

**MISSISSIPPI STATE DEPARTMENT OF HEALTH  
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT  
APRIL 2014**

**CON REVIEW: ESRD-NIS-1213-016  
BIO-MEDICAL APPLICATIONS OF MISSISSIPPI, INC. D/B/A FRESENIUS MEDICAL CARE –  
WEST HINDS COUNTY  
ESTABLISHMENT OF A SATELLITE ESRD FACILITY  
CAPITAL EXPENDITURE: \$3,815,643  
LOCATION: CLINTON, HINDS COUNTY, MISSISSIPPI**

**STAFF ANALYSIS**

**PROJECT SUMMARY**

**A. Applicant Information**

Bio-Medical Applications of Mississippi, Inc. d/b/a Fresenius Medical Care-West Hinds County (FMC-West Hinds County) is a business corporation. The applicant indicates that FMC-West Hinds County is governed by a two member Board of Directors and has thirteen officers.

The applicant provided a Certificate from the Secretary of State, verifying that the corporation was issued a Charter/Certificate of Authority on August 2, 1990. The document indicates that the business is incorporated in the State of Delaware; however, it is authorized by the Secretary of State to do business in Mississippi.

**B. Project Description**

Bio-Medical Applications of Mississippi, Inc. d/b/a Fresenius Medical Care-West Hinds County (FMC-West Hinds County) requests Certificate of Need (CON) authority to establish a ten (10 station), satellite End Stage Renal Disease (“ESRD”) facility in Hinds County.

The applicant states that the proposed ten-station ESRD facility will be relocated from Bio-Medical Applications of Mississippi, Inc. d/b/a FMC-Southwest Jackson (FMC-Southwest), an affiliated facility thirty-one (31) station ESRD facility. FMC-West Hinds County is located at 1856 Hospital Drive, Jackson, Mississippi. The applicant indicates that the proposed facility location is to be on a 1.2 acre tract in the city of Clinton, Mississippi, currently identified as Parcel 2860-834-700 as described in Deed Book 4004 at page 0399 in the land records of the First Judicial District of Hinds County, Mississippi and being located near 109 Wood Chase Park Drive; Jackson, MS 39056. The applicant asserts that the proposed satellite ESRD facility will be located within 5 miles of FMC-Southwest Jackson.

The applicant intends to lease 10,648 square feet of shelled medical office space in a to-be-constructed building by GFR, LLC and renovate the space in order to make necessary accommodations to provide ESRD services. The proposed renovation will include interior studs, drywall, floor, wall and ceiling finishes, interior doors, casework, specialty items, plumbing, HVAC and electrical systems. The applicant provided a cost estimate from Brian Brown & Associates, PLLC Architecture Firm which indicates a cost of \$110 per square foot totaling \$1,171,280 in renovation/construction cost. Furthermore, the applicant provided

documentation from GFR, LLC attesting that the proposed land acquisition and building site construction cost are \$2,135,120.

The applicant believes that the establishment of a satellite facility in Clinton, Mississippi will provide residents in West Hinds County with a more convenient, accessible ESRD facility and relieve patient load at other Fresenius affiliated facilities.

If the proposed project is CON approved, the applicant states that FMC-West Hinds County will enter a lease agreement with GFR, LLC. The applicant indicates that FMC-Southwest will lease 10,648 square feet at a lease cost for a term of 10 years for the proposed satellite facility. The MSDH Division of Health Facilities Licensure and Certification has approved the site for the proposed project.

During the first year of operation the applicant expects to employ 5.9 full-time equivalent employees at a total personnel cost of \$454,063. The total proposed capital expenditure for this project is \$3,815,643, which includes \$2,135,120 for land and building site new construction by GFR, LLC, and \$1,171,280 in renovation cost for FMC-West Hinds County. (See Attachment 2-Capital Expenditure Summary for a complete percentage breakdown of the proposed project). The applicant indicates cash reserves will be used to fund the project.

The applicant anticipates that the construction of the proposed project should begin within six (6) months of final approval and the proposed expenditure occurring near completion of the building. The applicant contemplates completion of the total proposed project within one year of the start date.

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

This project for the establishment of an end stage renal disease facility is reviewed in accordance with Section 41-7-191, subparagraph (1)(a), and 1(b) of the Mississippi Code 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 of 1972 Annotated, as amended, any affected person may request a public hearing on this project within 20 days of the publication of the staff analysis. The opportunity to request a hearing expires on April 23, 2014.

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

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

The *FY 2014 State Health Plan* contains policy statements and service specific criteria and standards which the applicant is required to meet before receiving CON authority to establish a ten-station satellite ESRD facility. This application is in substantial compliance with applicable criteria and standards.

**Policy Statement No. 14 of the 2014 State Health Plan states** “Any existing ESRD facility which reaches a total of 30 ESRD stations, may establish a ten (10) station satellite facility. If a proposed satellite ESRD facility is to be located more than one (1) mile from the existing facility, a certificate of need must be obtained by the facility prior to the establishment of the satellite facility”.

