

**DIVISION OF HEALTH PLANNING  
AND RESOURCE DEVELOPMENT  
FEBRUARY 2006**

**CON REVIEW# LTCH- NIS-1205-047  
DELTA REGIONAL MEDICAL CENTER  
ESTABLISHMENT OF A 40-BED LONG TERM ACUTE CARE HOSPITAL  
LOCATION: GREENVILLE, MISSISSIPPI (WASHINGTON COUNTY)  
CAPITAL EXPENDITURE: \$1,076,000**

**STAFF ANALYSIS**

**I. PROJECT SUMMARY**

**A. Applicant Information**

Delta Regional Medical Center (DRMC) is a 398- bed, short-term, general acute care, non-profit hospital governed by a nine-member Board and owned by Washington County. Delta Regional Medical Center is operating at two locations in Greenville, Mississippi. The main campus is located at 1400 East Union Street, and the Delta Regional Medical Center, West Campus-King's Daughters Hospital (DRMC,WC-KDH) is located at 300 South Washington Avenue. The applicant provided hospital licenses for both facilities indicating they are in compliance with Mississippi hospital regulations and laws set forth by the State of Mississippi and the Mississippi Department of Health. Delta Regional Medical Center is certified to participate in the Medicare and Medicaid programs, and is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO).

The facility provides healthcare services and programs ranging from allergy and immunology to vascular studies. The Delta Regional Medical Center-Main Campus is licensed for 261 acute care beds; 170 beds are set up and staffed. Delta Regional Medical Center, West Campus-King's Daughters Hospital, is licensed for 137 acute care beds; 45 beds are set up and staffed. The occupancy rates, average length of stay (ALOS), and Medicaid Utilization for the three most recent years are as follows:

<b>Fiscal Year</b>	<b>Occupancy Rate (%)</b>	<b>ALOS (DAYS)</b>	<b>Medicaid Utilization Rate</b>
<b>2002</b>	36.30	4.43	20.85
<b>2003</b>	40.05	4.50	22.21
<b>2004</b>	43.49	4.11	25.95

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

**B. Project Description**

Delta Regional Medical Center requests CON authority to convert 40 existing acute care beds at Delta Regional Medical Center, West Campus-King’s Daughters Hospital (DRMC,WC-KDH) to long-term acute care hospital (LTACH) beds. In this case, the applicant desires to operate a “hospital within a hospital” by contracting with a management company to lease the beds from DRMC and operate the LTACH.

The applicant states DRMC would like to specialize in providing long-term care services to the elderly residents of Washington County. The applicant asserts that as the population grows older, the elderly community becomes more fragile and requires routine patient care from physicians. To meet the needs of the elderly population in Washington County and surrounding areas, the applicant will request the Mississippi Department of Health (MDH) to license 40 acute care beds as LTACH beds separately from DRMC and request Medicare certification at the federal level in order to adhere to federal regulations.

Delta Regional Medical Center would like to renovate 22,678 square feet of space on the third floor of the DMCRC’s West Campus-King’s Daughters Hospital. Prior to this project, the floor was utilized as a nursing unit, pediatric unit and sleep lab. This project will entail renovating the pediatric unit and the two-room administrative area to create four private rooms with toilets and a semi-private room with a toilet and shower. The existing rooms with beds and the remaining space will not require modifications.

The renovation process will also involve completing mechanical and plumbing work; installing a sprinkler system; removing and reinstalling the lay-in ceiling; upgrading and installing a new fire pump to tie into the fire main on the street; upgrading the medical/gas system and electrical systems in all patient rooms; and cleaning and upgrading the existing HVAC/exhaust system.

The applicant provided two articles regarding the impact of Hurricane Katrina on construction, labor, and material costs. Based on the articles, staff determined the applicant and the architect expect costs to increase between 8% to 35% depending on the area and demand. A letter from the architect states the estimated cost to complete the project will be \$700,000, excluding non-fixed costs. In addition, the cost to renovate 22,678 square feet will be \$47 per square foot. Dictation machines, charting carts, portable defibrillators and furnishings will be purchased at an estimated cost of \$100,000 and will be categorized as non-fixed equipment.

