

**MISSISSIPPI STATE DEPARTMENT OF HEALTH  
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT**

**MAY 1, 2023**

**CON REVIEW: MC-NIS-0323-003**

**JACKSON HEART CLINIC, PROFESSIONAL ASSOCIATION**

**ACQUISITION OF CARDIAC-ONLY POSITRON EMISSION TOMOGRAPHY (PET) SCANNER  
AND OFFERING OF CARDIAC-ONLY PET SERVICES**

**CAPITAL EXPENDITURE: \$704,550.00**

**LOCATION: FLOWOOD, RANKIN COUNTY, MISSISSIPPI**

**STAFF ANALYSIS**

**I. PROJECT SUMMARY**

**A. Applicant Information**

Jackson Heart Clinic, Professional Association ("Jackson Heart"), a Mississippi business corporation established in 1973, is one (1) of the largest cardiology groups in the state of Mississippi. Jackson Heart's clinics are located within Jackson, Madison, Flowood, Brookhaven, and Ruleville, consisting of eighteen (18) board-certified cardiologists and twelve (12) nurse practitioners who provide services to patients throughout Central Mississippi. The entity is managed by three (3) officers and directors. Jackson Heart covers all realms of specialties, including general and invasive cardiology, peripheral artery disease, and electrophysiology.

The application includes a Certificate of Good Standing from the Office of the Secretary of State indicating that as of March 15, 2023, Jackson Heart is in good standing with the State of Mississippi.

**B. Project Description**

Jackson Heart Clinic requests Certificate of Need ("CON") authority for the acquisition of a cardiac-only PET scanner and the offering of cardiac-only PET services. The applicant affirms the proposed services will be located at the Jackson Heart's new location at 185 Medical Parkway in Flowood, Mississippi. The applicant states Jackson Heart proposes to lease the building space from JHC Holding, LLC. The applicant states the new building will house an outpatient clinic of Jackson Heart as well as approximately 1,281 square feet of space for the cardiac-only PET/CT scanner and other diagnostic equipment. The applicant affirms the proposed project will require tenant improvements to the building space at an estimated cost of \$550.00 per square foot.

Jackson Heart states, in January of 2022, Jackson Heart and Vascular Center, LLC, a joint venture co-owned by Jackson Heart and St. Dominic-Jackson Memorial Hospital, was awarded a Certificate of Need for the establishment of a

Joint Venture Cardiac Ambulatory Surgical Facility ("JV-CASF") in Flowood, Mississippi. The applicant submits the JV-CASF will be located in the same building to be occupied by Jackson Heart and its proposed cardiac-only PET/CT scanner. The applicant affirms the cardiac-only PET/CT scanner will directly support the services provided by the JV-CASF and the Jackson Heart cardiologists. Jackson Heart currently operates a cardiac-only PET scanner at its main clinic in Jackson, MS, and the equipment's diagnostic capabilities have greatly enhanced the clinical services offered to the patients of Jackson Heart.

The applicant asserts through the offering of cardiac-only PET services, Jackson Heart Clinic will be able to greatly enhance the cardiology services it will offer to its patients at the clinic's new location in Flowood, MS. The applicant states the final objective of the proposed project is to provide this beneficial clinical technology to the clinic's patients in a convenient and cost-effective setting.

The applicant states Jackson Heart Clinic currently operates a medical practice dedicated to cardiology and complies with all applicable state and local building codes and zoning ordinances. The applicant states the Medical Parkway location in Flowood is properly zoned for the services to be provided by Jackson Heart Clinic, including cardiac-only PET/CT services. The applicant affirms that it will comply with all applicable State statutes and regulations for the protection of the environment and that it will obtain approval from the Division of Radiological Health before commencing the offering of cardiac PET/CT services.

The applicant submits that Jackson Heart will enter into a ten (10) year lease agreement with CDL Nuclear Technologies, LLC for a GE MIDR (32 slice) PET System and a GE Processing Console with Cedars. The application contained a lease agreement pertaining to the equipment related to the proposed project.

