPT codes in existence for the procedures as listed in the Medicare database, specific to the service area in question, and reflect the Medicare amount allowed. The charges and profitability estimated by MV Southaven are conservatively based on data obtained from another affiliated out-of-state Modern Vascular Clinic. The applicant states that the clinic is similarly situated in terms of size and population, and believed to be comparable to similar facilities operating elsewhere in the state of Mississippi.
- b. **Projected Levels of Utilization:** The applicant asserts Baptist Memorial Hospital - DeSoto and DeSoto Imaging Services, LLC both located in Southaven, MS, were the only providers of DSA services registered in GHSA 1 in FY 2015. DeSoto Imaging has since ceased providing these services (after reporting performing 3,562 such services in 2011, per the 2015 State Health Plan). MV Southaven projects to perform approximately 364 DA services in the first year with that number increasing to 419-481 procedures

in the second and third year of operation. The applicant suggests these numbers are conservative estimates, based on data obtained from another affiliated out-of-state Modern Vascular clinic. The applicant states MV Southaven believes that they can meet the projected numbers based on the loss of services previously provided by DeSoto Imaging and the representations of numerous health care providers already practicing in the area indicating that the need level of patients in GHSA 1 is not currently being met.

- c. **Financial Feasibility Study:** The applicant affirms that the proposed project requires a capital expenditure of \$1,040,605.00; therefore, a financial feasibility study is not required for the proposed project.
- d. **Financial Forecasts:** The applicant states that GR Criterion 4 (d) is not applicable to the proposed project.
- e. **Covered Expenses:** The applicant states that it is an office-based practice and will not have the high overhead normally associated with hospitals where acute care is traditionally performed. Nonetheless, MV Southaven, has a contingency reserve of \$100,000.00. The applicant affirms that even if projected revenues are not met, MV Southaven will be able to meet its operational budget.
- f. **Impact of Proposed Project on Health Care Cost:** The applicant anticipates the proposed project will substantially reduce overall health care costs for the Mississippi Medicaid program. The conditions intended to be addressed include critical limb ischemia (CLI). The applicant affirms that CLI has a strong association with diabetes. The applicant states if left untreated, CLI leads to complete loss of functionality for the patient and ends in lower extremity amputation, immobility, and often mortality. The applicant states, diseased blood vessels supplying the affected extremities can be reconstructed using DA techniques. Therefore, with appropriate care and attention to these patients, amputation can be avoided and the patient's mobility and functionality can be restored. The applicant further states, numerous studies have showed revascularization is significantly economical and beneficial in critical limb ischemia, relative to the alternative of amputation. Also, the applicant confirms that their proposed plans will be performed in an office-base setting. The applicant states this is a significantly less expensive setting for care for the Medicaid program than the equivalent services performed in a hospital setting.

GR Criterion 5 - Need for the Project

- a. **Population Needs for Service:** The applicant states the population of GHSA 1 has a definite need for DA services provided by MV Southaven based on the high prevalence of peripheral vascular disease and the low

number of providers and facilities capable of performing endovascular procedures in the area. The prevalence and devastating effects of vascular disease are reflected in the extremely high rate of limb amputations in Mississippi. The endovascular procedures to be provided by MV Southaven are performed to treat peripheral vascular disease before the disease process progresses to the point that amputation is required. The applicant states providing these services in DeSoto County will be essential for citizens who have low incomes and have trouble traveling, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups, substantially in the GHSA 1 and DeSoto County.

- b. Relocation of Services:** The applicant affirms that relocation of a facility or service is not applicable to the proposed project.
 - i. Replacement Facility:** The applicant affirms replacement is not applicable for the proposed project.
 - ii. Relocation of Services:** The applicant affirms relocation of services is not applicable for the proposed project.
- c. Current and Projected Utilization of Comparable Facilities:** The applicant states there were only two (2) total providers shown in the 2015 State Health Plan for FY 2013, Baptist Memorial – DeSoto and DeSoto Imaging Specialists. Due to the cessation of services by DeSoto Imaging, there is a significant need for this service. This is further evidenced by the letters of support for this project.
- d. Probable Effect:** The applicant acknowledges there will be no effect on existing facilities as the level of need for DA services in GHSA 1 is not being met and there are currently no providers in DeSoto County or GHSA 1 providing in-office comprehensive wound care and limb salvage services.
- e. Community Reaction to Service:** The applicant submitted comment letters of support.