The applicant includes a capital expenditure summary, a three-year projected operating statement, and an Audited Financial Statement. The project will involve hiring 51 full-time equivalent personnel (FTEs) at a cost of \$1,701,668 to staff the LTAC hospital. Delta Regional Medical Center will continue to honor transfer/referral/affiliation agreements with the University of Mississippi Medical Center in Jackson and 26 other health care facilities, local nursing homes, and chronic dialysis treatment providers. If the project is CON approved, the management company will purchase clinical, medical ancillary, and support services from DRMC. To fund the project, DRMC will use cash reserves from the proposed lessee, Allegiance Specialty Hospital of Greenville, Inc., a Louisiana corporation. The applicant has received site approval from the MDH, Division of Licensure and Certification. Upon the approval of the project, DRMC expects that the LTAC hospital will be completed within six months.

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

The Mississippi Department of Health reviews applications for establishment of long-term acute care hospital beds in accordance with Section 41-7-191, subparagraph (1)(a), (c), and (d)(xiv), 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 March 7, 2006.

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

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

The *FY 2006 Mississippi State Health Plan* contains criteria and standards which an applicant is required to meet before receiving CON authority to construct, develop, or otherwise establish a long-term acute care hospital and add long-term acute care hospital beds. This application is in substantial compliance with applicable criteria and standards.

##### **SHP Criterion 1 – Need**

Delta Regional Medical Center feels there is a need to provide new and improved healthcare services to Washington County residents by requesting to place a LTACH hospital in an acute care facility and participating in the Medicare and Medicaid programs.

The Certificate of Need criteria and standards for the establishment of a long-term care hospital and addition of long-term care hospital beds outlined in the *FY 2006 Mississippi State Health Plan* state that an entity desiring to add long-term care hospital beds must document a minimum of 450 clinically appropriate restorative care admissions with an average length of stay of 25 days and a projection of financial feasibility by the third year of operation.

Delta Regional Medical Center asserts that the hospital is the only Level II Trauma Center in the region and provided 2004 documentation to indicate that patients were treated in the following areas with further treatment in a LTACH: cardiovascular medicine, respiratory medicine, digestive system medicine, and neurological medicine. Also, DRMC documented/identified approximately 1,500 restorative care admissions; thus, asserting that DRMC meets the minimum 450 admissions listed in the need criterion.

The applicant states that DRMC's admissions, discharges, and patient days for FY 2005 were 8,630, 8,639, and 47,244, respectively. DRMC analyzed discharges for FY 2005 and determined the potential patient base of the proposed LTACH to be 2,299 admissions. Equally important, DRMC examined the following factors which also played a role in determining the need for a LTACH and projections: breakdown of Washington County's population, patient origin data, future elderly admissions, needs of the elderly population age 65 years of age and older, health and income disparities, and access to healthcare. These factors are further discussed under General Review Criterion 5.

Delta Regional Medical Center projects the following utilization:

	Year 1	Year 2	Year 3
Admissions	201	426	<b>463</b>
Average Length of Stay	20	25	<b>25</b>
Patient Days	4,028	10,648	<b>11,557</b>
Occupancy	28%	73%	<b>79%</b>

The Three-Year Operating Statement indicates that the proposed project expects net income of \$1,891,876 at the end of the third year of operation (see Attachment 1).

After review of the applicant's verification, utilization, and financial projections, staff concludes the 40-bed LTAC hospital will meet the above criterion listed in *FY 2006 Plan*.

**SHP Criterion 2 - Constructed/Converted Beds**

Delta Regional Medical Center, West Campus-King's Daughters Hospital, is licensed for 137 acute care beds; 45 beds are currently set up and staffed. The applicant affirms that the 40 existing beds the applicant proposes to convert to long-term care hospital beds are currently licensed as acute care beds that will continue to be licensed as general acute care hospital beds.

**SHP Criterion 3 - Licensure Requirement**

The applicant asserts that DRMC will meet all regulatory and licensure requirements as they relate to the type of bed/service proposed.

**SHP Criterion 4 - Indigent/Charity Care**

Delta Regional Medical Center affirms that it will provide a "reasonable amount" of indigent/charity care.

**SHP Criterion 5 - Reasonable Construction and Equipment Cost**

The applicant estimates that the cost to renovate 22,678 square feet of hospital space will be \$47 per square foot. Delta Regional Medical Center states that the impact of Hurricane Katrina caused an increase in lumber, other construction and building materials, labor, and fuel costs. Despite this fact, the applicant states that the proposed CON project will be reasonable and consistent with similar projects in the state of Mississippi. Based on the *Building Construction Cost Data FY 2005*, staff finds that the proposed project is below the median hospital construction cost of \$181.

