MISSISSIPPI STATE DEPARTMENT OF HEALTH
DIVISION OF HEALTH PLANNING
AND RESOURCE DEVELOPMENT
MARCH 16, 2020

CON REVIEW: HG-RHS-0120-002
OCHSNER MEDICAL CENTER – HANCOCK, LLC D/B/A OCHSNER MEDICAL-HANCOCK
RE-INITIATION OF MRI EQUIPMENT AND SERVICES AT
OCHSNER HEALTH CENTER-OUTPATIENT IMAGING
CAPITAL EXPENDITURE: $0.00
LOCATION: BAY ST. LOUIS, HANCOCK COUNTY, MISSISSIPPI

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

Ochsner Medical Center-Hancock, LLC is a Mississippi Limited Liability Company which operates Ochsner Medical Center-Hancock (formerly known as Hancock Medical Center), a 102-bed acute care medical/surgical facility, located in Bay St. Louis, Mississippi. The entity, which leases the Hancock Medical Center from the Board of Supervisors of Hancock County, effective April 1, 2018, has eight (8) directors. On January 23, 2020, the Mississippi Office of the Secretary of State issued a Certificate of Good Standing for the entity certifying that Ochsner Medical Center-Hancock, LLC is in good standing to do business in Mississippi.

B. Project Description

Ochsner Medical Center – Hancock, LLC, d/b/a Ochsner Medical Center-Hancock ("Ochsner-Hancock") requests Certificate of Need (CON) authority to re-initiate magnetic resonance imaging (MRI) equipment and services at Ochsner Health Center-Outpatient Imaging (previously known as Diamondhead Imaging Center). The applicant states that Ochsner-Hancock is the sole provider of MRI services in Hancock County. On October 30, 2003, Ochsner-Hancock’s predecessor, Hancock Medical Center, received authority (CON No. 0624) for an Imaging Services Center Expansion project, with an authorized capital expenditure of $477,000.00. In 2010, the CON was amended by the Mississippi State Department of Health (MSDH) for an additional capital expenditure of $2,478,082.00, totaling $2,955,082.00. The CON Amendment allowed Hancock Medical Center to purchase the building, MRI equipment and related imaging equipment at the Diamondhead location (in lieu of the leasing arrangement as previously authorized). Furthermore, the CON granted authority to renovate an existing off-campus building located approximately sixteen (16) miles from the Medical Center in Diamondhead, Mississippi to provide MRI services along with other imaging services including ultrasound, mammography and CT scanning. MRI services were provided at the Diamondhead Imaging Services location until November 2013.

The applicant proposes to reinitiate MRI services and equipment already in place at its outpatient facility, now known as Ochsner Health Center – Outpatient Imaging, located at 4551 Shepard Square, Diamondhead, Mississippi in General Hospital Service Area (GHSA) 9. The applicant states this project is an important part of Ochsner-Hancock’s plan to expand the offering of health services in Hancock County and surrounding
communities. The applicant further states that since assuming the lease and operation of Hancock Medical Center in April 2018, Ochsner-Hancock has been growing services and adding medical specialties to the Diamondhead area. Ochsner Health Center-Hancock documents that their overall service visits increased from 11,686 in 2018 to 19,264 in 2019. Ochsner-Hancock affirms that it now has eight (8) medical providers in Diamondhead, including Family Practice, Podiatry, Urology, Gastroenterology, Cardiology and Orthopedics, and opened imaging services in 2019. The applicant asserts that as Ochsner-Hancock continues to grow volumes, there will be an increased demand for imaging, therapy and laboratory services.

The applicant asserts the primary objective of this project is to provide the residents of the hospital’s service area with improved access to diagnostic imaging services through the re-initiation of MRI services at its Diamondhead outpatient location.

The applicant asserts that no capital expenditure is required for the proposed project. The applicant projects the addition of one (1) full-time equivalent (FTE) MRI Technologist at a cost of $65,000 per year as a result of the project. On February 12, 2020, the Mississippi State Department of Health, Division of Health Facilities Licensure and Certification approved the proposed site at the Diamondhead location.

Ochsner-Hancock states it currently complies with all local building codes, zoning ordinances, and appropriate regulatory authority and will continue to do so. It further affirms that it will comply with all applicable state statutes and regulations for protection of the environment, including: 1) approved water supplies; 2) sewage and water disposal; 3) hazardous waste disposal; 4) water pollution control; 5) air pollution control; and 6) radiation control.

