

**DIVISION OF HEALTH PLANNING  
AND RESOURCE DEVELOPMENT  
MARCH 2007**

**CON REVIEW NH-RLS-1206-042  
MID SOUTH ASSOCIATES, LLC d/b/a  
BOLIVAR HEALTH AND REHABILITATION CENTER, CLEVELAND  
RELOCATION OF 75 NURSING HOME BEDS FROM  
BOLIVAR COUNTY TO DESOTO COUNTY  
CAPITAL EXPENDITURE: \$4,895,000  
LOCATION: HERNANDO, DESOTO COUNTY, MISSISSIPPI**

**STAFF ANALYSIS**

**I. PROJECT SUMMARY**

**A. APPLICANT INFORMATION**

Mid-South Associates (MSA) LLC is a Delaware limited liability company whose principal office is located in Cordova, Tennessee. The entity owns/leases Bolivar Health and Rehabilitation Center (BHRC) in Cleveland, Bolivar County, Mississippi. Currently, Dynamic Operating Company of Indianola, LLC (DOCI), manages/operates the 75-bed skilled nursing facility; however, effective January 1, 2008, the facility will be managed/operated by Joy Health and Rehabilitation of Cleveland, LLC (JHRC).

Bolivar Health and Rehabilitation Center offers 24-hour care to elderly and handicapped residents and participates in the Medicaid and Medicare programs. On May 9, 2000, Mid-South Associates, LLC received verification from the Secretary of State's Office indicating that the company is in good standing with the State of Mississippi. The company is presently governed by a four-member Board.

**B. PROJECT DESCRIPTION**

Bolivar Health and Rehabilitation Center (Bolivar County) is located in Long-Term Care Planning District (LTCPD) 1. In this district, Mid-South Associates, LLC, requests CON authority to relocate its facility, consisting of 75 licensed nursing home beds from Bolivar County to DeSoto County. The relocated nursing home facility will be known as Joy Health and Rehabilitation of Hernando, LLC (JHRH).

The applicant proposes to construct a new, skilled nursing facility consisting of 45,508 square feet of space on land situated on Holly Springs Road in Hernando, Mississippi. The proposed project will entail

purchasing the land; designing and constructing the building; preparing, improving, and landscaping the site; installing new mechanical, plumbing, and electrical systems; purchasing new fixed and moveable equipment and furnishings.

The total proposed project cost is \$4,895,000. The project will entail approximately 45,508 square feet of space at an estimated cost of \$83.83 per square foot. Mid-South estimates total cost for fixed and non-fixed equipment will be \$900,000 (See Attachment 2).

The applicant includes a capital expenditure summary, a three-year projected operating statement, a financial feasibility study, and a statement of operations for 2006. Since the proposed project will involve relocating a facility from Bolivar County to DeSoto County, the applicant anticipates a reduction in staff because some staff may not choose to relocate to DeSoto County. Based on that prediction, the applicant projects that 59 full-time equivalents (FTEs) will be reduced by 11.5, leaving 47.5 FTEs. At this time, no additional staffing will be required as a result of this project; however, BHRC will recruit staff replacements at a later date.

The applicant states that Joy Health and Rehabilitation of Cleveland, LLC, the managing/operating company for Bolivar Health and Rehabilitation Center, will enter into transfer/referral/affiliation agreements with five area hospitals, including one Memphis hospital; other hospitals in the Memphis, Tennessee area; primary and specialty doctors from DeSoto County; and physicians who work in two retirement facilities in the area.

The applicant received site approval for the proposed facility from the Mississippi Department of Health, Division of Licensure and Certification. To fund the project, Mid-South Associates, LLC, will secure a commercial loan from a Florida loan company in the amount of \$4,895,000. Upon CON approval, the applicant anticipates the proposed project to be complete by November 1, 2008.

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

The Mississippi Department of Health reviews applications for the relocation of nursing home beds under the statutory requirements of Section 41-7-191, subparagraphs (1)(b) and (e), and 41-7-193, Mississippi Code of 1972, 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 April 16, 2007.

