

**Division of Health Planning and
Resource Development
May 2010**

**CON Review HG-NIS-0110-002
Natchez Regional Medical Center
Re-Establishment of Diagnostic Cardiac Catheterization Services and
Digital Subtraction Angiography Services
Capital Expenditure: \$-0-
Location: Natchez, Mississippi**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

Natchez Regional Medical Center is a public, not-for-profit general acute hospital, owned by Adams County, Mississippi and managed by Healthcare Management Partners, LLC of Philadelphia, Pennsylvania. The Board of Supervisors of Adams County appoints a seven (7) member Board of Trustees to oversee the functioning of the Hospital. The facility is accredited by the Joint Commission on Accreditation of Health Care Organizations (JCAHO), is certified as a participant in the Medicare/Medicaid programs and is certified as a Training Center by the American Heart Association for Basic Life Support (BLS), Advanced Cardiac Life Support (ACLS), and Pediatric Advanced Life Support (PALS).

The applicant has 159 licensed medical/surgical beds (includes 12 geriatric psych beds), and 20 Rehabilitation beds. The occupancy rates, average lengths of stay (ALOS) and the Medicaid utilization rates for the facility for the past three fiscal years are as follows for medical surgical beds only:

**Natchez Regional Medical Center
Utilization Data**

Fiscal Year	Occupancy* Rate (%)	ALOS (Days)	Medicaid* Utilization Rate (%)
2006	52.24	4.37	19.46
2007	47.14	4.91	22.64
2008	32.95	4.80	22.66

***Occupancy rate based on 133 beds set up and staffed.**

Source: Division of Health Facilities Licensure and Certification, MSDH

B. Project Description

Natchez Regional Medical Center (Natchez Regional) requests certificate of need (CON) authority to re-establish diagnostic cardiac catheterization ("cardiac cath") and digital subtraction angiography (DSA) services at its facility. The hospital received CON authority in 2001 to offer diagnostic cardiac cath and DSA services and to acquire a state-of-the-art single plane cardiovascular imaging system with digital imaging capacity via a lease/purchase agreement. Natchez Regional submits that the same equipment will be used to provide invasive diagnostic imaging services, including diagnostic cardiac catheterization services and digital subtraction angiography services in the same procedures room in the radiology department.

The applicant began the provision of diagnostic cardiac cath and digital subtraction angiography services in 2004; however, it has not offered the services since 2007 due to a lack of cardiologist. The hospital was also faced with bankruptcy in 2009 but has emerged from bankruptcy and states it is ready to move forward with providing the needed services in the community.

The project will not require a capital expenditure as the applicant already has a fully operational cardiac cath lab. The applicant states that the equipment is fully paid for; therefore, services are expected to commence upon CON approval.

II. TYPE OF REVIEW REQUIRED

Projects which involve the establishment of specified institutional health services require CON review by the State Department of Health, pursuant to Section 41-7-191, subparagraphs (1)(d)(ii) for cardiac catheterization and (vii) for digital subtraction angiography services, Mississippi Code 1972, Annotated, as amended. The statute provides that a CON is required for these services if the proposed provider has not offered the services within the past 12 months. Natchez Regional Medical Center has not offered diagnostic cardiac catheterization and digital subtraction angiography services for the past two years.

The Certificate of Need Review Manual requires that projects for cardiac catheterization services be batched within a review cycle. The project was received on January 13, 2010, too late to be entered into the January – March Review Cycle. On, December 18, 2009, Natchez Community Hospital filed an application to establish diagnostic cardiac catheterization services. This project was also submitted too late to be entered into the January – March Review Cycle and due to its submission for the same service (cardiac catheterization), the two projects were entered into the April-June Review Cycle as competing applications.

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 June 7, 2010.

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

A. State Health Plan (SHP)

The *FY 2010 State Health Plan* addresses policy statements, criteria and standards which an applicant is required to meet before receiving CON authority to provide diagnostic cardiac catheterization and digital subtraction angiography services. The application submitted by Natchez Regional Medical Center is in substantial compliance with applicable criteria and standards contained in the *Plan*.

Diagnostic Cardiac Catheterization Services

SHP Criterion 1 - Need

The *State Health Plan* indicates that the applicant shall document a minimum population base of 100,000 in the CC/OHSPA where the proposed diagnostic cardiac catheterization equipment/service is to be located.