Ochsner-Hancock proposes to reinitiate MRI services at its Diamondhead location within fifteen (15) days of CON approval.

II. TYPE OF REVIEW REQUIRED

The Mississippi State Department of Health will review applications for a Certificate of Need (CON) to acquire or otherwise control magnetic resonance imaging (“MRI”) equipment and offer MRI services under the requirements of Sections 41-7-173, 41-7-191, and 41-7-193, Mississippi Code of 1972 Annotated, as amended. MSDH will also review applications for CON according to the general criteria listed in the Mississippi Certificate of Need Review Manual, September 1, 2019, Revision; all adopted rules, procedures, plans, criteria and standards of the MSDH; and the specific criteria and standards listed below. The Department reviews projects for the provision of MRI 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 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 March 26, 2020.

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

A. Mississippi State Health Plan (MSHP)
The **FY 2018 Mississippi State Health Plan** contains policy statements, criteria and standards, which an applicant is required to meet before receiving CON authority for the acquisition or otherwise control of MRI equipment and the offering of MRI services. This application is in substantial compliance with applicable policy statements, criteria and standards.

*Policy Statements Regarding Certificate of Need Applications for the Acquisition or Otherwise Control of Magnetic Resonance Imaging (MRI) Equipment and/or the Offering of MRI Services*

**SHP Policy Statement 1 - CON Review Requirements**

The applicant submits that this application is filed to request authority to reinitiate MRI services at Ochsner-Hancock’s Diamondhead location, previously authorized by CON No. 0624A.

**SHP Policy Statement 2 - CON Approval Preference**

The applicant submits that this application involves MRI equipment previously purchased and operated by the applicant under CON No. 0624.

**SHP Policy Statement 3 - Mobile MRI**

The applicant acknowledges this criterion. However, the applicant notes that the proposal is for fixed MRI services.

**SHP Policy Statement 4 - Conversion to Fixed**

This applicant affirms that SHP Policy Statement 4 is not applicable, as the applicant does not propose the conversion to fixed MRI service.

**SHP Policy Statement 5 - Utilization of Existing Units**

The applicant submits that the existing MRI units in GHSA 9 performed, on average, in excess of 1,700 MRI procedures during the relevant twelve (12) month reporting period.

**SHP Policy Statement 6 - Population-Based Formula**

The applicant asserts it has demonstrated in response to Need Criterion No. 1 below that GHSA 9 has a reasonable population base to support the provision of 2,700 MRI procedures at the Diamondhead location by the second year of operation.

**SHP Policy Statement 7 - Mobile Service Volume Proration**

The applicant affirms that SHP Policy Statement 7 is not applicable, as the applicant does not propose mobile service.

**SHP Policy Statement 8 - Addition of Health Care Facility**

The applicant affirms that SHP Policy Statement 8 is not applicable, as the applicant proposes a fixed unit.
Criteria and Standards for the Acquisition or Otherwise Control of MRI Equipment

SHP Need Criterion 1- Minimum Procedures/Population

The FY 2018 Mississippi State Health Plan, Section 512.01.03, Need Criterion 1, states: “The entity desiring to acquire or otherwise control MRI equipment shall demonstrate a minimum of 2,700 procedures per year by the end of the second year of operation; provided, however, that MRI equipment exclusively servicing rural hospitals (those located outside U.S. Census Bureau Metropolitan Statistical Areas with 75 or less beds) shall be required to demonstrate a minimum of 1,700 procedures per year by the end of the second year of operation. This criterion includes both fixed and mobile MRI equipment. The applicant must show the methodology used for the projections.”

The applicant submits that the State’s MRI use rate is calculated based on the total number of MRI scans in the State divided by the State of Mississippi population. The FY 2018 Mississippi State Health Plan reports a total of 256,199 MRI scans and a 2023 projected population of 3,138,145. Applying the State’s MRI Use Rate formula to the State of Mississippi population yields the following:

$$\frac{256,199 \text{ (MRI scans)}}{3,138,145 \text{ (MS Population Projections)}} = 0.08164 \text{ (MS MRI Use Rate)}$$