### ***SHP* Criterion 6 - Floor Area and Space Requirements**

Delta Regional Medical Center-West Campus-King's Daughters Hospital's gross square footage is 128,843. The applicant proposes to renovate 22,678 square feet of space on the third floor of DRMCWC-KDH to create a 40-bed LTAC hospital. The project complies with state and national norms for similar projects. Regarding the proposed project, the applicant does not list any architectural design restraints on the existing building, nor does DRMC list any "special considerations due to local conditions."

### ***SHP* Criterion 7 - Transfer Agreements**

Delta Regional Medical Center asserts that the hospital has acute care and/or medical rehabilitation transfer agreements with the University of Mississippi Medical Center in Jackson and 26 other health care facilities, local nursing homes, and chronic dialysis treatment providers (see Attachment 2).

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

Chapter 8 of the *Mississippi Certificate of Need Review Manual, 2000 Revision*, 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 (SHP)**

The *FY2006 Mississippi State Health Plan* contains criteria and standards which the applicant is required to meet before receiving CON authority to construct, develop, or otherwise establish a long-term care hospital and add long-term care hospital beds. This application is in compliance with applicable criteria and standards.

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

The applicant states the long range plan of DRMC is to develop a comprehensive system of care by establishing needed healthcare services at DRMC. The applicant asserts that the proposed project will complement current healthcare services offered at DRMC. Thus, this project is in compliance with this criterion.

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

According to the applicant, DRMC considered the following three alternatives before deciding on the proposed project: keeping the current acute care or LTC referral system in place, constructing a new freestanding LTACH, and requesting a smaller or larger number of LTAC hospital beds. All three alternatives were rejected. The current acute care and LTC referral arrangements are more costly to patients and offer less specialized levels of care. The second alternative would prove to be costly and not provide cost containment. Lastly, DRMC reviewed the number of patients who frequent the facility.

The applicant determined that the proposed project would be the only cost effective option available to offer LTAC to the residents of GHSA 2.

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

The applicant provided a three-year projected operating statement and indicated that net revenue over a projected three year period will increase from \$2,777,335 to \$10,484,090. In addition, the statement shows that the net income will increase from a loss of \$970,725 to \$1,891,876 over three years. The applicant affirms the proposed costs and charges associated with the project are comparable to similar LTACH facilities in the state. Based on revenue listed in the three-year operating statement, the project will be financially feasible. Given that GHSA 2 has one newly opened LTACH, Greenwood Specialty Hospital located 55 miles from the proposed LTACH, staff finds the applicant can meet the projections without encroaching on the ability of existing providers to provide these services.

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

The applicant feels that long-term acute care hospital beds are needed in a facility to provide daily physician visits, a doctor supervised healthcare staff, additional medical services, advanced assessment and intervention skills, and educational information or material to help patients manage their medical illness. In addition, the applicant states that the LTACH beds will improve medical conditions for patients who may suffer from heart related diseases, strokes, respiratory diseases, wound care, etc.

The applicant provided 2004 Census estimates wherein the primary service area, Washington County, shows a population of 59,567. The secondary service areas, Bolivar and Sunflower Counties, indicate 39,928, and 33,392, respectively. Twelve percent of Washington County residents and 10% for each of the remaining counties' residents are age 65 years or older. For all three counties, 14,000 Medicare enrollees consist of people 65 years of age or older.

Delta Regional Medical Center asserts that the hospital is the referral center for the central Delta area of Mississippi. The applicant affirms that all the population, including low income persons, racial and ethnic minorities, women, handicapped persons and other underserved groups, and the elderly will have access to the LTACH services.

Based on the tables shown on pages 9 and 10, Greenwood Specialty Hospital (GSH) is the only LTAC hospital located in GHSA 2 and is located 55 miles from the proposed LTAC hospital. The *FY 2006 Plan* indicates that GSH did not report an occupancy rate for FY 2004 however; the hospital reported 11.67 as the average length of stay and three discharges. The applicant contends that DRMC is not adding additional beds; however, it is converting 40 acute care beds to long-term acute care beds to provide tailored medical care to the elderly population.

