

**DIVISION OF HEALTH PLANNING  
AND RESOURCE DEVELOPMENT  
MAY 2014**

**CON REVIEW HG-RC-0214-002  
ST. DOMINIC-JACKSON MEMORIAL HOSPITAL  
RENOVATION OF OPERATING ROOM EAST AREA  
CAPITAL EXPENDITURE: \$5,579,241  
LOCATION: JACKSON, HINDS COUNTY, MISSISSIPPI**

**STAFF ANALYSIS**

**I. PROJECT SUMMARY**

**A. Applicant Information**

St. Dominic-Jackson Memorial Hospital (St. Dominic) is a 535-bed short term, public, not-for-profit hospital. It is licensed to operate 417 medical/surgical beds, 35 adult chemical dependency beds, and 83 adult psychiatric beds. St. Dominic is a not-for-profit Mississippi corporation. The hospital is governed by a 15-member Board of Directors. The applicant included a Certificate in the application from the Secretary of State's Office dated February 20, 2014. It certifies that St. Dominic is a corporation and is in good standing with the State of Mississippi.

The occupancy rates, average lengths of stay (ALOS), and the Medicaid utilization rates for St. Dominic (medical/surgical beds only) are as follows for years 2010 through 2012:

**St. Dominic-Jackson Memorial Hospital  
Utilization Data**

<b>Fiscal Year</b>	<b>Occupancy Rate (%)</b>	<b>ALOS (Days)</b>	<b>Medicaid Utilization Rate (%)</b>
2010	71.43	4.50	15.40
2011	73.63	4.52	15.75
2012	75.18	4.44	16.56

**Source:** Division of Health Facilities Licensure and Certification, MSDH

## **B. Project Description**

St. Dominic requests Certificate of Need (CON) authority to renovate 17,008.38 square feet on the first and second floors of the hospital in order to modernize its Operating Room (OR) East area. The hospital is located in General Hospital Service Area 5 (GHSA 5). The applicant states the upgrades are needed so that the hospital can be in compliance with current codes and regulations. Also, the facility asserts that the changes will enhance the following areas by providing:

- Updated ORms, pre-operative and recovery bays; staff locker and toilet rooms; processing/storage rooms; and associated support areas.

The applicant states that the modifications will assist in supplying more room to accommodate more procedures and make better use of existing space in the facility.

As a quick reference, staff grouped the proposed modernizations under the following headings:

### **Complete Demolition/Upgrades**

- ⊕ Mechanical HVC
- ⊕ Plumbing and medical gas
- ⊕ Selective demolition of the general construction and electrical system
- ⊕ Upgrade of electrical distribution  
(To comply with International Building Codes and Joint Commission standards)
- ⊕ Provision of a new emergency generator
- ⊕ Installation of a new medical gas system  
(System will connect the OR East area to the hospital wide medical gas system)
- ⊕ Upgrades will enable air changes to meet the current standards needed for orthopaedic procedures

### **Addition of Space/New Equipment**

- ⊕ Enlarge ORs to allow for broader range of procedures to be accommodated
- ⊕ New equipment relating to surgery department will be installed (lights, medical gas distribution carriers, and new finishes, etc.)

- ⊕ 18 pre-operative and recovery bays will be combined into one common area and centered around a centralized staff charting area to provide PACU monitoring
- ⊕ Creation/provision of a new private waiting area with admission office staff
- ⊕ Inpatient access-through a dedicated patient elevator
- ⊕ Outpatient access-through the Medical Mall (location will be close to the Admissions/Pre-Surgical Testing Area)
- ⊕ Provision of specific radiological services will be offered in the same testing area so patients who need surgical procedures can remain in one area of the facility for the services

### **Other Renovations**

- ⊕ Deli area will be slightly modified to allow for installation of new elevator
- ⊕ Construction of a new elevator shaft for installation of new elevator
- ⊕ Vending machines will be reorganized
- ⊕ Existing 2<sup>nd</sup> floor cross walk will be upgraded and separated from the Medical Mall area to provide patient access and privacy
- ⊕ Construction of a corridor extension to provide access to the new patient elevator

Although St. Dominic's proposed changes relate to the project referenced above, the applicant asserts that no new services will be established or offered as part of the project.