The FY 2018 Mississippi State Health Plan indicates a projected 2023 population for GHSA 9 of 512,960. The applicant states that when the Mississippi MRI Use Rate is applied to this population, the result is that 41,856 MRI scans are projected to be generated annually by patients in GHSA 9. However, staff determined that 41,878 MRI scans are projected for GHSA 9, as shown below:

$$\frac{512,960 \text{ (GHSA 9 Projected 2023 Population)}}{1,000} = 512.96$$

$$512.96 \times 0.08164 \text{ (MS MRI Use Rate)} = 41,878 \text{ MRI Scans}$$

The FY 2018 MS State Health Plan indicates that 31,290 MRI scans were reported in GHSA 9 in FY 2016, the most recent data published in the Plan. The applicant states as a result, there are 10,566 fewer scans than could be reasonably anticipated by the Plan’s designated formula for MRI need in GHSA 9 based on their calculation. Thus, the applicant states there is a sufficient population base in GHSA 9 to support this project and to generate a minimum of 2,700 additional MRI procedures.

The applicant states the approval of this project will also improve the geographic distribution of MRI facilities in GHSA 9. According to the FY 2018 State Health Plan, GHSA 9 consists of the following counties: Pearl River, Stone, George, Hancock, Harrison and Jackson County. The three southernmost counties of the Service Area consist of Hancock, Harrison and Jackson. According to the FY 2018 State Health Plan, Harrison County has five (5) fixed MRI units and two (2) mobile units. The Plan also shows that Jackson County has four (4) fixed MRI units and a mobile unit. The applicant states in contrast, Hancock County has only a single fixed MRI unit located at Ochsner-Hancock’s main campus in Bay St. Louis designated to serve the entire county. The applicant further states that although the respective populations of Harrison and Jackson counties exceed the population of Hancock, the re-establishment of an MRI unit in Diamondhead will provide an additional access point for the residents of southwest GHSA 9 in need of MRI services. The applicant states the proposed project is consistent
with Ochsner-Hancock’s commitment to expand access to care in the community and to improve quality and health outcomes for patients along the Mississippi Gulf Coast.

a. Non-hospital-based MRI facilities. The applicant affirms this criterion is not applicable as it is hospital based.

b. Reasonable population base. The applicant submits that Ochsner Medical Center – Hancock is a 102 bed acute care hospital located in Bay St. Louis, Hancock County, Mississippi. Further, Hancock County is located in the Gulfport-Biloxi Metropolitan Statistical Area (MSA), which is comprised of three (3) counties: Hancock, Harrison, and Stone. Based upon this Need Criterion, the applicant states it has demonstrated that Ochsner-Hancock will perform a minimum of 2,700 MRI procedures by the second year of operation. The applicant proposes to perform the following procedures the first three years of operation:

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,142</td>
<td>2,700</td>
<td>2,835</td>
</tr>
</tbody>
</table>

c. Utilization of Existing Units. The applicant submits that the FY 2018 MS State Health Plan reports that a total of 31,290 MRI procedures were performed in GHSA 9 in FY 2016. The Plan also identifies 13.6 MRI units, in full-time equivalents, currently in operation in GHSA 9. This yields an average of 2,300 procedures per unit, which substantially exceeds the minimum of 1,700. (See Attachment 2 for a list of MRI providers for GHSA 9 with number of units and utilization statistics).

(Note: Staff determined there are 16.5 FTE units in GHSA 9, which yields an average of 1,896 procedures per unit).

SHP Need Criterion 2 – Equipment Requirements

a. FDA approval.
b. Qualified personnel.
c. Fixed/minimum volume contracts.

The applicant submits that the MRI equipment was authorized and implemented under CON No. R-0624A and remains in compliance with these requirements.

SHP Need Criterion 3 – Data Requirements

Applicants shall provide written assurance that they will record and maintain, at a minimum, the following information and make it available to MSDH:

a. All facilities which have access to the equipment;
b. Utilization by each facility served by the equipment, e.g., days of operation, number of procedures, and number of repeat procedures;
c. Financial data, e.g., copy of contracts, fee schedule, cost per scan; and
d. Demographic and patient origin data for each facility.

The applicant affirms that it will furnish this information, upon request, to the Department.
SHP Need Criterion 4 – Business Registration

The application contains documentation from the Mississippi Secretary of State to support the formation of the limited liability company. Ochsner Medical Center – Hancock, LLC is registered and in good standing with the State of Mississippi.

