

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT
September 10, 2024**

**CON REVIEW NUMBER: ASC-NIS-0724-008
MONROE SURGERY CENTER, LLC
ESTABLISHMENT OF A MULTI-SPECIALTY AMBULATORY SURGERY CENTER
CAPITAL EXPENDITURE: \$315,000.00
LOCATION: ABERDEEN, MONROE COUNTY, MISSISSIPPI**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

Monroe Surgery Center, LLC is a Mississippi limited liability company located at Aberdeen, Mississippi ("Monroe Surgery Center", "MSC" or the "Applicant"). Monroe Surgery Center proposes to establish a new multi-specialty ambulatory surgery center ("ASC") to be located at 502 Jackson Street, Aberdeen, Monroe County, Mississippi 39730. Monroe Surgery Center LLC has a President, Kirnjot Singh, MD and one member, Boa Vida Foundation ("BVF"), an IRS 501 (C) (3) Nonprofit corporation. Dr Singh is also President of BVF.

The application contains articles of incorporation and a Certificate of Formation, dated June 13, 2024, from the Office of the Secretary of State, as evidence that Monroe Surgery Center, LLC is authorized to do business in Mississippi.

B. Project Description

Monroe Surgery Center, LLC requests certificate of need ("CON") authority for the establishment of a multi-specialty ambulatory surgery center. The Applicant states that Monroe Surgery Center, located in Ambulatory Surgery Planning Area ("ASP") 4, will be a community centered multi-specialty ASC designed to offer surgical services not currently available within ASPA 4.

The Applicant states the project will use an existing 7,314 square foot facility located at 502 Jackson Street, Aberdeen, Mississippi, on property sub-leased from Monroe Regional Hospital. The Applicant asserts the facility will be designed as a two (2) operating room facility that offers the following services: general surgery, pain management, ophthalmology, and gastroenterology. Monroe Surgery Center states it intends to provide a reasonable amount of charity and/or indigent care to the population it serves. The Applicant states currently there is one freestanding ASC in ASPA 4. However, the Applicant anticipates the MSC will cause a significant infusion of advanced health care and/or additional referrals to the existing healthcare system base in ASPA 4.

The Applicant confirms that the MSC will comply with all applicable licensure regulations and minimum standards governing ambulatory surgery facilities.

In addition, the Applicant affirms that MSC will comply with all applicable State statutes and regulations for protection of the environment including: 1) approved water supplies; 2) sewage and waste disposal; 3) hazardous waste disposal; 4) water pollution control; 5) air pollution control; and 6) radiation control.

The Applicant states MSC intends to provide financially sustainable healthcare services to the community by employing dedicated and compassionate staff focused on providing quality patient care and superior customer service. Monroe Surgery Center estimates it will hire four (4) full-time equivalent (FTE) personnel during the first year of the project at an estimated cost of approximately \$600,000.00.

The Applicant projects a total capital expenditure of \$315,000.00, as itemized in Section IV of this Staff Analysis. Monroe Surgery Center expects the capital expenditure will be obligated by October 1, 2024, and that completion date will be December 31, 2024.

The application does not contain evidence documenting the Mississippi State Department of Health (MSDH) Bureau of Health Facilities Licensure and Certification's approval of the site for the Freestanding Ambulatory Surgery Center.

II. TYPE OF REVIEW REQUIRED

This project is reviewed in accordance with Section 41-7-173, 41-7-191, 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, November 11, 2023, 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 ambulatory surgery 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 September 20, 2024.

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

A. State Health Plan (SHP)

The *FY 2022 State Health Plan, 3rd Edition*, contains policy statements, criteria, and standards which the applicant is required to meet before receiving CON authority for the Establishment of a Multi-Specialty Ambulatory Surgery Facility. This application is not in substantial compliance with the applicable policy, criteria, and standards stated in the *Plan* as stated below:

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

1. **Ambulatory Surgery Planning Areas (ASPAs):** MSDH shall use the Ambulatory Surgery Planning Areas as outlined on Map 7-1 of the MS State Health Plan for planning and CON decisions. The need for ambulatory surgery facilities in any given ASPA shall be calculated independently of all other ASPAs.

Monroe Surgery Center affirms this project is for Ambulatory Surgery Planning Area (“ASPA”) 4, which contains one multi- specialty ambulatory surgery center.