**Long-Term Acute Care Hospitals**  
 2004

<b>Facility</b>	<b>Location</b>	<b>Beds</b>	<b>OR%</b>	<b>Discharges</b>	<b>ALOS</b>
<b>General Hospital Service Area 1</b>		<b>35</b>	<b>-</b>	<b>CON</b>	<b>-</b>
Tri-Lakes Medical Center	- Batesville	35	CON	CON	CON
<b>General Hospital Service Area 2</b>		<b>40</b>	<b>-</b>	<b>3</b>	<b>-</b>
Greenwood Specialty Hospital	- Greenwood	40	N/A	3	11.67
<b>General Hospital Service Area 3</b>		<b>98</b>	<b>57.69</b>	<b>698</b>	<b>30.22</b>
Miss Hospital for Restorative Care	- Jackson	25	83.49	249	32.53
Select Specialty Hospital of Jackson	- Jackson	40	80.18	405	29.16
Promise Specialty Hospital of Vicksburg	- Vicksburg	33	11.90	44	26.98
<b>General Hospital Service Area 4</b>		<b>86</b>	<b>82.18</b>	<b>971</b>	<b>26.58</b>
Regency Hospital of Meridian	- Meridian	37	74.14	374	26.27
Specialty Hospital of Meridian	- Meridian	49	88.25	597	26.77
<b>General Hospital Service Area 6</b>		<b>33</b>	<b>38.56</b>	<b>132</b>	<b>26.24</b>
Regency Hospital of Hattiesburg	- Hattiesburg	33	38.56	132	26.24
<b>General Hospital Service Area 7</b>		<b>80</b>	<b>59.69</b>	<b>671</b>	<b>26.32</b>
Select Specialty Hospital of Gulfport	- Gulfport	38	65.53	363	25.01
Select Specialty Hospital of Biloxi	- Biloxi	42	54.40	308	27.87
<b>TOTAL</b>		<b>372</b>	<b>50.06</b>	<b>2,475</b>	<b>27.50</b>

Source: Application for Renewal of Hospital License for Calendar Year 2005; Office of Health Policy and Planning

The applicant states that DRMC refers five to seven LTACH patients per month to one of the following facilities located 55 to 118 miles from DRMC: Promise Specialty Hospital (Vicksburg); Select Specialty Hospital (Jackson); and Greenwood Specialty Hospital (Greenwood).

**Long Term Acute Care Hospitals  
 (Updated Information)**

	LOCATION	BEDS FY 2004	CON APPROVED BEDS 2005	BEDS- AS OF 12/31/05
<b>GHSA 1</b>				
Tri-Lakes Medical Center	Batesville	35		62
Lee County Specialty Services	Tupelo		27-10/27/2005	
<b>GHSA 2</b>				
Greenwood Specialty Hospital	Greenwood	40		40
<b>GHSA 3</b>				
MS Hospital for Restorative Care	Jackson	25		147
Regency Hospital of Jackson	Jackson		36-08/25/05	
Select Specialty Hospital of Jackson	Jackson	40	Reloc./Add.13 Beds- 06/30/05	
Promise Specialty Hospital of Vicksburg	Vicksburg	33		
<b>GHSA 4</b>				
Regency Hospital of Meridian	Meridian	37		86
Specialty Hospital of Meridian	Meridian	49		
<b>GHSA 5</b>				
	None	None		None
<b>GHSA 6</b>				
Regency Hospital of Hattiesburg	Hattiesburg	33		33
<b>GHSA 7</b>				
Select Specialty Hospital of Gulfport	Gulfport	38		80
Select Specialty Hospital of Biloxi	Biloxi	42		
<b>TOTAL</b>				
		<b>372</b>	<b>76</b>	<b>448</b>

Staff analyzed patient origin data, the number of LTACH beds in each GHSA, and 2010 Population Projections published in the book titled *Mississippi Population Projections for 2010, 2,015, and 2020*; August 2005. Staff determined that DRMC and GSH primarily serve a large percentage of patients located in their respective county of residence, Washington and LeFlore counties; however, both facilities serve a small percentage of patients from Humphreys and Sunflower counties. As stated previously, the proposed LTACH will be located 55 miles from Greenwood Specialty Hospital. Because of the distance between the provider and the proposed provider, staff contends that this project should not have an adverse affect on GSH.

Twenty endorsement letters from various community officials were included in the CON application. According to the applicant, the community officials recognize that the DRMC complies with all federal regulations regarding community service and supports DRMC's efforts to serve all patients in GHSA 2 regardless of race, creed, sex, or ability to pay.

