

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT
NOVEMBER 17, 2023**

**CON REVIEW NUMBER: HG-RHS-1023-012
RUSH MEDICAL FOUNDATION D/B/A OCHSNER RUSH MEDICAL CENTER
REINSTITUTION OF OPEN-HEART SURGERY SERVICES
CAPITAL EXPENDITURE: \$2,665,000.00
LOCATION: MERIDIAN, LAUDERDALE COUNTY, MISSISSIPPI**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

Rush Medical Foundation d/b/a Ochsner Rush Medical Center, formerly known as (f/k/a) Rush Health Systems, Inc. d/b/a Rush Foundation Hospital, is a not-for-profit corporation that operates a 215-bed acute care hospital located at 1314 19th Avenue, Meridian, Lauderdale County, Mississippi. According to the application, on July 1, 2022, Rush Health Systems, Inc. merged with Ochsner Clinic Foundation (“Ochsner Health”), an integrated health system that operates forty (40) hospitals and more than three hundred (300) health and urgent care centers in the Gulf South. According to Ochsner Rush Medical Center (“Ochsner Rush” or the “Applicant”), the facility provides a wide range of inpatient, outpatient, and emergency services. Ochsner Rush is governed by three (3) officers and directors.

The application contains a Certificate of Good Standing, dated September 29, 2023, from the Office of the Secretary of State, certifying the entity is in good standing to do business in Mississippi.

B. Project Description

Ochsner Rush requests Certificate of Need (“CON”) authority to reinstitute open-heart surgery services on the Ochsner Rush campus in Meridian. The Applicant states that Rush Medical Foundation, Inc., f/k/a Rush Foundation Hospital, received a CON for the establishment of therapeutic cardiac catheterization services and open-heart surgery services in 2000. The Applicant further states that following appeals, Rush Foundation Hospital commenced the offering of open-heart surgery services and continued to provide the services until 2017, at which time the services were discontinued due to the departure of the hospital’s cardiovascular surgeon.

The Applicant states through its merger with Ochsner Health, Ochsner Rush and its affiliated hospitals and healthcare facilities will focus on the following objectives:

- **Expanded access to specialty and subspecialty services** so that more patients can receive the care they need closer to home, including

cardiology, neurology, highly specialized stroke care, women's services, cancer treatment, and surgical oncology.

- **Innovation in healthcare delivery through** Ochsner Health's expanded technological and digital capabilities, including expansions in telehealth, digital monitoring, and clinical improvement guidance by artificial intelligence.
- **Access to Ochsner Health's robust clinical research network**, so Ochsner Rush patients will be able to participate in groundbreaking, novel therapies, including the latest in cancer treatment, close to home.
- **More efficient, affordable care through the sharing of best practices and resources.** The Applicant states that economies of scale will allow Ochsner Health to find efficiencies throughout the system and then invest more in programs and resources locally.

The Applicant states that the reinstatement of open-heart surgery services for the benefit of its patients is one (1) of Ochsner Rush's highest priorities, consistent with the above objectives. The Applicant asserts that there is a continuing need for an open-heart surgery program at Ochsner Rush, and the proposal fully complies with applicable policies, standards, and criteria in the *FY 2022 Mississippi State Health Plan, Third Edition*, and the *Mississippi Certificate of Need Review Manual*.

The Applicant estimates it will hire four (4) full-time equivalent (FTE) personnel (two (2) physicians and two (2) perfusionists) during the first year of the project at an estimated cost of \$1,700,000.00. The Applicant projects a total capital expenditure of \$2,665,000.00 as itemized in Section IV of this Staff Analysis. Ochsner Rush proposes to finance the project through cash reserves.

The Applicant affirms that Ochsner Rush is licensed by the Mississippi State Department of Health ("MSDH") and complies with building codes, zoning ordinances, and/or appropriate regulatory authority. In addition, the Applicant affirms that Ochsner Rush will comply with all 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 expects to obligate the capital expenditure within sixty (60) to ninety (90) days following CON approval and anticipates that the project will be completed within one hundred twenty days following CON approval.

The application contains a letter dated October 6, 2023, documenting the MSDH Division of Fire Safety and Construction, Bureau of Health Facilities Licensure, and Certification's approval of the site for the proposed project.

