

**DIVISION OF HEALTH PLANNING  
AND RESOURCE DEVELOPMENT  
FEBRUARY 2005**

**CON REVIEW MU-A-1204-052  
SCOTT MEDICAL IMAGING, LLC  
AMENDMENT OF CON #R-0616 (ESTABLISHMENT OF MRI SERVICES) TO ADD  
TYLER HOLMES MEMORIAL HOSPITAL, WINONA, AND NORTH MISSISSIPPI  
HEALTH SERVICES, EUPORA, AS MOBILE MRI SITES  
APPROVED CAPITAL EXPENDITURE: -0-  
LOCATION: MADISON, MISSISSIPPI**

**STAFF ANALYSIS**

**I. PROJECT SUMMARY**

**A. Applicant Information**

Scott Medical Imaging, LLC is a for-profit limited liability corporation, incorporated in the State of Mississippi. The main objective of the corporation is to provide highly sophisticated MRI diagnostic services to Mississippi's rural population through rural hospitals. Scott Medical Imaging, LLC is governed by a three-member board. The entity currently provides MRI equipment/services to more than 20 facilities in Mississippi.

**B. Project Background (CON #R-0616)**

Scott Medical Imaging, LLC was granted Certificate of Need CON #R-0616 on July 11, 2003, to provide MRI services to various hospitals in Mississippi. The Mississippi State Department of Health issued declaratory rulings on October 19, 1999, and September 25, 2002, authorizing the applicant to control MRI equipment in the state.

The applicant currently operates two MRI units: (a) Picker 1.0T Vista Polar MRI System installed in a mobile unit, and (b) Phillips Intera 1.5 Tesla, Omni mobile unit.

**C. Project Description**

The applicant, Scott Medical Imaging, LLC now seeks CON authority to amend its CON to provide MRI services by adding Tyler Holmes Memorial, Winona, and North Mississippi Health Services, Eupora, Mississippi, as MRI

sites.

The proposed application contains a letter from Tyler Holmes Memorial Hospital, Winona, indicating its intent to contract with Scott Imaging, LLC for MRI services. North Mississippi Health Services, Eupora, submitted documentation that it will not participate with Scott Medical Imaging, LLC.

## II. TYPE OF REVIEW REQUIRED

The Department reviews all projects for amendment in accordance with duly adopted procedures and standards of the Mississippi State 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 on March 7, 2005.

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

### A. State Health Plan

The original application was found to be in substantial compliance with the **FY 2003 State Health Plan** in effect at the time the application was submitted. This amended project continues to be in substantial compliance with the **Plan**.

This amendment does not change the scope and overall objectives of the original project.

### B. General Review Criteria

The original application was found to be in substantial compliance with the general review criteria contained in Chapter 8 of the **Mississippi Certificate of Need Review Manual**, 2000 revisions.

This amendment continues to be in substantial compliance with Chapter 8 of the **Mississippi Certificate of Need Review Manual**, Revised May 13, 2000.

Scott Medical Imaging, LLC, (SMI) currently holds a Certificate of Need as a provider of MRI services in the State of Mississippi. SMI is requesting that Tyler Holmes Memorial Hospital in Winona and North Mississippi Health Services in Eupora, Mississippi, be additional service locations on its route. As previously stated, the amendment does not change the overall objectives

of the original project.

#### **IV. FINANCIAL ANALYSIS**

##### **A. Capital Expenditure Summary**

No capital expenditure is projected for this project.

##### **B. Method of Financing**

The proposed amendment does not require any additional capital expenditure; therefore, no financing is required.

##### **C. Effect on Operating Cost**

The applicant projects to perform 7 to 10 MRI procedures per visit or 350 - 400 procedures per year, at Tyler Holmes Memorial Hospital and North Mississippi Health Services. Initially, Scott Medical imaging will bill third party payors as an MRI service provider. Should Tyler Holmes Memorial Hospital seek CON approval for MRI services, Scott Medical Imaging will bill the facility \$375 per scan for non contrast and \$450 per scan for contrast enhanced examinations.

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

Medicaid does not reimburse mobile MRI facilities; therefore, the cost to the Medicaid program will be negligible. The applicant projects that approximately three (3) percent of its patients will be medically indigent.

**V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES**

The Division of Medicaid was provided a copy of this application for review.

**VI. CONCLUSION AND RECOMMENDATION**

The original application was found to be in substantial compliance with the criteria and standards for the offering of MRI services as contained in the **FY 2003 Mississippi State Health Plan** in effect at the time of the original approval; the **Mississippi Certificate of Need Review Manual**, 2000 revisions; and all adopted rules, procedures, and plans of the Mississippi State Department of Health.

The applicant requests CON authority to provide MRI services at two additional facility sites (Tyler Holmes Memorial Hospital and North Mississippi Health Services). North Mississippi Health Services, however, submitted notice that it does not intend to participate with Scott Medical Imaging, LLC.

Therefore, the Division of Health Planning and Resource Development recommends approval of this application submitted by Scott Medical Imaging, LLC for an amendment of CON #R-0616 by reduction to one additional location (Tyler Holmes Memorial Hospital, Winona).