

**MISSISSIPPI STATE DEPARTMENT OF HEALTH  
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT  
NOVEMBER 1, 2021**

**CON REVIEW NUMBER: ASC-NIS-0921-007  
JACKSON HEART AND VASCULAR CENTER, LLC  
ESTABLISHMENT OF A JOINT VENTURE CARDIAC AMBULATORY SURGERY FACILITY  
CAPITAL EXPENDITURE: \$12,529,312.00  
LOCATION: FLOWOOD, RANKIN COUNTY, MISSISSIPPI**

**STAFF ANALYSIS**

**I. PROJECT SUMMARY**

**A. Applicant Information**

Jackson Heart and Vascular Center, LLC is a limited liability company that will be managed by a six (6) member board of managers. Jackson Heart Clinic, P.A. and St. Dominic's Hospital will each appoint three (3) members to the board. Jackson Heart Clinic, P.A. managers will be J. Clay Hays, Jr., M.D., Richard D. Guynes, M.D. and D. Russell Young, M.D. St. Dominic's Hospital managers will be Rob Nelson, Sam Scott, and Dave Estorge. The application contains a Certificate of Good Standing, dated August 17, 2021, from the Office of the Secretary of State, certifying that the entity is in good standing to do business in Mississippi.

**B. Project Description**

The Applicant proposes the establishment of a Joint Venture Cardiac Ambulatory Surgery Facility ("JV-CASF"). The Applicant states the proposed JV-CASF will be named Jackson Heart and Vascular Center, LLC, ("JHVC"). The JV-CASF will be owned by JHVC, the members of which will be St. Dominic-Jackson Memorial Hospital ("St. Dominic") and Jackson Heart Clinic, P.A. ("Jackson Heart"). The Applicant states St. Dominic is a 571-bed acute care hospital located in Jackson, Mississippi, that provides a comprehensive range of patient care services, including heart and vascular surgery. The Applicant affirms, Jackson Heart was established in 1973 and its founders were instrumental in opening the cardiac catheterization laboratory at St. Dominic. The Applicant further states, Jackson Heart currently has five (5) locations and offers a full range of heart procedures through its eighteen (18) board certified cardiologists, twelve (12) nurse practitioners, and associated staff members.

The Applicant states the JV-CASF will be located at 185 Medical Parkway, Flowood, Mississippi 39232. The Applicant further states the facility will be housed within a newly constructed building of approximately 49,170 square feet. The Applicant states the building will house two (2) separate businesses. A total of 35,796 square feet will house a private outpatient clinic of Jackson Heart which the Applicant affirms is not a part of the proposed project. A total of 13,374 square feet will house the JV-CASF. The Applicant affirms the newly constructed building will be owned by

JHC Holdings, LLC, which will lease space to JHVC for operation of the JV-CASF pursuant to the terms of a fair market value lease agreement. The Applicant states JHVC will perform only those catheterization procedures that are permitted by the Centers for Medicare and Medicaid Services to be performed in an ambulatory surgery center. The Applicant submits JHVC will have four (4) procedure rooms, with two (2) of the procedure rooms being brought online initially and the other two (2) to be brought online as dictated by the demand for services. The Applicant states JHVC will have two (2) procedure rooms available for service and used exclusively for cardiac catheterization and PCI services operating Monday-Friday, from 8:00 a.m. – 5:00 p.m.

The Applicant states the listed project costs are delineated between the portion of the new building that will be allocated to JHVC and the portion of the building that will be allocated to the clinical office of Jackson Heart. The Applicant projects the total capital expenditure associated with the project is \$12,529,312.00. JHVC expects the capital expenditure will be obligated upon CON approval and within the timeframes established by the Mississippi State Department of Health's laws and regulations.

The application contains a letter dated August 6, 2021, documenting the Mississippi State Department of Health (MSDH) Division of Health Facilities Licensure and Certification's approval of the site for the Joint Venture Cardiac Ambulatory Surgery Facility.