II. TYPE OF REVIEW REQUIRED

The Mississippi State Department of Health ("MSDH") will review applications for a CON for the reinstatement of open-heart surgery services under the statutory requirements of Sections 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 Certificate of Need according to the general criteria listed in the *Mississippi Certificate of Need Review Manual, September 1, 2019, Revision*; all adopted rules, procedures, and plans of MSDH, and the specific criteria and standards listed below. MSDH reviews projects for the acquisition of open-heart surgery equipment and/or offering of open-heart surgery services if the proposed provider has not provided such service on a regular basis within the period of twelve (12) months prior to the time such service would be offered, regardless of the capital expenditure.

In accordance with Section 41-7-197(2) of the Mississippi Code of 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 November 27, 2023.

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

A. State Health Plan (SHP)

The *FY 2022 Mississippi State Health Plan, Third Edition* ("MSHP") contains policy statements, criteria, and standards that the Applicant is required to meet before receiving CON authority for the acquisition of open-heart surgery equipment and/or offering of open-heart surgery services. This application substantially complies with the applicable policy statements, criteria, and standards stated in the *Plan*.

Policy Statements Regarding Certificate of Need Applications for the Acquisition of Open-Heart Surgery Equipment and/or Offering of Open-Heart Surgery Services

1. **Service Area:** The need for open-heart surgery equipment/services shall be determined using the nine designated Cardiac Catheterization/Open-Heart Surgery Planning Areas (CC/OSHPAs) presented in the *Plan*.

The Applicant affirms that Ochsner Rush is located in Lauderdale County, Mississippi, which is in CC/OHSPA 6.

2. **CC/OHSPA Need Determination:** The need for open-heart surgery equipment/services within a given CC/OHSPA shall be determined independently of all other CC/OHSPAs.

The Applicant asserts that the application addresses in detail the need for open-heart surgery services in CC/OHSPA 6.

3. **Pediatric Open-Heart Surgery:** Because the number of pediatric patients requiring open-heart surgery is relatively small, the provision of open-heart surgery for neonates, infants, and young children shall be restricted to those facilities currently providing the service.

The Applicant acknowledges this Policy Statement and states Ochsner Rush does not propose to offer pediatric open-heart surgery.

4. **Present Utilization of Open-Heart Surgery Equipment/Services:** MSDH shall consider utilization of existing open-heart surgery equipment/services and the presence of valid CONs for open-heart CONs for open-heart surgery equipment/services within a given CC/OHSPA when reviewing CON applications.

The Applicant notes that the MSHP indicates that Anderson Regional Medical Center in Meridian performed 189 open-heart surgery procedures in Fiscal Year 2019 and 218 open-heart surgery procedures in Fiscal Year 2020. The Applicant states that those annual volumes, which are the most recently reported in the MSHP, exceed the minimum volume of 150 procedures per year for existing providers, as set forth in Need Criterion 3 of the MSHP.

5. **CON Application Analysis:** At its discretion, MSDH may use market share analysis and other methodologies in the analysis of a CON application for the acquisition or otherwise control of open-heart surgery equipment and/or the offering of open-heart surgery services.

The Applicant asserts that the MSDH policy statements make it clear that the CON process prioritizes increased access to quality health services for the benefit of the patient/consumer. The Applicant states, consequently, as stated in the Policy Statement, that the MSDH shall not rely upon market share analysis or other statistical evaluations to address access to care concerns.

The Applicant submits that Ochsner Rush's proposal to reestablish open-heart surgery services in CC/OHSPA 6 fully complies with the Board of Health and the MSHP policies and goals. Ochsner Rush states that the entire Planning Area is rural and medically underserved, including large minority and low-income populations.

6. **Minimum CC/OHSPA Population:** A minimum population base of 100,000 in a CC/OHSPA (as projected by the Division of Health Planning and Resource Development) is required before such equipment/services may be considered. The total population within a given CC/OHSPA shall be used when determining the need for services. Population outside an applicant's CC/OHSPA will be considered in determining need only when the applicant submits adequate documentation acceptable to the MSDH, such as valid patient origin studies.

The Applicant cites the MSHP in stating that CC/OHSPA 6 has a total population of 181,725, which exceeds the minimum population of 100,000. Additionally, the Applicant states that Ochsner Rush's service area for open-heart surgery services includes Scott County in Mississippi and Winston, Sumter, and Choctaw Counties in neighboring Alabama. The Applicant further states that when the population of those counties is added, Ochsner Rush's population base for the proposed project is 229,772.