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

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

The *FY 2007 Mississippi State Health Plan (MSHP)* does not contain criteria and standards for construction/replacement and relocation of beds as proposed by this application. However, the *Plan* gives guidelines for all health planning in Mississippi. The *Plan* states that: Mississippi's planning and health regulatory activities have the following purposes:

- To prevent unnecessary duplication of health resources;
- To provide cost containment;
- To improve the health of Mississippi residents; and
- To increase the accessibility, acceptability, continuity, and quality of health services.

This project is not consistent with the above stated goals of health planning. This application seeks to move nursing home facility beds from Bolivar County to DeSoto County. Both facilities are in LTCPD 1.

Although the applicant proposes to relocate to an area with greater need, the relocation will create a void in Bolivar County, a medically underserved area. Residents will either be relocated 105 miles from their families or will be forced to seek care elsewhere. Therefore, this project does not promote accessibility, continuity, and quality of health services for the patients of Bolivar County.

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

Chapter 8 of the *Mississippi Certificate of Need Review Manual, 2006 Revision*, addresses general criteria by which all CON applications are reviewed.

##### **GR Criterion 1 - State Health Plan (SHP)**

The *State Health Plan* does not contain criteria and standards for the relocation of nursing home beds from one county to another. The Plan does show a greater need for nursing home beds in DeSoto County wherein the applicant proposes to relocate beds.

However, staff contends that relocating licensed/occupied beds from one county to another, over 100 miles away, does not foster the health planning purpose of increasing the accessibility, acceptability, continuity, and quality of health services.

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

Mid-South Associates, LLC's long range development plan for the proposed project is to aid in the improvement and quality of life for patients. The applicant states that the current BHRC building is 37 years old and cannot address modern nursing home care standards, services, and programs. Mid-South Associates, LLC feels that the company must update its current nursing care program and their environmental setting to keep elderly patients motivated and stimulated. By constructing a replacement facility in DeSoto County, the new facility will offer some of the following amenities: create larger areas for therapy sessions and specific social programs; a fine dining area, a first-class media room, a game room; and encompass designing the grounds to promote outdoor activities, etc.

The applicant asserts the proposed project was planned and agreed upon through a resolution by the Board of Directors of Mid-South Associates, LLC. The applicant contends that relocation of the facility will allow BHRC to fill an unmet nursing home bed need in DeSoto County, LTCPD 1.

Although MSA cites its long range plan is to improve the quality of life for its patients, the project seeks to relocate its skilled nursing home facility from Bolivar County to DeSoto County to serve DeSoto County residents. The relocation of beds from Bolivar County to DeSoto County will not improve the quality of life for Bolivar County residents. Thus, the project does not appear to be in compliance with the applicant's long range development plan.

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

The applicant states that MSA considered the following alternatives before deciding to relocate 75 skilled nursing home beds: (1) leave the bed capacity for BHRC as is; (2) construct a replacement facility within the Cleveland or Bolivar County area (LTCPD) 1; and (3) relocate 75 existing, licensed skilled nursing home beds from BHRC to a new facility in DeSoto County (LTCPD) 1.

The applicant believes the first alternative would cause the nursing care services and the building to remain stagnant and inadequate while new standards in nursing home care continue to soar. The applicant considered the second alternative to be ineffective due to Bolivar County's declining population. Mid-South Associates, LLC states that this decrease will have a direct impact on future nursing home care services in the area. In this case, the applicant believes the third alternative will be

the most cost effective method to provide care to the residents of DeSoto County while filling an unmet skilled nursing home bed need in that county.

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

The applicant provided a three-year projected operating statement and indicated that total operating revenue over a projected three year period shows an increase from \$2,923,856 to \$6,462,984. In addition, the statement shows a net loss of \$362,323 for the first year of operation; however, income will increase to \$466,661 and \$551,027 the second and third year of operation, respectively.

To determine the projected charges for a new nursing facility, Mid-South Associates, LLC asserts that it analyzed Medicare and Medicaid reimbursement rates, the 2005 Medicaid Cost Report, and private pay rates for current nursing home facilities in DeSoto County. The applicant affirms the proposed costs and charges associated with the project are comparable to similar nursing home facilities in the state (see Attachment 1).