St. Dominic proposes to fund the project with cash reserves. The application includes a capital expenditure summary, audited financial statements, and a financial feasibility statement from its CPA asserting that St. Dominic has sufficient capital to fund the project.

The applicant provided a schematic drawing of the renovations and the contractor costs verified that it would cost \$209.79 per square foot to renovate the facility; however, St. Dominic calculated \$219.64. The applicant states that 10 FTEs (Full-Time Equivalents) or personnel will be necessary for the proposed project.

St. Dominic received site approval from the Mississippi State Department of Health, Division of Health Facilities Licensure and Certification. St. Dominic contends that the capital expenditure for the proposed project will be obligated by July 1, 2014 and the anticipated date the project will be complete is January 2015.

## II. TYPE OF REVIEW REQUIRED

The Mississippi State Department of Health reviews applications for construction, renovation, expansion, or capital expenditure in excess of \$5,000,000 (for non-clinical health services) in accordance with Section 41-7-191, subparagraph (1) (j) Mississippi Code 1972 Annotated, as amended, and duly adopted rules, procedures, plans, criteria, and standards of the Mississippi Department of Health.

In accordance with Section 41-7-197(2) of the Mississippi Code of 1972 Annotated, as amended, any affected person may request a public hearing on this project within 20 days of publication of the staff analysis. The opportunity to request a hearing expires June 19, 2014.

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

### A. State Health Plan (SHP)

The *FY 2014 Mississippi State Health Plan (MSHP)* contains criteria and standards which the applicant is required to meet before receiving CON authority for construction, renovation, and the acquisition of major medical equipment. This application is in compliance with applicable criteria and standards.

### **Construction, Renovation, Expansion, Capital Improvements, Replacement of Health Care Facilities, and Addition of Hospital Beds**

#### **SHP Criterion 1- Need**

St. Dominic-Jackson Memorial Hospital's Board evaluated its long-range plan and the applicant believes the existing facility must be modernized to meet the current/future healthcare needs of Jackson residents and the Hinds County population residing in GHSA 5. Although St. Dominic did not cite any deficiencies by the Mississippi State Department of Health, Division of Health Facilities, Licensure and Certification, the applicant stresses that the hospital is in need of an upgrade to renovate/reconfigure areas to better serve its patients and to comply with current codes and regulations. Details of the modifications are listed under the *Project Description*.

Since the facility currently provides patients will acute care services, the applicant states that St. Dominic is assessed as a Level II hospital in the

statewide trauma system; however, St. Dominic participates in the statewide trauma system as a Level IV center.

The applicant states the St. Dominic is not adding additional beds or other services; however, the hospital is only proposing to renovate the facility. Thus, this project will not have an adverse impact on existing facilities in GSHA 5.

### **SHP Criterion 2 - Bed Service Transfer/Reallocation/Relocation**

The applicant asserts that this project does not involve transfer/reallocation/relocation of beds to another facility within GSHA 5; thus, this criterion is not applicable to the proposed project.

### **SHP Criterion 3 - Charity/Indigent Care**

The hospital has served patients who cannot financially meet their obligation to pay for services rendered; thus, the hospital affirms that it will continue to provide a “reasonable amount” of indigent/charity care as described in Chapter I of the *FY 2014 MSHP*.

### **SHP Criterion 4 - Cost of Proposed Project**

Staff determined that the *2013 Means Construction Cost Data* publication lists the following cost ranges per square foot associated with hospital construction: low- \$196; median-\$246; and high-\$335. Using the *Means Construction Cost Data book for 2013*, it does not compare costs for renovation projects; however, the applicant states that the cost to renovate 17,008.38 square feet of space in the existing hospital will be \$219.64 per square foot.