7. **Minimum Caseload:** Applicants proposing to offer adult open-heart surgery services must be able to project a caseload of at least 150 open-heart surgeries per year.

Ochsner Rush projects that it will have an annual open-heart surgery caseload in excess of 150 open-heart surgeries per year.

8. **Residence of Medical Staff:** Open-heart surgery must be under the control of and performed by personnel living and working within the specific hospital area.

Ochsner Rush has certified that medical staff performing open-heart procedures will live and work within the specific hospital area. The Applicant states that there will be no provision of open-heart surgery services by traveling teams.

Certificate of Need Criteria and Standards for the Acquisition or Otherwise Control of Open-Heart Surgery Equipment and/or the Offering of Open-Heart Surgery Services

SHP Need Criterion 1 – Minimum Population

According to the MSHP, CC/OHSPA 6 has a population of 181,725. The Applicant states that this population alone exceeds the minimum of 100,000. Additionally, the Applicant states that Scott County, Mississippi, is part of Ochsner Rush's service area for open-heart surgery services. The Applicant states that Ochsner Scott Regional in Morton, Scott County, with a population of 28,648, is part of the Ochsner Rush Health System, and Ochsner Rush in Meridian receives a significant number of patients from that county.

In addition, the Applicant states that Ochsner Rush also draws a substantial number of patients from Alabama due to Ochsner Rush's close geographic proximity to some Alabama counties. The Applicant states that Ochsner Choctaw General in Butler, Choctaw County, Alabama, is part of the Ochsner Rush Health System and serves residents of West Central Alabama. Furthermore, the Applicant states that Ochsner Rush also serves Winston and Sumter counties in Alabama.

The Applicant documents the population base for the proposed project as follows:

Table 1
Rush Medical Foundation d/b/a Ochsner Rush Medical Center
Population Base by County

<u>County</u>	<u>Population</u>
Lauderdale	82,204
Neshoba	30,430
Kemper	10,418
Newton	22,052
Clarke	15,460
Wayne	21,161
Choctaw (AL)	12,439
Winston (AL)	23,755
Sumter (AL)	<u>11,853</u>
Total	229,772

Source: CON Application, HG-RHS-1023-012 Rush Medical Foundation d/b/a Ochsner Rush Medical Center and FY 2022 Mississippi State Health Plan, Third Edition, Map 5-1.

SHP Need Criterion 2 – Minimum Procedures

The Applicant projects that with the reinstatement of the cardiovascular surgery program, Ochsner Rush will perform 140 open-heart surgeries in Year One (1), 150 surgeries in Year Two (2), and 160 surgeries in Year Three (3).

Ochsner Rush states that it reviewed a number and considered several factors in assessing the need for the reinstatement of its cardiovascular surgery program, including the following:

- State Health Plan's Joint Policy Statement: The Applicant submits that the State Health Plan has established a need for the approval of additional open-heart surgery programs to serve medically underserved populations, including the poor, minorities, and residents of rural areas. According to the Applicant, CC/OHSPA 6 is entirely rural and includes a significant

number of underserved groups. The Applicant asserts that Lauderdale County, the largest county in the Planning Area, has an African-American population of 45.1%, which is higher than the State's African-American population of 37.8%. In addition, the Applicant states that Lauderdale County has a greater number of residents earning \$15,000 or less when compared to the State of Mississippi.

- Consultations with Ochsner Rush Cardiologists: The Applicant states that Ochsner Rush employs a team of four (4) invasive cardiologists who performed 2,021 cardiac catheterization procedures in 2022 and refer a significant number of patients to other hospitals for open-heart surgery on an annual basis. The Applicant submits that the reinstatement of cardiovascular surgery at Ochsner Rush will enable the medical center to provide a complete continuum of care for open-heart patients without having to refer patients outside of the Ochsner Rush Health System that they have selected for their healthcare.
- Ochsner Rush Health System: The Applicant asserts that Ochsner Rush Medical Center is the flagship hospital of Ochsner Rush Health System, which includes five (5) critical access hospitals located throughout CC/OHSPA 6. The hospitals include Ochsner Watkins Hospital in Quitman, Quitman County, Mississippi; Ochsner Laird Hospital in Union, Newton County, Mississippi; Ochsner Scott Regional in Morton, Scott County, Mississippi; Ochsner Stennis Hospital in DeKalb, Kemper County, Mississippi; and Ochsner Choctaw General in Butler, Choctaw County, Alabama.