The applicant indicates that JHRH's projected ADC and occupancy rates for three years are: 32, 66, and 71; and 42%; 88%; and 94.7%, respectively. Thus, the applicant asserts the levels of utilization will be consistent with those experienced by similar facilities in LTCPD 1.

Since the capital expenditure for this project is \$4,895,000 and does exceed \$2,000,000, the applicant provided a feasibility study indicating the proposed project will be financially viable.

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

Mid-South Associates, LLC, affirms that the population in DeSoto County, including low income persons, racial and ethnic minorities, women, handicapped persons and other underserved groups, and the elderly will have access to nursing home care.

Mid-South Associates, LLC contends that the average daily census (ADC) has declined in Bolivar County, indicating a decline in the demand for nursing home services. The applicant states that this is partly attributed to a decrease in population, as well as a decrease in the number of disabled residents. The applicant believes that the 75 skilled nursing home beds located at BHRC would be best utilized in DeSoto County and that the relocation will cause the demand for Bolivar County nursing home care services to increase.

The FY 2007 MSHP indicates that there is a need for 567 additional beds in DeSoto County, while Bolivar County has 92 more nursing home beds than it needs. Due to the moratorium placed on the approval of construction of new nursing home beds, the only alternative to DeSoto

County is to relocate unused beds from another county. However, in the case of relocation, the Department must consider the need that the population presently served has for the facility/service, the extent to which that need will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the relocation of the facility/service on the ability of low income persons, racial and ethnic minorities, women, handicapped persons and other underserved groups, and the elderly, to obtain needed health care.

According to the *Report on Institutions for the Aged or Infirm, September 2006*, Bolivar Health and Rehabilitation Center had an occupancy rate of 75.75% in 2005, indicating that there is a need for this facility in Bolivar County. The occupancy rates in the four other facilities in Bolivar County range from 83% to 99%. According to Bolivar Medical Center, "on average there are approximately 25 vacant nursing home beds in the area on a given day." There is concern that those 25 beds will be filled with BHRC's patients, creating a waiting list for other patients.

According to Mississippi Population Projections for 2005, 2010, and 2015, and Mississippi Population Projections 2010, 2015, and 2020, the overall population for Bolivar County is expected to decrease from 39,945 in 2005 to 38,316 in 2010. According to the *FY 2005 and FY 2007 MSHPs*, the projected population for persons age 65 through 85+ (the age group most likely to use nursing home care) increased from 4,809 to 5,085 for Bolivar County. While this is a small increase, it does signify that there is a continued need for nursing home beds in the county. Furthermore, it should be noted that under the current State Health Plan, if these beds are allowed to be removed from Bolivar County, no new beds can be awarded.

Staff determined that Bolivar County is a Delta Region County under the umbrella of Delta Region Authority (DRA). The DRA was designed to partner with the federal and state governments and various local agencies, businesses, etc. to help economically distressed areas eradicate low income, poverty, housing, healthcare, and other disparities. In an eight-state region, Bolivar County is designated as one of the 240 distressed counties; however, DeSoto County is not included on the list.

Because Bolivar County is listed as a distressed county and DeSoto is not, Bolivar County is more likely to have a higher population of Medicaid and other low income groups than DeSoto County. The following table shows the applicant's current and projected utilization by payor source for the facility:

### Bolivar Health & Rehabilitation

Source	Current	Proposed
Medicaid	62	33
Medicare	29	46
Self	0	18
Other	9	3
<b>TOTAL</b>	<b>100</b>	<b>100</b>

In addition, staff finds that BHRC, in Cleveland, is located approximately 105 miles, or 2 hours and 13 minutes, from the proposed location in Hernando. The relocation of this facility from Bolivar County is likely to create a hardship on families of the residents it currently serves since care for the elderly takes into account the close proximity of loved ones and friends. The relocation of this facility over 100 miles from its current location does not promote accessibility or continuity of care to the patients that Bolivar Health and Rehabilitation Center currently serves. Furthermore, transportation becomes an issue for low income family members to visit their loved ones at this great distance.