The applicant expects to employ one (1) full-time equivalent (FTE) employee at a total personnel cost of \$85,000.00 during the first year of operation.

The application contains a plot plan of the Flowood location, a schematic drawing of the PET Scanner Suite, and a cost estimate signed by Benson Builders and Properties Inc., Architects. In addition, the application included a letter from the Division of Fire Safety and Construction, Bureau of Health Facilities Licensure and Certification approving the site for the project on March 23, 2023. The applicant states the total proposed capital expenditure is \$704,550.00, which will be funded by cash reserves. The applicant expects to obligate the capital expenditure by June 1, 2023, and complete the project by August 1, 2023.

## II. TYPE OF REVIEW REQUIRED

This project is reviewed in accordance with Section 41-7-173, 41-7-191 (1)(d)(xv), and 41-7-193 of the Mississippi Code of 1972, Annotated, as amended. MSDH will also review applications for a CON according to the general criteria listed in the *Mississippi Certificate of Need Review Manual, September 1, 2019*; all adopted rules, procedures,

plans, criteria, and standards of MSDH; and the specific criteria and standards listed below.

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 May 11, 2023.

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

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

The *FY 2022 State Health Plan, Second Edition* contains policy statements, criteria and standards that the applicant is required to meet before receiving CON authority for the acquisition or otherwise control of a Positron Emission Tomography (PET) Scanner and related equipment, including Cardiac only PET scanner and the offering of fixed or mobile PET services including Cardiac Only PET services. This application is in substantial compliance with the applicable policy, criteria and standards stated in the *Plan as follows*:

##### **SHP Policy Statement 1 – CON Review Requirements**

Jackson Heart affirmed it has entered into an operating lease for the cardiac PET/CT equipment. The applicant states

##### **SHP Policy Statement 2 – Indigent/Charity Care**

Jackson Heart affirms that it will provide a reasonable amount of indigent/charity care.

##### **SHP Policy Statement 3 – Service Areas**

The applicant states the proposed project is located in Flowood, Rankin County, which is in General Hospital Service Area (“GHSA”) 5.

##### **SHP Policy Statement 4 – Equipment to Population Ratio**

The applicant states Jackson Heart is proposing to provide cardiac-only PET services. Therefore, the proposed project is not applicable to this policy.

##### **SHP Policy Statement 5 – Access to Supplies**

Jackson Heart Clinic states that it will have direct access to appropriate radiopharmaceuticals through a contractual agreement with Bracco Imaging.

**SHP Policy Statement 6 – Services and Medical Specialties Required**

The applicant submits that the proposed project will function as a component of a comprehensive outpatient diagnostic service through a relationship with St. Dominic-Jackson Memorial Hospital, which has all the required modalities available.

**SHP Policy Statement 7 – Hours of Operation**

Jackson Heart Clinic's PET services will be available during office hours Monday through Friday from 8:00 a.m. to –5:00 p.m.

**SHP Policy Statement 8 – CON Approval Preference**

The applicant affirms this application does not propose a joint venture utilizing mobile or shared equipment.

**SHP Policy Statement 9 – CON Requirements**

Jackson Heart Clinic proposes a fixed PET/CT scanner.

**SHP Policy Statement 10 – CON Exemption**

The applicant states this policy does not apply to the proposed project.

**SHP Policy Statement 11 – Addition of a Health Care Facility**

The applicant states this policy does not apply to the proposed project.

**SHP Policy Statement 12 – Equipment Registration**

The applicant affirms it will provide the Department of Health with the registration/serial number of the CON-approved PET/CT scanner prior to commencing operations.

**SHP Policy Statement 13 – Certification**

The applicant states this proposal does not involve a mobile PET scanner; therefore, this policy does not apply to the proposed project.

**SHP Policy Statement 14 – Conversion from Mobile to Fixed Service**

The applicant states this application does not involve conversion from mobile to fixed PET services. Therefore, this policy does not apply to the proposed project.