Natchez Regional Medical Center is located in CC/OHSPA 7, which is made up of the following nine counties: Adams, Amite, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall, and Wilkinson. According to the projected 2010 population, these nine counties had a total projected population of 176,215.*

***Source:** Mississippi Population Projections for 2010, 2015, and 2020, Center for Policy Research and Planning, Mississippi Institutions of Higher Learning, August, 2005, herein after referred to as "2010 Population Projections".

The applicant submits that a significant portion of the patients treated by Natchez Regional are Louisiana residents, and according to the most recently published hospital report and information submitted by the applicant, between 23 and 29 percent of all patients treated at the facility are from Louisiana. Virtually all of those Louisiana residents are from three parishes: Catahoula, Concordia, and Tensas, with a total population projection of 35,280.

According to information submitted by the applicant, its primary service area includes the following counties: Adams, Franklin, Jefferson, and Wilkinson. These are the counties from which the applicant derived three percent or more of its patients during the period of October 1, 2008, and September 30, 2009. These counties have a combined 2010 Population Projection of 58,509. The applicant's primary service area population increases to 93,789 when the population of the three Louisiana parishes is added to the population of these four Mississippi counties.

There is currently one existing provider of cardiac catheterization services in CC/OHSPA 7, which is Southwest Mississippi Regional Medical Center, in McComb, Pike County. Southwest Mississippi Regional Medical Center performed 1,260 diagnostic procedures in 2007 and 1,176 in 2008. Southwest Mississippi Regional Medical Center also offers therapeutic cardiac catheterization services, performing 488 PTCA's in 2007 and 400 in 2008.

Southwest Mississippi Regional Medical Center is located in excess of 45 miles from the proposed service, therefore, in accordance with Policy Statement 7 stated in the State Health Plan, the Department did not rely upon market share analysis for this criterion, as it was found inadequate to address access to care concerns.

SHP Criterion 2 - Minimum Procedures

The applicant projects the following utilization for the cardiac cath services at Natchez Regional for the first three years:

<u>Year</u>	<u>Catheterization</u>
One	350
Two	350
Three	400

Approximately 43,756 diagnostic cardiac catheterizations were performed in Mississippi at 25 health care facilities in fiscal year 2008. Based on Mississippi's 2010 projected population of 2,975,550, Mississippi residents utilized diagnostic cardiac cath services an average of 14.7 per 1,000 population. Based on the statewide diagnostic cardiac cath utilization rate of 14.7/1,000 and the 2010 population projection for Adams County (30,497) there appears to be an unmet need of 441 diagnostic cardiac catheterization procedures in Adams County.

The application contains a letter from Brad LeMay, proposed Medical Director, attesting that he currently performs over 500 diagnostic catheterization procedures per year and that the lab at Natchez Regional will perform between 350 to 400 diagnostic cases per year.

SHP Criterion 3 - Impact on Existing Providers

Applicant submits that the only other provider within CC/OHSPA 7 offering cardiac cath services is Southwest Mississippi Regional Medical Center, located 70 miles away from Natchez Regional. As stated earlier, Southwest Mississippi Regional Medical Center performed 1,748 diagnostic and therapeutic cardiac cath procedures in 2007 and 1,576 in 2008. Southwest Mississippi Regional Medical Center is located in excess of 45 miles from the proposed provider, and serves a completely different service area than the applicant; therefore, the instant project is not perceived to have an adverse impact on the current provider.

SHP Criterion 4 - Staffing Standards

Natchez Regional certified that all personnel utilized in the cardiac cath lab will be trained according to the guidelines presented in the *Optimal Resources for Examination of the Heart and Lungs: Cardiac Catheterization and Radiography Facilities*, published by the inter-Society Commission for Heart Disease Resources. The applicant states that it has historically, and will continue to administer all its services at an exemplary level, provide sufficiently trained and experienced professional staff, and evaluate the performance of its programs.

The application contains a proposed Cardiology Services Agreement between Natchez Medical Foundation, Inc., Natchez Regional Medical Center, Jackson Heart Clinic, P.A., and Thomas B. LeMay, M.D.

SHP Criterion 5 - Staff Residency

The Applicant certified that the medical staff performing cardiac catheterization procedures will reside within 45 minutes driving time of the facility.

SHP Criterion 6 - Recording and Maintenance of Data

The applicant affirms that Natchez Regional will maintain the data required by this criterion and make it available to the Mississippi State Department of Health annually.

SHP Criterion 7 - Referral Agreement

The application contained an Emergency Transfer Agreement, dated February 22, 2010, between Natchez Regional Medical Center and St. Dominic/Jackson Memorial Hospital regarding emergency cardiac services, including open-heart surgery.