SHP Need Criterion 5 – CON Approval/Exemption for MRI Equipment

The applicant states it recognizes this requirement and in response submits this application. Furthermore, the applicant requests to reinitiate MRI services and equipment, previously authorized under CON No. R-0624A.

Criteria and Standards for the Offering of Fixed or Mobile MRI Services

SHP Need Criterion 1 – Minimum Procedures/Population

An entity desiring to offer MRI services must document that the equipment shall perform a minimum of 2,700 procedures (or 1,700 for rural hospitals) by the end of the second year of operation. This criterion includes both fixed and mobile MRI equipment. The applicant must show methodology used for the projections.

a. Non-hospital-based MRI facilities. The applicant certifies that this criterion is not applicable as Ochsner-Hancock proposes a hospital-based MRI unit.

b. Reasonable population base. As stated above, the FY 2018 MS State Health Plan indicates that 31,290 MRI scans were reported in GHSA 9 in FY 2016. The applicant states as a result, there are 10,566 fewer scans than could be reasonably anticipated by the Plan’s designated formula for MRI need in GHSA 9. Thus, the applicant states there is a sufficient population base in GHSA 9 to support this project and to generate a minimum of 2,700 additional MRI procedures.

c. Utilization of existing units. The applicant submits that the FY MS State Health Plan reports that a total of 31,290 MRI procedures were performed in GHSA 9 in FY 2016. The Plan also identifies 13.6 MRI units, in full-time equivalents, currently in operation in GHSA 9. This yields an average of 2,300 procedures per unit, which substantially exceeds the minimum of 1,700. (See Attachment 2 for a list of MRI providers for GHSA 9 along with number of units and utilization statistics).

SHP Need Criterion 2 – Availability of Diagnostic Imaging Modalities

The applicant affirms Ochsner-Hancock provides a full-array of imaging services which include: x-ray, conventional radiology, ultrasound, mammography, CT Scan, and nuclear medicine.

SHP Need Criterion 3 – Non-Discrimination

The applicant affirms that neither the facility where the service is provided nor its participating medical personnel shall have policies or procedures which would exclude patients because of race, color, age, sex, ethnicity or ability to pay.
SHP Need Criterion 4 – Staffing Requirements

a. **Director.** The applicant states a full-time Board-eligible Radiologist will serve as Director at the Diamondhead location.

b. **One Full-time MRI technologist-radiographer.** The applicant certifies that a full-time MRI technologist-radiographer who meets the requirements of this criterion will staff the proposed Diamondhead MRI services.

SHP Need Criterion 5 – Experimental Procedures

The applicant affirms that this criterion is not applicable.

SHP Need Criterion 6 – Data Requirement

The applicant affirms that Ochsner-Hancock will maintain and provide the requested information to the Mississippi State Department of Health.

SHP Need Criterion 7 – CON Approval/Exemption for MRI Equipment

The applicant affirms that this application requests CON approval to reinitiate MRI services and equipment at its Diamondhead location.

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.

**GR Criterion 1 – State Health Plan**

The application was reviewed for compliance with the FY 2018 *Mississippi State Health Plan* as discussed above.

**GR Criterion 2 - Long Range Plan**

The applicant submits that the project is consistent with Ochsner-Hancock’s long-range plan to develop and enhance its outpatient services in the Hancock County area. The applicant believes re-initiation of MRI services in an outpatient setting in the local community will enhance the quality and continuity of imaging services provided to its patients. The applicant further states Ochsner-Hancock is committed to enhancing the quality of health care on the Mississippi Gulf Coast through the resources of Ochsner Health System.

**GR Criterion 3- Availability of Alternatives**

The applicant states the only alternative to the proposed project is to maintain the status quo. However, the applicant affirmed this alternative was rejected as not being in the best interest of the residents served by Ochsner-Hancock.
a. **Advantages and Disadvantages of Alternatives:** The applicant states a primary advantage of this proposal is that it will enhance patient access to MRI services in a convenient, outpatient setting. In addition, the applicant states the re-initiation of MRI equipment and services at the Diamondhead location will provide Ochsner-Hancock with a much-needed back-up to the Medical Center’s aging MRI equipment on its main campus.

b. **New Construction Projects:** The applicant affirms this criterion is not applicable for this project.

c. **Beneficial Effects to the Health Care System:** The applicant states patients will be allowed enhanced accessibility to MRI services in the local community in an outpatient setting.

