

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT
March 23, 2026**

**CON REVIEW: C-NIS-0226-004
THE STERN CARDIOVASCULAR CENTER, P.A.
D/B/A STERN CARDIOLOGY- SOUTHCREST PARKWAY
OFFERING OF CARDIAC-ONLY POSITRON EMISSION TOMOGRAPHY
(PET) SERVICES AND ACQUISITION OF CARDIAC-ONLY PET EQUIPMENT
CAPITAL EXPENDITURE: \$1,381,050.00
LOCATION: SOUTHAVEN, DESOTO COUNTY, MISSISSIPPI**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

According to the application, The Stern Cardiovascular Center, P.A. ("Stern" "Stern Cardiology" or the "Applicant") is a Business Professional Association, and one (1) of the largest and most clinically effective Cardiology practices in the United States. Stern Cardiology was founded in 1920, operates twenty-three (23) outpatient offices primarily in Mississippi and Tennessee, and sees 260,000 patients annually. Stern Cardiology joined Baptist Medical Group (BMG) in 2011. After fourteen (14) years of partnership, Stern Cardiology has decided to restore its independence and again operate as a private physician group effective January 1, 2026. Stern Cardiology is supported by Atria Health, a cardiology enablement platform, as both a financial and operational partner.

Stern Cardiology provides state-of-the-art diagnostics and treatment of all aspects of cardiovascular disease including hypertension, coronary artery disease, congestive heart failure, cardiac valve disorders (including mitral valve prolapse), myocardial infarction, cardiac hyperlipidemia, arteriosclerosis, and atherosclerosis. Stern Cardiology currently operates eight (8) SPECT cameras serving over 12,400 SPECT patients each year. Each of its SPECT programs are IAC accredited and in good standing. Stern Cardiology is systematically upgrading its SPECT programs to PET/CT cameras as PET/CT is a superior diagnostic tool which results in improved clinical care and patient convenience.

Stern Cardiology currently operates two (2) clinics in Southaven, Mississippi: (1) the "Parkway Clinic", located at 7362 Southcrest Parkway, Southaven, Mississippi; and (2) the "Circle Clinic", located at 391 Southcrest Circle, Southaven, Mississippi

The Circle Clinic is located approximately 1,000 feet from the Parkway Clinic. Both Clinics are situated adjacent to a full-service hospital, Baptist Memorial Hospital-Desoto. According to the Applicant, Stern Cardiology currently owns and operates two (2) SPECT cameras at the Circle Clinic. These two (2) cameras serve approximately 3,250 patients per year.

The application contains a Certificate of Good Standing from the Secretary of State of Mississippi, dated October 1, 2025, site approval letter, dated, January 26, 2026, a confidential proposed management agreement between Stern Cardiology and Artria Health, equipment purchase agreement, equipment lease proposal, that has been reviewed by the Mississippi State Department of Health (the "Department"), and a site planning guide.

B. Project Description

Stern Cardiology Center, P.A. d/b/a Stern Cardiology -Southcrest Parkway ("Stern Cardiology") requests certificate of need ("CON") authority to offer Cardiac-Only PET Services and acquire Cardiac-Only PET Equipment.

Stern Cardiology proposes to upgrade its diagnostic imaging capabilities by acquiring a fixed-site GE Omni Legend Cardiac PET/CT scanner and offering Cardiac PET/CT scanning at the Parkway Clinic, in addition to maintaining traditional SPECT camera services at the Circle Clinic. The new Cardiac PET/CT scanner will serve as the replacement for (1) of the SPECT cameras at the Circle Clinic.

The Applicant states the installation of the fixed-site PET/CT scanner will require the renovation of approximately six hundred 600 square feet of space at the Parkway Clinic, with renovations anticipated to take approximately three (3) months. The Applicant states in order to fully meet patient needs during the renovation and installation period for the new fixed-site camera, Stern Cardiology additionally proposes to offer Cardiac PET/CT services in the following manner:

Phase 1

The Applicant states following CON approval, Stern Cardiology proposes to temporarily lease a Cardiac PET/CT unit through a month-to-month operating lease which will be housed in an external, self-contained modular trailer which will be situated adjacent to the Parkway Clinic (the "Modular Unit"). The Applicant confirms the Modular Unit will be operated as a fixed-site unit at the Parkway Clinic under the exclusive control of Stern Cardiology and will not be moved or provide services at other locations.

The Applicant states this phase of the project will not require significant construction or renovations. The Applicant states Stern Cardiology will need to perform minor electrical and telecommunications work to enable the operation of the Modular Unit, as well as installing aluminum pads to support the weight of the modular trailer. The

Applicant affirms, the Modular Unit will be in operation only as a temporary measure while Stern Cardiology performs the necessary renovations to install the fixed-site PET/CT unit in the Parkway Clinic.