**SHP Policy Statement 15 – Applicants with Accredited Cancer Center:**

The applicant states this policy does not apply to the proposed project.

**Criteria and Standards for Acquisition or Otherwise Control of a PET Scanner including Cardiac only PET Scanner**

**SHP Need Criterion 1 – Minimum Procedures/Population**

- a. **The entity desiring to acquire or to otherwise control the PET scanner must project a minimum of 1,000 clinical procedures per year and must show the methodology used for the projection.**

The applicant states Jackson Heart currently offers cardiac PET/CT services at its main clinic in Jackson and performed 2,258 cardiac PET procedures in 2021 and 2,529 procedures in 2022. Based on an in-depth review and analysis of the clinic's patient base and the historical volume of nuclear cardiac imaging tests conducted, the applicant projects that it will perform 1,200 cardiac PET procedures during the first year of operation, 1,200 in Year 2 and 1,200 in Year 3 for the Flowood location. In addition, the application contains an affidavit from J. Clay Hays, Jr., M.D., verifying the number and methodology for the projections.

- b. **The applicant shall document a minimum of 300,000 per PET scanner unit. The Division of Health Planning and Resource Development population projections shall be used. In the case of a Cardiac only PET scanner, this criterion will not apply.**

The applicant states Jackson Heart is proposing a cardiac-only PET scanner; therefore, this criterion does not apply.

**SHP Need Criterion 2 – Business Registration**

The applicant states Jackson Heart Clinic is properly registered with the Mississippi Secretary of State and is in good standing, as evidenced by the Certificate of Good Standing contained in the application.

**SHP Need Criterion 3 – Approval of Additional PET Equipment**

The applicant submits at the present time, the only cardiac-only PET scanner in General Hospital Service Area 5 is Jackson Heart's PET/CT equipment located in Jackson, MS. The applicant states during 2022, that equipment performed 2,529 clinical procedures.

#### **SHP Need Criterion 4 – Division of Radiological Health Approval**

The applicant affirms that Jackson Heart will receive approval from the Division of Radiological Health for the proposed site, plans and equipment before cardiac PET services begin.

#### **SHP Need Criterion 5– Data Requirements**

Jackson Heart affirmed that the required data regarding the cardiac PET equipment will be maintained and made available to the Mississippi State Department of Health upon request.

#### **SHP Need Criterion 6 - Fixed/Minimum Volume Requirement**

The application contains a proposed equipment lease agreement. The applicant certified that the lease agreement will not contain a fixed or minimum volume requirement.

#### **SHP Need Criterion 7 – CON Approval/ Extension for PET Equipment**

The applicant asserts, Jackson Heart has requested CON approval for the control of cardiac PET equipment and the offering of cardiac-only PET services.

#### **SHP Need Criterion 8 – Applicants with an Accredited Cancer Center**

The applicant states this policy does not apply to the proposed project.

#### **Certificate of Need Criteria and Standards for Offering of Fixed or Mobile Positron Emission Tomography (PET) Services including Cardiac only PET Scanner**

##### **SHP Criterion 1 – Minimum Procedures**

Jackson Heart states it currently offers cardiac PET/CT services at its main clinic in Jackson, and performed 2,258 cardiac PET procedures in 2021, and 2,529 procedures in 2022. Thus, Jackson Heart's current volume of cardiac PET procedures is more than sufficient to support two (2) cardiac PET units. By locating the second cardiac PET/CT scanner in Flowood, Jackson Heart will significantly improve access to this important diagnostic service.

In addition, the application contains an affidavit of J. Clay Hays, Jr., M.D. confirming the number and methodology for the projections.

### **SHP Criterion 2 – PET Equipment Utilized by Multiple Providers**

The applicant states Jackson Heart requests a fixed cardiac-only PET unit. The applicant affirms the application does not involve a mobile PET scanner; therefore, this criterion is not applicable to the proposed project.