The Applicant states that Ochsner Rush Health System employs thirty-four (34) primary care physicians, thirty-seven (37) specialist physicians, thirty (30) hospital-based physicians, and 113 advanced practice providers throughout the Ochsner Rush service area. The Applicant states this extensive network of health professionals and facilities will continue to play a key role in the diagnosis and treatment of heart disease.

SHP Need Criterion 3 – Impact on Existing Providers

The Applicant states that the current *State Health Plan* indicates that Anderson Regional Medical Center in Meridian performed 189 open-heart surgery services in Fiscal Year 2019 and 218 open-heart surgery procedures in Fiscal Year 2020. The Applicant submits that those annual volumes, which are the most recently reported in the *State Health Plan*, exceed the minimum volume of 150 procedures per year for the existing provider.

The Applicant notes that in addition to Ochsner Rush application's compliance with the SHP Need Criterion 3, the State Health Plan's Joint Policy Statements encourage the establishment of new open-heart surgery programs since optimum

capacity at existing providers is not an accurate indication of the needs of the underserved. The Applicant believes that the institution of Ochsner Rush's open-heart surgery program will increase the availability of this service to the medically underserved, consistent with the Joint Policy Statement.

SHP Need Criterion 4 – Staffing Standards

Ochsner Rush certifies that it has, or can obtain, through the resources of Ochsner Health System, the ability to administer the proposed services, provide sufficiently trained and experienced professional staff, and evaluate the performance of the programs. Ochsner Rush states it will recruit additional personnel to the extent necessary to staff the proposed services and will provide additional training as necessary.

SHP Need Criterion 5 – Staff Residency

The Applicant certifies that the medical staff performing open-heart surgery procedures shall reside within forty-five (45) minutes' normal driving time from the facility. Ochsner Rush further certifies that the open-heart surgery procedures shall not be performed by traveling teams.

SHP Need Criterion 6 – Recording and Maintenance of Data

Ochsner Rush certifies that it shall provide, as required under licensure standards, written assurance that it will record and maintain utilization data for open-heart surgeries (e.g., morbidity data, number of open-heart surgeries performed, and mortality data, all reported by race, sex, and payor status) and make such data available to the MSDH annually.

SHP Need Criterion 7 – Regulatory Approval

The Applicant submits that through the application, Ochsner Rush requests regulatory approval for open-heart surgery services and equipment.

B. General Review (GR) Criteria

Chapter 8 of the *Mississippi Certificate of Need Review Manual, Revised September 1, 2019*, addresses the general criteria by which all CON applications are reviewed. This application substantially complies with the general review criteria contained in the Manual.

GR Criterion 1- State Health Plan

The project was reviewed for compliance with the *FY 2022 Mississippi State Health Plan, Third Edition*, and was found to substantially comply with the *FY 2022 MSHP's* policies, criteria, and standards governing the acquisition or otherwise control of open-heart surgery equipment and the offering of open-heart surgery services.

GR Criterion 2 – Long Range Plan

The Applicant states that one (1) of the primary objectives of the merger of Rush Health Systems, Inc. with Ochsner Health is expanded access to specialty and subspecialty services so that more patients can receive the care they need closer to home. The Applicant submits that the proposed project is a key component of this long-range development plan by reestablishing access to cardiovascular surgery services at Ochsner Rush.

GR Criterion 3 – Availability of Alternatives

The Applicant states that the only available alternative to the proposed project is for Ochsner Rush to continue to refer patients in need of cardiovascular surgery to the University of Mississippi Medical Center (“UMMC”) in Jackson.

- a. **Advantages and Disadvantages:** The Applicant states that the alternative to continue referring patients to UMMC results in additional costs and inconvenience to the residents of Ochsner Rush’s service area. The Applicant asserts that the reestablishment of an open-heart surgery program at Ochsner Rush will provide a less costly and more effective method of delivering care.
- b. **New Construction Projects:** The Applicant states the proposed project does not involve new construction.
- c. **Beneficial Effects to the Health Care System:** The Applicant states that the reinstatement of open-heart surgery services at Ochsner Rush will significantly benefit the healthcare system by providing additional personnel and resources to combat and treat cardiovascular disease, the leading cause of death in Mississippi.
- d. **Effective and Less Costly Alternatives:**
 - i. **Unnecessary Duplication of Services:** The Applicant states that in prior years, two (2) cardiovascular surgery programs successfully co-existed in CC/OHSPA 6 and provided patients with the benefit of alternative facilities for their care. The Applicant further states that the existing open-heart surgery program’s annual number of procedures, as documented in the State Health Plan, exceeds the

minimum volume set forth in Need Criterion 3 and supports the reinitiation of open-heart surgery services at Ochsner Rush.