Greenwood Leflore Hospital and Greenwood Specialty Hospital, in GHSA 2, submitted letters of opposition contending that authorization of a new LTACH will be a duplication of services and that the LTACH will cause an adverse impact on the existing providers in the area. Select Specialty Hospital, located in GHSA 3, also submitted a letter of opposition to the project.

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

Delta Regional Medical Center affirms that the LTACH will serve all patients in GHSA 2 without respect to race, color, age, sex, ethnicity, or ability to pay.

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

Delta Regional Medical Center affirms they 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**

The applicant states that DRMC proposes to provide care to the elderly population of Washington County by offering LTAC medical services at DRMCWC-KDH. Delta Regional Medical Center will continue to provide quality care to the community and the applicant asserts this project will not have an adverse impact on existing LTAC hospitals in GHSA 2.

As stated previously, the applicant states that DRMC refers five to seven patients per month to LTACH facilities located to Greenwood, Jackson and Vicksburg. Since Greenwood Specialty Hospital is the only current LTACH in GHSA 2, and located 55 miles from Greenville, admissions which might originate from DRMC should not have a significant impact.

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

The applicant asserts that DRMC has the financial and human resources to implement this project without increasing charges at its facility or affecting other health care facilities in GHSA 2.

The applicant states that DRMC will employ 51 full-time equivalents (FTEs) to operate the LTACH at an estimated cost \$1,701,668.61. The

applicant lists the following required staff that will be hired by DRMC: seven licensed practical nurses; 10 registered nurses; 15 aides; three medical records personnel; three Social service professional personnel; 11 administrative personnel; and two marketing personnel. The applicant states that DRMC will select management personnel from the required staff listed above.

Historically, DRMC contends that it is an existing acute care hospital that currently employs proper personnel to operate the facility. If the proposed project is approved, DRMC will utilize its existing employees to insure proper implementation of the LTACH project. Delta Regional Medical Center states they did not identify and consider other alternative uses of resources for the provision of other health services.

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

The applicant proposes to operate a “hospital within a hospital” by requesting a management company to lease 40 beds from DRMC and operate the LTAC hospital. In turn, the management company will purchase clinical, medical ancillary, and support services from DRMC. The applicant asserts that the project is not expected to have an adverse effect upon the delivery of ancillary health services.

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

The applicant affirms that DRMC serves as a clinical training site for nursing and health care professionals; however, DRMCWC-KDH will provide training to students at another location. The applicant asserts that proposed long-term care services that will be offered by DRMCWC-KDH will not have an adverse effect upon the health professional training programs in GHSA 2.

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

In order to comply with this criterion, the applicant affirms that students enrolled in health professional schools will have access to the proposed LTAC services at another location.

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

The applicant states that DRMC has a history of providing quality care to residents of Washington County and will continue its efforts to deliver superior medical services.

**IV. FINANCIAL FEASIBILITY**

**A. Capital Expenditure Summary**

<b>Cost Item</b>	<b>Estimate Cost</b>	<b>%of the Total</b>
Construction Cost -New		
Construction Cost-Renovation	\$800,000	74.35%
Capital Improvements, i.e. (minor painting and repairs, refurbishing)		
Total Fixed Equipment Cost		
Total Non-Fixed Equipment Cost	100,000	9.29%
Land Cost		
Site Preparation Cost		
Fees (Architectural, Consultant, etc.)	66,000	6.13%
Contingency Reserve	80,000	7.43%
Capitalized Interest		
Other Cost (Contract Labor)	30,000	2.79%
<b>TOTAL PROPOSED CAPITAL EXPENDITURE</b>	<b>\$1,076,000</b>	<b>100%</b>

**B. Method of Financing**

The proposed lessee, Allegiance Specialty Hospital of Greenville, Inc., a Louisiana corporation submitted a financing letter indicating that the \$1,076,000 required to fund the project is available in cash reserves. In addition, the applicant and lessee provided a signed letter of intent stating their intentions to negotiate, prepare, and enter a lease agreement upon CON approval of the LTACH.

**C. Effects on Operating Costs**

The applicant projects gross patient revenue of \$2,855,284, \$8,727,400, and \$10,778,339 at the end of the first, second, and third year of operation, respectively, and operating/non-operating expenses of \$3,748,060, \$7,489,171 and \$8,592,214 for the first three years of operation, respectively. Utilization, cost, and charges are included in the applicant's Three-Year Projected Operating Statement (see Attachment 1).

