

**DIVISION OF HEALTH PLANNING
AND RESOURCE DEVELOPMENT
MAY 2016**

**CON REVIEW: FS-NIS-0216-002
OXFORD PRE-OP & IMAGING CENTER, LLC
D/B/A OXFORD PRE-OP & IMAGING CENTER
ACQUISITION OR OTHERWISE CONTROL OF
MAGNETIC RESONANCE IMAGING (MRI) AND OFFERING OF MRI SERVICES
LOCATION: OXFORD, LAFAYETTE COUNTY, MISSISSIPPI
CAPITAL EXPENDITURE: \$1,935,457**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

Oxford Pre-Op & Imaging Center, LLC d/b/a Oxford Pre-Op & Imaging Center (OPIC) is a Mississippi limited liability company, which is a joint venture between North Mississippi Joint Ventures, LLC (a wholly-owned subsidiary of North Mississippi Health Services, Inc.) and local Oxford physician members. The company was formed on June 12, 2012 and the limited liability company is listed in good standing with the Office of the Secretary of State dated October 19, 2015. OPIC is located at 1202 Office Park Drive Suite B; P.O. Box 578, Oxford, MS 38655. OPIC consists of 13 members, 6 Board of Governors and 3 officers.

B. Project Description

Oxford Pre-Op & Imaging Center, LLC d/b/a Oxford Pre-Op & Imaging Center (OPIC) requests Certificate of Need (CON) authority for the acquisition or otherwise control of a magnetic resonance imaging (MRI) equipment and offering of MRI services. OPIC states it is an existing, freestanding imaging center that offers a broad array of imaging modalities and diagnostics services, including the following: diagnostic radiology (plain film x-rays), CT, EKG and laboratory. The applicant asserts that OPIC identified a need for a fixed MRI unit at the current location to serve residents in Lafayette County and the surrounding communities. Thus, OPIC is proposing the addition of a fixed MRI unit/site to General Hospital Service Area (GHSA) 4. OPIC proposes to lease a Magnetom Aera System. Upon CON approval, the applicant will enter into a contract with Siemens, Siemens Medical Solution USA, Inc. to lease a fixed, 1.5 Telsa Magnetom Aera System at a monthly cost of \$21,468.

The applicant states that in order to accommodate the proposed unit and provide adequate support space, OPIC will require approximately 1,250 square feet of additional space. OPIC proposes to renovate approximately 1,250 square feet of this adjacent, existing space. OPIC intends to lease vacant space adjacent to its existing office space pursuant to a lease agreement with North Mississippi Joint Ventures, LLC. The applicant affirms that North Mississippi Joint Ventures, LLC currently holds an option to purchase this property and has agreed to exercise its option and lease the space to OPIC upon OPIC successfully receiving CON approval for the proposed space. Per the lease agreement, the parties have agreed upon a lease term of ten years at a lease rate of approximately \$20.00 per square foot or \$25,000 per year in the aggregate.

The applicant asserts that the purpose of the proposed project is to increase access to patients in Lafayette, reduce wait times for patients to receive MRI scans from one week to “same day” MRI scans/service and improve outcomes. A *Lease Agreement* is included in the application showing that the proposed lease is between North Mississippi Joint Ventures, LLC and OPIC. The applicant states that the applicant will only lease 1,250 square feet of additional space at the address listed above and will furthermore lease a fixed MRI unit.

The applicant asserts that the proposed \$1,935,457 capital expenditure is for the purchase of the fixed MRI equipment, renovations, contingency, legal, architectural and accounting fees. One (1) additional FTE (full-time equivalent) personnel will be required at an estimated annual cost of \$62,400. The applicant included a projected operating statement, which shows the first, second, and third years of operation (see Attachment 1). On November 10, 2015, the MSDH Division of Health Facilities Licensure and Certification approved the site for the proposed project at OPIC MRI’s anticipated location.

The applicant included information from a financial institution stating that OPIC has preliminary loan approval for \$510,000. The applicant suggests that OPIC proposes to fund the remainder of the capital expenditure, the vast majority of which will consist of lease payments on the Siemens MRI unit; with cash flow generated from providing MRI services as well as the revenue generated by its other imaging modalities. The applicant further suggests that OPIC projects that it will have more than sufficient income and cash-flow to fund the remainder of the capital expenditure. OPIC projects a net income of approximately \$525,000 in year one; growing to a projected net income of approximately \$876,000 by year three. *

OPIC will obligate the capital expenditure by July 1, 2016 in anticipation of CON approval and the proposed project will be complete by October 1, 2016 pending the final CON approval by the Department.