d. **Effective and Less Costly Alternatives:** The applicant states there is no less costly alternative to the proposed project.

i. **Unnecessary Duplication of Services:** The applicant states Ochsner-Hancock proposes to re-initiate MRI services at the Diamondhead location to complement the MRI service currently located at its main campus in Bay St. Louis. The applicant affirms this will enable residents of the service area to access diagnostic imaging service at two (2) locations in Hancock County.

ii. **Efficient Solution:** The applicant asserts one of the primary advantages of this proposal is the efficiency of re-instuting MRI services through the simple reactivation of equipment already in place, at no additional capital cost.

e. **Improvements and Innovations:** The applicant asserts the proposed project is cost effective because it involves the re-initiation of equipment previously purchased, with no additional investment. The applicant states the proposal has significant clinical and operational benefit by providing a second MRI unit to serve as a back-up to the MRI equipment on the Medical Center’s main campus.

f. **Relevancy:** The applicant asserts the trend in health care service delivery is to provide services in the most cost effective manner. Further, the applicant submits that offering MRI services in an outpatient local setting will enhance continuity of care and accessibility for patients of the service area.

**GR Criterion 4 - Economic Viability**

Based on the applicant’s three-year projections, this project will have a net income of $565,701.00 the first year, $729,528.00 the second year and $766,002.00 the third year of operation.

a. **Proposed Charge:** The applicant states the charges are based on the applicant’s financial and operational experience and are comparable to charges for similar services in the service area.

b. **Projected Levels of Utilization:** The applicant states the projected levels of utilization are based on the applicant’s experience in providing diagnostic
imaging services in Hancock County, as well as assessment of the need for MRI services in an accessible, outpatient setting.

c. Financial Feasibility Study: This criterion is not applicable as the capital expenditure is less than $2,000,000.00.

d. Financial Forecasts: The applicant asserts the financial projections do not deviate materially from historical financial statements.

e. Covered Expenses: The applicant asserts Ochsner-Hancock will cover expenses with cash reserves, if needed.

f. Impact of Proposed Project on Health Care Cost: The applicant asserts the project as outlined is not expected to increase the cost of health care. The applicant states the proposal’s impact on Medicare, Medicaid and other payors is reflected in the financial tables contained in the application and IV.D. of this Staff Analysis.

GR Criterion 5 - Need for the Project

a. Access by Population Served: The applicant asserts Ochsner-Hancock has demonstrated that the proposed project complies with the population-based Need Criterion for MRI equipment and services, as set forth in the FY 2018 Mississippi State Health Plan. The applicant further states the population of Hancock County and surrounding areas will greatly benefit from the reinstitution of this service in an accessible outpatient setting. According to the applicant, all residents of the service area, including low income persons, racial and ethnic minorities, women, handicapped persons and other underserved groups and the elderly, will have access to the proposed service.

b. Relocation of Services: This criterion is not applicable, as the applicant does not propose the relocation of a facility or service.

c. Current and Projected Utilization of Comparable Facilities: The applicant submits that this project complies with Need Criterion 1(c), with respect to utilization of existing providers of MRI services in GHSA 9.

d. Probable Effect on Existing Facilities in the Area: The applicant asserts that the application addresses both the need for the proposed project and the probable effect on existing providers through its responses to governing criteria and standards in the State Health Plan and the use of methodologies applied by MSDH staff in reviewing applications for similar services. The applicant states there is a continued need for MRI services in Hancock County. Therefore, the application states there will be no effect on existing facilities in GHSA 9.

e. Community Reaction to Service: The application contained twenty-six (26) letters of support for the proposed project.

GR Criterion 6 - Access to the Facility or Service

a. Access to Services: The applicant indicates 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 ethnic
minorities, women, handicapped persons and the elderly have access to the services of the existing facility and will have access to the proposed service.