**D. Cost to Medicaid/Medicare**

Payor	Utilization Percentage	First Year Expense
Medicaid	20%	\$749,612.00
Medicare	47%	1,761,588.20
Other	33%	<u>1,236,859.80</u>
<b>Total</b>	100%	<u><b>\$3,748,060.00</b></u>

DRMC projects 3% percent bad debt. Medically indigent and charity care are approximately 3% of gross patient revenues.

**V. RECOMMENDATION OF OTHER AFFECTED AGENCIES**

The Division of Medicaid was provided a copy of this application for comment. According to the Division of Medicaid, outpatient services will be paid as outlined in the *Medicaid Plan*. The Division does not oppose the application.

**VI. CONCLUSION AND RECOMMENDATION**

This project is in substantial compliance with the criteria and standards for long-term care hospital projects as contained in the *2006 Mississippi State Health Plan*; Chapter 8 of the *Mississippi Certificate of Need Review Manual, 2000 Revision*; and all adopted rules, procedures, and plans of the Mississippi Department of Health.

The Division of Health Planning and Resource Development recommends approval of this application submitted by Delta Regional Medical Center (DRMC) for the conversion of 40 existing acute care beds to long-term acute hospital (LTACH) beds.

**ATTACHMENT 1**

**DELTA REGIONAL MEDICAL CENTER (DMRC)  
 THREE-YEAR PROJECTED OPERATING STATEMENT  
 (CONVERSION OF 40 EXISTING ACUTE CARE BEDS TO  
 LONG-TERM ACUTE HOSPITAL (LTACH) BEDS)**

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Total Patient Days	4,634	10,800	13,338
Average Daily Census	14	27	37
Patient Revenue:			
Inpatient	2,855,284	8,727,400	10,778,339
Outpatient			
<b>Total Patient Revenue</b>	<b>\$2,855,284</b>	<b>\$8,727,400</b>	<b>\$10,778,339</b>
Deductions From Revenue:			
Uncompensated Care	77,949	215,624	294,249
<b>Total Deductions From Revenue</b>	<b>77,949</b>	<b>215,624</b>	<b>294,249</b>
<b>Net Patient Revenue</b>	<b>2,777,335</b>	<b>8,511,776</b>	<b>10,484,090</b>
Operating Expenses:			
Salaries and Wages	1,701,668	3,771,614	4,257,512
Benefits included in Salary/Wages			
Contract Labor			
Supplies			
Medical Specialist Fees			
Variable Costs	976,189	2,260,640	2,794,360
Insurance			
Other Operating Expenses			
e. Fixed Costs	855,003	1,241,717	1,325,142
<b>Total Operating Expenses</b>	<b>3,532,860</b>	<b>7,273,971</b>	<b>8,377,014</b>
Non-Operating Expenses:			
Depreciation	215,200	215,200	215,200
Interest			
<b>Total Non-Operating Expenses</b>	<b>215,200</b>	<b>215,200</b>	<b>215,200</b>
<b>Total Expenses</b>	<b>3,748,060</b>	<b>7,489,171</b>	<b>8,592,214</b>
<b>Net Income</b>	<b><u>(\$970,725)</u></b>	<b><u>\$1,022,605</u></b>	<b><u>\$1,891,876</u></b>

## ATTACHMENT 2

### HEALTH FACILITY TRANSFER AGREEMENTS

#### Facility Location

Aberdeen Monroe County Hospital, Aberdeen  
Bolivar Medical Center, Cleveland  
Calhoun Health Services, Calhoun  
Claiborne County Hospital, Port Gibson  
Covington County Hospital, Collins  
Field Memorial Hospital, Centerville  
Franklin County Memorial Hospital, Meadeville  
Gilmore Memorial Hospital, Amory  
H.C. Watkins Memorial Hospital, Quitman  
Lackey Hospital, Forrest  
Lawrence County Hospital, Monticello  
Leake Memorial Hospital, Carthage  
Montfort Jones Hospital, Kosciusko  
MS Baptist Medical Center, Jackson  
Neshoba County General, Philadelphia  
Newton Regional Hospital, Newton  
North Sunflower County Hospital, Ruleville  
NW MS Regional Medical Center, Clarksdale  
Oktibbeha County Hospital, Starkville  
Quitman County Hospital, Marks  
Riley Memorial Hospital Meridian  
River Oaks Health Systems, Jackson  
Scott Regional Hospital, Morton  
South Sunflower County Hospital, Indianola  
Walthall County General Hospital, Tylertown  
Winston Medical Center, Louisville