## **II. TYPE OF REVIEW REQUIRED**

This project is reviewed in accordance with Section 41-7-173, 41-7-191(1)(d) and 41-7-193 of the Mississippi Code of 1972, Annotated, as amended, and duly adopted rules, procedures, plans, criteria, and standards of the Mississippi State Department of Health. MSDH will also review applications for CON according to the general criteria listed in the *Mississippi Certificate of Need Review Manual, September 1, 2019, Revision*; all adopted rules, procedures, plans, criteria and standards of MSDH; and the specific criteria and standards listed below. The Department reviews projects for the provision of cardiac catheterization services if the proposed provider has not provided such service on a regular basis within the period of twelve (12) months prior to the time such service would be offered, regardless of the capital expenditure.

In accordance with Section 41-7-197(2) of the Mississippi Code 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 November 11, 2021.

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

#### A. State Health Plan (SHP)

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

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

##### 1. Definitions

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

The Applicant proposes the establishment of a Joint Venture Cardiac Ambulatory Surgery Facility with the participation of St. Dominic and Jackson Heart as the joint venture partners.

##### 2. Offering of Cardiac Catheterization Services

The Applicant states the proposed JV-CASF will be located in a newly constructed building that will be within twenty-five (25) miles of St. Dominic, which is an acute care hospital that provides cardiac catheterization, PCI services, open heart surgical services and other cardiovascular services. The Applicant affirms the JV-CASF will be co-owned by St. Dominic and Jackson Heart. The Applicant further states the JV-CASF will satisfy the requirement for local ownership and operation and will maintain appropriate third-party accreditation.

##### 3. Type of Procedures

The Applicant states the proposed JV-CASF will perform only those

catheterization procedures which have been approved for performance in an ambulatory surgical center by the federal Centers for Medicare and Medicaid Services (CMS). The Applicant further states primary PCIs will not be performed in the JV-CASF.

4. Multispecialty and Single-Specialty Ambulatory Surgical Facilities

The Applicant affirms their acknowledgement of Policy Statement 2, need criteria and standards for the establishment of a CASF.

5. CON-Exempt Single-Specialty CASFs Prohibited

The Applicant states JHVC is requesting CON approval prior to the commencement of operations of services.

6. Application of Policy Statement

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

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

**SHP Criterion 1 – Minimum Procedures**

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

Year 1: 1,720  
Year 2: 2,400  
Year 3: 2,472

The Applicant states JHVC will perform a minimum of 300 cardiac catheterization procedures, diagnostic and therapeutic, per year by its third year of operation and hereby certifies that it will submit volume data to the Department to demonstrate and verify the utilization of the service at a minimum of every three (3) years.

**SHP Criterion 2 – Minimum Population**

The Applicant states the proposed JV-CASF is located in Flowood, Rankin County, Mississippi, within Cardiac Catheterization/Open Heart Surgery Planning Area 5, which includes the counties of Issaquena, Sharkey, Yazoo, Holmes, Attala, Madison, Leake, Warren, Hinds, Rankin, Scott, Claiborne, Copiah, Simpson, and Smith. The Applicant asserts Flowood is located in the western portion of Rankin County, which Map 1-1 and Map 5-1 of the Fiscal Year 2020 Mississippi State

Health Plan projected to have a population of 261,558 by the year 2023. The Applicant further states, Flowood is located approximately fifteen (15) miles from Jackson, Mississippi and the population within thirty (30) minutes travel time of the proposed Flowood location far exceeds 60,000.

### **SHP Criterion 3 – Minimum Number of Procedure Rooms**

The Applicant submits JHVC will have four (4) procedure rooms, with two (2) of the procedure rooms being brought online initially and the other two (2) to be brought online as dictated by the demand for services. The Applicant states JHVC will have two (2) procedure rooms available for service and used exclusively for cardiac catheterization and PCI services.

### **SHP Criterion 4 – Financial Feasibility**

The Applicant submits the financial tables demonstrate that JHVC 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 \$688,771.00 in the second year of operation.

### **SHP Criterion 5 – Letters of Support**

The application contains a joint letter of support from eighteen (18) cardiologists who the Applicant states will be affiliated with the JV-CASF.