II. TYPE OF REVIEW REQUIRED

Projects, which propose the establishment of MRI services are reviewed in accordance with Section 41-7-191, subparagraph (1)(d)(xii) of the Mississippi Code of 1972 Annotated, as amended, and duly adopted rules, procedures, plans, criteria and standards of the Mississippi State Department of Health.

In accordance with Section 41-7-197 (2) of the Mississippi Code 1972 Annotated, as amended, any 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 on June 6, 2016.

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

A. Mississippi State Health Plan (MSHP)

The *FY 2015 Mississippi State Health Plan* contains policy statements, criteria and standards, which an applicant is required to meet before receiving Certificate of Need (“CON”) authority for the acquisition or otherwise control of magnetic resonance imaging (“MRI”) equipment and offering of MRI services. This application is in substantial compliance with applicable criteria and standards.

Criteria and Standards for the Acquisition or Otherwise Control of MRI Equipment

SHP Criterion 1- Need

The *FY 2015 Mississippi State Health Plan* states that an entity desiring to acquire or otherwise control the MRI equipment shall demonstrate a minimum of 2,700 procedures per year by the end of the second year of operation; provided, however, that MRI equipment exclusively servicing rural hospitals (those located outside U.S. Census Bureau Metropolitan Statistical Areas with 75 or less beds) shall be required to demonstrate a minimum of 1,700 procedures per year by the end of the second year of operation. This criterion includes both fixed and mobile MRI equipment. The applicant must show the methodology used for the projections.

As mentioned previously, OPIC is a freestanding imaging center proposing to acquire a MRI unit, through a lease with “Siemens” and utilize the unit at its current location in Lafayette, MS.

Since Oxford Pre-Op & Imaging Center will be considered a non-hospital based MRI facility, Exhibit L of the CON application includes 31 affidavits signed by physicians attesting that he or she will refer a total of 1 to 45 patients per month to Oxford Pre-Op & Imaging Center, if the proposed project is granted a CON. The total number of patients that the doctors will refer to the proposed freestanding MRI facility is estimated to be a total of 3,126 and 4,074 for the first and second year of operation, respectively.

The applicant further indicates that the proposed fixed MRI unit at the projected location is expected to perform the following MRI procedures for the first year through the third years of operation 3,288, 3,996 and 4,396, respectively.

Projected MRI Procedures

Year 1	Year 2	Year 3
3,288	3,996	4,396

The applicant states that based on historic referral patterns, OPIC’s service area will consist of seven (7) counties located in GHSA 4 and six (6) other surrounding counties. The seven (7) counties from GHSA 4 will contribute an estimated 60% of OPIC’s projected MRI’s and include: Lafayette County, Calhoun County, Carroll County, Chickasaw County, Grenada County, Montgomery County and Yalobusha County. The six (6) surrounding counties, 13 expected to contribute an estimated 30% of OPIC’s projected MRI’s include: Panola County, Pontotoc County, Quitman County, Tallahatchie County, Union County and Marshall County.

Currently, there are only two facilities that perform MRI Procedures in Lafayette County, which are Baptist Memorial Hospital-North Mississippi and Oxford Diagnostic Center. Based on the *FY 2015 Mississippi State Health Plan*, Baptist Memorial Hospital –North Mississippi performed a total of 2,624 MRI procedures in 2013 and Oxford Diagnostic Center performed a total of 3,257 MRI procedures in 2013.

The proposed fixed, MRI unit OPIC is requesting approval for will be located in Lafayette County, which is in GHSA 4. The 2020 population projections for Lafayette County and

GHSA 4 are 51,188 and 341,996, respectively. Also, based on the current *Mississippi State Health Plan*, the Mississippi MRI use rate is 82.12. This rate is determined by taking the total number of scans performed (258,189) for the state and dividing it by the state's projected population (3,156,054) multiplied by 1,000, which equates to 81.80754 or 82.

The *FY 2015 Mississippi State Health Plan* reports that a total of 27,201 MRI procedures were performed in 2013 for GHSA 4. According to the MSDH's MRI use rate, staff determined that Lafayette County would be expected to generate 4,197 MRI scans and the GHSA 4 is expected to produce 28,044 procedures. The proposed project appears to be in compliance with the need criterion (see formula below).