2. **Ambulatory Surgery Facility Service Areas:** An Applicant’s Ambulatory Surgery Facility Service Area must have a population base of approximately 60,000 within thirty (30) minutes of normal driving time or twenty-five (25) miles, whichever is greater, of the proposed/established facility. Note: Licensure standards require a freestanding facility to be within fifteen (15) minutes’ traveling time of an acute care hospital, and a transfer agreement with said hospital must be in place before a CON may be issued. Additionally, the ambulatory surgery facility service area must have a stable or increasing population.

Monroe Surgery Center proposes the establishment of a multi-specialty ASC for ASPA 4. MSC asserts the population base is greater than 60,000, within a 30-minute normal drive time. MSC states although there is no documented population increase for ASPA 4, census data demonstrates a stable population, and notes there has not been a significant decrease in population over the last three (3) years.

3. **Definitions:** The Glossary of the MS State Health Plan includes the definitions in the state statute regarding ambulatory surgery services.

MSC acknowledges this Policy Statement.

4. **Surgeries Offered:** MSDH shall not approve single-service ambulatory surgery centers. Only multi-specialty ambulatory surgery service proposals may be approved for a CON.

The Applicant asserts the proposed application is for a multi-specialty ambulatory surgery center, offering a full range of surgical services in general surgery. However, the Applicant submits that the services offered will be dental surgery, pain management, gastroenterology, and ophthalmology.

5. **Minimum Surgical Operations:** The minimum of 1,000 surgeries required to determine need is based on five (5) surgeries per operating room times five (5) days per week times fifty (50) weeks per year times eighty percent (80%) utilization rate.

The Applicant submits that the proposed ASC will consist of two (2) operating rooms, and its physician partners are committed to performing a combined minimum of 2,100 surgeries per year.

The Applicant submitted letters of support from four (4) physicians who project that they will perform a total of 1,360 to 1,610 procedures per year. However, the Applicant does not submit sufficient documentation to substantiate 2,000 surgeries per year for the two (2) operating rooms to be in compliance with this requirement.

6. **Present Utilization of Ambulatory Surgery:** MSDH shall consider the utilization of existing services and the presence of valid CONs for services within a given ASPA when reviewing CON applications.

The Applicant states there is one existing freestanding multi-specialty ambulatory surgery center in ASPA 4. In addition, the Applicant states MSC will offer surgeries currently not available in the area.

According to the *2022 State Health Plan*, the freestanding surgery facility in ASPA 4 performed 3,174 surgeries in FY 2020, utilizing four (4) operating rooms, for a total of 793.5 surgeries per year.

7. **Optimum Capacity:** The optimum capacity of an ambulatory surgery facility is 800 surgeries per operating room per year. MSDH shall not issue a CON for the establishment or expansion of an additional facility(ies) unless the existing facilities within the ASPA have performed in aggregate at least 800 surgeries per operating room per year for the most recent twelve (12) month reporting period, as reflected in data supplied to and/or verified by MSDH. MSDH may collect additional information it deems essential to render a decision regarding any application. Optimum capacity is based on four (4) surgeries per operating room per day x five (5) days per week x fifty (50)

weeks per year x eighty percent (80%) utilization rate.

MSC acknowledges the above policy statement and states, however, there is only one multi-specialty ambulatory surgery center within ASPA 4. The Applicant believes by offering surgical services in an ASC setting, healthcare will be provided more efficiently and at a reduced cost.

The Applicant states, there is an outmigration of surgical cases to Lee and Lowndes counties from Monroe, placing a hardship on the residents of Monroe County.

8. **Conversion of Existing Service:** Applicants proposing the conversion of existing inpatient capacity to hospital ambulatory facility located within the hospital shall receive approval preference over detached or freestanding ambulatory surgery facilities if the conversion is less costly than new construction and if the application substantially meets the other adopted criteria.

This Policy Statement is not applicable to the proposed project.

9. **Construction of Existing Service:** Any applicant proposing to construct a new facility or major renovation to provide ambulatory surgery must propose to build/renovate no fewer than two (2) operating rooms.

The Applicant states Monroe Surgery Center will have two operating rooms. The Applicant states the project will use an existing 7,314 square foot facility located at 502 Jackson Street, Aberdeen, Mississippi, on property sub-leased from Monroe Regional Hospital.