### **SHP Criterion 6 – Staffing Standards**

The Applicant states both Jackson Heart and St. Dominic have many years of experience in administering high quality cardiac catheterization and PCI procedures. Jackson Heart was founded in 1973 by Drs. James C. Hays and James L. Crosthwait, who were also instrumental in the formation of the Mississippi Heart and Vascular Institute and the opening of the catheterization laboratory at St. Dominic. The Applicant asserts Jackson Heart is one of the largest cardiology practices in Mississippi and employs approximately one hundred (100) staff members in addition to its eighteen (18) board-certified cardiologists. The Applicant affirms the Mississippi Heart and Vascular Institute at St. Dominic has been the leading provider of cardiac services in Central Mississippi for more than forty (40) years. The Applicant further states Jackson Heart and St. Dominic are extremely well-qualified to administer the procedures that will be performed at the JV-CASF, will be able to provide sufficiently trained and experienced professional staff to the JV-CASF and are highly qualified to evaluate the performance of the JV-SF.

JHVC also certifies that all cardiologists and providers who perform cardiac catheterization and/or PCI procedures will maintain active medical staff and clinical privileges at St. Dominic's, with which the JV-CASF will have a formal emergency transfer agreement.

### **SHP Criterion 7 – Recording and Maintenance of Data**

JHVC certifies that it will provide, as required under licensure standards, written assurance that it will record and maintain separate utilization data for diagnostic cardiac catheterization and PCI procedures (e.g., mobility data, number of diagnostic cardiac catheterization and PCI procedures performed, and mortality data, all reported by race, sex and payor status) and make that data available to the Mississippi State Department of Health annually.

### **SHP Criterion 8 – Service Specific**

- a. **Formal emergency transfer agreement.** The Applicant asserts open-heart surgery services will be available through an emergency transfer agreement with St. Dominic. The Applicant states the lengthy experience of Jackson Heart and St. Dominic in working together, along with the proximity of St. Dominic to the proposed JHVC, will ensure that transfers will be accomplished in less than 120 minutes from onset of PCI complications to cardiopulmonary bypass. The Applicant further states transportation of patients from JHVC to St. Dominic will include the capability to provide a ventricular support device, such as an intra-aortic balloon pump (IABP), or an Impella.
- b. **Certification of lifetime experience.** The Applicant certifies that the primary operators that will perform PCIs in the JV-CASF have a lifetime experience of greater than 150 total PCIs with acceptable outcomes as primary operator after completing a cardiology fellowship or an interventional cardiology fellowship.
- c. **Quality data.** JHVC certifies that it will participate in and submit quality data to the appropriate cardiac catheterization registries.
- d. **Multi-disciplinary meetings.** The Applicant certifies that it will hold quarterly multi-disciplinary meetings to evaluate patient outcomes, review quality improvement data, and identify and implement solutions for any operational issues.
- e. **Certification of meeting the Society of Cardiovascular Angiography and Interventions Guideline (SCAI)-ACCF/AHA/SCAI Guidelines for Percutaneous Coronary Intervention (PCI)**
  - i. **Equipment.** JHVC certifies that it will have available in the catheterization laboratory the equipment listed in Section 4.1.1 entitled “Equipment” and that the equipment will be routinely tested.

- ii. **Staffing.** JHVC certifies the availability of adequate staff in the catheterization laboratory as set forth in Section 4.1.2 of the Guidelines entitled “Staffing” and that such staff will be certified on both basic life support and advanced cardiovascular life support.
- iii. **Time-Out Procedures.** JHVC certifies that “time-out” procedures will be implemented as discussed in Section 4.1.3 of the Guidelines, entitled “Time-Out Procedures.”
- iv. **Quality Performance: Recommendations.** The Applicant certifies that it will operate a quality improvement program and participate in a national PCI registry as discussed in Section 7.1 of the Guidelines, entitled “Quality Performance: Recommendations.”

#### **SHP Criterion 9 – Medicaid Participation**

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

#### **SHP Criterion 10 – Indigent/Charity Care**

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

#### **SHP Criterion 11 – Regulatory Approval**

Through this application, JHVC requests CON approval for the establishment of a Joint Venture Cardiac Ambulatory Surgery Facility. The Applicant affirms JHVC will not utilize equipment or provide services at the JV-CASF until it has been awarded a CON by the Mississippi State Department of Health.