### **SHP Criterion 3 – Quality Control and Environmental Requirements**

Jackson Heart affirmed that the cardiac PET services will be offered in a physical environment that conforms to federal standards, manufacturer's specifications and licensing agencies' requirements, manufacturer's specifications, and licensing agencies' requirements, including the areas listed in this criterion.

### **SHP Criterion 4 – Division of Radiological Health Approval**

Jackson Heart affirmed that it will receive approval from the Division of Radiological Health for the proposed site, plans and equipment before cardiac PET services begin.

### **SHP Criterion 5 – Provision of On-Site Medical Cyclotron**

The applicant certified that it will have access to a supply of cyclotron-produced radiopharmaceuticals within a two (2) hour air transport radius through an arrangement with Bracco Imaging.

### **SHP Criterion 6 – Staffing Requirements**

Jackson Heart affirms that it will have the necessary qualified staff available to operate the proposed cardiac PET scanner and that the staff will include all of the personnel described by this criterion with the required experience and qualifications.

The applicant states that Jackson Heart currently offers cardiac PET services at its primary clinic in Jackson, and its staff has extensive experience in the provision of these services. The applicant further states that upon CON approval, Jackson Heart will hire one (1) additional FTE for the proposed project.

### **SHP Criterion 7 – Management of Medical Emergencies**

The applicant states that Jackson Heart will maintain a transfer agreement with St. Dominic-Jackson Memorial Hospital for the emergency transfer of patients. The application contained a confidential information acknowledging such agreement.

### **SHP Criterion 8 – Accommodating Referred Patients**

Jackson Heart affirmed that it will accept appropriate referrals for cardiac-only PET procedures from other local providers and that these patients will be

accommodated, to the extent possible, by extending hours of service and by prioritizing patients according to standards of need and appropriateness rather than source of referral.

#### **SHP Criterion 9 – Medical Necessity**

Jackson Heart affirmed that protocols will be established to assure that all clinical PET procedures performed are medically necessary and cannot be performed by other less expensive established modalities.

#### **SHP Criterion 10 –Notification of Procedures Offered**

Jackson Heart affirmed that it will maintain current listings of appropriate PET procedures for use by referring physicians.

#### **SHP Criterion 11 – Data Requirements**

The applicant affirmed that the required data regarding the cardiac PET service will be maintained and made available to the Mississippi State Department of Health upon request.

#### **SHP Criterion 12 – CON Approval/Exemption for PET Equipment**

The applicant affirms Jackson Heart is requesting CON approval for the control of a fixed cardiac PET scanner, in addition to the offering of cardiac-only PET service by the submission of this application.

### **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 general review criteria contained in the manual.

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

The applicant states in this application, Jackson Heart has addressed the proposed project's compliance with the Criteria and Standards for the Acquisition of Cardiac-Only PET Equipment and the Offering of Cardiac Only PET Services, as set forth in the *FY 2022 Mississippi State Health Plan (Second Edition)*.

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

The applicant states that Jackson Heart's long-range plan is to ensure the provision of state-of-the-art cardiovascular care to patients throughout the State of Mississippi and surrounding regions. The applicant submits the approval of this

project is consistent with, and in furtherance of, that plan. The applicant further states the proposed project was developed as an important component of Jackson Heart's establishment of a new clinic location in Flowood.