GR Criterion 6 - Access to the Facility or Service

- a. Access to Services for Medically Underserved:** According to the applicant, all patients of the ESRD service area, including Medicaid recipients, charity/medically indigent patients, racial and ethnic minorities, women, handicapped persons, and the elderly, will have access to the services of the facility.

The following table shows the projected estimated gross patient revenues of health care provided to charity/medically indigent patients for years one and two for the proposed project:

Gross Patient Revenue

	Medically Indigent (%)	Charity Care (%)	Medically Indigent (\$)	Charity Care (\$)
Historical Year 2017	N/A	N/A	N/A	N/A
Historical Year 2018	N/A	N/A	N/A	N/A
Projected Year 1	3%	3%	\$180,000.00	\$180,000.00
Projected Year 2	3%	3%	\$180,000.00	\$180,000.00

- b. **Existing Obligations:** The applicant confirms there are no existing obligations under any federal regulation requiring provision of uncompensated care, community service, or access by minority and handicapped persons.
 - i. **Remaining Obligations:** The applicant affirms, that there is no remaining obligations. Therefore, this Criterion is not applicable to the proposed project.
- c. **Unmet Needs of Medicare, Medicaid, and medically indigent patients:** Modern Vascular of Southaven, LLC affirms that all patients, including Medicare, Medicaid and medically indigent patients will have access to DA services.
- d. **Access to the Proposed Facility:** The applicant states that they will offer DA services to low income persons, racial and ethnic minorities, women, handicapped persons the elderly, and other underserved groups. The applicant further states that MV Southaven will provide DA services from a handicap-accessible office-based location. MV Southaven states that the office will provide a more intimate environment than that of a large hospital, making for a more comfortable atmosphere for elderly and handicapped persons.
- e. **Access Issues:**
 - i. **Transportation and Travel:** The applicant states patients will be responsible for arranging their own transportation to the facility.
 - ii. **Restrictive Admission Policy:** The applicant states the facility is a physician’s practice which does not require admission policies. MV Southaven will see patients of all different incomes; racial and ethnic makeup; and elderly, handicapped, or other underserved groups as described in Criterion 6, Section D.

- iii. **Access to Care by Medically Indigent Patients:** The applicant states that MV Southaven will offer DA services to medically indigent patients.
- iv. **Operational Hours of Service:** The applicant states MV Southaven will maintain normal business hours from 7:00 am to 5:00 pm, Monday through Friday. The applicant affirms that DA services will be offered during normal business hours throughout the week, however only on days where the physician(s) with the necessary specialized training to perform the DA procedures are present, on-site to provide such services. The applicant further states that MV Southaven does not have an emergency department and does not offer emergency room services.

GR Criterion 7 - Information Requirement

The applicant affirms that it will record and maintain the information required by this criterion and make it available to the Mississippi State Department of Health within fifteen (15) business days of request.

GR Criterion 8 - Relationship to Existing Health Care System

- a. **Comparable Services:** The applicant affirms the *FY2015 State Health Plan* showed for FY 2013, that there were only two (2) total providers of DA services registered in GHSA 1, Baptist Memorial Hospital-DeSoto and DeSoto Imaging Specialists, both located in Southaven, MS. DeSoto Imaging Specialists performed 3,562 procedures in 2011 to Baptist Memorial's 879. DeSoto Imaging Specialists has since ceased performing DA services for over twelve (12) months, therefore, there is a significant need for this service. The applicant states that to their understanding, there are currently no other providers of in-office comprehensive wound care and limb salvage utilizing DA services in the service area.
- b. **Effects on Existing Health Services:**
 - i. **Complement Existing Services:** The applicant states MV Southaven is already committed to working with and complementing the medical services already available within GHSA 1. The applicant states that relationships have already been formed with several physicians in the area, including internists and wound care specialists, as well as several podiatrists in the area, to complement the services these providers offer. The applicant continues to state, they are trained in internal medicine and general cardiovascular disease, in addition to vascular medicine and interventional vascular procedures, and are dedicated to treating the risk factors and comorbidities associated with cardiovascular disease in the

community that they intend to serve.