The Applicant has submitted affidavits from seven (7) of the eight (8) Jackson Heart physicians who will actually perform procedures in the JV-CASF. The Applicant states Dr. William Nichols, who signed the letter of support, will also refer and perform procedures in the JV-CASF; however, because he has only recently completed his cardiology fellowship and did not have access to referral data for the previous year, he did not submit an affidavit.

#### **B. General Review (GR) Criteria**

Chapter 8 of the *Mississippi Certificate of Need Review Manual, Revised September*

1, 2019; addresses general criteria by which all CON applications are reviewed. This application is in substantial compliance with the general review criteria contained in the manual.

### **GR Criterion 1- State Health Plan**

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

### **GR Criterion 2 – Long Range Plan**

The Applicant submits the long-range plan of both St. Dominic Hospital and Jackson Heart Vascular Center, LLC includes a commitment to meeting the health care needs of Central Mississippi's residents through innovative and cost-effective approaches to the delivery of health services. Further, the Applicant states following the Mississippi State Board of Health's approval of the *FY 2020 Mississippi State Health Plan*, St. Dominic and Jackson Heart conducted a series of meetings in order to develop a plan and process for the establishment and operation of the proposed JV-CASF in Planning Area 5.

### **GR Criterion 3 – Availability of Alternatives**

- a. **Advantages and Disadvantages:** The Applicant states an alternative to the proposed project is to maintain the status quo. The Applicant suggests this alternative would fail to meet the objective of offering an additional point of service for members of the community to access high quality outpatient cardiac catheterization and PCI services and the option to receive service in the more convenient ASC setting instead of a hospital. The Applicant asserts, making this additional outpatient access point available to the citizens in the community was determined to be preferable to the status quo. The Applicant further states, having another access point for these patients will have a positive impact on patient care.
- b. **New Construction Projects:** The Applicant affirms potential alternative locations were examined to determine whether they would be suitable, with modernization and renovation to house the proposed JV-CASF. The Applicant states in each case, modernization or renovation were determined to be infeasible due to location, footprint, cost to renovate, or other issues. The Applicant further states, based upon the long experience of Jackson Heart and St. Dominic in providing cardiovascular services, it was determined that purpose-built construction of a new building would provide the most cost-effective method of creating the optimal facility to provide the desired quality of services and patient experience.
- c. **Beneficial Effects to the Health Care System:** The Applicant states JHVC will become an integral part of the health system in Cardiac

Catheterization/Open Heart Surgery Planning Area 5. The Applicant asserts the proposed project will support the cardiovascular services currently offered by St. Dominic and Jackson Heart. The Applicant affirms, currently, there is no CON approved JV-CASF in Planning Area 5 and the proposed project will meet that need, which is particularly acute when considering the high population density within a thirty (30) minute drive of the proposed Flowood location. The Applicant further states JHVC will provide another access point for outpatient cardiac catheterization services for Jackson Heart's and St. Dominic's patients.

**d. Effective and Less Costly Alternatives:**

- i. Unnecessary Duplication of Services:** The Applicant states there is no CON approved JV-CASF in Planning Area 5 and the approval of this proposed project would not result in any duplication of services but would provide a more convenient access point of care for the patients.
  - ii. Efficient Solution:** The Applicant asserts an outpatient cardiac catheterization facility such as the one proposed by JHVC is more convenient and efficient for patients who may prefer not to receive a scheduled, elective cardiac catheterization procedure in an outpatient hospital department setting. The Applicant states this outpatient JV-CASF will provide a more convenient and patient-friendly environment for cardiac catheterization procedures.
- e. Improvements and Innovations:** The Applicant states, JHVC will be established as an integral part of the health system in the planning area and through its work with St. Dominic and Jackson Heart, it will promote innovation and improvement in the delivery of outpatient cardiac catheterization and PCI services. The Applicant asserts the vehicle for innovation will help to ensure that citizens in Planning Area 5 gain the benefits of cutting-edge quality and cost-effective services. The Applicant further states the Department of Health has recognized through its revisions to the State Health Plan allowing the establishment of JV-CASFs, the value of allowing patients the option to receive cardiac catheterization services in the more convenient ASC setting.
- f. Relevancy.** The Applicant asserts the Department of Health recognizes the changing trend toward providing cardiac catheterization and PCI services on an outpatient basis. The Applicant states, this trend is driven by a number of factors, not the least of which is patients' choice. The Applicant further states, as one of the most densely populated areas of the State, citizens who live within thirty (30) minutes of the proposed Flowood location should have access to this modern mode of service delivery.