Population-Based Formula for Projection of MRI Service Volume

$$X*Y \div 1,000=V$$

Where, X = Applicant's Defined Service area population

Y = Mississippi MRI Use Rate

V = Expected Volume

Projected MRI procedures for Lafayette County, the location for the proposed fixed, MRI unit and GHSA 4 are shown below:

$$\frac{51,188 \text{ (Lafayette County's population projections)}}{1,000} = 51.188$$

$$51.188 * 82 \text{ (MS MRI Use Rate)} = 4,197.416$$

$$\frac{341,996 \text{ (GHSA 4 population projections)}}{1,000} = 341.996$$

$$341,996 * 82 \text{ (MS MRI Use Rate)} = 28,043.672$$

The applicant shall demonstrate that all existing units within its defined service area have performed an average of 1,700 procedures for the most recent 12-month period.

Based on the *FY 2015 Mississippi State Health Plan*, staff determined that there were 13.34 FTE units operating in GHSA 4 during FY 2013, for an average of 2,039.06 procedures per FTE unit (see Attachment 2). The average MRI procedures for FY 2013 and OPIC's projected number of procedures are 2,175.52 per 14.34 FTE units (see Attachment 3). Thus, the average number of MRI procedures for FY 2013 and the projected MRI numbers in Attachment 3 exceed the requirement of 1,700 minimum procedures.

An applicant desiring to acquire or otherwise control an MRI unit may make or propose to make the MRI unit available to more than one provider of MRI services, some of which may be located outside of Mississippi. In such cases, all existing or proposed users of the MRI unit must jointly meet the required service volume of 2,700 procedures annually. If the MRI unit in question is presently utilized by other providers of MRI services, the actual number of procedures performed by them during the most recent 12-month period may be used.

The applicant presented trend line data/analysis for 2010 through 2014, population projections for 2015 and 2020 from the Mississippi Institutions of Higher Learning (IHL) and demographic data from ESRI projections to document a reasonable population base to project a minimum of 2,700 MRI procedures. Based on the information provided in the application, the applicant asserts that OPIC's service area will have a sufficient population base to produce at least 2,700 MRI procedures by its second year of operation.

The applicant submits that OPIC is requesting approval for a fixed, MRI unit in Lafayette County and is not applying for a mobile MRI service or to acquire a mobile MRI unit to service several providers on a route(s).

The table below shows the total number of MRI procedures performed by the Lafayette County facilities, the projected number of procedures the first year of operation and the average number scans per FTE unit.

**Lafayette County Service Area
 FY 2012, 2013 and Projected 1st Year
 MRI Procedures**

Facility	Type/No. of Equip.	No. of MRI Proc. Performed 2012	No. of MRI Proc. Performed 2013	No. of MRI Proc. Performed with (Proj. 1 st year)	Days/Hours of Operation 2013	FTE Unit
Baptist Memorial Hospital-North Mississippi	F	2,158	2,624	2,624	Sun - Sat, 140+ Hrs.	1
Oxford Diagnostic Center	F	2,981	3,257	3,257	M-F 78 Hrs.	1
Applicant OPIC (Proposed MRI Unit)	F	None	None	(projected 1 st year) 3,288	M-F, 40 Hrs.	1
Total MRI Procedures		5,139	5,881	9,169		3
Average Procedures/ FTE MRI		2,569	2,940	3,056		

Based on OPIC's projected first and second years of operation and the entire GHSA 4, OPIC would meet the required number of MRI scans per MRI unit (see Attachment 3).

Based on the projected population and projected number of MRI scans for Lafayette County and GSHA 4, the applicant believes the numbers support the proposed fixed MRI unit/service in Lafayette, County, MS.

SHP Criterion 2 – Quality Assurances

The applicant acknowledges the requirements of this criterion and proposes to lease a fixed, 1.5 Telsa Magnetom Aera System five days per week. The application contains a purchase agreement between OPIC MRI, LLC and Siemens for the lease of the proposed fixed MRI unit.

SHP Criterion 3 – Information Recording/Maintenance

The applicant affirms that, at a minimum, it will record and maintain the requirements listed in this criterion and information will be kept and made available to the Mississippi State Department of Health within 15 business days of request.

SHP Criterion 4 – Registration

The application contains Office of the Secretary of State documentation to support the formation of the limited liability company and OPIC is listing in of good standing within the State of Mississippi.

SHP Criterion 5 – CON Approval

The applicant recognizes this requirement and affirms that it will not provide MRI services until CON approval is obtained.

Criteria and Standards for the Offering of Fixed or Mobile MRI Services

SHP Criterion 1 - Need

The *FY 2015 MSHP* states that an entity desiring to offer MRI services must document that the equipment shall perform a minimum of 2,700 procedures by the end of the second year of operation. However, the *FY 2015 MSHP* states: "If the MRI unit in question is presently utilized by more than one provider of MRI services, the actual number of procedures performed by them during the most recent 12-month period may be used instead of the formula projections". In addition, the *Mississippi State Health Plan* requires that if a particular MRI unit is utilized by more than one provider of MRI services, all existing or proposed providers of MRI services must jointly meet the required service volume of 2,700 procedures annually by the end of the second year of operation.