Based on the formulas listed in the *FY 2014 MSHP*, staff concurs with the renovation costs per square foot captured in Attachment 2 of this document.

The applicant asserts that there are fixed and non-fixed equipment costs associated with this project. The fixed and non-fixed equipment costs will be of \$1,070,000 and \$685,030, respectively. St. Dominic-Jackson Memorial Hospital indicates that the facility is not aware of other CON applications, which are similar to the proposed project to determine the median renovation costs. The applicant also states that St. Dominic cannot determine if the equipment costs in the proposed project exceed the median equipment cost for equipment of similar quality by more than 15%.

## **SHP Criterion 5 - Floor and Area Specifications**

St. Dominic proposes to renovate 17,008.38 square feet of space. The applicant states that St. Dominic is not aware of other CON applications, which are similar to the proposed project nor does the proposed project compare to other projects with renovation costs. The applicant does not notate that the existing hospital has architectural design restraints that will not allow the applicant to reconfigure or modernize its existing hospital. Also, St. Dominic does not list any “special considerations due to local conditions.” Thus, the proposed project seems to be comparable to both state and national norms for similar projects.

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

Chapter 8 of the *Mississippi Certificate of Need Review Manual, 2011 revision*, addresses general criteria by which all CON applications are reviewed. This application is in substantial compliance with general review criteria.

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

St. Dominic indicated that planning meetings were held by physicians and hospital leaders to determine what areas in the hospitals needed to be modernized relating to compliance with current codes and requirements.

Although St. Dominic states that the facility takes pride in offering physicians and patients a state-of-the art surgical facility, the applicant believes the renovation of the OR East area will continue their goal in providing a modern, technologically-advanced facility. St. Dominic indicates that the renovation of the facility is necessary for the hospital to meet ASHRAR, IBC and Joint Commission codes and standards in relation to the surgical area. The renovation will also allow patients and their families to experience an atmosphere that has been cosmetically enhanced to meet their needs.

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

The applicant points out what options were discussed concerning renovating the facility as opposed to renovating other parts of the hospital versus doing nothing at all.

Initially, St. Dominic discussed renovating another area within the hospital; however, that option would be costly, cause confusion and accessibility issues for patients, and the construction noises would pose a problem.

If the hospital did not perform any renovations to the facility, St. Dominic will not be in compliance with current codes and standards, hospital programs would be underdeveloped, and the facility would not be able to establish other healthcare programs in order to properly serve its patient population.

In this case, the applicant's team decided to make modifications to the facility by upgrading St. Dominic's OR East area. St. Dominic asserts that the decision to renovate the facility effectively benefits the healthcare system by addressing the space needed to accommodate the facility's current surgical demand. If the proposed project is approved, the facility will be able to comply with current codes and standards while benefiting from the new technology that will be installed in the renovated space.

The applicant states that the renovation option will not be less costly; however, it will not be an unnecessary duplication of services because the hospital has existing services relating to the OR East area. St. Dominic affirms that the renovated space will allow the hospital to provide ample space for its surgical caseload, waiting rooms, and upgrade its current technology.

In this scenario, St. Dominic believes that the renovation option versus constructing additional buildings to address its current space issues as well as complying with codes and standards for hospitals is the most efficient solution to fit their need. The proposed renovation will permit the hospital to improve its delivery of health services and quality assurance by accommodating more surgical patients in a shorter, more efficient time and enhance its technology.

St. Dominic affirms that by reconfiguring the OR East area to meet its surgical demand in the community and upgrading various items relating to the proposed project will advance its existing surgical services by consolidating surgical and radiological services in one area so that patients can receive services in the same area of the hospital.