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

- a. **Advantages and Disadvantages of Alternatives:** The applicant states that the only alternative to the proposed project is for Jackson Heart Clinic to continue to offer professional cardiology services at its only clinic in Jackson. The applicant submits this alternative was rejected because the establishment of cardiac PET services at a new location in Flowood will significantly improve patient access to this service.
- b. **New Construction Projects:** Jackson Heart states the proposed project does not involve new building construction. However, the applicant states the proposed project will require tenant improvements to the building space prior to occupancy. The applicant affirms 1,281 square feet of space will be renovated to house the cardiac-only PET/CT scanner and other diagnostic equipment. Therefore, the applicant states the project involves 1,281 square feet of construction at a cost of \$550.00 per square foot. The applicant affirms the total cost for construction is \$704,550.00. The applicant states the proposed project is the best alternative to serve the patients and improve access to care.
- c. **Beneficial Effects to the Health Care System:** The applicant states this project will benefit the health care system by making cardiac-only PET services available at a new location in General Hospital Service Area 5, in a convenient and accessible setting.
- d. **Effective and Less Costly Alternatives:**
  - i. **Unnecessary Duplication of Services:** The applicant states the proposed project is not a duplication of services, but an expansion of Jackson Heart's cardiac PET services in a new, accessible location.
  - ii. **Efficient Solution:** The applicant states Jackson Heart's Flowood location will be a highly efficient and convenient setting for the provision of cardiac PET services. The applicant asserts by establishing this service on-site, the Clinic will offer its patients an additional diagnostic tool as part of their continuum of care.
- e. **Improvements and Innovations:** The applicant states provision of cardiac PET services in a physician clinic is a very cost-effective alternative to hospital outpatient departments and other facilities. Jackson Heart's cardiologists will be directly involved in the provision of this service, thereby assuring the quality of care.
- f. **Relevancy:** The applicant states there is a clear trend favoring the provision of health services in accessible and cost-effective settings. The applicant projects

this on-site diagnostic service will be readily available to the clinic's patients, resulting in greater convenience and reduced costs for the patients.

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

**a. Proposed Charge:** The applicant asserts that its proposed charges for cardiac PET services compare favorably with the charges of other providers in the service area and are based on the high historical volume of cardiac PET services by Jackson Heart Clinic's Jackson location.

**b. Projected Levels of Utilization:** The applicant states based on the high historical volume of cardiac PET procedures performed by Jackson Heart's cardiologists, the Clinic's Flowood location will easily exceed the minimum standard of 1,000 cardiac PET scans annually, and at the same time, provide the Clinic's patients with the benefits of a superior method of detecting heart disease.

**c. Financial Feasibility Study:** The applicant affirms the capital expenditure for the proposed project does not exceed \$2,000,000. Therefore, this policy statement is not applicable.

**d. Financial Forecasts:** The applicant states Jackson Heart does not anticipate that the forecasts set forth in the financial tables submitted with the application will deviate significantly from the prior historical three-year period.

**e. Covered Expenses:** The applicant states Jackson Heart does not anticipate that the project will fail to meet projected revenues. However, the applicant affirms Jackson Heart would cover expenses, if necessary, through cash reserves.

**f. Impact of Proposed Project on Health Care Cost:** The applicant states this project will reduce the cost of health care by offering the proposed diagnostic service to patients in an office-based setting.

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

**a. Access by Population Served:** The applicant asserts that the approval of this project will improve access to cardiac dedicated PET services by making those services available at an additional location in the service area. The applicant confirms services will be accessible to 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 is not for the relocation of services; therefore this criterion is not applicable.

- c. Current and Projected Utilization of Like Facilities:** The applicant states at this present time, Jackson Heart is the only provider of cardiac PET services in General Service Area 5. The applicant further states the need for an additional cardiac only PET scanner is established by the high utilization of Jackson Heart's existing unit. Jackson Heart has projected utilization of cardiac PET services at the new Flowood location based on the Clinic's historical and projected volume of clinical procedures. The applicant affirms the assumptions underlying utilization projections are set forth in the accompanying financial tables included in the CON application. Jackson Heart determined that locating the second unit at a new site will improve patient access to this diagnostic service consistent with the goals and priorities of MSDH and the Mississippi State Board of Health.
- d. Probable Effect on Existing/Similar Facilities:** The applicant states Jackson Heart does not anticipate that this project will have an adverse impact on any other provider, including hospitals which currently offer PET services. Furthermore, the applicant states the clinic is requesting this service in order to provide its patients with a superior diagnostic test for detecting heart-related disease. The applicant states Jackson Heart does not expect the project to impact other providers.
- e. Community Reaction to Service:** The application contained two (2) letters of support from the cardiologists/officers and Stephanie S. Carr (CEO) of Jackson Heart Clinic's, Professional Association.