Staff reviewed health care data from the *2003 through 2005 Report on Institutions for the Aged and Infirm* and the *FY 2007 MSHP* and determined that there are five nursing facilities in Bolivar County and three in DeSoto County. Shelby Nursing and Rehabilitation Center (SHRC), located in Bolivar County, placed 60 of its 120 licensed nursing home beds in abeyance in 2005, reducing the bed capacity in Bolivar County from 410 to 350 (see table below). If 75 beds are relocated to DeSoto County, 32 vacant beds will remain in the existing Bolivar County facilities. It would be difficult for these 32 vacant beds to accommodate the current BHRC ADC of 57 patients. Licensed bed capacity (LBC), occupancy rates, and average daily census (ADC) for facilities in Bolivar and DeSoto counties, for 2003, 2004, and 2005 are shown in the following table:

2003, 2004, and 2005 Utilization of Nursing Facilities									
	2003			2004			2005		
	LBC	Occup. %	ADC	LBC	Occup. %	ADC	LBC	Occup. %	ADC
<b>Bolivar County</b>	<b>410</b>	<b>78%</b>	<b>321</b>	<b>410</b>	<b>75%</b>	<b>308</b>	<b>350</b>	<b>85%</b>	<b>298</b>
Bolivar H. & R. Ctr.	75	87.19	65.39	75	78.14	58.60	75	75.75	56.81
Bolivar M. C.	35	98.76	34.57	35	97.64	34.17	35	99.09	34.68
Cleveland N. & R. C.	120	88.60	106.32	120	84.33	101.19	120	84.60	101.53
Oak Grove Rtr. Hm.	60	92.66	55.60	60	94.38	56.63	60	82.93	49.76
Shelby N. & R.	120	48.98	58.77	120	47.97	57.57	<b>60</b>	92.40	55.44
<b>DeSoto County</b>	<b>320</b>	<b>95%</b>	<b>303</b>	<b>320</b>	<b>87%</b>	<b>278</b>	<b>320</b>	<b>94%</b>	<b>302</b>
Beverly H. C.-Sthvn	140	98.20	137.48	140	98.36	137.71	140	97.47	136.46
DeSoto H. C.	120	89.49	107.39	120	68.28	81.93	120	91.65	109.98
Landmark of DeSoto	60	97.60	58.56	60	97.21	58.33	60	92.58	55.55

Finally, the Department must consider the community reaction to the facility. The *Certificate of Need Review Manual, 2006 Revision*, state that: "If significant opposition to the proposal is expressed in writing or at a public hearing, the opposition may be considered an adverse factor and weighed against endorsements received."

The applicant submitted 11 letters of endorsement from the DeSoto County community. However, over 200 letters of opposition were received from Bolivar County residents, community leaders, Bolivar Medical Center, business owners, elected officials, and others. Considering the overwhelming community opposition to the relocation of these beds from Bolivar County to DeSoto County, staff concludes that the relocation will have an adverse impact on the elderly patients of BHRC, the elderly population of Bolivar County, and the economy. Furthermore, staff contends that the applicant has not demonstrated that the relocation of beds from Bolivar County to DeSoto County will not have an adverse impact on residents and other nursing home providers in Bolivar County.

#### **GR Criterion 6- Accessibility**

The applicant states that the 2006 percentage of gross patient revenue and the actual dollar amount of health care MSA provided to medically indigent patients was 0.12%, (\$4,243). The applicant states that 2005 data was not separately calculated nor was it available; however, the applicant projects 0.15% (\$3,681) for year 1 and 0.15% (\$7,891) for year 2.

Mid-South Associates, LLC, affirms that JHRH will be in compliance with federal and state regulations in regard to serving all patients in LTCPD 1 regardless of race, creed, sex, or ability to pay.

The applicant projects that 0.15% of the patients served at JHRH will be medically indigent patients. The applicant indicates the expected payor mix by type payor will be as follows: Medicaid will be 33%, Medicare, 46%, self Pay, 18%, and other, 2%.