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

The applicant provided a three-year projected operating statement. The total operating revenue over a projected three year period, any income increases

or decreases or net losses are shown in Attachment 1 of this document. As a note, St. Dominic anticipates certain physicians relocating their respective surgeries to the modernized operating rooms in the OR East. St. Dominic reported figures in Attachment 1 to accurately reflect the proper income statement with the project.

Based on the applicant, projected charges for the proposed project are based on current charges with escalation factors incorporated into the financial model. Also, profit estimates are based on historical expenses with allowances for additional depreciation expenses and some growth in volumes. St. Dominic asserts that these items were analyzed and compared to other facilities. The hospital affirms that St. Dominic's items listed above were compared to other facilities and the hospital team considered them reasonable.

The applicant indicates that projected utilization is based on historical information and the need within GHSA 5. The applicant provided audited financial statements to verify that St. Dominic has the financial strength to support the proposed project in case the project fails. Also, the facility asserts that St. Dominic's financial forecasts do not deviate significantly from those of the three year historical period and assumptions are based on the facility's actual experience and operations.

The applicant states that the proposed project will affect the hospital costs through their effect on depreciation; however, it will not have an impact on the cost of healthcare or Medicaid.

The proposed project does have a capital expenditure that exceeds \$2,000,000; however, St. Dominic provided audited consolidated financial statements for December 31, 2010 through and December 31, 2012. Based on the financial documents, the proposed project appears to be economically viable.

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

The applicant affirms that the population in Jackson, Hinds County, Mississippi and GHSA 5 residents (including low income persons, racial and



ethnic minorities, women, handicapped persons and other underserved groups, and the elderly) will have access to the proposed modernization of 17,008.38 square feet of hospital space regarding the Operating Room (OR) East. The need for the project is discussed under *SHP Criterion 1- Need*.

The applicant asserts that this project does not involve the relocation of a health care facility or service and is not proposing to add any additional facilities or services to General Hospital Service Area 5.

The application includes eleven letters of support for the proposed project. The Department received no letters of opposition concerning the proposed project.

#### **GR Criterion 6 –Accessibility**

St. Dominic affirms that the proposed facility will be in compliance with federal and state regulations relating to serving all patients in GHSA 5 regardless of race, creed, sex, or ability to pay.

For year 1 and 2, the applicant projects that of the patients served at St. Dominic, 5.0% and 4.9%, respectively, will be medically indigent and charity care patients. The projected gross patient revenues for charity care will be \$60,893,246 and \$61,502,178, respectively. As a note, the hospital doesn't separate the numbers for each of the categories above. The amounts included in the above figures only include amounts where no repayment was expected and does not include bad debt.

The applicant indicates that the expected payor mix by type payor will be as follows: Medicaid, 10%, Medicare, 52%, Commercial, 32%, Self Pay, 1%, Charity Care, 5%; and other, 0%.

St. Dominic states that all patients will continue to have access to its hospital services and if the proposed renovation project is approved, all people in GHSA 5 will also have access to the renovated facility. The application includes St. Dominic's admission policy and it indicates that the Jackson facility is accessible to GHSA 5 residents, 24 hours per day.

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

The applicant affirms that St. Dominic will record and maintain the information required by this criterion and shall make the data available to the Mississippi Department of Health within fifteen (15) business days of request.

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

Since the proposed project involves renovation and upgrades and does not involve offering new health care services, the applicant believes that this

project will not have an adverse impact on existing facilities in GHSA 5. The renovated facility will be open to patients, visitors, employees, and the greater Jackson community.

If the proposed project is not approved, St. Dominic states that the facility could not take on a greater number of surgical patients, patients couldn't benefit from the centralized area for monitoring patients, patients would continue to be in a confined space and would not be able to experience versatility needed to perform various surgical procedures. Lastly, the hospital would be out of compliance with codes and standards.

St. Dominic asserts that there are no transfer/referral or affiliation agreements associated with this renovation/upgrade project.