Furthermore the *MSHP* indicates that applicants for non-hospital based MRI facilities may submit affidavits from referring physicians; however, MRI procedures projected in affidavits shall be based on actual MRI procedures referred during the year.

Please refer to *SHP Criterion 1- Need* under the Criteria and Standards for the Acquisition or Otherwise Control of MRI Equipment. Based on the data and information previously discussed under *SHP Criterion 1- Need*, the applicant appears to be in compliance with the criterion mentioned above.

SHP Criterion 2 – Documentation of Diagnostic Imaging Modalities

The applicant certifies that a full range of diagnostic imaging modalities for verification and complementary studies, including, but not limited to, computed tomography (full body), ultrasound, angiography, nuclear medicine services and conventional radiology are currently available on-site at OPIC or available at OPICs affiliated hospital, North MS Medical Center, Inc., at the time the proposed MRI services begins.

SHP Criterion 3 – Accessibility

The applicant certifies that it does not have admission policies, which would exclude patients because of race, color, age, sex, ethnicity, or ability to pay. The applicant contains a copy of OPIC's, LLC admission policy.

SHP Criterion 4 – Staffing

The applicant affirms that a full-time, board eligible radiologist will be available for the interpretation of all MRI images. The application contains a curriculum vita for Kevin Cole, M.D., who will serve as the medical director.

The applicant states that OPIC will provide a full-time MRI technician-radiographer who has been certified by the American Registry of Radiologic Technologists and licensed by the State of Mississippi. The applicant asserts that the technician will have experience in CT and other cross sectional imaging methods.

SHP Criterion 5 – Research Staffing

The applicant certifies that if the MRI unit that it seeks to operate is to be used for experimental procedures with formal/approved protocols, a full-time medical physicist or MRI scientist with at least one year of experience in diagnostic imaging will be available at the facility.

SHP Criterion 6 – Data Requirement

The applicant affirms that the data requirements listed for this criterion shall be collected, maintained, and delivered to the Department within 15 days upon request. The applicant asserts that it recognizes that to the extent it is within the scope of its recording system, it will maintain source of payment and total amounts charged for the fiscal year.

SHP Criterion 7 – CON Approval

The applicant asserts that it will not provide MRI service and/or utilize any MRI equipment until obtaining a CON or written evidence from the Department that the equipment is exempt from CON approval. Thus, that is the reasoning for the proposed CON project being filed by OPIC.

B. General Review (GR) Criteria

Chapter 8 of the *Mississippi Certificate of Need Review Manual, September 1, 2011 Revision*, addresses general criteria by which all CON applications are reviewed. This application is in substantial compliance with general review criteria.

GR Criterion 1 –State Health Plan

The application was reviewed for compliance with the *FY 2015 Mississippi State Health Plan* as discussed above.

GR Criterion 2 - Long Range Plan

The applicant states that the proposed project is consistent with OPIC's long-range plans to develop a freestanding alternative for outpatient MRI services in the Lafayette County area. The applicant suggests that the plan was developed in a large part to address the unacceptably long waiting times for non-emergent outpatient MRI services currently experienced by patients which disrupts both the continuity and quality of healthcare provided. The applicant believes that this project will foster OPIC's long-term goals of improving patient access to healthcare by enabling OPIC to provide a full array of imaging modalities in a timely fashion.

GR Criterion 3- Availability of Alternatives

The applicant considered the option not to seek CON approval and maintain status quo as their first option. However, this option was rejected because it would fail to improve the accessibility, continuity, and acceptability of MRI services. The applicant states that in the absence of this proposed project, patients will not have an alternative MRI service provider in Lafayette County besides Baptist Memorial Hospital-North Mississippi. The applicant asserts that Baptist Memorial Hospital-North Mississippi controls a significant interest in the existing two MRI units in Lafayette County. The applicant suggests that in this regards, studies have shown that price transparency and comparison leads to lower costs for patients receiving MRI services and leads to competition among MRI providers.

Additionally, the applicant suggests since Baptist Memorial Hospital-North Mississippi controls or has a significant interest in the only two MRI units in Lafayette County; there is no inherent incentive in the system for either price reduction or improving the acceptability of services.