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

<table>
<thead>
<tr>
<th></th>
<th>Medically Indigent (%)</th>
<th>Medically Indigent ($)</th>
<th>Charity Care (%)</th>
<th>Charity Care ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historical Year</td>
<td>-</td>
<td>$780,930.00</td>
<td>-</td>
<td>$200,322.00</td>
</tr>
<tr>
<td>Historical Year</td>
<td>-</td>
<td>$2,012,556.00</td>
<td>-</td>
<td>$188,460.00</td>
</tr>
<tr>
<td>Projected Year 1</td>
<td>-</td>
<td>$1,500,000.00</td>
<td>-</td>
<td>$200,000.00</td>
</tr>
<tr>
<td>Projected Year 2</td>
<td>-</td>
<td>$1,500,000.00</td>
<td>-</td>
<td>$200,000.00</td>
</tr>
</tbody>
</table>

b. Existing Obligations: The applicant indicates that it has no existing or remaining obligations under 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 submits that Ochsner Medical Center-Hancock is fully accessible to Medicare, Medicaid and medically indigent patients.

d. Access to Proposed Facility: The applicant submits that all health services offered by the applicant are accessible to all residents of the service area.

e. Access Issues:

i. Transportation and Travel: The applicant states the Diamondhead facility provides improved access to MRI services by offering services in a local setting in the community. The Diamondhead location is easily accessible by Interstate 10 and Highway MS-603.

ii. Restrictive Admission Policy: The application contains a copy of the current admissions policy, which indicates Ochsner-Hancock does not restrict patients based on race, color, age, sex, ethnicity, or ability to pay.

iii. Access to Care by Medically Indigent Patients: The applicant states Ochsner-Hancock is fully accessible to medically indigent patients.

iv. Operational Hours of Service: The applicant states Ochsner-Hancock operating hours will be from 8:00 a.m. through 4:30 p.m. five (5) days per week.

GR Criterion 7- Information Requirement

The applicant affirms that it will record and maintain, at a minimum, the information stated in this criterion regarding charity care, care to the medically indigent, and Medicaid populations, and make it available to the Mississippi State Department of Health within fifteen (15) days of request.
GR Criterion 8 - Relationship to Existing Health Care System

a. **Comparable Services:** The applicant asserts that Ochsner-Hancock is the sole provider of MRI services in Hancock County. The utilization of existing providers of MRI services in General Hospital Service Area 9 has previously been addressed.

b. **Effects on Existing Health Services:**
   
i. **Complement Existing Services:** The applicant states the project will enable Ochsner Medical Center-Hancock to serve the residents of their service area with cost effective, efficient and improved MRI services, in a local outpatient setting.

   ii. **Provide Alternative or Unique Services:** The applicant indicates this criterion is not applicable.

   iii. **Provide Services for a Specific Target Population:** The applicant asserts the primary objective of this project is to provide the residents of GHSA 9 with improved access to diagnostic imaging services through the re-initiation of MRI services at its Diamondhead outpatient location.

   iv. **Provide Services for Which There is an Unmet Need:** The applicant states, Hancock County has one (1) fixed MRI unit located at Ochsner-Hancock’s main campus in Bay St. Louis. The applicant further states although the respective populations of Harrison and Jackson counties exceed the population of Hancock, the re-establishment of an MRI unit in Diamondhead will provide an additional access point for the residents of southwest GHSA 9 in need of MRI services. The applicant states the proposed project is consistent with Ochsner-Hancock’s commitment to expand access to care in the community and to improve quality and health outcomes for patients along the Mississippi Gulf Coast.

c. **Adverse Impact:** The applicant asserts that failure to implement this project would deprive the residents of the service area of improved access to MRI and other imaging services.

d. **Transfer/Referral/Affiliation Agreements:** The applicant indicates there are no transfer/referral/affiliation agreements which are directly related to this project.

GR Criterion 9 - Availability of Resources

a. **New Personnel:** The applicant states Ochsner-Hancock intends to staff the MRI service at Diamondhead with existing personnel and will add one (1) MRI Technologist for the proposed MRI service.

b. **Contractual Services:** The applicant confirms there are no clinically related contractual services associated with the project.

c. **Existing Facilities or Services:** The applicant asserts Ochsner-Hancock has demonstrated a satisfactory staffing history, as evidenced by its licensed with the Mississippi State Department of Health, and its certification for Medicare and
Medicaid participation.

d. **Alternative Uses of Resources:** The applicant affirms this criterion is not applicable.

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

a. **Support and Ancillary Services:** The applicant states Ochsner-Hancock provides all necessary support and ancillary services for its MRI service line.

b. **Changes in Costs or Charges:** The applicant affirms no material changes in cost or charges are projected as a result of this project.

c. **Accommodation of Changes in Costs or Charges:** The applicant asserts this criterion is not applicable for this project.