Because no new services will be offered as a result of this project, staff concludes that this project would have no adverse affect on other providers in the referenced service area.

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

The applicant contends that 15 to 16 additional personnel will be needed to manage patient care in the proposed area; however, some staff will be relocated from other areas of the hospital while 10 additional FTEs will be hired as the volume grows. St. Dominic states that the hospital will continue to recruit staff through traditional or normal resource methods. Historically, St. Dominic has always had sufficient staffing for its hospital, other facilities, and outpatient health services. The need for any personnel will continue to be met by St. Dominic. The applicant asserts that because the proposed project does not relate to providing new health care services, only six registered nurses and four technical and paramedical staff will be required for the proposed renovation/upgrade project.

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

The applicant asserts that St. Dominic has necessary support and ancillary services. Thus, the proposed renovation project is not expected to have an adverse effect upon the delivery of ancillary health services nor change the cost and charges of those services.

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

The applicant asserts that St. Dominic has school and training programs with multiple organizations and states that this renovation project will not have an effect upon the health professional training programs in GHSA 5.

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

Regarding access by health professional schools, the applicant lists the same information for Criterion 12 as Criterion 11 and asserts that the proposed project will have no effect on the school agreements.

### **GR Criterion 13- Services Adjacent to GHSA 5**

As stated previously, St. Dominic affirms that all patients will continue to have access to its healthcare services; however, GHSA 5 is the hospital's primary service area. The applicant did not list any special needs or circumstances that should be considered relating to this criterion.

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

The Board of Directors took appropriate action to apply for a CON in the amount of \$5,579,241. The architect and designers hired by the hospital submitted a cost estimate to show a proposed capital expenditure of \$5,321,541. The application includes a site approval letter from the Division of Health Facilities Licensure and Certification. The applicant includes a schematic drawing to show how the hospital will look after the renovation is completed.

In addition, the applicant states that the project complies with state and local building codes, zoning ordinances, and all appropriate regulatory authorities. The applicant has provided written assurance that St. Dominic will comply with state statutes and regulations for the protection of the environment.

Since hospital officials and consultants opted to modernize the existing hospital, a formula calculation was used by the hospital to show how much the proposed project will cost per square foot. The applicant states that the cost to renovate 17,008.38 square feet of the existing building will be \$219.64 per square foot and staff concurs with the cost per square foot.

As a cost guide, the *Building Construction Cost Data for FY 2013* lists construction costs from low to high range per square foot. For hospitals of this size, the construction costs are \$196, \$246, and \$335 per square foot. The construction cost of \$219.64 335 per square foot is closer to the median range.

The *Means Construction Cost Data for 2013* does not compare costs for renovation projects; however, the renovation formula in the *Plan* was used by St. Dominic to show how much the proposed project will cost per square foot. The applicant states that the cost to renovate 17,008.38 square feet of space will be \$219.64 per square foot.

Based on the specifics presented in the application and the construction/renovation formula listed in the *FY 2014 MSHP*, costs per square foot are shown in Attachment 2 of this analysis.

#### **GR Criterion 16 – Competing Applications**

Since there are no competing applications, no additional information is required to adhere to this criterion.

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

For decades, the applicant states that St. Dominic has a history of providing high quality healthcare services to residents in GSHA 5. The hospital has an established plan to monitor/maintain their healthcare system by correcting any deficiencies. This process ensures patients are served in the most efficient and effective way possible with available resources. St. Dominic affirms that the most important method to keep the facility up to par on new technology and healthcare trends is to make capital investments in technology, modify its facilities, and upgrade its equipment.

St. Dominic is certified to participate in the Medicare and Medicaid programs, and is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). Also, the facility is licensed by the Mississippi State Department of Health, Division of Licensure and Certification.

By renovating the facility and upgrading technology, the applicant believes this will improve/enhance the delivery of health care/services, increase the surgical caseload in the OR East area, and permit physicians to perform a broader range of surgical procedures.