- ii. **Efficient Solution:** The Applicant asserts that Ochsner Rush will implement its cardiovascular surgery program through an efficient process, utilizing the resources of Ochsner Health, and with a modest capital investment.
- e. **Improvements and Innovations:** The Applicant asserts that Ochsner Health has been a pioneer in the field of cardiology care for decades and devotes its vast resources, including quality assurance professionals, to ensuring that the reinstated heart surgery program at Ochsner Rush will provide exceptional and cost-effective care.
- f. **Relevancy:** The Applicant states that Ochsner Health is innovating healthcare by investing in new technologies and research to make world-class care more accessible, affordable, convenient, and effective for the communities served by its hospitals.

GR Criterion 4 - Economic Viability

- a. **Proposed Charges for and profitability of the proposed service:** The Applicant states the proposed charges are comparable to the charges of other facilities in the state and are based on the operational experience of Ochsner Rush as well as the extensive financial resources of Ochsner Health.
- b. **Reasonably consistency of projected levels of utilization:** The Applicant states the projected utilization of the proposed open-heart surgery program is based on accepted health planning methodologies and demonstrates the need for the reinstatement of this specialty service.
- c. **Financial Feasibility Study:** The Applicant included a financial feasibility study prepared by the Chief Financial Officer of Ochsner Rush, affirming the availability of funds for the project.
- d. **Financial Forecasts:** The Applicant states that Ochsner Rush's financial forecasts do not deviate significantly from the hospital's historical financial statements.
- e. **Covered Expenses:** The Applicant states Ochsner Rush does not anticipate revenue shortfalls but would cover expenses, if needed, from cash reserves.
- f. **Impact of Proposed Project on Health Care Cost:** The Applicant states that the financial tables reflect the proposed project's impact on Medicaid and other payors. The Applicant further states that the reinstatement of

cardiovascular surgery at Ochsner Rush will not increase health care costs but will provide patients with an alternative for heart care.

GR Criterion 5 - Need for the Project

- a. **Access by Population Served:** The Applicant submits that heart disease is the number one cause of death in Mississippi, as compared to other diseases. The Applicant states that the rate of heart disease in Lauderdale County per 100,000 population exceeds that of the State as a whole, as shown below.

Table 2
Causes of Death in Lauderdale County per 100,000 Population
compared to Cause of Death in Mississippi per 100,000 Population
2018 – 2020

	Heart Disease	Other disease and conditions	Cancer ¹	Stroke ²	Alzheimer's disease	COPD ³
Lauderdale Co. Rate	367	207	204	79	78	70
Mississippi	275	177	220	63	59	72

¹Malignant Neoplasms; ²Cerebrovascular diseases; ³Chronic obstructive pulmonary disease/Emphysema

Source: CON Application, HG-RHS-1023-012 Rush Medical Foundation d/b/a Ochsner Rush Medical Center.

The Applicant asserts that the Mississippi State Board of Health and the MSDH adopted several programs and innovations to combat heart disease, including the ST Elevation Myocardial Infarction ("STEMI") System of Care and the approval of Cardiac Ambulatory Surgical Facilities. The Applicant states that the proposed open-heart surgery program at Ochsner Rush will directly respond to the need and will be accessible to all residents of the service area, including low-income persons, racial and ethnic minorities, women, disabled persons, the elderly, and other underserved groups.

- b. **Relocation of Services:** Not applicable. The Applicant does not propose to relocate or replace services.
- c. **Current and Projected Utilization of Comparable Facilities:** The Applicant submits that the current State Health Plan indicates that Anderson Regional Medical Center in Meridian performed 189 open-heart surgery procedures in Fiscal Year 2019 and 218 open-heart surgery procedures in Fiscal Year 2020. The Applicant states that those annual volumes, which are the most recently reported in the State Health Plan, exceed the minimum volume of 150 procedures per year for existing providers, as set forth in SHP Need Criterion 3.