The applicant also considered a mobile MRI route and believes a mobile MRI route theoretically increases the availability of MRI services to the residents of Lafayette County and the surrounding communities during the days that it is on site and in operation. The applicant states that a mobile MRI route option would not incur a large capital expenditure as the purchase or lease of a fixed site MRI unit; however, offering part-time mobile MRI services would not allow OPIC to achieve its goal of being able to offer same-day availability for non-emergent outpatient MRI procedures. Furthermore, the applicant suggests that OPIC does not have sufficient space on its existing real estate to construct a suitable site for the offering of mobile services.

According to the applicant, the acquisition of a fixed MRI unit most effectively benefits the healthcare system in the defined OPIC service area by increasing the MRI capacity available to residents of Lafayette County and surrounding communities. The applicant affirms that granting the proposed project will also give patients the opportunity to receive MRI services from an alternative MRI provider.

GR Criterion 4 - Economic Viability

The applicant's three-year projected operating statement contained in the application indicates net income for the first year through third year of operation (see Attachment 1). OPIC contends that the proposed charge rates are market-based and competitive with other MRI providers.

The applicant submits that the cost for an MRI scan will be \$140 per scan the first year of operation. The applicant states that the projected number of scans is based on the affidavits attached to the application. The applicant further states that utilization of the services will be similar to that experienced by other fixed providers.

The applicant asserts that OPIC, LLC has the financial capacity to offset any failure of the proposed project to meet the projected revenues.

GR Criterion 5 - Need for the Project

OPIC affirms that all low income persons, racial and ethnic minorities, women, handicapped persons, other underserved groups and the elderly will have access to the fixed MRI services offered by OPIC at the proposed location in Lafayette, MS.

Staff determined that in the current *MSHP*, the MRI scans for the facilities in GHSA 4 have increased slightly over the last year. Based on the *FY 2015 MSHP*, staff determined that the projected population for 2015 and 2020 increased in Lafayette County from 43,750 to 51,188. The applicant asserts that its addition of fixed MRI service five days a week only 0.8 miles away from Baptist Memorial Hospital-North Mississippi, should not have a significant impact on other facilities. Conversely, the applicant contends that approval of the proposed project will provide a new access point for MRI services in an area of Lafayette County.

Based on the *FY 2015 MSHP*, there were 15 MRI sites (mobile and fixed) that provided MRI services during FY 2012 and FY 2013 in GHSA 4. Two of these sites were located in Lafayette County. The two sites located in Lafayette County, included in the GHSA 4 table exceeded the 1,700 minimum procedure requirements for FY 2012 and for FY 2013.

As a note, Baptist Memorial Hospital-North Mississippi was approved through a Determination of Reviewability (DR) application on March 3, 2016 for an addition of a Siemens Espree, 1.5T wide-bore, mobile MRI unit to their facility pertaining to CON Review Number: HG-CRF-0612-015, #R-0860. Based on a separate DR application filed by Alliance HealthCare Services, Inc., the entity was also approved on the same date to provide temporary (24 months) mobile MRI service to BMH-NMS regarding BMH-NMS' DR project relating to CON #R-0860. Baptist Memorial Hospital-North Mississippi affirmed that the hospital will operate the mobile MRI unit at the current location until the replacement hospital is complete.

Based on the information from MapQuest, listed below are the sites located in Lafayette County and their distance from the proposed site at 1202 Office Park Drive Suite B; P.O. Box 578, Oxford, Lafayette County, MS 3865 (see table below).

**Existing Lafayette County MRI Sites and
 Their Distance from Lafayette, MS (Proposed Site)**

Facility Name	Location	Miles from Proposed Site	2013 Number of Procedures Performed
Baptist Memorial Hospital-North Mississippi	2301 S. Lamar Blvd., Oxford, MS 38655	0.8 miles	2,624
Oxford Diagnostic Center	504 Azalea Dr., Oxford, MS 38655	0.2 miles	3,257

If the proposed project is approved and become operational, the applicant documents that existing service providers in GHSA 4 should not experience any significant adverse effects.

The application contains several letters of support for the proposed project from residents, healthcare professionals, business owners, and city officials.

The Department received two letters of opposition concerning the proposed project from Baptist Memorial Hospital-North Mississippi and Oxford Diagnostic Center.

GR Criterion 6- Access to the Facility

According to the applicant, all patients in the service area, including Medicaid recipients, charity/medically indigent patients, racial and ethnic minorities, women, handicapped persons, and the elderly, will have access to the services of the facility.

The following table shows the projected estimated gross patient revenues of health care provided to charity/medically indigent patients for years one and two for the proposed project:

Projected Year	Medically Indigent	Charity Care
1	\$ 98,636 (2%)	\$164,431 (3%)
2	\$119,443 (2%)	\$190,117 (3%)

The applicant submits that the proposed facility will operate Monday through Friday from 8:00 a.m. to 4:30 p.m.; however, OPIC will offer additional operating hours, including nights and weekends, based on the patient's need.