SHP Criterion 8 - Patient Selection

The applicant delineates the steps which will be taken to insure that high-risk or unstable patients are not catheterized in the facility. Natchez Regional furthermore certifies that therapeutic cardiac catheterization services will not be performed in the facility unless and until the applicant has received CON approval to provide therapeutic cardiac catheterization services.

SHP Criterion 9 - Regulatory Approval

Natchez Regional Medical Center requests approval for the addition of diagnostic cardiac catheterization services at the facility.

Digital Subtraction Angiography

SHP Criterion 1 - Need

The applicant certified that Natchez Regional shall have in place, proper protocols for screening, consultation, and medical specialty backup before services are rendered by personnel other than those with specialized training. The applicant states however, that only personnel with specialized training will be involved in the Applicant's provision of DSA services.

SHP Criterion 2 - CON Approval

Natchez Regional states that no DSA services will be offered, or equipment used, by the Applicant until the CON that is the object of this application has been issued.

B. General Review (GR) Criteria

Chapter 8, *Mississippi Certificate of Need Review Manual*, December 1, 2009, contains general criteria by which all applications for Certificate of Need are reviewed. This project is in substantial compliance with applicable criteria.

GR Criterion 1 – Compliance with State Health Plan

As discussed above, the application is in compliance with the 2010 State Health Plan.

GR Criterion 2 - Long Range Plan

The applicant states that its long range development plan calls for the development of such patient care services that will respond to the patient needs of its Miss-Lou service area and enhance its capabilities as the true regional tertiary hospital. The applicant believes that offering diagnostic cardiac cath and DSA services would better equip the Applicant to realize the goals of its long range plan.

GR Criterion 3 - Availability of Alternatives

Natchez Regional submits that the only alternative to the offering of diagnostic cardiac catheterization and digital subtraction angiography services at Natchez Regional is the status quo. The applicant states that currently, no cardiac cath services are available within 70 miles of

Natchez, and historically and disproportionately under served populations are forced to do without such choice in maintenance of cardiac health or to travel a minimum of 70 miles for these services. Therefore, the applicant states it has rejected the status quo as an abdication of its responsibility as a community-owned general acute care hospital to meet the significant healthcare needs of the citizens it serves.

According to the applicant, the requested reinstatement of cardiac catheterization services and digital subtraction angiography services will promote accessibility and availability of care to the medically complex patient through "local" options for the patients of Southwest Mississippi and Region 5.

GR Criterion 4 - Economic Viability

Natchez Regional projects net incomes of \$428,486, \$608,676, and \$719,257 for first, second, and third years of operation, respectively. Therefore, the project appears to be economically viable.

Costs and charges appear to be comparable to the charges established by other facilities in the planning area and the State.

The only provider of cardiac cath services in CC/OHSPA 7, Southwest Mississippi Regional Medical Center, performed 1,260 diagnostic cardiac cath procedures in 2007 and 1,176 procedures in 2008. The 2009 State Health Plan indicates that Natchez Regional performed 457 diagnostic cardiac cath procedures in 2006. Therefore, the applicant's projections appear to be reasonable.

GR Criterion 5 - Need for Project

The applicant states that this application directly responds to the stated goal - "to improve access to cardiac care and to encourage the establishment of additional cardiac catheterization programs within the state that can serve the poor, minorities and the rural population in greater numbers."

The applicant submits that the need for cardiac cath is particularly marked in the region surrounding Natchez where the population is poorer, more rural, and consists of a higher minority population than most other parts of the state. It is reported that the percentage of population living in poverty in Adams County is higher than the percentage of population living in Mississippi in all age groups.

The applicant anticipates that the vast majority (80%) of all its patients who will be served by the cardiac cath and DSA services will be Medicare patients. As stated in the Adams County 2007 Health Profile, the number of Adams County residents over the age of 65 years old is expected to increase over the next decade.

Natchez Regional is located in CC/OSHPA 7, which consists of nine counties. The applicant states that five of these counties are in its primary service area: Adams, Amite, Franklin, Jefferson, and Wilkinson. The other four counties in CC/OHSPA 7 are served primarily by Southwest Mississippi Regional Medical Center in McComb. The facility in McComb served well in excess of the required 450 therapeutic and diagnostic procedures, and with the exception of Amite County, serves an entirely different population than the applicant. The offering of diagnostic cardiac cath services at Natchez Regional is not expected to have an adverse impact on the offering of services in McComb.