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

##### **a. Access to Services:**

1. The applicant affirms that all residents of the health planning service area, hospital service area or patient service area, including Medicaid recipients, charity/medically indigent patients, racial and minorities, women, handicapped persons, and the elderly have access to the services of the existing facility.
2. The applicant affirms that the above-listed residents will continue to have access to the proposed services and/or facility as described in the application.
3. The applicant asserts that Jackson Heart Clinic's charity/indigent care is approximately 3%. The applicant states this project will meet the needs of Medicare, Medicaid and medically indigent patients by making a superior clinical tool available to them in the diagnosis and treatment of heart disease.

**b. Existing Obligations:** The applicant affirms that Jackson Heart Clinic does not have any existing obligations under any federal regulation requiring provision of uncompensated care, community service, or access by minority or handicapped persons.

**c. Unmet Needs of Medicare, Medicaid, and Medically Indigent Patients:** The applicant asserts the project will meet the needs of Medicare, Medicaid, and medically indigent patients by making a superior clinical tool available to them in the diagnosis and treatment of heart disease.

**d. Access to Proposed Facility:** The applicant asserts that Jackson Heart is a Medicaid and Medicare certified provider.

**e. Access Issues:**

- i. **Transportation and Travel:** The applicant states Jackson Heart's new Flowood location is easily accessible via Highway 25 (Lakeland Dr.).
- ii. **Restrictive Admissions Policies:** The applicant asserts a copy of Jackson Heart's non-discrimination policy is included in the application.
- iii. **Access to Care by Medically Indigent Patients:** The applicant states Jackson Heart serves medically indigent patients and is Medically certified.
- iv. **Operational Hours of Service:**
  1. **Regular Operation.** The applicant states Jackson Heart will offer cardiac PET services at its new location from 8:00 am until 5:00 pm, Monday through Friday.
  2. **Emergency Operation.** The applicant asserts the Clinic's cardiologists are able to respond to patients' needs in case of an emergency.

**GR Criterion 7 - Information Requirement**

Jackson Heart Clinic affirmed to 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 states Jackson Heart is currently the only provider of cardiac-only PET services in the service area. The applicant asserts in this application, Jackson Heart proposes an additional, convenient venue for its patients in need of this diagnostic service.

**b. Effects on Existing Health Services:**

- i. **Complement Existing Services:** The applicant states Jackson Heart's cardiac PET services at the new Flowood clinic will complement existing

health services in the area providing improved access at a second location.

- ii. **Provide Alternative or Unique Services:** The applicant states the provision of cardiac-only PET services at Jackson Heart's Flowood clinic will offer a convenient and alternative setting for heart patients who will benefit from this superior technology.
- iii. **Provide Services for a Specific Target Population:** The applicant states Mississippi continues to have the highest rate of heart disease in the nation and this project will significantly and directly benefit Mississippi residents in need of diagnosis and treatment of heart disease.
- iv. **Provide services for Which There is an Unmet Need:** The applicant asserts cardiovascular disease is the leading cause of death in Mississippi, accounting for over a third of all deaths in the state, and the Mississippi cardiovascular disease mortality rate remains the highest in the nation. The applicant states the establishment of additional resources for the diagnosis and treatment of heart disease is clearly beneficial to the needs of Mississippi's population.

**c. Adverse Impact:** The applicant states if this project is not implemented, the most direct adverse impact will be the clinic's patients, who will clearly benefit from the establishment of this diagnostic technology at a second location.

**d. Transfer/ Referral/ Affiliation Agreements:** The applicant asserts Jackson Heart Clinic has a transfer agreement with St. Dominic-Jackson Memorial Hospital.

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

**a. New Personnel:** The applicant asserts that the cardiologists; nurse practitioners and other staff of Jackson Heart Clinic are highly trained and skilled in all aspects of cardiology services and have extensive experience in the provision of cardiac PET services. The applicant expects to employ one (1) full-time equivalent (FTE) employee at a total personnel cost of \$85,000.00 during the first year of operation.