The applicant submits that OPIC has no obligations under any federal regulations requiring provision of uncompensated care, community service, or access by minority/handicapped persons.

The applicant states that all payor sources and indigent patients will be able to receive MRI services at its proposed location.

GR Criterion 7- Information Requirement

OPIC MRI, LLC affirms that it will record and maintain, at a minimum, the information stated in this criterion regarding charity care, care to the medically indigent, and Medicaid populations, and make it available to the Mississippi State Department of Health within 15 days of request.

GR Criterion 8 - Relationship to Existing Health Care System

The applicant is requesting a fixed MRI unit to be located in GHSA 4, Lafayette County.

The applicant states that currently there are a total of 9 MRI units located in OPIC's proposed service area in which five (5) of them are mobile MRI units providing a total of only 57 hours of service per week; or an average of 11.5 hours. The applicant affirms that the five (5) mobile MRI units represent an average of 0.29 FTE MRI units. The applicant's proposed service area consists of seven (7) counties located in GHSA 4:

Lafayette County, Calhoun County, Carroll County, Chickasaw County, Grenada County, Montgomery County and Yalobusha County and six (6) surrounding counties: Panola County, Pontotoc County, Quitman County, Tallahatchie County, Union County and Marshall County.

Consequently, according to the 2015 MS State Health Plan, OPIC's defined service area is GHSA 4 and consists of the following counties: Calhoun, Clay, Carroll, Chickasaw, Choctaw, Grenada, Lafayette, Lowndes, Montgomery, Monroe, Noxubee, Oktibbeha, Yalobusha, Webster and Winston.

As previously stated, currently there are two facilities that perform MRI Procedures in Lafayette County which are Baptist Memorial Hospital-North Mississippi and Oxford Diagnostic Center. Based on the *FY 2015 Mississippi State Health Plan*, Baptist Memorial Hospital –North Mississippi performed a total of 2,624 MRI procedures in 2013 and Oxford Diagnostic Center performed a total of 3,257 MRI procedures in 2013.

The *2015 MSHP* shows that GHSA 4 had a total of 10 fixed MRI units and seven (7) mobile units in FY 2013. These units performed a total of 26,234 MRI procedures in FY 2012 and 27,201 MRI procedures in FY 2013.

GR Criterion 9 - Availability of Resources

OPIC states that there will be personnel anticipated for the proposed project. The applicant further states that the additional personnel consists of one (1) Radiologic Technologist; whom will be recruited through traditional advertising and networking, if necessary.

GR Criterion 10 – Relationship to Ancillary or Support Services

The applicant asserts OPIC has available support and ancillary services for the proposed MRI project.

GR Criterion 11- Health Professional Training Programs

The applicant states that OPIC does not anticipate that the proposed project will have any effect on the clinical needs of health professional programs.

GR Criterion 16 - Quality of Care

The applicant submits that OPIC is currently accredited by the American College of Radiology for CT services and maintains a CLIA approved laboratory. The applicant suggests that the proposed project will improve the quality of care being delivered to its target patient population by increasing the accessibility of MRI services and decreasing the wait times to receive MRI services. The applicant believes that approval of the projected project would have a pro-competitive effect on the MRI marketplace in Lafayette County, Mississippi.

The applicant further states that the approval of the anticipated project would induce competition between OPIC and Baptist Memorial Hospital-North Mississippi; in turn requiring each provider of services to competitively price their MRI services for patients and would also provide incentivize each provider to focus on the quality of MRI services to ensure patient satisfaction.

IV. FINANCIAL FEASIBILITY

A. Capital Expenditure Summary

The applicant affirms that capital expenditure associated with the proposed project is \$1,935,457.

B. Method of Financing

The applicant included information from a financial institution stating that OPIC has preliminary loan approval for \$510,000. The applicant suggests that OPIC proposes to fund the remainder of the capital expenditure, the vast majority of which will consist of lease payments on the Siemens MRI unit; with cash flow generated from providing MRI services as well as the revenue generated by its other imaging modalities. The applicant further suggests that OPIC projects that it will have more than sufficient income and cash-flow to fund the remainder of the capital expenditure. OPIC projects net income of approximately \$525,000 in year one growing to a projected net income of approximately \$876,000 by year three. *

C. Effect on Operating Costs

OPIC MRI, LLC's three-year projected operating statement is provided in Attachment 1 for the proposed project.