This application includes over 30 letters of support/comment from physicians, sheriff's office, police department, banks, universities, and other community organizations.

GR Criterion 6 - Access to the Facility or Service

Applicant certifies that all residents of the health planning service area, hospital service area or patient service area, including Medicaid recipients, charity/medically indigent patients, racial and ethnic minorities, women, handicapped persons, and the elderly have access to the services of the existing facility and will continue to have access to the proposed services.

The applicant estimates that approximately 11% of its cardiac cath services will be offered to Medicaid patients, and slightly over 80% of the reinstated services will be offered to Medicare patients. In addition, the applicant projects that approximately 8% of its services will be in the nature of uncompensated charity care. The table below depicts the level of care offered or proposed to be offered to medically indigent and charity patients;

Gross Patient Revenues				
	Medically Indigent (%)	Charity Care (%)	Medically Indigent (\$)	Charity Care (\$)
Historical Year 2009	.08%	1.52%	\$128,189	\$2,435,587
Historical Year 2008	.08%	1.47%	\$94,191	\$1,789,640
Projected Year 1	.08%	1.52%	\$141,008	\$2,557,366
Projected Year 2	.08%	1.52%	\$155,109	\$2,85,235

GR Criterion 7 - Information Requirement

The applicant affirms that it will record and maintain the information required by this criterion and make it available to the Mississippi State Department of Health within 15 business days of request.

GR Criterion 8 - Relationship to Existing Health Care Systems

Adams County is served by one other acute care hospital – Natchez Community Hospital. Natchez Community Hospital also has filed an application for the establishment of diagnostic cardiac catheterization service in Adams County. Both applications were filed within the same review cycle and were therefore entered into review as competing applications. The offering of cardiac cath services would enhance the overall delivery of health care services to the region and would specifically better serve the goal of the Department in increasing the availability of cardiac cath services around the state. However, with competing applications, the Department must determine which applicant, if any, would be the most appropriate applicant to provide the proposed service.

The applicant submits that there are no comparable services in the area and that out-migration occurs to Jackson and McComb, Mississippi, and Baton Rouge and Alexandria, Louisiana.

GR Criterion 9 - Availability of Resources

Applicant states that it is requesting reoffering of its cardiac cath and DSA services partly because of the expressed interest of physicians at Jackson Heart Clinic in having a presence in southwest Mississippi and their willingness to place a full-time cardiologist in Natchez to provide these services. Dr. Brad LeMay, cardiologist, has expressed a willingness to relocate to Natchez to provide cardiology services to residents of southwest Mississippi. Two RNs and one x-ray technologist will also be added. The applicant states that its 50-year staffing history has demonstrated commitment to delivery of the highest quality of health care possible to the people of southwest Mississippi.

GR Criterion 15 – Competing Applications

As previously stated, the Department received two applications for the offering of diagnostic cardiac catheterization services in Natchez, Adams County, Mississippi (See Attachment 2 for a comparative analysis on the two applications).

GR Criterion 16 - Quality of Care

Natchez Regional Medical Center is in compliance with the *Minimum Standards of Operation for Mississippi Hospitals*. The Hospital is accredited by the Joint Commission on Accreditation of Health Care Organizations and certified as a participant in the Medicare/Medicaid programs. Natchez Regional is also certified as a training center by the American Heart Association for Basic Life Support (BLS), Advanced Cardiac Life Support (ACLS), and Pediatric Advanced Life Support (PALS).

IV. FINANCIAL FEASIBILITY

A. Expenditure Summary

The project does not require a capital expenditure since the applicant has already purchased the equipment under a previous CON.

B. Method of Financing

As the project does not require a capital expenditure outlay, no financing is required.

C. Effect on Operating Cost

The Three-Year Projected Operating Statement is presented in Attachment 1.

D. Cost to Medicaid/Medicare

The impact of the project on third party payers is as follows:

Payor Mix	Utilization Percentage	Cost to Medicaid First Year
Medicaid	18.0	\$1,717,909
Medicare	50.0	4,817,667
Other Payers	32.0	3,161,879
Total	100.0	\$9,697,455

V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES

The Division of Medicaid was provided a copy of this application for comment. Medicaid estimates that the increased annual cost to Medicaid as a result of the project is \$175,658. The Division of Medicaid opposes the project.

VI. CONCLUSION AND RECOMMENDATION

This project is in substantial compliance with criteria and standards for offering of diagnostic cardiac catheterization and digital subtraction angiography services, as contained in the FY 2010 State Health Plan; the Mississippi Certificate of Need Review Manual, revised 2009; and all adopted rules, procedures, and plans of the Mississippi State Department of Health.