Mid-South Associates, LLC, asserts that JHRH's staff will provide nursing care and rehabilitation services 365 days per year, 24 hours per day.

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

The applicant affirms that JHRH 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 there are no other nursing home facilities located in the city of Hernando; however, Beverly Healthcare Southaven, DeSoto Healthcare Center, and Landmark of DeSoto are comparable, Medicaid and Medicare certified nursing facilities located in DeSoto County. The proposed facility will be a new nursing facility within DeSoto County.

On behalf of JHRH, the applicant states that the managing/operating company for Mid-South Associates, LLC, Joy Health and Rehabilitation of Cleveland, LLC, will have transfer agreements with the following health care providers: Baptist Memorial Hospital, Baptist Cancer Institute, Baptist Rehabilitation in Southaven, North Oak Regional Medical Center (Tate County); and Methodist Healthcare in Memphis, Tennessee. Also, the applicant will enter transfer agreements with other Memphis, Tennessee hospitals near DeSoto County and expects to receive referrals from physicians in DeSoto County as well as doctors who practice at local assisted living facilities.

The applicant asserts that the relocation of 75 existing, skilled nursing home beds and the construction of a replacement skilled nursing facility in DeSoto County should not have a significant impact on the health care system in LTCPD 1. The 75 beds will be relocated from Bolivar County to the proposed location to deliver skilled nursing home and rehabilitation care to the elderly and handicapped population of DeSoto County. However, staff found that removing the 75 bed facility would create difficulty in relocating 57 patients into the remaining 32 licensed beds in Bolivar County. Other nursing home facilities in adjacent counties, Coahoma, Sunflower, and Washington, are also heavily utilized.

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

The applicant states that BHRC currently employs 59 trained patient care, therapy, and support staff, including a Medical Director. Due to the proposed relocation to DeSoto County, the applicant projects that staff will be reduced by 11.5 FTEs. The applicant indicates that no additional staffing will be required at this time; however, new personnel will be recruited through area colleges, staff recruitment agencies, and the local/county newspapers at a later date.

Mid-South Associates, LLC, states that BHRC has demonstrated a successful staffing history and asserts that sufficient physicians will be available to ensure proper implementation of this project.

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

The applicant asserts BHRC currently provides ancillary and support services and there will be no increase in the utilization of these services as a result of this project.

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

The applicant states there are no training programs in Bolivar County; however, if the CON is approved, MSA affirms that staff and health professional training programs will be within close proximity of the proposed nursing home. Thus, the applicant asserts that proposed relocation of nursing home beds by MSA will not have an adverse effect upon the health professional training programs in LTCPD 1.

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

The applicant affirms that students enrolled in area health professional schools will have access to nursing care services at JHRH for clinical training purposes.

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

The applicant contends that the MSA Board of Directors took appropriate action to apply for a CON in the amount of \$4,895,000 to construct a new facility in DeSoto County as a replacement facility for its nursing home. The architect submitted a cost estimate to show the proposed capital expenditure. The application includes an approval letter from the Division of Health Facilities Licensure and Certification. The applicant includes schematic drawings to show how the new skilled nursing home facility will look after the construction process has been 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 MSA will comply with state statutes and regulations for the protection of the environment.

Since the board opted to construct a new nursing home, the applicant used the formula listed in this criterion to show how much the proposed project will cost per square foot. The applicant indicates that the cost of constructing 45,508 square feet of new space will be \$83.83 per square foot.

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

For a number of years, BHRC has been providing skilled nursing home care services to residents of Bolivar County and LTCPD 1. By relocating 75 beds from BHRC to a new facility in DeSoto County, the applicant believes this will improve/enhance the delivery of nursing home care by adding more programs to its service list while increasing accessibility to area residents.