D. Cost to Medicaid/Medicare

The applicant's projection to third party payors is as follows (based on gross patient revenue):

Payor	First Year Revenue	Utilization Percentage
Medicare	1,594,086	28%
Medicaid	98,636	2%
Self Pay	2,082,834	37%
Commercial	1,652,703	29%
Charity	164,431	3%
Other	15,230	1%
Total	5,607,919	<u>100%</u>

V. RECOMMENDATION OF OTHER AFFECTED AGENCIES

The Division of Medicaid was provided a copy of this application for comment; however, as of May 16, 2016, the Department has received no comments.

VI. CONCLUSION AND RECOMMENDATION

This project is in substantial compliance with the criteria and standards for the acquisition or otherwise control of magnetic resonance imaging (MRI) equipment and offering of mobile MRI services as contained in the FY 2015 Mississippi State Health Plan, Chapter 8 of the Mississippi

Certificate of Need Review Manual, September 1, 2011 Revision; and all adopted rules, procedures, and plans of the Mississippi State Department of Health.

Consequently, the Division of Health Planning and Resource Development recommends approval of the application submitted by Oxford Pre-Op & Imaging Center, LLC d/b/a Oxford Pre-Op & Imaging for the acquisition or otherwise control of magnetic resonance imaging (MRI) and offering of MRI services in Oxford, Lafayette County, Mississippi.

ATTACHMENT 1

**Oxford Pre-Op & Imaging Center, LLC
D/B/A Oxford Pre-Op & Imaging Center**

**REVISED
Three-Year Operating Statement with Project**

	Year 1	Year 2	Year 3
Revenue			
Inpatient Care Revenue	\$ 0	\$ 0	\$ 0
Outpatient Revenue	5,607,919	6,775,942	7,453,536
Gross Patient Revenue	\$ 5,607,919	\$ 6,775,942	\$ 7,453,536
Charity	\$ 164,431	\$ 188,767	\$ 207,643
Deductions from Revenue	3,938,895	4,755,069	5,230,576
Net Patient Care Revenue	1,504,593	1,832,107	2,015,318
Other Operating Revenue	\$ 0	\$ 0	\$ 0
Total Operating Revenue	\$ 1,504,593	\$ 1,832,107	\$ 2,015,318
Operating Expenses			
Salaries	\$ 227,558	\$ 234,385	\$ 241,416
Benefits	15,419	15,881	16,358
Supplies	110,091	121,796	131,687
Services	528,091	607,184	667,825
Lease Expenses	43,700	43,700	43,700
Depreciation	27,000	16,000	16,000
Interest *	32,000	31,000	30,000
Other			
Total Operating Expenses*	\$ 983,858	\$ 1,069,946	\$ 1,146,986
Net Operating Income *	\$ 520,735	\$ 762,161	\$ 868,332
	Proposed Year 1	Proposed Year 2	Proposed Year 3
Inpatient Days	0	0	0
Outpatient Visits	0	0	0
Number of Procedures	7,039	8,122	8,934
Charge per Outpatient Day	\$ 0	\$ 0	\$ 0
Charge per Inpatient Day	\$ 0	\$ 0	\$ 0
Charge per Procedure	\$ 797	\$ 834	\$ 834
Cost per Inpatient Day	\$ 0	\$ 0	\$ 0
Cost per Outpatient Day	\$ 0	\$ 0	\$ 0
Cost per Procedure *	\$ 140	\$ 132	\$ 128