However, the Department received two applications for the establishment of diagnostic cardiac catheterization services in Adams County – Natchez Regional Medical Center and Natchez Community Hospital. Staff prepared a comparative analysis of the competing applications and found the following:

- Natchez Regional Medical Center already has a Diagnostic Cardiac Catheterization Laboratory and cardiac cath equipment which it states is fully paid for. Natchez Regional also has the capacity to perform digital subtraction angiography services upon approval of the CON. Natchez Community will need to expend \$796,055 to purchase equipment and is not requesting to provide digital subtraction angiography services.
- Natchez Regional Medical Center has the backing of Jackson Heart Clinic and a transfer agreement with St. Dominic-Jackson Memorial Hospital. While Natchez Community Hospital has a transfer agreement with Central Mississippi Medical Center, in staff’s opinion the cardiologist support does not appear to be as strong as that obtained by Natchez Regional.
- Finally, Natchez Regional Medical Center has a larger community support for the project, receiving over 30 letters of support from physicians and business, educational, and community leaders. Staff contends that support for the Natchez Community Hospital project is significantly less than the support expressed for Natchez Regional.

Therefore, the Division of Health Planning and Resource Development recommends approval of the application submitted by Natchez Regional Medical Center for the re-establishment of diagnostic cardiac catheterization and digital subtraction angiography services. The approval of the application by Natchez Regional Medical Center precludes the approval of any other application in the area.

Attachment I

**Natchez Regional Medical Center
Reinstatement of Cardiac Cath and DSA Services
Three-Year Projected Operating Statement
Project Only**

	Year 1	Year 2	Year 3
Revenue			
Inpatient Care	\$5,333,600	\$8,637,600	\$12,324,500
Outpatient	4,363,855	7,067,127	10,083,764
Gross Patient Revenue	\$9,697,455	\$15,704,727	\$22,408,364
Charity Care			
Deductions from Revenue	\$7,480,375	12,261,450	17,731,479
Net Patient Revenue	\$2,217,078	\$3,443,277	\$4,676,885
Total Operating Revenue	\$2,217,078	\$3,443,277	\$4,676,885
Operating Expense			
Salaries	\$796,871	\$1,260,947	\$1,757,767
Benefits	237,845	380,740	536,934
Supplies	250,674	396,659	552,945
Lease	503,203	796,254	1,109,983
Depreciation	-	-	-
Interest	-	-	-
Other	-	-	-
Total Operating Expense	\$1,788,592	\$2,834,601	\$3,957,628
Net Operating Income (Loss)	\$428,486	\$608,676	\$719,257
Assumptions			
Inpatient Days	944	1,464	2,004
Outpatient Days	772	1,198	1,640
Procedures*	1,853	2,874	3,934
Charge/Outpatient Day	\$5,650	\$5,900	\$6,150
Charge per Inpatient Day	\$5,650	\$5,900	\$6,150
Charge per Procedure	\$5,233	\$5,465	\$5,696
Cost per Inpatient Day	\$1,895	\$1,936	\$1,975
Cost per Outpatient Day	\$2,316	\$2,366	\$2,414
Cost per Procedure	\$965	\$986	\$1,006

*NRMC states these procedures include ER visits and all procedures that will occur due to the re-instatement of the diagnostic cardiac cath lab.

Attachment 2
Mississippi State Department of Health
Division of Health Planning and Resource Development

Comparative Analysis
Offering of Diagnostic Cardiac Catheterization Services

The Department received two applications requesting certificate of need (CON) authority for the offering of diagnostic cardiac catheterization ("Cardiac Cath") services in Natchez, Adams County, Mississippi. The applicants are:

- CON Review HG-NIS-1209-037
Natchez Community Hospital, LLC
Establishment of Diagnostic Cardiac Catheterization Lab and
Offering of Diagnostic Cardiac Catheterization Services
Capital Expenditure: \$796,055
Submitted December 18, 2009

- CON Review HG-NIS-0110-002
Natchez Regional Medical Center
Re-Establishment of Diagnostic Cardiac Catheterization and
Digital Subtraction Angiography Services
Capital Expenditure: \$0
Submitted January 13, 2010

The Certificate of Need Review Manual requires that projects for cardiac catheterization services be batched within a review cycle. As both projects were submitted after the December 1, 2009, filing deadline for projects to be entered into the January – March Review Cycle, both applications were deemed complete on April 1, 2010, and entered into the April – June Review Cycle as competing applications.