#### IV. FINANCIAL FEASIBILITY

##### A. Capital Expenditure Summary

The total proposed capital expenditure is allocated as follows:

Cost Item	Estimated Cost	% of the Total
Construction Cost -New	0	0.00%
Construction Cost-Renovation	3,153,783	56.53%
Capital Improvements, i.e. (minor painting and repairs, refurbishing)	0	0.00%
Total Fixed Equipment Cost	1,070,000	19.18%
Total Non-Fixed Equipment Cost	685,030	12.28%
Land Cost	0	0.00%
Site Preparation Cost	0	0.00%
Fees (Architectural and Consultant Fees )	257,700	4.62%
Fees (Legal and Accounting )	0	0.00%
Contingency Reserve	324,228	5.81%
Capitalized Interest	0	0.00%
Other Cost (Emergency Generator)	88,500	1.59%
Other Cost	0	0.00%
<b>TOTAL PROPOSED CAPITAL EXPENDITURE</b>	<b>\$ 5,579,241</b>	<b>100%</b>

##### B. Method of Financing

As previously mentioned, St. Dominic proposes to finance the project with cash reserves. The application contained a financial feasibility statement from the hospital's CPA stating that St. Dominic has sufficient capital to fund the project.

##### C. Effects on Operating Costs

The applicant's projections of gross revenues for the first, second, and third year of operation, expenses, and net income are shown in Attachment 1. Utilization, cost, and charges are also included in the applicant's Three-Year Projected Operating Statement (See Attachment 1).

##### D. Cost to Medicaid/Medicare

In the application, St. Dominic provides the following revenue source projections for each payor category listed below:

<b>St. Dominic-Jackson Memorial Hospital</b>		
<b>Payor</b>	<b>Utilization Percentage</b>	<b>First Year Revenue</b>
<b>Medicaid</b>	10.00%	\$123,798,421.20
<b>Medicare</b>	52.00%	\$643,751,790.24
<b>Self Pay</b>	1.00%	\$12,379,842.12
<b>Commercial</b>	32.00%	\$396,154,947.84
<b>Charity</b>	5.00%	\$61,899,210.60
<b>Other</b>	0.00%	\$0.00
<b>Total</b>	<b>100%</b>	<b><u>\$1,237,984,212.00</u></b>

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

The Division of Medicaid was provided an opportunity to review and comment on this project. Based on their analysis, the Division states that effective September 1, 2012, the Division changed the methodology by which it reimburse outpatient services so that the cost incurred, subsequent to that date will no longer affect outpatients payments.

Effective October 1, 2012, the Division changed then the methodology by which it reimburse inpatient services so that the cost incurred subsequent to that date will only affect cost outlier payments. The estimated increase in cost outlier payments resulting from this project cannot be determined at this time. The Division of Medicaid opposes this project.

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

This project is in substantial compliance with the overall objectives of the *FY 2014 Mississippi State Health Plan*; Chapter 8 of the *Mississippi Certificate of Need Review Manual, Revised 2011*; and all adopted rules, procedures, and plans of the Mississippi Department of Health.

The Division of Health Planning and Resource Development recommends approval of the application submitted by St. Dominic-Jackson Memorial Hospital to renovate 17,008.38 square feet of space on the first and second floors of the hospital in order to modernize its Operating Room (OR) East area.