The Applicant states Phase 1 of the project will allow Stern Cardiology to rapidly make Cardiac PET/CT services available to its patients for a minimal capital expenditure while the necessary renovations are performed to install a true fixed-site PET/CT scanner within the Parkway Clinic. The Applicant states this will also ensure that cardiac diagnostic imaging is available to all Stern Cardiology patients as Stern Cardiology decommissions one (1) of the SPECT cameras within the Circle clinic. The Applicant further states the proposed installation dates for two (2) Omni Legend Cardiac PET/CT units are May 2026 and August 2026.

The Applicant states the Omni Legend PET/CT scanner will be housed in a modular trailer. Stern Cardiology affirms that this unit will be operated as a fixed-site unit during Phase 1 of the project and will not be relocated or provided services at other locations for the duration of the lease term.

Phase 2

The Applicant states following the completion of renovations and the installation of the fixed-site PET/CT unit within the Parkway Clinic, the Modular Unit will be taken out of service and returned to the equipment vendor. The Applicant affirms Stern Cardiology expects that following the installation of the fixed-site unit, it will take approximately one (1) week to transition operations between the two (2) units. Stern Cardiology will then provide PET/CT services to its patient population exclusively using the fixed-site PET/CT unit housed within the Parkway Clinic.

The Applicant states the anticipated date for obligation of capital expenditure is upon approval of the proposed project and the anticipated date the project will be complete is August of 2026.

The Applicant states the offering of Cardiac PET/CT services will allow Stern to offer state-of-the-art advanced nuclear cardiac imaging to the patient population it services. The final objective of this project is to acquire a single Cardiac PET/CT camera to accurately and reliably diagnose cardiac conditions, resulting in improved health outcomes for patients.

The Applicant states in phase 1, the trailer will house the PET/CT camera, and it will occupy approximately 400 sq. ft. of grassy area adjacent to the Circle Clinic. The Applicant states aluminum pads will be installed to support the weight of the Modular Unit, and a 480W -150A three (3) phase grounded electrical service will be added (using an existing electrical panel). The Applicant affirms there will be

no significant groundwork, drainage, parking, fencing, or mechanical work required.

The Applicant states in phase 2, of the proposed project, Stern Cardiology will renovate approximately six hundred (600) square feet of existing space in the Parkway Clinic to accommodate the new fixed-site PET/CT unit. The Applicant states the renovations will include carpentry (remove/move four (4) non-loadbearing walls), electrical (installing new 480W-150A service), and HVAC (split unit and condenser installation) upgrades. The Applicant affirms there will be no significant plumbing or site work required. The Applicant further states the cardiovascular clinic will be able to continue normal operations during construction.

The Applicant states that Stern has applied for a Certificate of Need to offer Cardiac PET/CT services in its Oxford, MS clinic (CON Review Number: C-NIS-1125-012), and it's currently under review.

Stern affirms that it will comply with all state and local building codes, zoning ordinances, and/or appropriate regulatory authorities.

Stern affirms that it will comply with all applicable State statutes and regulations for the 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. The Applicant states their most recent accreditation audit from IAC identified there were no deficiencies.

Stern affirms that it will obtain approval from the Division of Radiological Health prior to commencing cardiac PET/CT services.

II. TYPE OF REVIEW REQUIRED

This project is reviewed in accordance with Section 41-7-173, 41-7-191, and 41-7-193 of the Mississippi Code of 1972, Annotated, as amended. MSDH will also review applications for a CON according to the general criteria listed in the *Mississippi Certificate of Need Review Manual, November 11, 2023*; 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 April 2, 2026.

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

A. State Health Plan (SHP)

The *FY 2022 State Health Plan, Third 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

Stern acknowledges this requirement but submits that it is not applicable because the capital expenditure for the scanner and related equipment will not exceed \$1,381,050,00.

SHP Policy Statement 2 – Indigent/Charity Care

The Applicant states Stern affirms it will provide a "reasonable amount" of charity and indigent care.

SHP Policy Statement 3 – Service Areas

The Applicant submits Stern acknowledges this policy statement.

SHP Policy Statement 4 – Equipment to Population Ratio

The Applicant states the proposed project is not applicable to this policy because this project only involves Cardiac-only PET/CT services

SHP Policy Statement 5 – Access to Supplies

Stern affirms it will have direct access to appropriate radiopharmaceuticals.

SHP Policy Statement 6 – Services and Medical Specialties Required

The Applicant states to the extent applicable to a Cardiac-only PET/CT unit, Stern affirms that its physicians will have admitting privileges at an acute care hospital with these modalities available.

SHP Policy Statement 7 – Hours of Operation

The Applicant states Cardiac PET/CT services will be offered during all standard office hours of the location (8AM- 5PM, Monday-Friday). The Applicant states if these operating hours prove insufficient, Stern Cardiology will offer evening and weekend hours to avoid inappropriately long wait times.

SHP Policy Statement 8 – CON Approval Preference

The Applicant states this policy statement is not applicable to the proposed project. The Applicant affirms Stern does not propose utilizing or operating the proposed Cardiac PET/CT scanner as mobile or shared equipment. The Applicant asserts the Cardiac PET/CT scanner will be operated as a fixed-site unit.

SHP Policy Statement 9 – CON Requirements

Stern acknowledges this policy statement.