**GR Criterion 11- Health Professional Training Programs**

The applicant affirms GR Criterion 11 is not applicable for this project.

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

The applicant affirms GR Criterion 12 is not applicable for this project.

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

The applicant affirms GR Criterion 13 is not applicable for this project.

**GR Criterion 14 – Construction Projects**

The applicant states, the project does not involve construction, therefore GR Criterion 14 is not applicable for the proposed project.

**GR Criterion 15 – Competing Applications**

There are no competing applications on file with the Department regarding MRI services in GHSA 9.

**GR Criterion 16 - Quality of Care**

a. **Past Quality of Care:** The applicant states Ochsner – Hancock is licensed by the Mississippi State Department of Health and certified for participation in the Medicare and Medicaid programs.

b. **Improvement of Quality of Care:** The applicant states the project provides improved access to MRI services to the residents of the service area.

c. **Accreditation and/or Certificates:** The applicant states Ochsner Medical Center - Hancock is accredited by the Joint Commission on Accreditation of Healthcare Organizations and is Medicare and Medicaid certified.

**IV. FINANCIAL FEASIBILITY**
A. **Capital Expenditure Summary**

The applicant affirms that this project does not require a capital expenditure.

B. **Method of Financing**

This criterion is not applicable as the applicant does not propose a capital expenditure.

C. **Effect on Operating Costs**

See Attachment 1 for Ochsner-Hancock’s three-year projected operating statement for the proposed project.

D. **Cost to Medicaid/Medicare**

The applicant’s projection of charges to third party payors is as follows (based on gross patient revenue):

<table>
<thead>
<tr>
<th>Payor</th>
<th>First Year Revenue</th>
<th>Utilization Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare</td>
<td>$2,030,476.00</td>
<td>45.00%</td>
</tr>
<tr>
<td>Medicaid</td>
<td>385,242.00</td>
<td>9.00%</td>
</tr>
<tr>
<td>Commercial</td>
<td>1,720,591.00</td>
<td>39.00%</td>
</tr>
<tr>
<td>Self Pay</td>
<td>215,182.00</td>
<td>5.00%</td>
</tr>
<tr>
<td>Charity</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Other</td>
<td>98,819.00</td>
<td>2.00%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,450,310.00</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

Note: Applicant’s breakdown of percentages of charges to various payers may differ from Staff’s due to rounding.

V. **RECOMMENDATION OF OTHER AFFECTED AGENCIES**

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

VI. **CONCLUSION AND RECOMMENDATION**

This project is in substantial compliance with the criteria and standards for the acquisition or otherwise control of magnetic resonance imaging (MRI) equipment and offering of MRI services contained in the FY 2018 Mississippi State Health Plan; Chapter 8 of the Mississippi Certificate of Need Review Manual, September 1, 2019 Revision; and all 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 Ochsner Medical Center-Hancock, LLC d/b/a Ochsner Medical Center-Hancock, for the Re-initiation of MRI Equipment and Services at Ochsner Health Center-Outpatient Imaging.
## Attachment 1
Ochsner Medical Center-Hancock, LLC
Re-Initiation of MRI Equipment and Services
Three-Year Operating Statement (Project Only)

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inpatient Care Revenue</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Outpatient Revenue</td>
<td>$4,450,310.00</td>
<td>$5,609,636.00</td>
<td>$5,890,115.00</td>
</tr>
<tr>
<td>Gross Patient Revenue</td>
<td>$1,450,310.00</td>
<td>$5,609,636.00</td>
<td>$5,890,115.00</td>
</tr>
<tr>
<td>Charity</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Deductions from Revenue</td>
<td>$3,664,915.00</td>
<td>$4,619,641.00</td>
<td>$4,850,622.00</td>
</tr>
<tr>
<td>Net Patient Care Revenue</td>
<td>$785,395.00</td>
<td>$989,995.00</td>
<td>$1,039,493.00</td>
</tr>
<tr>
<td>Other Operating Revenue</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td>$785,395.00</td>
<td>$989,995.00</td>
<td>$1,039,493.00</td>
</tr>
</tbody>
</table>