10. **Indigent/Charity Care:** The applicant shall be required to provide a "reasonable amount" of indigent/charity care as described in Chapter 1 of the Plan.

The Applicant states that Monroe Surgery Center will offer a minimum of three percent (3%) indigent/charity care.

Certificate of Need Criteria and Standards for the Establishment of Ambulatory Surgery Services

SHP Criterion 1 – Minimum Surgeries

The Applicant asserts Monroe Surgery Center will operate a two (2) operating room facility, and its physician partners are committed to performing a combined minimum of 2,100 surgeries per year in Aberdeen.

However, the Applicant does not submit affidavits to substantiate compliance with this criterion.

The Applicant submitted letters from four (4) physicians that that commit to performing a total of 1,360 to 1,620 procedures. The Applicant falls short of complying with the requirement of 2,000 procedures for (2) operating room.

SHP Criterion 2 – Minimum Population

The Applicant submits that based on current census data, the counties within ASPA 4 have a total population of roughly 346,471. According to the Applicant, the counties within a thirty (30) minute normal driving time of the proposed ASC include: Chickasaw (population of 16,812), Clay (population of 18,380), Lowndes (population of 57,603), and Oktibbeha (population of 51,427) with a total population, within thirty (30) minutes normal driving time from the ASC, of 144,222, which exceeds the minimum population requirement of 60,000 by 84,222. The Applicant further states current census data suggests the area has a stable population.

According to the *FY 2022 Mississippi State Health Plan*, ASPA 4 has a projected population for FY 2025 of 355,465, indicating a projected increase in population from the current reported census population of 346,471.

SHP Criterion 3 – Present Utilization of Ambulatory Surgery Services

According to the FY 2022 State Health Plan, ASPA 4 currently has one (1) freestanding ASC. Further, the Plan indicates that the existing freestanding surgery facility in ASPA 4 performed 3,174 surgeries in FY 2020, utilizing four (4) operating rooms, for a total of 793.5 surgeries per year.

Updated information for the most recent fiscal year (FY 2023) obtained from Oxford Surgery Center, the only existing freestanding surgery center in the area, reveals that Oxford Surgery Center performed 5,113 surgeries in FY 2023, utilizing four (4) operating rooms. This equates to 1,278.25 surgeries per operating room.

SHP Criterion 4 – Affirmation of Provision of Surgical Services

The Applicant states the proposed ASC will provide dental surgery, pain management, gastroenterology, and ophthalmology surgeries.

SHP Criterion 5 – Financial Feasibility

The applicant submits the financial tables demonstrate that MSC 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

\$190,462 in the third year of operation.

SHP Criterion 6 – Letters of Support

The application contains form letters of from five (5) local physicians who support the project. However, none of the five (5) physicians committed to performing surgeries or referring surgeries to the ASC.

SHP Criterion 7 – Staffing Requirements

The Applicant states that in compliance with state staffing requirements MSC will require all staff live within a twenty-five (25) mile radius of the facility.

SHP Criterion 8 – Transfer Agreement/Follow-up services

The application contains a transfer agreement between Monroe Regional Hospital and Monroe Surgery Center.

SHP Criterion 9 – Indigent/Charity Care

Monroe Surgery Center certified that its facility would offer a minimum of three percent (3%) indigent/charity care.

B. General Review (GR) Criteria

Chapter 8 of the *Mississippi Certificate of Need Review Manual, Revised November 11, 2023*; (the “Manual”) addresses general criteria by which all CON applications are reviewed. This application is not 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 2022 Mississippi State Health Plan’s* policies, criteria and standards governing the establishment of a Freestanding Ambulatory Surgical Facility.

However, the Applicant does not document substantial compliance with the *Plan*.

GR Criterion 2 – Long Range Plan

The Applicant states the sole focus of the Monroe Surgery Center, a multi-specialty ambulatory surgery center, is to provide community-centered care in the vastly underserved Area 4. MSC states it has consulted with physicians, and local and state officials to determine the need and viability of the project.

Monroe Surgery Center states, since there is only one existing multi-specialty ambulatory surgery center in ASPA 4, patients are forced to access outpatient (minor, same day) surgical services in the hospital or other areas of the state or outside of the state, creating a huge financial burden on the patient. The Applicant asserts that without the new facility, it would be impossible to achieve stated objectives and would leave the community without a viable option to gain access to this level of care.