SHP Policy Statement 10 – CON Exemption

The Applicant states this policy statement is inapplicable to the proposed project.

SHP Policy Statement 11 – Addition of a Health Care Facility

The Applicant states this proposed project does not involve mobile equipment.

SHP Policy Statement 12 – Equipment Registration

Stern Cardiology affirms that it will provide the registration/serial number of the PET scanner to the Department of Health prior to commencing services.

SHP Policy Statement 13 – Certification

The Applicant states to the extent applicable, Stern Cardiology certifies that only the authorized piece of equipment and related equipment vendor described in this CON application will be utilized, and Stern Cardiology will be the sole user of this equipment.

SHP Policy Statement 14 – Conversion from Mobile to Fixed Service

The Applicant states this proposed project does not involve the conversion of a mobile unit. Therefore, this policy statement does not apply to the proposed project.

SHP Policy Statement 15 – Applicants with Accredited Cancer Center:

The Applicant states this policy statement is inapplicable to the proposed project.

Criteria and Standards for Acquisition or Otherwise Control of a Positron Emission Tomography (PET) Scanner and Related Equipment 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 Stern Cardiology projects to exceed 1,000 clinical procedures per year based on conservative assumptions. The Applicant states to project utilization for the proposed cardiac PET/CT scanner, Stern examined historical utilization in its cardiologists who currently refer patients for SPECT scans. The Applicant submits SPECT, or single-photon emission CT scans, is a nuclear imaging test that uses a gamma camera to capture 3D images of blood flow to the heart to diagnose possible cardiac conditions, known as myocardial perfusion imaging (MPI). The Applicant states that while SPECT is currently used in Stern's offices for MPI studies, as noted previously, Stern plans to begin offering cardiac PET/CT services at the Parkway Clinic because of the advantages of PET/CT over SPECT. The Applicant states, compared to SPECT, cardiac PET/CT provides superior diagnostic accuracy, image quality, lower dose radiation, and _potential cost savings, the latter particularly through its high diagnostic accuracy, which reduces unnecessary downstream invasive and therapeutic procedures.

The Applicant states while cardiac PET/CT studies are preferred over SPECT for virtually all patients, when available, Stern conservatively projects that eighty-five percent (85%) of its historical SPECT will convert to cardiac PET/CT procedures in the future. The Applicant states the remaining fifteen percent (15%) of patients will continue to utilize the SPECT modality due to a number of factors (most commonly, a contra-indication for the

pharmacological stress agent, Lexiscan, which is required for PET/CT imaging).

The Applicant further states the two (2) existing SPECT cameras at the Circle Clinic currently serve approximately 3,250 patients per year. The Applicant submits at an eighty-five percent (85%) conversion rate, this would imply an annual PET/CT demand of approximately 2,763 patients per year.

The Applicant states however, for purposes of this application, Stern Cardiology projects to serve 1,950 PET/CT patients per year. The Applicant asserts this volume represents the likely maximum throughput of a single PET/CT Unit (244 operating days per year x 8 patients per day= 1,950 PET/CT scans annually). The Applicant projects 1950 Cardiac Procedures per year 1, 2, and 3

The Applicant states this assumption is consistent with the physician's affidavits included in the application. The table below shows these calculations.

Physician	Patel	Malhotra	Szatkowski	Edward	Sneed	Total
SPECT Referrals	1,155	702	583	525	331	3,296
Conversion Rate	85%	85%	85%	85%	85%	85%
PET/CT Procedures	982	597	496	446	281	2,802

The Applicant submits these projections were also used to develop the financial projections, which are therefore also conservative and based on actual historical data from the referring physicians.

- b. The applicant shall document a minimum population 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 this statement is not applicable. The Applicant states this project involves Cardiac-only PET/CT services; therefore, this criterion does not apply.

SHP Need Criterion 2 – Business Registration

The Applicant confirms Stern Cardiology is authorized to do business in Mississippi.

SHP Need Criterion 3 – Approval of Additional PET Equipment

The Applicant affirms upon information and belief, there are currently no other approved providers of Cardiac only PET/CT services in GHSA 1.

Therefore, Stern submits that this criterion is inapplicable to the proposed project.

SHP Need Criterion 4 – Division of Radiological Health Approval

The Applicant states Stern affirms that it shall receive approval from the Division of Radiological Health prior to the commencement of services.

SHP Need Criterion 5– Data Requirements

The Applicant submits Stern affirms that it will maintain the above data for Need Criterion 5 and make it available to the MSDH upon request.

SHP Need Criterion 6 - Fixed/Minimum Volume Requirement

The Applicant states this criterion is not applicable. The Applicant affirms Stern does not propose to rent, lease, or otherwise allow other providers to use the equipment on a contractual basis.

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

The Applicant states Stern acknowledges this requirement and will obtain a CON prior to utilizing the Cardiac PET/CT equipment.

SHP Need Criterion 8 – Applicants with an Accredited Cancer Center

The Applicant states this statement criterion is not applicable 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

The Applicant states Stern projects to perform more than 1,000 clinical cardiac PET/CT procedures per year, as shown in response to Section 513.02.02, Need Criterion 1, above.