***REVISED to incorporate loan terms relating to funding source(s) for the project.**

ATTACHMENT 2

**General Hospital Service Area 4
 Location and Number of MRI Procedures
 FY 2015 State Health Plan**

Facility	Type of Providers	City	County	Type/ No. of Equip.	Number of MRI Procedures Performed 2012	Number of MRI Procedures Performed 2013	Days/ Hours of Operation 2013	FTE Unit 2013
Baptist Memorial Hospital - Golden Triangle	H	Columbus	Lowndes	F(2)	4,535	4,910	M-F, 110 Hrs.	2
Baptist Memorial Hospital - North MS	H	Oxford	Lafayette	F	2,158	2,624	Sun.-Sat., 140+ Hrs.	1
Calhoun Health Services	H	Calhoun City	Calhoun	M	286	293	M. & Thr., 10 Hrs.	0.25
Gilmore Memorial Hospital, Inc.	H	Amory	Monroe	F	1,211	1,114	M-F, 40 Hrs.	1
Imaging Center of Columbus	FS	Columbus	Lowndes	F(2)	5,331	6,051	M-F, 80+ Hrs.	2
Imaging Ctr. of Excellence Institute - MSU	FS	Starkville	Oktibbeha	F	1,544	1,452	M-F, 40 Hrs.	1
North Miss. Medical Center - Eupora	H	Eupora	Webster	M	907	795	M-F, 40 Hrs.	1
North Miss. Medical Center - West Point	H	West Point	Clay	M	843	684	M-F, 40 Hrs.	1
Oktibbeha County Hospital	H	Starkville	Oktibbeha	F	2,451	2,446	M-F, 40 Hrs.	1
Pioneer Community Hospital	H	Aberdeen	Monroe	M	431	451	M,T & W, F, 20 Hrs.	0.5
Oxford Diagnostic Center	FS	Oxford	Lafayette	F	2,981	3,257	M-F, 78 Hrs.	1
Trace Regional Hospital	H	Houston	Chickasaw	M	463	464	Tu.-F, 16 Hrs.	0.4
Tyler Holmes Memorial Hospital	H	Winona	Montgomery	M	322	272	W, 4 Hrs.	0.1
University of MS Medical Center - Grenada*	H	Grenada	Grenada	F	2,505	2,219	M-F, 40 Hrs.	1
Yalobusha Hospital	H	Water Valley	Yalobusha	M	266	169	M, 3.5 Hrs.	0.09
Total MRI Procedures					26,234	27,201		13.34
Average Procedures/ FTE MRI					1,966.56	2,039.06		

Source: FY 2015 MS State Health Plan
 F – Fixed Unit
 M - Mobile MRI unit
 FTE – Full-time equivalent

ATTACHMENT 3

**General Hospital Service Area 4
Location and Number of MRI Procedures
FY 2015 State Health Plan**

Facility	Type of Providers	City	County	Type/No. of Equipment	Number of MRI Procedures Performed 2012	Number of MRI Procedures Performed 2013	Days/Hours of Operation 2013	Year 1 Proposed MRI Scans	Year 2 Proposed MRI Scans	Proposed FTE Unit For Year 1 & Year 2
Baptist Memorial Hospital - Golden Triangle	H	Columbus	Lowndes	F(2)	4,535	4,910	M-F, 110 Hrs.	4,910	4,910	2
Baptist Memorial Hospital – North MS	H	Oxford	Lafayette	F	2,158	2,624	Sun.-Sat., 140+ Hrs.	2,624	2,624	1
Calhoun Health Services	H	Calhoun City	Calhoun	M	286	293	M. & Thr., 10 Hrs.	293	293	0.25
Gilmore Memorial Hospital, Inc.	H	Amory	Monroe	F	1,211	1,114	M-F, 40 Hrs.	1,114	1,114	1
Imaging Center of Columbus	FS	Columbus	Lowndes	F(2)	5,331	6,051	M-F, 80+ Hrs.	6,051	6,051	2
Imaging Ctr. of Excellence Institute - MSU	FS	Starkville	Oktibbeha	F	1,544	1,452	M-F, 40 Hrs.	1,452	1,452	1
North Miss. Medical Center - Eupora	H	Eupora	Webster	M	907	795	M-F, 40 Hrs.	795	795	1
North Miss. Medical Center - West Point	H	West Point	Clay	M	843	684	M-F, 40 Hrs.	684	684	1
Oktibbeha County Hospital	H	Starkville	Oktibbeha	F	2,451	2,446	M-F, 40 Hrs.	2,446	2,446	1
Pioneer Community Hospital	H	Aberdeen	Monroe	M	431	451	M,T & W, F, 20 Hrs.	451	451	0.5
Oxford Diagnostic Center	FS	Oxford	Lafayette	F	2,981	3,257	M-F, 78 Hrs.	3,257	3,257	1
(Applicant) Oxford Pre-Op Imaging Center	FS	Oxford	Lafayette	F				3,288	3,996	1
Trace Regional Hospital	H	Houston	Chickasaw	M	463	464	Tu.-F, 16 Hrs.	464	464	0.4
Tyler Holmes Memorial Hospital	H	Winona	Montgomery	M	322	272	W, 4 Hrs.	272	272	0.1
University of MS Medical Center - Grenada*	H	Grenada	Grenada	F	2,505	2,219	M-F, 40 Hrs.	2,219	2,219	1
Yalobusha Hospital	H	Water Valley	Yalobusha	M	266	169	M, 3.5 Hrs.	169	169	0.09
Total MRI Procedures					26,234	27,201		30,489	31,197	14.34
Average Procedures/ FTE MRI								2,126.15	2,175.52	

Source: FY 2015 MS State Health Plan
F – Fixed Unit
M - Mobile MRI unit
FTE – Full-time equivalent