#### **GR Criterion 4 - Economic Viability**

- a. Proposed Charge:** The Applicant submits the proposed gross charges were calculated by applying an industry standard 400% markup from the published local Metropolitan Statistical Area Medicare fee schedule (per CPT code) and applying the service and volume mix estimated to be performed in the JV-CASF.
- b. Projected Levels of Utilization:** The Applicant states because there are not currently any operating JV-CASFs in the State of Mississippi, there is no historical data available from similar facilities. The Applicant asserts the projected levels of utilization are based upon the combined experiences of St. Dominic's and Jackson Heart.
- c. Financial Feasibility Study:** The Applicant has attached a financial feasibility study prepared by Steve Hockert, MHA, FACHE.
- d. Financial Forecasts:** The Applicant states this is a new project; therefore, no historical financial statements are available.
- e. Impact of Proposed Project on Health Care Cost:** The Applicant projects that JHVC will cover expenses with working capital, if needed.

#### **GR Criterion 5 - Need for the Project**

- a. Access by Population Served:** The Applicant asserts the JHVC's services will be open and accessible to all members of the community, including low-income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups.
- b. Relocation of Services:** The Applicant states the proposed project does not involve the relocation of a facility or service.
- c. Current and Projected Utilization of Comparable Facilities:** The Applicant submits there is no like facilities or services in the proposed service area, Planning Area 5. The Applicant states, the proposed new project is intended to meet the need for a JV-CASF in Planning Area 5. The Applicant does acknowledge, however, that there are other cardiac catheterization outpatient hospital providers in Planning Area 5. The Applicant asserts the projected utilization is based on historical procedure volumes by the supporting physicians at St. Dominic and this application is submitted pursuant to new CON policies, criteria and standards adopted in the *FY 2020 Mississippi State Health Plan*. The Applicant further states, it is clear from the new criteria and standards for JV-CASFs, the Mississippi State Board of Health is encouraging cardiac ambulatory surgical facilities through joint ventures between hospital and cardiologists.

- d. **Probable Effect on Existing Facilities in the Area:** The Applicant states there are no existing facilities in the service area providing services similar to those being proposed in this project. The Applicant asserts, JHVC projects that a number of cardiac catheterization and PCI procedures historically performed at St. Dominic's will move to the proposed JV-CASF. The Applicant submits this will permit more efficient scheduling and utilization of cardiac catheterization services at St. Dominic. The Applicant further states, the JV-CASF will provide another point of access for cardiac catheterization services in the highly populated Planning Area 5. The Applicant does not anticipate any adverse impact on the existing providers of cardiac catheterization services in Service Area 5.
- e. **Community Reaction:** The application contains two (2) letters of support for the proposed project.

**GR Criterion 6 - Access to the Facility or Service**

- a. **Access to Services.** The Applicant affirms the proposed project has no historical data on usage by medically underserved populations. The Applicant states JHVC will be available and accessible by all medically underserved populations. The Applicant further states, the same medically underserved populations currently served by St. Dominic will be served by JHVC.

The Applicant states as a new facility, the JV-CASF does not have historical utilization data on indigent/charity care data; however, the following table shows the projected charity/medically indigent care for first two (2) years of operation of JHVC. The Applicant further states, for the purposes of these projections, JHVC does not separate medically indigent cases from charity care:

**Gross Patient Revenue**

	Medically Indigent (%)	Charity Care (%)	Medically Indigent (\$)	Charity Care (\$)
Historical Year 2019	N/A	N/A	N/A	N/A
Historical Year 2020	N/A	N/A	N/A	N/A
Projected Year <del>b. 1</del> <sup>1</sup>	N/A	5%	N/A	\$803,559
Projected Year <del>2</del> <sup>2</sup>	N/A	5%	N/A	\$1,121,245

- b. **Existing Obligations:** The Applicant submits that JHVC does not have any obligations under any federal regulations requiring provision of

uncompensated care, community service, or access by minority/handicapped persons.