The Applicant further submits that the State Health Plan's Joint Policy Statement encourages the establishment of new open-heart surgery programs since optimum capacity at existing providers is not an accurate indicator of the needs of the underserved. The Applicant states that the reinstitution of Ochsner Rush's open-heart surgery program will increase the availability of open-heart surgery services to the medically underserved, consistent with the Joint Policy Statement.

- d. **Probable Effect on Existing Facilities in the Area:** The Applicant states that Ochsner Rush proposes to reinstitute its cardiovascular surgery program to make this service available to the residents of the service area.
- e. **Community Reaction:** The application contained sixteen (16) letters of support for the project from physicians in the area.

GR Criterion 6 - Accessibility

- a. **Access to Services:** The Applicant affirms that all patients, including Medicaid recipients, charity/medically indigent patients, racial and ethnic minorities, women, disabled persons, and the elderly, will have access to the open-heart surgery program proposed by Ochsner Rush. The Applicant states that Ochsner Health Systems, Inc. provided more than \$23,000,000.00 in uncompensated care costs during its most recent fiscal year.
- b. **Existing Obligations:** The Applicant indicates that Ochsner Rush does not have any existing obligations under federal regulation.
- c. **Unmet Needs of Medicare/Medicaid and Medically Indigent Patients:** The Applicant submits that most of the patients expected to utilize the proposed open-heart surgery program will be Medicare, Medicaid, and medically indigent patients. The Applicant states that Ochsner Rush is committed to serving the healthcare needs of Medicare, Medicaid, and medically indigent patients.
- d. **Access to Proposed Facility or Service:** The Applicant states that Ochsner Rush is committed to providing financial assistance for medically necessary care to patients who are uninsured, underinsured, ineligible for a government program, or otherwise unable to pay. The Applicant further states that Ochsner Rush provides, without discrimination, care of Emergency Medical Conditions, as defined in the Social Security Act § 1867, to individuals regardless of their eligibility for financial assistance or for government assistance.

e. **Access Issues:**

- i. **Transportation and Travel:** The Applicant states Ochsner Rush is conveniently located in Meridian, Mississippi, and immediately accessible from Interstate 20.
- ii. **Restrictive Admissions Policy:**
The Applicant's application included a copy of Ochsner Rush's Admissions Policy.
- iii. **Access to Care by Medically Indigent Patients:** The Applicant states that Ochsner Rush is committed to providing financial assistance for medically necessary care to patients who are uninsured, underinsured, ineligible for a government program, or otherwise unable to pay, as set forth in Ochsner Rush's Financial Assistance Policy, and those who are determined to be eligible for financial assistance in accordance with the policy.
- iv. **Operational Hours of Service:** The Applicant states that Ochsner Rush operates twenty-four (24) hours a day, seven (7) days a week.

GR Criterion 7 - Information Requirement

The Applicant affirms that Ochsner Rush will record, maintain, and provide the information required by this criterion upon request of the Mississippi State Department of Health within fifteen (15) days of request.

GR Criterion 8 - Relationship to Existing Health Care System

- a. **Comparable Services:** Ochsner Rush is in Meridian, Mississippi, within CC/OHSPA 6. The Applicant states that according to the State Health Plan, Anderson Regional Medical Center, also in CC/OHSPA 6, has performed more than the number of open-heart surgeries required for the MSDH's consideration of an additional open-heart surgery program in the CC/OHSPA.
- b. **Effect on Existing Health Services:**
 - i. **Complement Existing Services:** The Applicant asserts that reinstitution of cardiovascular surgery at Ochsner Rush will complement its current heart services, including its cardiac catheterization services, which are staffed with four (4) invasive cardiologists. Additionally, the Applicant states that the re-establishment of cardiovascular surgery will enable Ochsner Rush

to perform additional cardiac catheterization procedures with on-site surgical support.

- ii. **Provide Alternative or Unique Service:** The Applicant asserts that the proposed project will allow heart patients to choose between two (2) alternative providers of cardiovascular surgery services.
 - iii. **Provide a Service for a Specified Target Population:** The Applicant states that the reinstatement of open-heart surgery services at Ochsner Rush will significantly benefit the at-risk population of Lauderdale County.
 - iv. **Provide Services for Which There is an Unmet Need:** The Applicant asserts that the volume of cardiovascular surgeries being performed at Anderson Regional supports the re-institution of open-heart surgery services at Ochsner Rush, consistent with SHP Need Criterion 3.
- c. **Adverse Impact:** The Applicant asserts that if the proposed project is not implemented, the residents of CC/OHSPA 6 will be deprived of having access to additional health services and resources to combat and treat heart disease, the leading cause of death in the State.
 - d. **Transfer/Referral/Affiliation Agreements:** The Applicant states that there are no transfer/referral/affiliation agreements that are directly related to the proposed project.