GR Criterion 3 – Availability of Alternatives

- a. **Advantages and Disadvantages:** The Applicant states there are currently no alternative approaches available to fit the proposed goal of patient care and access in ASPA 4. Furthermore, the Applicant states, the only other approach would be to abandon the project and not allow patients access to this resource.
- b. **New Construction Projects:** The Applicant states there is no new construction cost since there are two existing operating rooms at Monroe Surgical Center. However, the Applicant budgeted \$50,000 for potential renovation capital costs.
- c. **Beneficial Effects to the Health Care System:** The Applicant states ambulatory surgery centers benefit patients by providing easier access to care, reduced risk of infection and cost-effective alternatives to inpatient care. The Applicant notes given the financial impact that ASCs have demonstrated on the healthcare system, ASPA 4 will not only benefit from multi-specialty ASC, but the project will also bring cutting edge healthcare to a currently archaic system.
- d. **Effective and Less Costly Alternatives:** The Applicant states it is unaware of any less costly alternatives to the project.
 - i. **Unnecessary Duplication of Services:** The Applicant states the services that will be offered at the facility are not currently available to the patient population within ASPA 4. The Applicant further states that there is one other multi-specialty ambulatory surgery center in ASPA 4.
 - ii. **Efficient Solution:** According to the Applicant, patients currently must travel out of state or long distances within the state to receive the care Monroe Surgery Center will provide. The Applicant states that Monroe Surgery Center will offer patients more convenient access to advanced interventional healthcare.
- e. **Improvements and Innovations:** The Applicant submits that the services offered in the ASC setting are more convenient for the patient, are

performed at a lower cost than in-patient, are performed at a lower cost than in-patient care in a hospital setting and allows the local hospital to focus on the acute care needs of the current patient population.

- f. **Relevancy.** The Applicant asserts that over the last few years, the CMS fee schedule has demonstrated a trend indicating increased reimbursements for ASC settings and decreased reimbursement restrictions for surgeries performed at ASC facilities and that the proposed 2025 CMS fee schedule indicates the same trend.

GR Criterion 4 - Economic Viability

- a. **Proposed Charge:** The Applicant states the calculations of charges are based primarily on a multiplier of the CMS fee schedule along with extensive market research of existing facilities offering similar services. Monroe Surgery Center indicates, its goal in establishing the facility is to meet a need of ASPA 4 and to provide a service which is not currently available in the area.
- b. **Projected Levels of Utilization:** The Applicant believes that its projected levels of utilization for MSC are consistent with similar facilities in other areas of the state. The Applicant asserts that the healthcare needs in ASPA 4 are severe and MSC will fill a gap in care for the area's medically underserved population.
- c. **Financial Feasibility Study:** This item is not applicable to the proposed project as the capital expenditure is less than \$2,000,000.00. However, the Applicant states MSC included a financial feasibility study prepared by the Vice President of Decision Support.
- d. **Financial Forecasts:** The Applicant states the financial forecasts do not deviate from the financial statements.
- e. **Covered Expenses:** The Applicant states Monroe Surgery Center LLC assumes a \$1,500,000.00 operating loan to ensure the project remains financially viable for the long run.
- f. **Impact of Proposed Project on Health Care Cost:** The Applicant states MSC believes the proposed project will have a positive impact on healthcare cost due to cost containment and states ASCs have historically exhibited lower costs for patients, federal and commercial payors.

GR Criterion 5 - Need for the Project

- a. **Access by Population Served:** The Applicant states the proposed project will give low-income persons and the general population access to

affordable healthcare in ASPA 4. Monroe Surgery Center states the majority of the population, especially low-income persons, racial and ethnic minorities, women, handicapped persons, underserved groups, and the elderly currently have to travel to other areas of the state and/or out of state to receive care in an ASC setting. The Applicant states the proposed location of the facility will allow residents of the area to receive ambulatory surgery services in a facility closer to their homes, making transportation easier to arrange.