In the case of competing applications, the Department must make a determination that the entity approved is the most appropriate applicant for providing the proposed health care facility or service. Additional consideration may be given to how well each of the applicants can meet the criteria of need, access, relationship to existing health care system, availability of resources, and financial feasibility. In addition, the Department may use a variety of statistical methodologies, including but not limited to market share analysis, patient origin data and state agency reports.

Need for the Project

Natchez is located in General Hospital Service Area (GHSA) 7, which has a 2010 population projection of 176,215. The only cardiac catheterization provider in GHSA 7 is Southwest Mississippi Regional Medical Center ("Southwest"), McComb, Mississippi, which is located over 45 miles from the proposed providers. In addition, there are no other Mississippi facilities offering cardiac catheterization services within a 45-mile radius of the proposed facilities. Therefore, staff determined that there is an unmet need for diagnostic cardiac cath services in Natchez, Adams County, Mississippi.

Approximately 43,756 diagnostic cardiac cath procedures were performed in Mississippi in fiscal year 2008. Based on Mississippi's 2010 Population Projection of 2,975,550, Mississippi facilities performed an average of 14.7 cardiac cath procedures per 1,000 residents. Based on the

statewide utilization rate of 14.7/1,000, and the 2010 population projection for Adams County (30,497), there is an unmet need of 441 procedures in Adams County.

Access to Care

Both applicants certified that they serve all residents of the health planning service area, hospital service area or patient service area, including Medicaid recipients, charity/medically indigent patients, racial and ethnic minorities, women, handicapped persons, and the elderly and will continue to serve these populations.

As stated above, the only provider of cardiac cath services in GHSA 7 is located an excess of 45 miles away. Therefore, as provided in Policy Statement 7 of the *2010 State Health Plan*, the Department did not rely upon market share analysis to determine applicants' compliance with the population projections as it was found to be inadequate to address access to care concerns.

Natchez Regional Medical Center provided .08% care to medically indigent and 1.52% charity care in 2009. This amounts to \$128,189 of gross patient revenue for medically indigent and \$2,435,587 for charity care. The applicant's percentage of care for medically indigent and charity care appears to be low. However, the applicant does not appear to have policies that would prohibit provision of care to the underserved population. In addition, Natchez estimates that approximately 11% of care will be offered to Medicaid patients, and slightly over 80% will be provided to Medicare patients and approximately 8% of care will be provided for uncompensated charity care with 2% provided to medically indigent patients.

Natchez Community Hospital provided 5.8% care to medically indigent patients in FY 2009 and 2.0% for charity care, yielding \$15,066,576.84 of patient revenues for medically indigent and \$307,481.16 for charity care patients. The applicant projects similar results for the first and second years after completion of the project.

Relationship to Existing Healthcare System

There are currently no providers of diagnostic cardiac cath services in Natchez or within 45 miles from the proposed applicants. The only provider of cardiac cath services located in the applicants' service area is Southwest Mississippi Regional Medical Center located in McComb, Mississippi. Southwest, located in excess of 45 miles away, performed 1,748 cardiac cath procedures in 2007 and 1,576 in 2008. Approximately 43,756 diagnostic cardiac cath procedures were performed in Mississippi as a whole in fiscal year 2008, utilizing 59 labs, for an average of 742 procedures per lab.

Staff reviewed Patient Origin Studies submitted by the applicants to determine how many patients were served by each facility from the service area during the period October 2008 to September 2009. Table 1 below shows the total number of patients reported by the applicants compared with the 2010 population projections for each county of residence. In addition, staff reviewed the 2008 Report on Hospitals to determine how many patients from the Service Area used the facilities, including Southwest Mississippi Regional Medical Center, for the four quarters ending July 2009, to determine if the service area of the applicants overlapped with that of the existing provider in the service area. Table 2 below indicates the percentages of patients from each county that used Natchez Regional Medical Center, Natchez Community Hospital, or Southwest Mississippi Regional Medical Center for the defined period.

Table 1 below reveals that Natchez Regional Medical Center served 56% of the total patients identified from GHSA 7 and the four Louisiana Parishes during the period October 2008 to September 2009. Natchez Community Hospital served approximately 44% of the total patients from the service area.

As shown in Table 2, Southwest Mississippi Regional Medical Center serves an entirely different population base than Natchez Regional Medical Center and Natchez Community Hospital.