The Applicant’s application includes affidavits from five (5) physicians, as follows, projecting to refer a total of 2,802 procedures per year:

Physician	Projected Procedures
Dr. Dharmesh Patel, MD	982
Dr. Amit Malhotra, MD	597
Dr. Arie Szathkowski, MD	496
Dr. Todd Edwards	446
Dr. Jimmy Sneed	281
Total	2,802

SHP Criterion 2 – PET Equipment Utilized by Multiple Providers

The Applicant states this statement is not applicable to the proposed project. The Applicant states this proposed project does not propose that the Cardiac PET/CT unit will be utilized by more than one (1) provider of PET services.

SHP Criterion 3 – Quality Control and Environmental Requirements

Stern affirms that the Cardiac PET/CT services will be offered in a physical environment that conforms to federal standards, manufacturer’s specifications and licensing agencies’ requirements, including without limitation the areas described above.

SHP Criterion 4 – Division of Radiological Health Approval

Stern affirms that it will receive approval from the Division of Radiological Health prior to commencing the proposed Cardiac PET/CT services.

SHP Criterion 5 – Provision of On-Site Medical Cyclotron

Stern Cardiology affirms that it will utilize an on-site rubidium82 generator. Stern Cardiology affirms it will not utilize an on-site medical cyclotron.

SHP Criterion 6 – Staffing Requirements

- a. Stern Cardiology will provide a physician Authorized User who meets this criterion. The Applicant states the physician will be available during all operating hours of the Cardiac PET/CT program.
- b. The Applicant states this requirement is not applicable to the proposed project. The Applicant states Stern Cardiology will not be operating cyclotron at this location.
- c. Stern Cardiology affirms that it will employ and/or contract sufficient physicists in compliance with this requirement.
- d. Stern Cardiology affirms that it will employ sufficient nuclear medicine technologists in compliance with this requirement. Stern Cardiology states it will also employ/contract a Radiation Safety Officer (RSO).
- e. Stern Cardiology affirms that it will employ sufficient nuclear medicine technologists in compliance with this requirement.
- f. Stern Cardiology affirms that it will employ or engage such other appropriate personnel during PET service hours.

SHP Criterion 7 – Management of Medical Emergencies

The Applicant states Stern Cardiology will maintain its current practices for addressing medical emergencies for patients receiving nuclear diagnostic services. Stern Cardiology states it will rely upon 9-1-1 or similar emergency transport services to send appropriate patients to the Emergency Room at a neighboring hospital (within 1 mile).

SHP Criterion 8 – Accommodating Referred Patients

Stern Cardiology affirms that it will accept appropriate referrals from other local providers and that these patients shall be accommodated to the fullest extent possible, by extending hours of service and prioritizing patients according to standards of need and appropriateness rather than the source of the referral.

SHP Criterion 9 – Medical Necessity

Stern Cardiology affirms that protocols will be established to ensure that all Cardiac PET/CT procedures performed are medically necessary and cannot be performed as well by other less expensive, established modalities.

SHP Criterion 10 –Notification of Procedures Offered

Stern Cardiology affirms that it will maintain current lists of appropriate Cardiac PET/CT procedures for use by referring physicians.

SHP Criterion 11 – Data Requirements

Stern Cardiology affirms that the above data will be maintained and made available to the MSDH upon request.

SHP Criterion 12 – CON Approval/Exemption for PET Equipment

Stern Cardiology affirms that it will obtain a CON prior to offering Cardiac PET/CT services.

This application includes affidavits from supporting cardiologists projecting the number of cardiac PET procedures to be performed.

B. General Review (GR) Criteria

Chapter 8 of the *Mississippi Certificate of Need Review Manual, Revised November 11, 2023*; 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 this project's compliance with the relevant State Health Plan specific service criteria is addressed in Section III A. above.

GR Criterion 2 – Long Range Plan

The Applicant states Stern Cardiology physicians have long desired to supplement its aged SPECT cameras with state-of- the-art Cardiac PET/CT technology to improve clinical performance. The Applicant states Stern Cardiology regularly seeks to broaden its testing and procedural capabilities.

The Applicant further states each decision to upgrade equipment or expand services is supported by a well-articulated business case and financial models. The Applicant states this project will allow Stern Cardiology to offer this next generation technology to the patients in its service area with a minimal capital investment.

GR Criterion 3 – Availability of Alternatives

The Applicant states the only alternative to this proposed project would be to continue to utilize a traditional SPECT camera rather than utilizing more modern Cardiac PET/CT imaging technology. The Applicant asserts that Cardiac PET/CT is a more thorough and accurate methodology than SPECT. The Applicant submits, continuing to use the SPECT camera, would increase the risk for misdiagnosis.