**IV. FINANCIAL FEASIBILITY**

**A. Capital Expenditure Summary**

<b>Cost Item</b>	<b>Estimate Cost</b>	<b>% of the Total</b>
Construction Cost -New	\$ 2,300,000	46.99%
Construction Cost-Renovation		
Capital Improvements, i.e. (minor painting and repairs, refurbishing)		
Total Fixed Equipment Cost	600,000	12.26%
Total Non-Fixed Equipment Cost	300,000	6.13%
Land Cost	780,000	15.93%
Site Preparation Cost	350,000	7.15%
Fees (Legal and Accounting )	195,000	3.98%
Contingency Reserve	300,000	6.13%
Capitalized Interest	70,000	1.43%
Other Cost		
<b>TOTAL PROPOSED CAPITAL EXPENDITURE</b>	<b>\$4,895,000</b>	<b>100%</b>

To construct a 45,508 square foot skilled nursing home facility, Mid South Associates, LLC, states it will cost \$83.83 per square foot. According to the *2007 Means Construction Cost Data*, the median cost for a nursing home facility of this size is \$127 per square foot. Based on the numbers provided by the applicant and the new construction formula listed in the CON Manual, staff contends it will cost \$83.83 per square foot to complete the project (see Attachment 2). The cost is below the low range for construction costs associated with a nursing home facility.

**B. Method of Financing**

To fund the project, Mid-South Associates, LLC will secure a commercial loan from a Florida loan company in the amount of \$4,895,000.

**C. Effects on Operating Costs**

The applicant projects gross revenues of \$2,923,206, \$5,963,198, and \$6,434,154, the first, second, and third year of operation, respectively; and expenses of \$3,296,179, \$5,523,335, and \$5,911,957. Also, net income for the first three years of operation is as follows: \$(362,323), \$466,661, and \$551,027. 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 Revenue
Medicaid	33.40%	\$ 976,350.80
Medicare	46.30%	\$1,353,444.30
Self Pay	18.1%	\$ 529,100.28
Other	2.30%	\$ 67,233.74
Charity Care	-0.10%	\$ (4,292).00
<b>Total</b>	<b>100.00%</b>	<b><u>\$2,923,206.00</u></b>
MSA projects 0.43% percent bad debt. Medically indigent and charity care are approximately 2.5 % and .15% of gross patient revenues, respectively.		

**V. RECOMMENDATION OF OTHER AFFECTED AGENCIES**

The Division of Medicaid was provided a copy of this application. Although no written comments were received from the Division, a representative for the Division stated by phone that the Division of Medicaid does not oppose the project.

**VI. CONCLUSION AND RECOMMENDATION**

This project is not in substantial compliance with the overall objectives of the *2007 Mississippi State Health Plan*; Chapter 8 of the *Mississippi Certificate of Need Review Manual, 2006 Revision*; and all adopted rules, procedures, and plans of the Mississippi Department of Health. Specifically, the applicant does not comply with **GR Criterion 5** – Need as stated in the Certificate of Need Review Manual.

Mid-South Associates, LLC, did not adequately demonstrate a need to relocate the 75-bed facility from Bolivar County to DeSoto County. The *2007 Mississippi State Health Plan* indicates that there is a need for 567 additional nursing home beds in DeSoto County while Bolivar County is overbedded by 92 beds. However, the applicant's facility in Bolivar County is at approximately 76% occupancy while the occupancy rates for other facilities in the area range from 83% to 99%. This signifies that although the need for nursing home beds in Bolivar County is adequately met at this time, the removal of 75 beds at 76% occupancy will have an adverse impact on healthcare delivery in Bolivar County. The four remaining facilities in Bolivar County have only 32 vacant beds which will be left to absorb 57 patients once Bolivar Health and Rehabilitation is

vacated by the applicant. Since DeSoto County has a lower percentage or smaller Medicaid population than Bolivar County, the applicant proposes to serve less Medicaid patients at the DeSoto County facility. Further, the project will have a negative impact on the poor and underserved population of Bolivar County. Under the current *Mississippi State Health Plan*, once these beds are removed, no new beds can be awarded Bolivar County.

In addition, the Department received overwhelming opposition from Bolivar Medical Center, Bolivar County residents, state and local elected officials, community leaders, healthcare professionals, and others for the relocation of these beds to DeSoto County.