| **Operating Expenses** |           |           |           |
| Salaries             | $62,733.00 | $65,870.00 | $69,163.00 |
| Benefits             | 10,686.00  | 11,221.00  | 11,782.00  |
| Supplies             | 4,526.00   | 5,704.00   | 5,990.00   |
| Services             | 0.00       | 0.00       | 0.00       |
| Lease Expenses       | 0.00       | 0.00       | 0.00       |
| Depreciation         | 4,767.00   | 5,005.00   | 5,256.00   |
| Interest             | 0.00       | 0.00       | 0.00       |
| Other                | 136,982.00 | 172,667.00 | 181,300.00 |
| **Total Operating Expenses** | $219,694.00 | $260,467.00 | $273,491.00 |

| **Net Operating Income** | $565,701.00 | $729,528.00 | $766,002.00 |

<table>
<thead>
<tr>
<th>Proposed Year</th>
<th>Proposed Year</th>
<th>Proposed Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Inpatient Days</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Outpatient Visits</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Procedures</td>
<td>2,142</td>
<td>2,700</td>
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<tr>
<td>Charge per Outpatient Day</td>
<td>0</td>
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</tr>
<tr>
<td>Charge per Inpatient Day</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Charge per Procedure</td>
<td>$2,078.00</td>
<td>$2,078.00</td>
</tr>
<tr>
<td>Cost per Inpatient Day</td>
<td>0</td>
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</tr>
<tr>
<td>Cost per Outpatient Day</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cost per Procedure</td>
<td>$103.00</td>
<td>$96.00</td>
</tr>
</tbody>
</table>
## Attachment 2
### Number of MRI Procedures in GHSA 9
#### FY 2016

<table>
<thead>
<tr>
<th>Facility</th>
<th>Type Equipment</th>
<th>FTE Assigned</th>
<th>Scans 2016</th>
<th>Days/Hours of Operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cedar Lake MRI-Open MRI LLC</td>
<td>F</td>
<td>1.0</td>
<td>5,170</td>
<td>M-Sat 78 Hrs.</td>
</tr>
<tr>
<td>Compass Imaging, LLC</td>
<td>M</td>
<td>0.4</td>
<td>633</td>
<td>M &amp; F 16 Hrs.</td>
</tr>
<tr>
<td>Garden Park Medical Center</td>
<td>F</td>
<td>1.0</td>
<td>1,815</td>
<td>M-F 40 Hrs.</td>
</tr>
<tr>
<td>George County Hospital</td>
<td>F</td>
<td>1.0</td>
<td>749</td>
<td>M-F 40 Hrs.</td>
</tr>
<tr>
<td>Hancock Medical Center*</td>
<td>F</td>
<td>1.0</td>
<td>1,075</td>
<td>M-F 40 Hrs.</td>
</tr>
<tr>
<td>Highland Community Hospital</td>
<td>M</td>
<td>1.0</td>
<td>1,657</td>
<td>M-F 40 Hrs.</td>
</tr>
<tr>
<td>Memorial Hospital at Gulfport</td>
<td>F(2)</td>
<td>2.0</td>
<td>8,908</td>
<td>M-Sun 154 Hrs.</td>
</tr>
<tr>
<td>Merit Health Biloxi</td>
<td>F</td>
<td>1.0</td>
<td>1,876</td>
<td>M-F 40 Hrs.</td>
</tr>
<tr>
<td>Ocean Springs Hospital</td>
<td>F(2)</td>
<td>2.0</td>
<td>4,135</td>
<td>M-F 115+ Hrs.</td>
</tr>
<tr>
<td>OMI, Inc. d/b/a Open MRI</td>
<td>M(3))</td>
<td>3.0**</td>
<td>NA</td>
<td>M, Th. 120 &amp; F 160 Hrs.</td>
</tr>
<tr>
<td>Singing River Hospital</td>
<td>F(2)/M</td>
<td>3.0**</td>
<td>5,016</td>
<td>M-F 155+ Hrs.</td>
</tr>
<tr>
<td>SMI-Stone County Hospital</td>
<td>M</td>
<td>0.1</td>
<td>256</td>
<td>Tues. 4 Hrs.</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td><strong>16.5</strong></td>
<td><strong>31,290</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Now known as Ochsner Medical Center-Hancock (The Applicant)*

**Notes:**
1. Forty (40) hours equal one (1) FTE one (1) fixed unit.
2. Although mobile, these units operated at the capacity of three (3) or more fixed units (i.e. $120 + 40 = 3$ and $160 + 40 = 4$)

**Source:** FY 2018 MS State Health Plan