- a. Advantages and Disadvantages of Alternatives:** The Applicant states as discussed above, the traditional nuclear medicine stress test can unfortunately result in either false positive or false negative results. The Applicant states Cardiac PET/CT offers enhanced diagnostic accuracy over the traditional SPECT camera. The Applicant also states Cardiac PET/CT also allows additional modalities (e.g., calcium scoring, Coronary Flow Reserve) which are not available in SPECT cameras.
- b. New Construction Projects:** The Applicant states this criterion is not applicable to the proposed project. The Applicant states this proposed project does not involve new construction.
- c. Beneficial Effects to the Health Care System:** The Applicant states Cardiac PET/CT technology provides high-precision cardiac imaging to help cardiologists more accurately and efficiently diagnose cardiac disease. The Applicant states performing these imaging procedures in a physician office also results in cost-savings to the healthcare system versus performing them in a hospital setting. The Applicant states Cardiac PET/CT also results in fewer inconclusive diagnostic studies than SPECT, which will reduce the number of unnecessary diagnostic cardiac catheterization procedures in the hospital setting.
- d. Effective and Less Costly Alternatives:**
The Applicant states this statement is not applicable to the proposed project. The Applicant submits there are no other providers of Cardiac-only PET/CT imaging in GHSA 1. The Applicant states Stern Cardiology submits that there are no equally effective and less costly alternatives to the proposed project.

i. **Unnecessary Duplication of Services:** The Applicant states this statement is not applicable. The Applicant states there are no other providers of Cardiac-only PET/CT imaging in GHSA 1, therefore, this project cannot be an unnecessary duplication of services.

ii. **Efficient Solution:**

The Applicant states this statement is not applicable to the proposed project.

The applicant states as set forth above, there is no other effective and less costly alternative to the proposed project available in the area.

e. **Improvements and Innovations:** The Applicant states by offering Cardiac PET/CT scanning services, Stern will provide a state-of-the art diagnostic tool that offers superior accuracy in detecting cardiac conditions compared to traditional imaging methods, which will improve patient outcomes.

f. **Relevancy:** The Applicant states Cardiac PET technology is becoming the gold standard for cardiac imaging compared to traditional imaging techniques and will be increasingly adopted in the future. The Applicant states Stern Cardiology desires to make this next generation imaging technology available to the patients in its community.

GR Criterion 4 - Economic Viability

a. **Proposed Charge:** The Applicant states that charges for Medicare and Medicaid patient population are set by Medicare and Medicaid, respectively. The Applicant submits fee schedules are set for commercial payors through negotiations with individual commercial payors.

The Applicant states profitability comparison with other Cardiac PET/CT services within the area is not possible as there are no other Cardiac PET/CT services available in the area.

The Applicant states profitability comparison with other Cardiac PET/CT programs within the state are difficult to perform accurately as no information for alternatives is available publicly. The Applicant submits that it stands to reason that all outpatient Cardiac PET/CT programs within the state of Mississippi are comparable as the fee schedule and expenses would be fairly comparable.

b. Projected Levels of Utilization: The Applicant states as referenced above, the only cardiac-only PET services listed in the current MSHP is Cardiology Associates of North Mississippi, located in Lee County, Mississippi, which performed 1,170 procedures in FY 2020.

Stern Cardiology submits that its projected levels of utilization are consistent with those reported in the MSHP.

c. Financial Feasibility Study:

The Applicant states this statement is not applicable because the Applicants capital expenditure is less the \$2,000,000.00.

d. Financial Forecasts: The Applicant states this statement is not applicable to the proposed project. The Applicant states Stern Cardiology's projections are based on its existing volume of traditional nuclear medicine tests and do not deviate significantly from its historical financial performance.

e. Covered Expenses: The Applicant states in the event the proposed project fails to meet projected revenues, Stern Cardiology will cover the expenses through its existing cash reserves and other operating revenue.

f. Impact of Proposed Project on Health Care Cost: The Applicant states the Cardiac PET/CT is a more accurate and thorough diagnostic tool than SPECT technology. The Applicant submits while both are considered cardiac nuclear diagnostics, the Cardiac PET/CT camera has higher resolution, more expedient patient experience, and additional diagnostic tools (calcium scoring and coronary flow reserve). The Applicant states the Cardiac PET/CT has fewer false positive results, resulting in a reduced number of unnecessary diagnostic catheterization services which are expensive, particularly when performed in the hospital setting. The Applicant affirms Cardiac PET/CT will also reduce the number of false negative results, which will reduce the likelihood of cardiac events (e.g., heart attacks) within the patient population. The Applicant states the fees charged by hospital systems for cardiac catheterization services vary widely by payor and by place of service (inpatient or outpatient). The Applicant states it's not uncommon for diagnostic cardiac catheterization services in hospital settings to cost payors and patients over \$10k. Stern Cardiovascular submits that this proposed project will lead to more efficient and effective targeted care for the treatment of cardiovascular disease and improved patient outcomes.