- b. Relocation of Services:** Not applicable. The Applicant states MSC will not relocate or replace services.
- c. Current and Projected Utilization of Comparable Facilities:** The Applicant asserts there is one multi-specialty ambulatory surgery center in ASPA 4. Monroe Surgery Center states patients needing these services currently travel to Jackson, Mississippi or out of state to receive care. According to the Applicant, the ASC model will provide patients in the area with access to ambulatory surgery services at a much lower cost, in a convenient setting, utilizing a care approach centered on community.
- d. Probable Effect on Existing Facilities in the Area:** The Applicant states the proposed services will not negatively affect existing facilities and/or services because the majority of services MSC will offer are not currently available. The Applicant states that although Monroe Regional Hospital is an existing facility that could be potentially impacted, the hospital is also a key partner in the project. The Applicant states MSC, through strategic planning, intends to work closely with Monroe Regional Hospital to ensure continued success for both facilities. The Applicant asserts that the unique model of the ambulatory surgery center allows MSC to attract, retain, and offer services that have traditionally been unsustainable in rural hospital settings.
- e. Community Reaction:** The application contains twenty-five (25) letters of support for the proposed project from physicians, health facilities, and community leaders.

The MSDH received a letter in opposition to the proposed project from Baptist and Physicians Outpatient Surgery Center of North Mississippi, L.P., d/b/a Oxford Surgery Center and Baptist Memorial Hospital – Golden Triangle, Inc. d/b/a Baptist Memorial Hospital-Golden Triangle (the “Opposition Letter”). The Opposition Letter addresses several deficiencies in the application, including inadequate staffing for the ASC.

In addition, MSDH received a letter in opposition to the proposed project from North Mississippi Ambulatory Surgery Center, LLC, (“NMASC”) located in nearby Tupelo, Lee County, Mississippi (ASPA 2). NMASC

expressed concern that the new facility in Monroe County will draw patients from its facility in ASPA 2.

GR Criterion 6 - Access to the Facility or Service

- a. **Access to Services.** The Applicant submits as a new freestanding ASC, Monroe Surgery Center does not have historical utilization data; however, Monroe Surgery Center affirms, once the facility is approved and open, all patients, including Medicaid recipients, charity/medically indigent patients, racial and ethnic minorities, women, handicapped persons, and the elderly, will have access to the ASC. The Applicant states Monroe Surgery Center projects indigent/charity care to equal roughly \$88,000.00 per year for the first two (2) years of the facility’s operations. The following table indicates the projected medically indigent and charity care for the first two (2) years of operation:

	Medically Indigent \$	Medically Indigent %	Charity Care \$	Charity Care %
Projected Year 1	\$37,500.00	1.5%	\$37,000.00	1.5%
Projected Year 2	\$50,000.00	1.5%	\$50,000.00	1/5%

- b. **Existing Obligations:** The Applicant submits that Monroe Surgery Center does not have existing 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 its facility’s policy is to accept and treat patients including Medicare, Medicaid, and/or medically indigent patients.
- d. **Access to Proposed Facility:** The Applicant states there is one existing multi-specialty ASC for patients to access in ASPA 4. The Applicant asserts that once the proposed facility is approved and open, all patients (i.e. Medicaid patients, charity/medically indigent patients, racial and ethnic minorities, women, handicapped persons, and the elderly) will have access to the center.
- e. **Access Issues:**
 - i. **Transportation and Travel:** The Applicant submits due to the close proximity of the surgery center to the hospital, transportation and travel should not be an issue. The Applicant further asserts that

currently the residents of ASPA 4 must travel out of state or to other areas within Mississippi to access the same healthcare and surgical services proposed to be provided by MSC.

- ii. **Restrictive Admissions Policy:** The Applicant submitted a copy of the facility's admission's policy.
- iii. **Access to Care by Medically Indigent Patients:** The Applicant states the proposed facility will improve access to care for the medically indigent population within ASPA 4 due to the location of the facility and the various services expected to be offered.
- iv. **Operational Hours of Service:** The Applicant states Monroe Surgery Center will operate five (5) days a week from 7:30 a.m. to 5:00 p.m.

GR Criterion 7 - Information Requirement

Monroe Surgery Center affirms that it will record, maintain, and provide the required information within fifteen (15) days of request by the Mississippi State Department of Health.

GR Criterion 8 - Relationship to Existing Health Care Baptist System

- a. **Comparable Services.** The Applicant asserts there is one existing multi-specialty ASC providing ambulatory surgical services in ASPA 4. According to the Applicant, the targeted population currently accesses the proposed services by either traveling out of state or driving more than two hours to other areas of the state to gain access to comparable services.
- b. **Effect on Existing Health Services**
 - i. **Complement Existing Services:** The Applicant asserts there is an ample supply of primary care services available within ASPA 4; however, these providers must refer patients out of the area for specialized care.
 - ii. **Provide Alternative or Unique Service:** The Applicant asserts that its multi-specialty ambulatory surgery center is an alternative and unique service for the area because there is only one existing multi-specialty ASC in the ASPA 4.
 - iii. **Provide a service for a specified target population:** The Applicant states MSC's target population includes the medically underserved.