**c. Unmet Needs of Medicare/Medicaid and Medically Indigent Patients:** The Applicant states JHVC will be fully open and accessible to all patients, including Medicare, Medicaid, and medically indigent patients.

**d. Access to Proposed Facility:** The Applicant submits Medicare, Medicaid and medically indigent patients will have access to services offered by the JV-CASF.

**e. Access Issues:**

**i. Transportation and Travel:** The Applicant asserts there are no access issues to the facility which will be located at 185 Medical Parkway, Flowood, Mississippi.

**ii. Restrictive Admissions Policy:** The Applicant states JHVC will comply with applicable Federal civil rights laws and will not discriminate on the basis of race, color, national origin, disability or gender.

**iii. Access to Care by Medically Indigent Patients:** The Applicant affirms JHVC will be fully open and accessible to all patients, including medically indigent patients.

**iv. Operational Hours of Service:** The Applicant asserts the JV-CASF will operate Monday-Friday, from 8:00 a.m. – 5:00 p.m.

#### **GR Criterion 7 - Information Requirement**

JHVC affirms that it will record, and maintain, at a minimum, the information listed in Criterion 7 and will make it available to the Mississippi Department of Health within fifteen (15) days of request.

#### **GR Criterion 8 - Relationship to Existing Health Care System**

**a. Comparable Services.** The Applicant asserts there are no existing comparable services in the service area. The Applicant states, there are no free-standing facilities providing outpatient cardiac catheterization and PCI services in Planning Area 5. The Applicant further affirms, the only points of access to cardiac catheterization and PCI services in Planning Area 5 are acute care hospitals.

**b. Effect on Existing Health Services**

**i. Complement Existing Services:** The Applicant states the

proposed project will complement the existing health system in Service Area 5 by making cardiac catheterization and PCI services available in an outpatient setting with easier ingress and egress than acute care hospital settings.

- ii. **Provide Alternative or Unique Service:** The Applicant affirms the proposed JV-CASF will be the first and only cardiac ambulatory surgery facility established in central Mississippi, and the second JV-CASF established in the State of Mississippi. The Applicant states, this facility will be developed in direct response to the Mississippi State Board of Health's adoption of policies, criteria, and standards for the establishment of Cardiac Ambulatory Surgical Facilities, as set forth in the *FY 2020 Mississippi State Health Plan*. The Applicant further states, the JV-CASF offers a more convenient and accessible setting for patients to receive cardiac catheterization services compared to the traditional hospital setting.
  - iii. **Provide a service for a specified target population:** The project proposes to serve patients in the Jackson metropolitan area and surrounding communities that would be appropriate to receive cardiac catheterization services in a JV-CASF setting.
  - iv. **Provide services for which there is an unmet need:** The proposed JV-CASF will be the first and only facility in central Mississippi to provide cardiac catheterization services in a freestanding, outpatient facility. The Applicant states a JV-CASF is more convenient for their patients than the traditional hospital setting. The Applicant further states patients will have access to more convenient parking, easier ingress, and egress from the facility, and will be able to avoid the process of having to register as hospital outpatients. The Applicant also states, the need for a more convenient and accessible setting for outpatient cardiac catheterization services is further heightened due to the current COVID-19 Public Health Emergency and the fact that hospitals have been forced to adopt restrictive access policies for patients and their families as they respond to the pandemic.
- c. **Adverse Impact.** The Applicant submits failure to implement the proposed project would result in the citizens in the service area not having access to cardiac catheterization and PCI services in a convenient, state of the art, outpatient facility. The Applicant further states, patients would be limited to receiving cardiac catheterization services in the hospital setting.
  - d. **Transfer/Referral/Affiliation Agreements.** The Applicant has included an emergency transfer agreement with St. Dominic Hospital.