GR Criterion 5 - Need for the Project

a. Access by Population Served: The Applicant states that nuclear imaging services are a vital tool for cardiologists to diagnose cardiac conditions in all residents of the area. The Applicant states Stern Cardiology's nuclear program (SPECT) serves all patient demographics including low-income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups. The Applicant further states Stern Cardiology will continue these practices as it upgrades its nuclear program by offering the more capable Cardiac PET/CT technology.

b. Relocation of Services:

i. The Applicant states this statement is not applicable to the proposed project. The Applicant states Stern Cardiology does not propose constructing a replacement facility.

ii. The Applicant states this statement is not applicable to the proposed project. The applicant states Stern Cardiology's PET/CT program will be installed in an existing care center and will not require relocation of a facility.

c. Current and Projected Utilization of Like Facilities: The Applicant states this statement is not applicable to the proposed project. The Applicant further states there are currently no Cardiac PET/CT services within the service area.

d. Probable Effect on Existing/Similar Facilities: The Applicant states this statement is not applicable to the proposed project. The Applicant states there are currently no Cardiac PET/CT services within the service area.

e. Community Reaction to Service: The application contained one (1) letter of support from the cardiologists of The Stern Cardiovascular Center, P.A., who strongly supports Stern Cardiology's Certificate of Need Application to offer Cardiac-only PET/CT services at their clinic in Southaven, Mississippi.

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 in the 12-month period between September 2024 and August 2025, Stern Cardiology provided \$630,694.00 in charity care at the Parkway Clinic and Circle Clinic locations. The Applicant states these figures do not include bad debt. The Applicant states Stern Cardiology does not expect there to be any significant changes between the 12-month period between September 2024 and August 2025 in the future. Additionally, the Applicant states, Stern Cardiology also expects its medically indigent and charity care rate for its PET/CT program to be similar to its overall medically indigent + charity care.

Gross Patient Revenue

	Medically Indigent (%)	Charity Care (%)	Medically Indigent (\$)	Charity Care (\$)
September 2024 August 2025	N/A	1.4%	N/A	\$630.694.00
Projected Year 1	N/A	1.4%	N/A	\$279.685.00
Projected Year 2	N/A	1.4%	N/A	\$288.222.00

*Stern Cardiology does not separate charity care from medically indigent care.

**Projected Year 1 and 2 Charity Care figures are for Cardiac PET/CT services only

- b. Existing Obligations:** The Applicant states this statement is not applicable to the proposed project.
 - i. The Applicant states that Stern Cardiology has no such obligations.
- c. Unmet Needs of Medicare, Medicaid, and Medically Indigent Patients:** The Applicant asserts that these patient populations do not currently have access

to Cardiac PET/CT services within the service area, therefore, this project will result in increased access to Cardiac PET/CT services for these populations.

d. Access to Proposed Facility: The Applicant states patients can access the care center by car or by medical transit service.

e. Access Issues:

Transportation and Travel:

- i. The Applicant states the proposed location for the Cardiac PET/CT services will be at Stern Cardiology's Parkway Clinic located at 7362 Southcrest Parkway, Southaven Mississippi, which is conveniently accessible via Interstate 55 and in close proximity to Baptist Memorial Hospital - Desoto. The Applicant states vast majority of the patient population will be able to reach the Stern Cardiology Cardiac PET/CT program within 30 minutes by car or medical transport. The Applicant states Cardiac PET/CT services are otherwise not available within the service area.
- ii. **Restrictive Admissions Policies:** The Applicant asserts as a physician practice, Stern Cardiology does not have an admissions policy.
- iii. **Access to Care by Medically Indigent Patients:** The Applicant states Stern Cardiology's nuclear medicine program currently serves medically indigent patients. The Applicant also states Stern Cardiology will maintain these policies as it supplements its aged SPECT camera with a newer technology Cardiac PET/CT program.
- iv.
 - a. **Operational Hours of Service:**
 1. **Regular Operation.** The Applicant states the Stern Cardiology cardiac PET/CT program will operate during normal office hours, Monday - Friday, 8a.m. 5 p.m.8AM-5PM, M-F).
 2. **Emergency Operation.** The Applicant asserts Stern Cardiology cardiac PET/CT program will provide evening and weekend operating hours on an emergency basis when required.

GR Criterion 7 - Information Requirement

Stern Cardiology affirms that it will provide information required by this criterion upon request.

GR Criterion 8 - Relationship to Existing Health Care System

- a. Comparable Services:** The Applicant states there are currently no Cardiac PET/CT services provided within the service area. The Applicant submits the target patient population for the Stern Cardiac PET/CT service will be the same as their current SPECT program (i.e., patients with undiagnosed cardiac conditions).
- b. Effects on Existing Health Services:**
- i. Complement Existing Services:** The Applicant states as discussed above, this proposed project will complement existing cardiovascular services in the area by reducing both false positive and false negative results, resulting in improved diagnostic accuracy and fewer unnecessary diagnostic catheterization procedures.
 - ii. Provide Alternative or Unique Services:** The Applicant states Stern Cardiology's Cardiac PET/CT program will be a more accurate alternative to Stern Cardiology's SPECT program. The Applicant states patients who would prefer, or for whom it is medically necessary, to receive SPECT services will still have other convenient treatment options within the service area, including the existing SPECT camera at the Circle Clinic.
 - iii. Provide Services for a Specific Target Population:** The Applicant states this statement is not applicable to this proposed project. The Applicant submits no change in target population.
 - iv. Provide services for Which There is an Unmet Need:** The Applicant states Stern Cardiology's Cardiac PET/CT program will be the first within the service area. The Applicant states the patients and physicians who desire Cardiac PET/CT services do not currently have their needs met.
- c. Adverse Impact:** The Applicant states no negative impacts are expected if the Stern Cardiology Cardiac PET/CT program is unsuccessful. If there is some sort of unforeseen negative impact following failure of its Cardiac PET/CT

program, Stern Cardiology may terminate its lease agreement for the Cardiac PET/CT Unit, and the unit may be returned to the lessor.