- iv. **Provide services for which there is an unmet need:** The Applicant states the services that will be offered at the surgery center include, but are not limited to, pain management; gastrointestinal; dental surgery and ophthalmology. The Applicant submits these are all services that are either not currently offered in the area or are offered in a severely limited capacity. The Applicant asserts that by providing these services in an ASC setting, MSC will fulfill an unmet need in a medically underserved area.
- c. **Adverse Impact.** The Applicant submits the project will enhance, not adversely impact, the rural health care system in ASPA 4. The Applicant states the multi-specialty ASC will offer pain management, dental, gastroenterology and ophthalmology through a centralized location at a lower cost to patients and the health care system.
- d. **Transfer/Referral/Affiliation Agreements.** The Applicant includes a formal patient transfer agreement with Monroe Regional Hospital.

GR Criterion 9 - Availability of Resources

- a. **New Personnel.** The Applicant asserts that Monroe Surgery Center has identified the required staffing needed to effectively operate the facility and has garnered physician support for the project. In addition, the Applicant states MSC has worked extensively with the hospital partner to identify new personnel and has allowed additional funds for recruitment.
- b. **Contractual Services.** The Applicant states MSC will enter into a clinically related contractual services if the CON is granted.
- c. **Existing Facilities or Services.** The Applicant asserts that this criterion is not applicable to proposed project.
- d. **Alternative Uses of Resources.** The Applicant asserts that this criterion is not applicable to proposed project.

GR Criterion 10 – Relationship to Ancillary or Support Services

- a. **Support and Ancillary Services.** The Applicant asserts that all necessary support and ancillary services are available through Monroe Regional Hospital. The Applicant further asserts that Monroe Regional Hospital will provide the necessary medical supplies, health information technology, and support staff needed to operate the proposed ASC.
- b. **Changes in Costs or Charges.** The Applicant asserts that this element is not applicable to the proposed project.

- c. **Accommodation of Changes in Cost or Charges.** The Applicant asserts that this element is not applicable to the proposed project.

GR Criterion 11 – Health Professional Training Programs

The Applicant asserts the project will not impact the clinical needs of health professional training programs. The Applicant states Monroe Surgery Center welcomes the opportunity to participate in the advancement and training of new professionals within the area.

GR Criterion 12 – Access by Health Professional Schools

The Applicant states that Monroe Surgery Center does not intend to limit access to health professional training programs within ASPA 4. In addition, the Applicant states if opportunities to support health professional training programs become available, Monroe Surgery Center welcomes the opportunity to participate in the advancement and training of new professionals within the area.

GR Criterion 13 – Access by Individuals Outside Service Area

The Applicant submits MSC will primarily serve individuals residing within ASPA 4; however, MSC will accommodate patients outside of the planning area should that need arise.

GR Criterion 14 - Construction Projects

This criterion is not applicable to the proposed project.

GR Criterion 15 – Competing Applications

There are no competing applications on file with the Mississippi State Department of Health for a multi-specialty ambulatory surgery center in ASPA 4.

GR Criterion 16 - Quality of Care

- a. **Past Quality of Care.** The Applicant submits this element is not applicable to the proposed project.
- b. **Improvement of Quality of Care.** The Applicant asserts the project will vastly improve the quality of healthcare in the area as MSC will offer advanced interventional services not currently available in the area.
- c. **Accreditations and/or Certifications.** The Applicant states Monroe Surgery Center does not currently have any accreditations or certifications.

IV. FINANCIAL FEASIBILITY

A. Capital Expenditure Summary

Cost Item	Projected Cost	Percentage of Cost (%)
Construction Cost – New	\$ 0.00	0.00%
Construction-Renovation	50,000.00	16.00%
Capital Improvement	0.00	0.00%
Total Fixed Equipment	0.00	0.00%
Non-fixed Equipment	250,000.00	80.00%
Land Cost	0.00	0.00%
Site Preparation	0.00	0.00%
Fees (Architectural)	0.00	0.00%
Fees (Legal & Acct.)	15,000.00	4.00%
Contingency Reserve	0.00	0.00%
Capitalized Interest	0.00	0.00%
Other	0.00	0.00%
Total Expenditure	\$ 315,000.00	100.00%

The Applicant proposes to lease an existing facility from Monroe Regional Hospital at a cost of \$190,000.00 per year.