**b. Contractual Services:** The applicant states Jackson Heart does not have any clinically-related contractual services.

**c. Existing Facilities or Services:** The applicant asserts Jackson Heart is certified for Medicare and Medicaid participation, and its cardiologist is board-certified and licensed by the Mississippi State Board of Medical Licensure.

**d. Alternative Uses of Resources:** The applicant states Jackson Heart could continue to provide cardiac PET services only at its Jackson location, but that alternative would not achieve improved patient access to care.

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

**a. Support and Ancillary Services:** The applicant states that Jackson Heart Clinic's team includes cardiologists, nurse practitioners, and other clinical and support staff that will implement and operate the proposed project.

**b. Changes in Costs or Change:** The applicant states that costs and charges for the proposed project are set forth in the accompanying financial tables.

**c. Accommodation of Changes in Costs or Charges:** The applicant states the financial section of this application reflects projected costs and charges in implementing this service.

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

The applicant states it has an agreement with the University of Mississippi Medical Center/School of Health-Related Professionals to provide clinical experience for Nuclear Medicine Technology Program students.

#### **GR Criterion 12 - Access by Health Professional Schools**

The applicant states it has an agreement with the University of Mississippi Medical Center/Cardiology Fellowship Training Program to provide an enhanced educational experience for the cardiology fellows.

#### **GR Criterion 13 Access to Individuals Outside Service Area**

The applicant states Jackson Heart serves patients throughout the State and neighboring regions, all of whom will benefit from the establishment of cardiac PET services at the new Flowood location.

#### **GR Criterion 14 - Construction Projects**

The applicant states Jackson Heart has projected utilization of cardiac PET services at the new Flowood location based on the Clinic's historical and projected volume of clinical procedures. The applicant asserts that based on the historical volume, Jackson Heart will exceed the minimum standard of 1,000 cardiac PET scans annually. The applicant confirms the capital expenditure for the proposed project does not exceed \$2,000,000, and Jackson Heart does not anticipate that the project will fail to meet projected revenues but will cover any necessary expenses through cash reserves. The applicant asserts this project will reduce the

cost of healthcare by offering this diagnostic service to patients in an office-based setting.

### **GR Criterion 15 – Competing Applications**

The applicant states there are no competing applications on file with the Department for cardiac-only PET services.

### **GR Criterion 16 - Quality of Care**

**a. Past Quality of Care:** The applicant states that Jackson Heart has demonstrated high quality of care since it was established in 1973. The applicant asserts that its board-certified cardiologists are among the most respected physicians in the State.

**b. Improvement of Quality of Care:** The applicant states the addition of a second cardiac-only PET service location in GHSA 5, the heart of Central Mississippi, will directly respond to the need for additional resources to combat Mississippi's No. 1 killer, cardiovascular disease.

**c. Accreditation and/or Certificates:** The applicant states Jackson Heart is certified for participation in the Medicare and Mississippi Medicaid programs. The Clinic's nuclear, echocardiogram and computerized tomography departments are all accredited by the Intersocietal Accreditation Commission.

**IV. FINANCIAL FEASIBILITY**

**A. Capital Expenditure Summary**

The total estimated capital expenditure is allocated as follows:

	<b>Item</b>	<b>Cost (\$)</b>	<b>Percent (%) of Total</b>
a.	Construction Cost -- New	\$704,550.00	*100.00
b.	Construction Cost -- Renovation	0	
c.	Capital Improvements	0	0
d.	Total Fixed Equipment Cost	0	0
e.	Total Non-Fixed Equipment Cost	0	0
f.	Land Cost	0	0
g.	Site Preparation Cost	0	0
h.	Fees (Architectural, Consultant, etc.)	0	
i.	Contingency Reserve	0	0
j.	Capitalized Interest	0	0
j.	Legal and accounting fees	0	0
k.	Other	0	0
	<b>Total Proposed Capital Expenditure</b>	<b>\$704,550.00</b>	<b>100.00%</b>

The proposed project involves 1,281 square feet of space at approximately \$550.00 (\$704,550.00/1,281) per square foot.