- d. Transfer/ Referral/ Affiliation Agreements:** The Applicant states Stern Cardiology does not anticipate entering into a transfer/referral/affiliation agreement related to this proposed project. The Applicant states, however, as noted above, Stern Cardiology's physicians maintain admitting privileges at Baptist Memorial Hospital - Desoto and can ensure continuity of care for any patient needs which cannot be provided for by Stern Cardiology.

GR Criterion 9 - Availability of Resources

- a. New Personnel:** The Applicant states Stern Cardiology will employ the same personnel for its Cardiac PET/CT program as it does for its SPECT program (i.e., physicians, nuclear medicine technologists, and nursing staff). The Applicant states Stern Cardiology will ensure that all staff will be trained sufficiently on the workflow and processes specific to the GE Omni Legend Cardiac PET/CT. The Applicant further states Stern Cardiology will also employ or contract a nuclear physicist and a Radiation Safety Officer, both of which will be available during all operating hours for the Cardiac PET/CT program.
- b. Contractual Services:** The Applicant submits K&S Associates has been contracted to provide nuclear physicist and Radiation Safety Officer services for the Stern Cardiology Cardiac PET/CT program. The Applicant also submits the term of the contract is twelve (12) months, with a twelve (12) month auto-renewal on each anniversary of the contract date

The Applicant further submits Bracco has been contracted to provide Rubidium-82 generators for the Stern Cardiology Cardiac PET/CT program. The Applicant states the initial term of this agreement is twelve (12) months. The Applicant further states the agreement auto-renews on the anniversary of the contract date.

- c. Existing Facilities or Services:** The Applicant states the Stern Cardiology SPECT program has not had any significant operations uptime issues related to staffing in more than five (5) years. The Applicant states that considering that the Cardiac PET/CT program will utilize most of the same staff as the current SPECT program, Stern expects similar uptime for Stern Cardiology's Cardiac PET/CT program.
- d. Alternative Uses of Resources:** The Applicant states this statement is not applicable to the proposed project. The Applicant states there are no other

Cardiac PET/CT services in the service area. The Applicant states given the minimal capital expenditure and the improved patient outcomes anticipated, this is the most efficient use of capital available.

GR Criterion 10 – Relationship to Ancillary or Support Services

- a . Support and Ancillary Services:** The Applicant states the support for Stern Cardiology’s Cardiac PET/CT program will ostensibly be the same as its current SPECT program (physician oversight, nuclear tech staffing, nurse coverage, reception, billing, customer service, building maintenance, emergency response, etc.). The Applicant states there will be two (2) services which will be unique to the PET/CT program: RSO services provided by K&S Associates and Rubidium-82 generator provision which will be provided by Bracco.

- b. Changes in Costs or Change:** The Applicant states Stern Cardiology’s SPECT program used Technetium as a radiologic agent. The Applicant states Stern Cardiology’s Cardiac PET/CT program will use Rubidium-82 as a radiologic agent. The Applicant further states the other expenses (e.g., labor and medical supplies) will be consistent between its SPECT and PET/CT programs.

Charges

The Applicant states whether performing SPECT or Cardiac PET/CT services, charges will be in accordance with payor contracts and published Medicare/Medicaid fee schedules.

- c. Accommodation of Changes in Costs or Charges:** The Applicant states Labor costs are well-understood due to direct experience with the SPECT nuclear program. The Applicant states the medical supply expenses (e.g., Rubidium-82) are via long-term contracts with clear pricing controls. The Applicant submits that changes to costs will not impact charges as charges are per CMS policy and/or commercial contracts.

Charges

The Applicant states Stern Cardiology will adjust Medicare, Medicaid, and Commercial contracts at the appropriate time (e.g., annual updates to Medicare fee schedule).

GR Criterion 11 – Health Training Programs

The Applicant states Stern Cardiology would make its Cardiac PET/CT program in Oxford, MS available to nuclear technicians, physicians, and providers who wish to train on the equipment.

GR Criterion 12 - Access by Health Professional Schools

The Applicant states the Radiologic technology programs and medical schools will be able to shadow the Cardiac PET/CT program at Stern Cardiology. The Applicant states this ability will be new in the service area as there are not currently any Cardiac PET/CT programs in the service area.