- ii. **Providing Alternative or Unique Services:** The applicant asserts, to their knowledge, there are no other entities in GHSA 1 providing invasive DA services as part of an in-office comprehensive wound care and limb salvage program, and therefore, they would be providing a unique service to the community.
 - iii. **Provide a Service for a Specific Target Population:** The applicant states this service is not applicable to the proposed project.
 - iv. **Provide Services for Which There is an Unmet Need:** The applicant confirms, residents of the GHSA 1 area are severely underserved with regard to the proposed services, as evidenced by support letters from community health care providers.
- c. **Adverse Impact:** The applicant states, failure to implement the proposed project would result in maintenance of the “status quo.” The applicant states, to their knowledge, many of the advanced limb saving procedures that have been developed in recent years are not being offered to the population in GHSA 1, which has a very high prevalence of cardiovascular disease. The applicant further states, failure to implement this project, would result in this medically underserved region to continue to have high rates of vascular disease, critical limb ischemia, amputation, and its downstream consequences.
- d. **Transfer/Referral/Affiliation Agreements:** The applicant affirms, upon approval of the CON, they will obtain a formal transfer agreement with a full service hospital to provide services which are required beyond the scope of the program, and it will provide a copy to MSDH at the same time. The applicant also certifies it will not perform any DA services until it has such an agreement in place.

GR Criterion 9 - Availability of Resources

- a. **New Personnel:** The applicant states, Dr. Brannan, a vascular interventional radiologist, is currently getting licensed in Mississippi and will work with Modern Vascular of Southaven, LLC upon approval of the CON, providing on-site medical coverage during startup as well as any necessary backup coverage, and training to the other incoming physician(s) and staff in Modern Vascular’s specific policies and procedures. The applicant also states, Dr. Sanjeev Saxena, an interventional cardiologist has applied for his Mississippi license and has agreed that upon approval of CON, he will join MV Southaven, practicing on location in Southaven a minimum of three (3) days per week. MV Southaven is also actively recruiting a third qualified physician to join the practice. The applicant affirms, a copy of the third physician’s

credentials and information will be provided to MSDH upon acceptance of employment. The applicant states, they will recruit additional personnel through traditional advertising and networking if necessary.

- b. **Contractual Services:** The applicant states there are no clinically related contractual services purchased by the applicant of the proposed project.
- c. **Existing Facilities or Services:** The applicant affirms ownership of existing facilities or services are not applicable to the proposed project.
- d. **Alternative Uses of Resources:** The applicant states, alternative uses for the proposed project is not applicable.

GR Criterion 10 – Relationship to Ancillary or Support Services

- a. **Support and Ancillary Services:** The applicant affirms, no support or ancillary services will be needed for the proposed DA project.
- b. **Changes in Costs or Charges:** The applicant states this criterion is not applicable to the proposed project.
- c. **Accommodation of Proposed Costs or Charges:** The applicant states, accommodating changes in costs or charges are not applicable to the proposed project.

GR Criterion 11– Health Professional Training Programs

The applicant states that this criterion is not applicable to the proposed project.

GR Criterion 12– Access by Health Professional Schools

The applicant states that this criterion is not applicable to the proposed project.

GR Criterion 13 – Access to Individuals Outside Service Area

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

GR Criterion 14 – Construction Projects

The applicant states, the project involves no new major construction.

GR Criterion 15 – Competing Applications

The applicant states that MV Southaven is not aware of any competing applications.