Consequently, the Division of Health Planning and Resource Development recommends disapproval of this application submitted by Mid-South Associates, LLC, for the relocation of its facility, consisting of 75 licensed nursing home beds from Bolivar County to DeSoto County.

**Attachment 1**  
**Mid South Associates, LLC**  
**Replacement & Relocation of 75 Nursing Home Beds**  
**From Bolivar County to Desoto County**

**Three-Year Projected Operating Statement**  
**(Project Only)**

	First Year	Second Year	Third Year
<b>Revenue</b>			
Inpatient Care Revenue	\$ 2,923,206	\$ 5,963,198	\$ 6,434,154
Outpatient Care Revenue	\$ -	\$ -	\$ -
<b>Gross Patient Care Revenue</b>	<u>\$ 2,923,206</u>	<u>\$ 5,963,198</u>	<u>\$ 6,434,154</u>
Charity Care	\$ -	\$ -	\$ -
Deductions from Revenue	\$ -	\$ -	\$ -
<b>Net Patient Care Revenue</b>	\$ 2,923,206	\$ 5,963,198	\$ 6,434,154
Other Operating Revenue	\$ 10,650	\$ 26,798	\$ 28,830
<b>Total Operating Revenue</b>	<u><b>\$ 2,933,856</b></u>	<u><b>\$ 5,989,996</b></u>	<u><b>\$ 6,462,984</b></u>
<b>Operating Expense</b>			
Salaries	\$ 1,698,382	\$ 2,493,899	\$ 2,606,416
Benefits	\$ 227,129	\$ 340,640	\$ 353,942
Supplies	\$ 167,815	\$ 362,963	\$ 399,579
Services	\$ 268,430	\$ 413,498	\$ 425,449
Lease	\$ 156,008	\$ 703,694	\$ 830,255
Depreciation	\$ 2,472	\$ 2,472	\$ 2,472
Interest	\$ -	\$ -	\$ -
Other	\$ 775,942	\$ 1,206,170	\$ 1,293,843
<b>Total Operating Expense *</b>	<u><b>\$ 3,296,179</b></u>	<u><b>\$ 5,523,335</b></u>	<u><b>\$ 5,911,957</b></u>
<b>Net Operating Income (Loss) *</b>	<u><b>\$ (362,323)</b></u>	<u><b>\$ 466,661</b></u>	<u><b>\$ 551,027</b></u>
Inpatient days	11,520	24,257	25,915
Charge per inpatient day	\$ 254	\$ 246	\$ 248
Cost per inpatient day	\$ 286	\$ 228	\$ 228

Note: \* Applicant's totals are off by \$1 due to rounding.

**ATTACHMENT 2  
MID SOUTH ASSOCIATES, LLC  
COMPUTATION OF CONSTRUCTION AND RENOVATION COST**

	<u>Cost Component</u>	<u>Total</u>	<u>New Construction</u>	<u>Renovation</u>
A	New Construction Cost	\$2,300,000	\$2,300,000	
B	Renovation Cost			\$0
C	Total Fixed Equipment Cost	\$600,000	\$600,000	
	Total Non-Fixed Equipment Cost	\$300,000	\$0	
	Capital Improvement	\$0		
	Land Cost	\$780,000		
D	Site Preparation Cost	\$350,000	\$350,000	
E	Fees (Architectural, Consultant, etc.)	\$195,000	\$195,000	\$0
F	Contingency Reserve	\$300,000	\$300,000	\$0
G	Capitalized Interest	\$70,000	\$70,000	\$0
	<b>Total Proposed Capital Expenditure</b>	<b>\$4,895,000</b>	<b>\$3,815,000</b>	<b>\$0</b>
	Square Footage	<b>45,508</b>	45,508	0
	Allocation Percent		100.00%	0.00%
	<b>Costs Less Land, Non-Fixed Equipment &amp; Capital Improvement</b>	<b>\$3,815,000</b>	<b>\$3,815,000</b>	<b>\$0</b>
	<b>Cost Per Square Foot</b>	<b>\$83.83</b>	<b>\$83.83</b>	----