**ATTACHMENT 1**

**St. Dominic-Jackson Memorial Hospital  
 Renovation of Operating Room East Area  
 Three Year Operating Statement**

	Proposed Year 1	Proposed Year 2	Proposed Year 3
<b>Revenue</b>			
Inpatient Care Revenue	\$ 655,774,011	\$ 674,789,845	\$ 694,369,580
Outpatient Care Revenue	569,998,529	586,538,007	603,568,064
<b>Gross Patient Care Revenue *</b>	<b>\$ 1,225,772,540</b>	<b>\$ 1,261,327,851</b>	<b>\$ 1,297,937,643</b>
Charity Care	\$ 61,322,147	\$ 61,943,947	\$ 62,572,221
Deductions from Revenue	771,772,194	794,924,761	818,772,504
<b>Net Patient Care Revenue *</b>	<b>\$ 392,678,199</b>	<b>\$ 404,459,144</b>	<b>\$ 416,592,918</b>
Other Operating Revenue	\$ 15,037,440	\$ 15,488,563	\$ 15,953,220
<b>Total Operating Revenue *</b>	<b>\$ 407,715,639</b>	<b>\$ 419,947,707</b>	<b>\$ 432,546,138</b>
<b>Operating Expense</b>			
Salaries	\$ 168,863,867	\$ 173,929,783	\$ 179,147,677
Benefits	33,277,647	34,275,976	35,304,256
Supplies	98,044,611	100,985,949	104,015,528
Services	20,782,328	21,405,798	22,047,972
Lease	4,999,201	5,149,177	5,303,652
Depreciation	21,894,047	22,532,690	23,190,492
Interest			
Other	46,468,376	47,862,428	49,298,300
<b>Total Operating Expense *</b>	<b>\$ 394,330,077</b>	<b>\$ 406,141,801</b>	<b>\$ 418,307,876</b>
<b>Net Operating Income (Loss)</b>	<b>\$ 13,385,562</b>	<b>\$ 13,805,906</b>	<b>\$ 14,238,262</b>
	Proposed Year 1	Proposed Year 2	Proposed Year 3
Inpatient days	129,129	130,428	131,740
Outpatient visits	13,077	13,220	13,365
Procedures	65,183	67,139	69,153
Charge per outpatient day	\$ 66,954	\$ 67,794	\$ 68,650
Charge per inpatient day	\$ 13,554	\$ 13,649	\$ 13,746
Charge per procedure	\$ 36,014	\$ 35,995	\$ 35,977
Cost per inpatient day	\$ 14,421	\$ 14,437	\$ 14,455
Cost per outpatient day	\$ 38,658	\$ 39,248	\$ 39,853
Cost per procedure	\$ 10,630	\$ 10,612	\$ 10,595

**ATTACHMENT 2**

**St. Dominic-Jackson Memorial Hospital  
 Renovation o Operating Room East Area**

**Computation of Construction and Renovation Cost**

	<u>Total</u>	<u>New Constructon</u>	<u>Renovation</u>
<b><u>Cost Component</u></b>			
A New Construction Cost	\$0	\$0	
B Renovation Cost	\$3,153,783		\$3,153,783
C Total Fixed Equipment Cost	\$1,070,000	\$239,935	
Total Non-Fixed Equipment Cost	\$685,030	\$0	
Other (Emergency Generator)	\$88,500		
Capital Improvement	\$0		
Land Cost	\$0	\$0	
D Site Preparation Cost	\$0	\$0	
E Fees (Architectural, Consultant, etc.)	\$257,700	\$0	\$257,700
F Contingency Reserve	\$324,228	\$0	\$324,228
G Capitalized Interest	\$0	\$0	\$0
<b>Total Proposed Capital Expenditure</b>	<b>\$5,579,241</b>	<b>\$239,935</b>	<b>\$3,735,711</b>

Square Footage	<b>17,008</b>	0	17,008
Allocation Percent		0.00%	100.00%

<b>Costs Less Land, Non-Fixed Eqt.&amp; Cap. Improvement</b>	<b>\$4,894,211</b>	<b>\$239,935</b>	<b>\$3,735,711</b>
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<b>Cost Per Square Foot</b>	<b>\$287.76</b>	<b>\$0.00</b>	<b>\$219.64</b>
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Source: Mississippi Certificate of Need Review Manual, Revised 2011 and FY 2014 MSHP.