**B. Method of Financing**

The applicant proposes to finance the proposed capital expenditure with cash reserves. The application contains a letter from the Chief Executive Officer confirming that Jackson Heart Clinic has sufficient cash reserves to fund the project.

**C. Effect on Operating Cost**

The Hospital's three-year projected operating statement is presented in Attachment 1.

**D. Cost to Medicaid/Medicare**

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

<b>Payor Mix</b>	<b>Utilization Percentage (%)</b>	<b>First-Year Revenue (\$)</b>
<b>Medicare</b>	43%	\$1,141,042
<b>Medicaid</b>	3%	\$79,608
<b>Commercial</b>	34%	\$902,219
<b>Self Pay</b>	17%	\$451,110
<b>Charity Care</b>	3%	\$79,608
<b>Other</b>	0%	-
<b>Total</b>	100%	\$2,653,587

#### **V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES**

The Division of Medicaid was provided a copy of this application for review and comment; however, the Division of Medicaid has not provided a comment on the proposed project as of the date of this staff analysis.

#### **VI. CONCLUSION AND RECOMMENDATION**

This project is in substantial compliance with the policy statements, criteria, and standards for acquisition or otherwise control of cardiac-only PET equipment and provision of cardiac-only PET services contained in the *FY 2022 Mississippi State Health Plan (Second Edition)*; Chapter 8 of the *Mississippi Certificate of Need Review Manual, 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 Clinic for the acquisition of a cardiac-only PET scanner and the offering of cardiac-only PET Services.

**Attachment 1**

<b>Jackson Heart Clinic Three-Year Operating Statement (Project Only)</b>			
	Year 1	Year 2	Year 3
<b>Revenue</b>			
Patient Revenue:			
Inpatient	\$ 0	\$ 0	\$ 0
Outpatient	2,653,587	2,786,266	2,925,579
<b>Gross Patient Revenue</b>	<b>\$ 2,653,587</b>	<b>\$ 2,786,266</b>	<b>\$ 2,925,579</b>
Charity Care	18,936	19,532	20,157
Deductions from Revenue	543,546	559,280	575,895
<b>Net Patient Revenue</b>	<b>\$ 2,091,195</b>	<b>\$ 2,207,454</b>	<b>\$ 2,329,527</b>
Other Operating Revenue	0	0	0
<b>Total Operating Revenue</b>	<b>\$ 2,091,195</b>	<b>\$ 2,207,454</b>	<b>\$ 2,329,527</b>
<b>Expenses</b>			
Operating Expenses:			
Salaries	\$ 70,000	\$ 72,100	\$ 74,263
Benefits	15,000	18,025	18,566
Supplies	1,047,456	1,063,280	1,079,895
Services	0	0	0
Lease	243,000	243,000	243,000
Depreciation	0	0	0
Interest	0	0	0
Other	0	0	0
<b>Total Expenses</b>	<b>\$ 1,375,456</b>	<b>\$ 1,396,405</b>	<b>\$ 1,415,724</b>
<b>Net Income (Loss)</b>	<b>\$ 715,739</b>	<b>\$ *811,050</b>	<b>\$ *913,804</b>
<b>Assumptions</b>			
Inpatient days*	0	0	0
Outpatient days*	240	240	240
Procedures	1,200	1,200	1,200
Charge/outpatient day	\$ 11,057	\$ 11,609	\$ 12,190
Charge per inpatient day	N/A	N/A	N/A
Charge per procedure	\$ 2,211	\$ 2,322	\$ 2,438
Cost per inpatient day	NA	NA	NA
Cost per outpatient day	\$ 5,731	\$ 5,818	\$ 5899
Cost per procedure	\$ 1,146	\$ 1,164	\$ 1,180

\*Calculations may differ due to rounding.