GR Criterion 9 - Availability of Resources

- a. **New Personnel:** The Applicant states Ochsner Rush will staff the open-heart surgery program through its existing staff and its own recruitment network, as well as through the resources of Ochsner Health. Further, the Applicant states that the reinstated open-heart surgery program will be implemented with the oversight and assistance of cardiovascular surgeons and staff affiliated with Ochsner Health. In addition, the Application states it has actively recruited and identified prospective cardiovascular surgeons for the program who are not able to commit to relocating to Meridian until the program is authorized by the issuance of a CON.
- b. **Contractual Services:** The Applicant states that this criterion is not applicable to the proposed project.

- c. **Satisfactory Staffing History:** The Applicant affirms that Ochsner maintains a satisfactory staffing history, as evidenced by its licensure by the MSDH, its certification for participation in the Medicare and Medicaid programs, and its accreditation by Det Norske Veritas (“DNV”) Healthcare, Inc.
- d. **Alternative Uses of Resources:** The Applicant asserts that Ochsner Rush currently offers a broad range of health services and has devoted the necessary resources for those services. The Applicant further states that the proposed project will reinstitute a cardiovascular surgery program and will not require the diversion of resources from Ochsner Rush’s other service lines.

GR Criterion 10 – Relationship to Ancillary or Support Services

- a. **Support and Ancillary Services:** The Applicant states that ancillary and support services for the open-heart surgery program will be provided through Ochsner Rush’s existing staff and facilities, as well as the extensive resources of Ochsner Health.
- b. **Changes in Costs or Charges:** The Applicant states that the projected costs and charges for the proposed project are set forth in the financial tables accompanying the application.
- c. **Accommodation of Changes in Cost or Charges:** The Applicant states that Ochsner Rush does not anticipate any deviation in costs and charges reflected in the financial projections.

GR Criterion 11 – Health Professional Training Programs

The Applicant states that in conjunction with its reinstitution of open-heart surgery services, Ochsner Rush will develop professional training programs, such as Mississippi State University’s Physician Assistance Program and East Central (“EC”) Health Network Family Medicine Residency Program, both of which are based in Meridian.

GR Criterion 12 – Access by Health Professional Schools

The Applicant states that Ochsner Rush will develop relationships with health professional training programs.

GR Criterion 13 – Access by Individuals Outside Service Area

The Applicant states that the vast majority of Ochsner Rush’s patients will reside

within the hospital's defined service area, CC/OHSPA 6.

GR Criterion 14 - Construction Projects

The Applicant affirms that the project does not require new construction; however, the Applicant anticipates that minor renovation work may be required. The application included a cost estimate signed by Hardy and Associates/Architects, PLLC.

GR Criterion 15 – Competing Applications

There are no competing applications on file with the Mississippi State Department of Health for the reinstatement of open-heart surgery services.

GR Criterion 16 - Quality of Care

- a. **Past Quality of Care:** The Applicant states that Ochsner Rush is licensed by the MSDH, certified for participation in the Medicare and Medicaid programs, and accredited by DNV Healthcare, Inc. In addition, the Applicant states that Ochsner Rush Health System's hospitals are the recipients of numerous awards, including centers of clinical distinction and excellent in-patient satisfaction. The Applicant states that Ochsner Rush has received the American Heart Association's quality achievement award for its commitment to ensuring stroke patients receive the most appropriate treatment according to nationally recognized, research-based guidelines.
- b. **Improvement of Quality of Care:** The Applicant asserts that Ochsner Health is one (1) of the nation's leading integrated healthcare systems and offers extensive expertise and resources in cardiovascular care. The Applicant further states these resources will ensure that the reinstated cardiovascular surgery program at Ochsner Rush will maintain high-quality care in the treatment of heart disease.
- c. **Accreditations and/or Certifications:** The Applicant affirms that Ochsner Rush is accredited by DNV Healthcare, Inc. and certified for participation in the Medicare and Medicaid program.