**Table 1
 Comparison of Hospital Patients with
 Population Projection of each County**

County	Population	Total Patients	Natchez Regional Med Ctr.			Natchez Community Hospital		
			% Total Patients	Market Share	NRMC Patients	% Total Patients	Market Share	NCH Patients
Adams	30,497	35,903	55.93%	17,057	20,080	44.07%	13,440	15,823
Amite	13,303	378	42.59%	5,666	161	57.41%	7,637	217
Franklin	8,460	2,213	59.51%	5,035	1,317	40.49%	3,425	896
Jefferson	9,299	3,694	50.70%	4,715	1,873	49.30%	4,584	1,821
Lawrence	13,936			*			*	
Lincoln	34,904			*			*	
Pike	40,619			*			*	
Walthall	14,944			*			*	
Wilkinson	10,253	1,100	75.09%	7,699	826	24.91%	2,554	274
Catahoula, LA	10,522	1,749	56.66%	5,962	991	43.34%	4,560	758
Concordia, LA	19,064	10,695	53.42%	10,184	5,713	46.58%	8,880	4,982
Franklin, LA	20,006	157	38.22%	7,646	60	61.78%	12,360	97
Tensas, LA	5,694	837	67.14%	3,823	562	32.86%	1,871	275
Totals	246,504	56,726		67,786	31,583		59,312	25,143

Source: Patient Origin information submitted by Natchez Regional Medical Center and Natchez Community Hospital for period October 2008 – September 2009

*Number of total patients deemed insufficient to include in service area.

Table 2
Percentage of Patients Using Facilities in GHSA 7

	NRMC	NCH	SWMMC
Adams	55.07	51.30%	0.00%
Amite	0.00	0.00%	9.86%
Franklin	2.33	2.89%	0.00%
Jefferson	7.26	6.65%	0.00%
Lawrence	0.00	0.00%	1.85%
Lincoln	0.00	0.00%	9.63%
Pike	0.00	0.00%	59.63%
Walthall	0.00	0.00%	7.94%
Wilkinson	4.11	6.79%	0.00%
Louisiana	29.45	29.05%	2.70%
Other	1.78	3.32%	8.40%

Source: Division of Health Facilities Licensure & Certification
 2008 Report on Hospitals, MSDH and 2010 State Health Plan

Availability of Resources

Natchez Community Hospital proposes to assume a lease agreement from Riverpark Community Cath Lab, LLC (“Riverpark”) for a Philips Healthcare (“Phillips”) Allura FD10 Ceiling System from GE Financial to establish the cath lab at its facility. Riverpark will close its cath lab in Louisiana upon relocation of the lab to Natchez Community Hospital, where it will manage the lab at Natchez Community Hospital.

Riverpark Community Cath Lab, LLC has transfer agreements with Central Mississippi Medical Center, for the transfer of patients for emergency care. Central Mississippi Medical Center submitted a letter for the application indicating that it will sign a similar agreement with Natchez Community Hospital should the CON be approved.

Natchez Regional Medical Center purchased a Goldseal Engineering Bay LCV+ Combo Cath Lab with a new Mac Lab 7000, Acist injector and accessories in 2003. The applicant states that the cath lab and equipment are completely paid for. The applicant has a contractual agreement with Jackson Heart Clinic, P.A. for management of the Cath Lab.

In addition, Natchez Regional Medical Center has a transfer agreement with St. Dominic-Jackson Memorial Hospital for the transfer of patients for emergency care. Dr. Brad LeMay, cardiologist, submitted a letter indicating that his intent to move to Natchez and begin seeing patients in the area on April 12, 2010.

Financial Feasibility

Both applicants project to perform an excess of 400 procedures by the end of the third year of operation. Southwest, the only provider located in the applicants’ service area, performed 1,176 diagnostic cardiac cath procedures in 2008. According to the 2009 State Health Plan, Natchez

Regional performed 457 diagnostic cardiac cath procedures in 2006. Therefore, both applicants' projections appear to be reasonable.

Natchez Regional Medical Center projects gross patient revenues of \$9,697,455 for the first year of operation. The applicant projects to perform 1,853 procedures in the Cath Lab the first year of operation. According to Natchez Regional, this number includes 350 diagnostic cardiac cath procedures in addition to DSA and all other procedures associated with the addition of diagnostic cardiac cath services. Natchez Regional estimates that the cost of diagnostic cardiac cath procedures will be \$965 per procedure and the charge will be \$5,233. See Table Below.