B. Method of Financing

The Applicant proposes to obtain an operating loan of \$1,500,000.00 from Boa Via Foundation, Inc. at an interest rate equal to the Secured Overnight Financing Rate (“SOFR”) for a four (4) year term. The Applicant estimates the loan will have an interest rate of six percent (6%).

C. Effect on Operating Cost

The Applicant’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	41.00%	\$1,025,533.00
Medicaid	28.00%	\$700,364.00
Commercial	23.00%	\$575,299.00
Self Pay	2.00%	\$50,026.00
Charity Care	3.00%	\$75,039.00
Other	3.00%	\$75,000.00
Total	100.00%	* \$2,501,261.00

*Staff's calculation of total revenue differs from Applicant's by \$39.00.

V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES

The Division of Medicaid was provided with a copy of this application for review and comment. No comments had been received from the Division of Medicaid as of September 10, 2024.

VI. CONCLUSION AND RECOMMENDATION

This project is not in substantial compliance with the criteria and standards for the establishment of a Multi-specialty Ambulatory Surgical Facility as contained in the *FY 2022 Mississippi State Health Plan, Third Edition; the Mississippi Certificate of Need Review Manual, November 11, 2023, Revision*; and duly adopted rules, procedures, and plans of the Mississippi State Department of Health.

The application contains insufficient documentation to substantiate the need for the project; 1) The application does not contain affidavits from supporting physicians, therefore, there is no evidence that supporting physicians will utilize the ASC or at what level they will utilize the facility; 2) The application does not provide supporting documentation as to how the facility will perform a minimum of 1,000 procedures per operating room; 3) The level of staffing for a two (2) operating room ASC is questionable; and 4) No evidence was provided that the site of the proposed facility has been approved for a freestanding ASC.

The Division of Health Planning and Resource Development recommends disapproval of the application submitted by Monroe Surgery Center, LLC for the Establishment of a Multi-specialty Ambulatory Surgical Facility.

Attachment 1

Monroe Surgery Center, LLC Three-Year Operating Statement (Project Only)			
	Year 1	Year 2	Year 3
Revenue			
Patient Revenue:			
Inpatient			
Outpatient	\$2,501,300.00	\$3,285,200.00	\$3,760,000.00
Gross Patient Revenue	\$2,501,300.00	\$3,285,200.00	\$3,760,000.00
Charity Care	\$ 75,039.00	\$ 96,566.00	\$ 112,800.00
Deductions from Revenue			
Net Patient Revenue	\$2,426,261.00	\$ 3,186,644.00	\$ 3,647,200.00
Other Operating Revenue			
Total Operating Revenue	\$2,426,261.00	\$ 3,186,644.00	\$ 3,647,200.00
Expenses			
Operating Expenses:			
Salaries	\$601,684.00	\$ 838,959.00	\$988,865.00
Benefits	150,421.00	209,740.00	247,216.00
Supplies	531,812.00	719,935.00	823,859.00
Services	379,053.00	513,146.00	587,218.00
Lease	190,000.00	190,000.00	190,000.00
Depreciation	50,000.00	50,000.00	50,000.00
Interest	22,500.00	22,500.00	22,500.00
Other	363,939.00	477,997.00	547,080.00
Total Expenses	\$ 2,289,409.00	\$ 3,022,277.00	\$ 3,456,738.00
Net Income (Loss)	\$ 136,853.00	\$164,367.00	\$ 190,462.00
Assumptions			
Inpatient days	0	0	0
Outpatient days	260	260	260
Procedures	2,100	2,800	3,200
Charge/outpatient day	\$9,620.00	\$12,635.00	\$14,462.00
Charge per inpatient day	N/A	N/A	N/A
Charge per procedure	\$1,191.00	\$1,173.00	\$11,175.00
Cost per inpatient day	N/A	N/A	N/A
Cost per outpatient day	\$8,805.00	\$11,624.00	\$13,295.00
Cost per procedure	\$ 1,090.00	\$ 1,079.00	\$ 1,080.00