### **GR Criterion 9 - Availability of Resources**

- a. New Personnel.** The Applicant states eighteen (18) board certified cardiologists affiliated with Jackson Heart will utilize or support the proposed JV-CASF. In addition, the Applicant states necessary staff will be recruited through the resources of Jackson Heart and St. Dominic.
- b. Contractual Services.** The Applicant states there are no clinically related contractual services associated with the proposed project.
- c. Existing Facilities or Services.** The Applicant states the proposed facility is new; however, St. Dominic's is an accredited institution with a long history of providing excellent cardiac services through qualified health personnel. The Applicant states, Jackson Heart is the largest cardiology practice in the Jackson, Mississippi area, and employs a significant number of nurses, nurse practitioners and support staff. The Applicant further states, combined, long-standing experience of both providers will ensure that the JV-CASF has a capable and dedicated staff.
- d. Alternative Uses of Resources.** The Applicant affirms this criterion is not applicable for this project.

### **GR Criterion 10 – Relationship to Ancillary or Support Services**

- a. Support and Ancillary Services.** The Applicant asserts the resources of both St. Dominic and Jackson Heart will be used to ensure that all necessary support and ancillary services for the JV-CASF are available.
- b. Changes in Costs or Charges.** The Applicant states the JV-CASF's projected costs and charges are based on the provision of cardiac catheterization, PCI and other services in an ambulatory surgical facility. The Applicant further states, St. Dominic has significant experience in setting charges for cardiac catheterization procedure based on the cardiac catheterization procedures it currently performs at its hospital facility.
- c. Accommodation of Changes in Cost or Charges.** The Applicant submits the financial tables and three (3) year projected operating statements take into account for projected changes in cost and charges.

### **GR Criterion 11 – Health Professional Training Programs**

The Applicant affirms the JV-CASF will provide opportunities for professional training programs located in the service area to utilize the facility for training purposes.

**GR Criterion 12 – Access by Health Professional Schools**

The Applicant states the JV-CASF will provide opportunities for health professional training programs to use the facility.

**GR Criterion 13 – Access by Individuals Outside Service Area**

The Applicant affirms individuals residing outside of the service area will have equal access to JHVC's services.

**GR Criterion 14 - Construction Projects**

The Applicant submitted a construction cost estimate for the proposed project.

**GR Criterion 15 – Competing Applications**

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

**GR Criterion 16 - Quality of Care**

- a. **Past Quality of Care.** The Applicant submits the proposed project does not involve existing services or facilities, the members of JHVC both (Jackson Heart and St. Dominic) both have long histories of providing high quality cardiovascular care.
- b. **Improvement of Quality of Care.** The Applicant asserts the proposed project will improve the quality of care for the target population by providing patients with high quality outpatient cardiac catheterization and PCI procedures in a convenient, state of the art, outpatient setting.
- c. **Accreditations and/or Certifications.** The Applicant submits the JV-CASF will be licensed by the Mississippi State Department of Health and certified for participation in the Medicare and Medicaid programs.

**IV. FINANCIAL FEASIBILITY**

**A. Capital Expenditure Summary**

Cost Item	Projected Cost	Percentage of Cost (%)
Land Cost	\$ 0.00	0.00%
Site Preparation	965,000.00	7.71%
Other	0.00	0.00%
New Construction	7,605,462.00	60.71%
Renovation	0.00	0.00%
Capital Improvements	0.00	0.00%
Fees (Architectural)	408,850.00	3.27%
Contingency reserve	2,000,000.00	15.97%
Capitalized Interest	0.00	0.00%
Fixed Equipment	1,375,000.00	10.98%
Non-Fixed Equipment	175,000.00	1.40%
Legal/Accounting Fees	0.00	0.00%
<b>Total Expenditure</b>	<b>\$ 12,529,312.00</b>	<b>100.00%</b>

**B. Method of Financing**

JHC Holdings, LLC, proposes to finance the project with a fifteen (15) year term loan from Hancock Whitney Bank (“Hancock Whitney” or the “Bank”) with a 3.45% fixed interest rate.