GR Criterion 13 Access to Individuals Outside Service Area

The Applicant states the financial projections and needs analysis considers only the patient population residing within the service area. The Applicant states that Stern Cardiology would provide its Cardiac PET/CT services to residents of other service areas if they so choose.

GR Criterion 14 - Construction Projects

The Applicant states this statement is not applicable.

This criterion is not applicable as the proposed project does not require construction.

GR Criterion 15 – Competing Applications

There are no competing applications on file with the Department for the Offering of Cardiac Only PET/CT services and the Acquisition of Cardiac-Only PET/CT equipment.

GR Criterion 16 - Quality of Care

a. Past Quality of Care: The Applicant states this statement is not applicable to this proposed project. The Applicant further states the Cardiac PET/CT program will be the first to the area and the first for Stern Cardiology in Southaven, MS.

b. Improvement of Quality of Care: The Applicant states Cardiac PET/CT is the latest technology available for nuclear imaging and a significant improvement over SPECT technology. The Applicant affirms the diagnostic tests will be more

accurate, resulting in fewer false positives and false negatives. The Applicant further states the patients will also find the Cardiac PET/CT program more convenient than the SPECT program as the time commitment is shorter.

c. Accreditation and/or Certificates: The Applicant states that Stern Cardiology holds an accreditation with the IAC for nuclear imaging services. The Applicant further states this nuclear imaging accreditation encompasses both SPECT and Cardiac PET/CT.

IV. FINANCIAL FEASIBILITY

A. Capital Expenditure Summary

The total estimated capital expenditure is allocated as follows:

	Item	Cost (\$)	Percent (%) of Total
a.	Construction Cost -- New	0	0%
b.	Construction Cost -- Renovation	\$400,875.00	29.03%
c.	Capital Improvements	0	0%
d.	Total Fixed Equipment Cost	\$900,000.00	65.17%
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	0%
i.	Contingency Reserve	\$80,175.00	5.80%
j.	Capitalized Interest	0	0%
j.	Legal and accounting fees	0	0%
k.	Other	0	0%
	Total Proposed Capital Expenditure	\$1,381,050.00	100.00%

B. Method of Financing

The Applicant proposes to finance the proposed capital expenditure with cash reserves.

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:

Payor Mix	Utilization Percentage (%)	First-Year Revenue (\$)
Medicare	63%	\$12,771,635.00
Medicaid	5%	\$1,021,731.00
Commercial	29%	\$5,780,846.00
Self-Pay	2%	\$403,315.00
Charity Care	1%	\$279,685.00
Other	0%	-
Total	100%	\$20,257,212.00

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, 3rd Edition, the Mississippi Certificate of Need Review Manual, November 11, 2023, Revision*; and duly adopted rules, procedures, and plans of the Mississippi State Department of Health.

The Division of Health Planning and Resource Development recommends approval of the application submitted by The Stern Cardiovascular Center, P.A. d/b/a/ Stern Cardiology-Southcrest Parkway for the Offering of Cardiac-Only PET Services and Acquisition of Cardiac-Only PET Equipment.

Attachment 1

The Stern Cardiovascular Center, P.A. d/b/a Stern Cardiology- Southcrest Parkway Three-Year Operating Statement (Project Only)			
	Year 1	Year 2	Year 3
Revenue			
Patient Revenue:			
Inpatient	\$0	\$0	\$0
Outpatient	\$20,257,212	\$20,875,540	\$20,875,540
Gross Patient Revenue	\$ 20,257,212	\$ 20,875,540	\$20,875,540
Charity Care	\$172,404	\$177,666	\$177,666
Deductions from Revenue	\$12,314,545	\$12,690,432	\$12,690,432
Net Patient Revenue	\$7,770,263	\$8,007,441	\$8,007,441
Other Operating Revenue	\$0	\$0	\$0
Total Operating Revenue	\$7,770,263	\$ 8,007,441	\$8,007,441
Expenses			
Operating Expenses:			
Salaries	\$411,444	\$411,444	\$411,444
Benefits	\$116,450	\$116,450	\$116,450
Supplies	\$1,516,758	\$1,516,758	\$1,516,758
Services	\$72,793	\$73,573	\$73,573
Lease	\$927,000	\$927,000	\$927,000
Depreciation	\$150,000	\$150,000	\$150,000
Interest	\$42,537	\$33,837	\$24,668
Other	\$75,213	\$75,473	\$75,473
Total Expenses	\$3,312,195	\$3,304,534	\$3,295,365
Net Income (Loss)	\$4,458,068	\$4,702,908	\$4,712,076
Assumptions			
Inpatient days*	250	250	250
Outpatient days*	250	250	250
Procedures	1,951	1,951	1,951
Charge/outpatient day	\$81,029	\$83,502	\$83,502
Charge per inpatient day	\$0	\$0	\$0
Charge per procedure	\$10,383	\$10,700	\$10,700
Cost per inpatient day	\$13,249	\$13,218	\$13,181
Cost per outpatient day	\$13,249	\$13,218	\$13,181
Cost per procedure	\$1,698	\$1,694	\$1,689

*Calculations may differ due to rounding.