GR Criterion 16- Quality of Care

- a. **Past Quality of Care:** The applicant states that this criterion is not applicable to the proposed project.
- b. **Improvements of Quality of Care:** The applicant states, improvement to the quality of care being delivered to GHSA 1 will be made available by making DA services more convenient and accessible.
- c. **Accreditation and/or Certificates:** The application contained submission of accreditation and certificates for the allocated physicians who will be performing the DA procedures.

IV. FINANCIAL FEASIBILITY

A. Capital Expenditure Summary

Cost Item	Projected Cost	Percentage (%) of Total
Capital Improvements	\$255,500.00	24.6%
Fees	\$27,500.00	2.7%
Contingency Reserve	\$100,000.00	9.6%
Non-Fixed Equipment	\$622,625.00	59.9%
Legal and Accounting Fees	\$30,000.00	2.9%
Other (Credentialing)	\$4,980.00	.5%
Total Project Costs	\$1,040,605.00	100%

The applicant affirms that the capital expenditure associated with the proposed project is \$1,040,605.00. The applicant states that the cost is for the buildout, modernization, and equipment.

B. Method of Financing

The applicant proposes that the project will be financed from cash reserves.

C. Effect on Operating Cost

MV Southaven's (3) three-year projected operating statement is presented at Attachment 1.

D. Cost to Medicaid/Medicare

The applicant projects the cost to third party payors as follows:

Payor Mix	Utilization Percentage (%)	First Year Revenue (\$)
Medicare	52%	\$2,750,000.00
Medicaid	0%	0.00
Commercial	41%	2,200,000.00
Self Pay	1%	50,000.00
Charity Care	3%	180,000.00
Other	3%	180,000.00
Total	100%	\$ 5,360,000.00

V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES

The Division of Medicaid was provided a copy of this application for review and comment; however, the Department has not received a letter of comment on the proposed project.

VI. CONCLUSION AND RECOMMENDATION

This project is in substantial compliance with the criteria and standards for the provision of digital angiography services contained in the *FY 2018 Mississippi State Health Plan*; the *Mississippi Certificate of Need Review Manual, (April 9,2017 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 Modern Vascular of Southaven, LLC for in-office digital angiography (DA) services.

Attachment 1

Modern Vascular of Southaven, LLC Three-Year Operating Statement (with Project)			
	Year 1	Year 2	Year 3
Revenue			
Patient Revenue:			
Inpatient			
Outpatient	<u>\$5,360,000</u>	<u>\$6,110,000</u>	<u>\$6,972,500</u>
Gross Patient Revenue	5,360,000	6,110,000	6,972,500
Charity Care	0	0	0
Deductions	0	0	0
Net Patient Revenue	<u>\$5,360,000</u>	<u>\$6,110,000</u>	<u>\$6,972,500</u>
Other Operating Revenue			
	\$ 0	\$ 0	\$ 0
Total Operating Revenue	<u>\$5,360,000</u>	<u>\$6,110,000</u>	<u>\$6,972,500</u>
Expenses			
Operating Expenses:			
Salaries	\$1,876,000	\$2,138,500	\$2,440,375
Benefits	804,000	916,500	1,045,875
Supplies	1,340,000	1,527,500	1,743,125
Services	50,000	50,000	50,000
Lease	150,000	150,000	150,000
Depreciation	85,000	85,000	85,000
Interest	0	0	0
Other	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Total Expenses	<u>\$4,455,000</u>	<u>\$5,017,500</u>	<u>\$5,664,375</u>
Net Operating Income (Loss)	\$ 905,000	\$ 1,092,500	\$ 1,308,125
Assumptions			
Inpatient days	0	0	0
Outpatient visits	254	254	254
Procedures	364	419	481
Charge/outpatient day	\$21,102	\$24,055	\$27,451
Charge per inpatient day	N/A	N/A	N/A
Charge per procedure	\$14,725	\$14,596	\$14,484
Cost per inpatient day	N/A	N/A	N/A
Cost per outpatient day	\$17,539	\$19,754	\$22,301
Cost per procedure	\$12,239	\$11,986	\$11,767