**C. Effect on Operating Cost**

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

**D. Cost to Medicaid/Medicare**

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

Payor Mix	Utilization Percentage (%)	First Year Revenue (\$)
<b>Medicare</b>	63.00%	\$10,124,841.00
<b>Medicaid</b>	7.00%	\$1,124,982.00
<b>Commercial</b>	24.00%	\$3,816,904.00
<b>Self Pay</b>	1.00%	\$200,889.00
<b>Charity Care</b>	5.00%	\$803,559.00
<b>Other</b>	0.00%	\$0.00
<b>Total</b>	<b>100.00%</b>	<b>\$16,071,175.00</b>

**V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES**

The Division of Medicaid was provided a copy of this application for review and comment. In a letter received September 28, 2021, the Division of Medicaid, Office of Medical Services, indicated the Division has no comment on this joint venture.

**VI. CONCLUSION AND RECOMMENDATION**

This project is in substantial compliance with the criteria and standards for the establishment of a Joint Venture Cardiac Ambulatory Surgical Facility as contained in the *FY 2020 Mississippi State Health Plan and the Mississippi Certificate of Need Review Manual, September 1, 2019 Revision*; and duly adopted rules, procedures, and plans of the Mississippi State Department of Health.

The Division of Health Planning and Resource Development recommends approval of the application submitted by Jackson Heart and Vascular Center, LLC for the Establishment of a Joint Venture Cardiac Ambulatory Surgery Facility.

**Attachment 1**

<b>Jackson Heart and Vascular Center, LLC Three-Year Operating Statement (Project Only)</b>			
	Year 1	Year 2	Year 3
<b>Revenue</b>			
Patient Revenue:			
Inpatient			
Outpatient	\$16,071,175.00	\$ 22,424,894.00	\$ 23,097,642.00
<b>Gross Patient Revenue</b>	<b>\$16,071,175.00</b>	<b>\$ 22,424,894.00</b>	<b>\$ 23,097,642.00</b>
Charity Care	\$ 803,559.00	\$ 1,121,245.00	\$ 1,154,882.00
Deductions from Revenue	\$11,330,178.00	\$ 15,809,549.00	\$ 16,283,837.00
<b>Net Patient Revenue</b>	<b>\$ 3,937,439.00</b>	<b>\$ 5,494,100.00</b>	<b>\$ 5,658,923.00</b>
Other Operating Revenue	\$ 1,000.00	\$ 1,500.00	\$ 2,000.00
<b>Total Operating Revenue</b>	<b>\$ 3,938,439.00</b>	<b>\$ 5,495,600.00</b>	<b>\$ 5,660,923.00</b>
<b>Expenses</b>			
Operating Expenses:			
Salaries	\$ 650,000.00	\$ 710,000.00	\$ 725,000.00
Benefits	150,000.00	165,000.00	170,000.00
Supplies	1,728,170.00	2,411,400.00	2,459,628.00
Services	421,705.00	522,750.00	562,503.00
Lease	600,800.00	609,550.00	621,741.00
Depreciation	221,429.00	221,429.00	221,429.00
Interest	78,273.00	91,700.00	76,319.00
Other	100,000.00	75,000.00	50,000.00
<b>Total Expenses</b>	<b>\$ 3,950,377.00</b>	<b>\$ 4,806,829.00</b>	<b>\$ 4,886,620.00</b>
<b>Net Income (Loss)</b>	<b>\$ (11,939.00)</b>	<b>\$ 688,771.00</b>	<b>\$ 774,303.00</b>
<b>Assumptions</b>			
Inpatient days	0	0	0
Outpatient days	0	0	0
Procedures	1,720	2,400	2,472
Charge/outpatient day	N/A	N/A	N/A
Charge per inpatient day	N/A	N/A	N/A
Charge per procedure	\$ 9,344.00	\$ 9,344.00	\$ 9,344.00
Cost per inpatient day	N/A	N/A	N/A
Cost per outpatient day	NA	NA	NA
Cost per procedure	\$ 2,297.00	\$ 2,003.00	\$ 1,977.00

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