Natchez Community Hospital projects gross patient revenues of \$1,333,080 the first year of operation and 315 procedures at a cost of \$2,094 per procedure and a charge of \$4,232 per procedure.

**Comparison of Natchez Community and Natchez Regional
 First Year Projected Operating Statements**

	Natchez Regional	Natchez Community
Inpatient Revenue	\$5,333,600	\$533,232
Outpatient Revenue	4,363,855	799,848
Total Revenue	\$9,697,455	\$1,333,080
Charity Care	0	566,692
Total Deductions	\$7,480,375	\$566,692
Salaries	\$796,871	\$109,979
Benefits	237,845	
Supplies	250,674	219,958
Services		43,992
Lease	503,674	10,200
Depreciation	-	132,000
Interest	-	33,600
Other	-	109,979
Total Operating Expenses	\$1,788,592	\$659,708
Income (Loss)	\$428,486	\$106,680
Procedures*	1,895	315
Cost/Procedure	\$965	\$2,094
Charge/Procedure	\$5,233	\$4,232

*NRMC states these procedures include ER visits and all procedures that will occur due to the re-instatement of the diagnostic cardiac cath lab.

Other Considerations

Natchez Regional Medical Center received CON authority in 2001 to establish diagnostic cardiac catheterization and digital subtraction angiography services. The facility purchased a Goldseal Engineering Bay LCV+ Combo Cath Lab with a new Mac Lab 7000, Acist injector and accessories in which applicant states is completely paid for. The facility initiated the services in 2003 but was forced to cease providing services in 2007 due to loss of its cardiologist.

Natchez Regional Medical Center received in excess of 30 letters of support/comment from physicians, sheriff's office, police department, banks, universities, politicians, and other community organizations.

Natchez Community Hospital received CON authority to establish diagnostic cardiac catheterization services in 1997 and commenced offering the service in July 1998 utilizing a mobile facility but also ceased operating the services in February 1999 due to loss of its cardiologist. Natchez Community Hospital stated that the cost of the mobile unit was very high and determined that it was necessary to return the unit until such time as they recruited another cardiologist.

Natchez Community Hospital received approximately 17 letters of support/comment from physicians and other community organizations.

Conclusion/Recommendation

Both applicants are located in GHSA 7 which has a population projection in excess of 100,000. Each applicant projects to perform a minimum of 300 diagnostic cardiac cath procedures by its third year of operation. Both applicants were once providers of diagnostic cardiac cath services and both ceased to offer the service due to loss of a cardiologist.

Because there is not a provider of cardiac cath services within 45 miles of the proposed services, staff did not rely upon market share analysis for determination of need for diagnostic cardiac cath services in Natchez, Adams County. However, staff did perform a market share analysis to determine each applicant's share of the existing patient population shared in the service area. Based on staff's analysis, Natchez Regional Medical Center has a market share of 56% of the patients from GHSA 7 that use a facility in Natchez while Natchez Community Hospital has a share of 44% of the patients. These percentages include patients coming to the facilities from parishes in Louisiana.

Staff finds that each facility is equally capable of providing diagnostic cardiac cath services. However, staff contends that a patient population of 57,000 to 60,000 can only support one cardiac cath program. Staff further contends that Natchez Regional Medical Center is the most appropriate applicant to provide diagnostic cardiac cath services at this time for the following reasons:

- Natchez Regional Medical Center already has a Diagnostic Cardiac Catheterization Laboratory and cardiac cath equipment which it states is fully paid for. Natchez Regional also has the capacity to perform digital subtraction angiography services upon approval of the CON. Natchez Community will need to expend \$796,055 to purchase equipment and is not requesting to provide digital subtraction angiography services.
- Natchez Regional Medical Center has the backing of Jackson Heart Clinic and a transfer agreement with St. Dominic-Jackson Memorial Hospital. While Natchez Community Hospital has a transfer agreement with Central Mississippi Medical Center, in staff's opinion the cardiologist support does not appear to be as strong as that obtained by Natchez Regional.
- Finally, Natchez Regional Medical Center has a larger community support for the project, receiving over 30 letters of support from physicians and business, educational, and community leaders. Staff contends that support for the Natchez Community Hospital project is significantly less than the support expressed for Natchez Regional Medical Center.

Therefore, the Division of Health Planning and Resource Development recommends approval of the application submitted by Natchez Regional Medical Center for the re-establishment of diagnostic cardiac catheterization and digital subtraction angiography services. The approval of the application by Natchez Regional Medical Center precludes the approval of any other application in the area.