IV. FINANCIAL FEASIBILITY

A. Capital Expenditure Summary

Cost Item	Projected Cost	Percentage of Cost (%)
Construction Cost – New	\$ 0.000	0.00%
Construction (Renovation)	100,000.00	3.75%
Capital Improvement	0.00	0.00%
Total Fixed Equipment	0.00	0.00%
Non-fixed Equipment	2,500,000.00	93.81%
Land Cost	0.00	0.00%
Site Preparation	0.00	0.00%
Fees (Architectural)	15,000.00	0.56%
Other (Legal & Acct.)	50,000.00	1.88%
Contingency Reserve	0.00	0.00%
Capitalized Interest	0.00	0.00%
Total Expenditure	\$ 2,665,000.00	100.00%

B. Method of Financing

The Applicant proposes to finance the project with Ochsner Rush’s cash reserves.

C. Effect on Operating Cost

The Applicant’s three-year projected operating statement is presented in Attachment 1.

D. Cost to Medicaid/Medicare

The Applicant projects gross patient revenue cost to third-party payors as follows:

Payor Mix	Utilization Percentage (%)	First-Year Revenue (\$)
Medicare	56%	\$5,769,791.00
Medicaid	3%	\$342,424.00
Commercial	41%	\$4,170,785.00
Self-Pay	0%	\$0.00
Charity Care	0%	\$0.00
Other	0%	\$0.00
Total	100%	\$10,283,000.00

V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES

The Division of Medicaid (“DOM”) was provided a copy of this application for review and comment. As of November 17, 2023, no comments have been received from DOM.

VII. CONCLUSION AND RECOMMENDATION

This project substantially complies with the criteria and standards for acquisition or otherwise control of open-heart surgery equipment and/or the offering of open-heart surgery services as contained in the *FY 2022 Mississippi State Health Plan, Third Edition*; the *Mississippi Certificate of Need Review Manual, September 1, 2019, Revision*; and the 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 Rush Medical Foundation d/b/a Ochsner Rush Medical Center for the reinstatement of open-heart surgery services.

Attachment 1

Rush Medical Foundation d/b/a Ochsner Rush Medical Center Three-Year Operating Statement (Project Only)			
	Year 1	Year 2	Year 3
Revenue			
Patient Revenue:	N/A	N/A	N/A
Inpatient	\$ 6,083,000.00	\$ 6,517,000.00	\$ 6,952,000.00
Outpatient	\$ 4,200,000.00	\$ 4,500,000.00	\$ 4,800,000.00
Gross Patient Revenue	\$10,283,000.00	\$ 11,017,000.00	\$ 11,752,000.00
Charity Care	\$ 0.00	\$ 0.00	\$ 0.00
Deductions from Revenue	\$ 7,909,313.00	\$ 8,474,264.00	\$ 9,039,215.00
Net Patient Revenue	\$ 2,373,687.00	\$ 2,543,236.00	\$ 2,712,785.00
Other Operating Revenue			
Total Operating Revenue	\$ 2,373,687.00	\$ 2,543,236.00	\$ 2,712,785.00
Expenses			
Operating Expenses:			
Salaries	\$ 1,700,000.00	\$ 1,751,000.00	\$ 1,803,530.00
Benefits	153,000.00	157,590.00	162,318.00
Supplies	250,000.00	257,500.00	265,225.00
Services	0.00	0.00	0.00
Lease	0.00	0.00	0.00
Depreciation	193,000.00	193,000.00	193,000.00
Interest	0.00	0.00	0.00
Other	0.00	0.00	0.00
Total Expenses	\$ 2,296,000.00	\$ 2,359,090.00	\$ 2,424,073.00
Net Income (Loss)	\$ 77,687.00	\$ 184,146.00	\$ 288,712.00
Assumptions			
Inpatient days	860	921	983
Outpatient days			
Procedures	140	150	160
Charge/outpatient day			
Charge per inpatient day	\$ 7,073.00	\$ 7,077.00	\$ 7,072.00
Charge per procedure	\$ 73,450.00	\$ 73,450.00	\$ 73,450.00
Cost per inpatient day	\$ 2,670.00	\$ 2,561.00	\$ 2,466.00
Cost per outpatient day			
Cost per procedure	\$ 16,400.00	\$ 15,727.00	\$ 15,150.00