According to the *FY 2014 State Health Plan*, FMC-West Hinds County has 31 certified and CON approved stations.

The applicant states that the proposed facility will be located within 5 miles from the existing FMC-Southwest facility. The applicant states that the physical address for the proposed facility will not be issued until the property is fully constructed. The site is identified on Page 1 herein.

Therefore, the applicant is requesting CON approval for the establishment of a ten (10) station satellite ESRD facility in Hinds County.

### **SHP Criterion 3- Need**

**Need Criterion for Establishment of ESRD Satellite Facilities:** In order for a 30 station ESRD facility to be approved for the establishment of a ten (10) station satellite facility through the transfer and relocation of existing stations within a five mile radius or less from the existing facility, the facility must (a) document that it has maintained a minimum annual utilization rate of 55% for the 12 months prior to the month of the submission of the CON application; (b) justify the need for the project, which may include, but is not limited to, physical or space limitations at the existing facility; and (c) document that it is more cost effective to establish a satellite facility than to expand the existing facility. If the proposed satellite facility will be established at a location between a five and twenty-five mile radius of the existing facility, the facility must (a) document that it has maintained a minimum annual utilization rate of 55% for the 12 months prior to the month of the submission of the CON application; (b) justify the need for the project, which may include, but is not limited to, physical or space limitations at the existing facility; and (c) document that it is more cost effective to establish a satellite facility than to expand the existing facility; and (d) demonstrate that the proposed satellite facility's location is not within 30 miles of an existing facility without obtaining the existing facility's written support. NOTE: ESRD Policy Statements 2, 4, 5 and 6, and Need Criterion 1, do not apply to applications for the establishment of satellite ESRD facilities. An ESRD satellite facility established under this Need Criterion 3 shall not be used or considered for purposes of establishing or determining an ESRD Facility Service Area.

**(a) Document that it has maintained a minimum annual utilization rate of 55% for the 12 months prior to the month of the submission of the CON application.**

The applicant indicates that FMC-Southwest is currently experiencing 58.2% utilization.

Staff requested additional ESRD data from the ESRD facility to calculate utilization for 11/2012-11/2013. Based on the 11/2012-11/2013 ESRD data, the staff projected an utilization rate of 58.2% or 58% for BMA-Southwest.

**(b) Justify the need for the project, which may include, but is not limited to, physical or space limitations at the existing facility.**

The applicant states that patients from the western Hinds County area are currently traveling to the Southwest Jackson facility and other Jackson area facilities for dialysis treatment. The applicant indicates that the creation of a satellite facility in Clinton will enable these patients to receive necessary dialysis at a more convenient and accessible location.

The applicant considered expanding the FMC-Southwest facility but due to space constraints that would result in decreasing the size of the current facility and the FMC-Southwest facility being landlocked, FMC-West Hinds County decided that the satellite facility would better serve patients and increase the number of day chairs at BMA-Southwest.

The only available space for expansion is an old medical office building located next to the existing FMC-Southwest facility. However, the applicant asserts that the old medical building would have to be demolished and requires the purchase of more acreage than necessary for the proposed expansion. The purchase of the medical office building would also still result in patients traveling from the Clinton area to receive dialysis. Therefore, the applicant believes the establishment of the satellite facility will best meet the needs of these patients and future patients in the most cost effective and efficient manner.

**(c) Document that it is more cost effective to establish a satellite facility than to expand the existing facility.**

The applicant affirms that FMC-Southwest cannot be expanded to accommodate ten additional stations because of lack of space on the existing lot. The applicant states that while the land next to FMC-Southwest is available for purchase, purchasing an old medical office building, with more land than necessary, to destroy it and add onto the existing ESRD facility is not cost effective. The applicant states that because of this issue the creation of a satellite facility in Clinton, MS is the most cost effective option.

The application contained letters of support from FMC-Southwest Jackson, FMC-Jackson; The Clinton Chamber of Commerce; Phil Fisher – Mayor of Clinton, MS; Mohit Ahuja, M.D. & F. M. Phillippi, IV, MD of the Central Nephrology Clinic; and various residents.

**SHP Criterion 4 - Number of Stations**

FMC-Southwest has 31 hemodialysis ESRD stations and will transfer ten ESRD hemodialysis stations to the proposed satellite facility. The applicant affirms that the satellite ESRD facility will contain ten hemodialysis stations in West Hinds County. Therefore, the applicant is in compliance with this criterion.

**SHP Criterion 5 - Minimum Utilization**

The applicant projects 32.50 patients in year one, 42.25 patients in year two, and 48.75 patients in year three for the proposed ten-station satellite ESRD facility. Typically, an ESRD patient receives three treatments per week or 156 treatments per year. The applicant determined a lower number of treatments per patient could result in a more accurate estimate, due to missed appointments,

hospitalization, and transplants. Therefore, the applicant estimated each patient would receive 144 treatments per year. The following table compares the applicant's projections with the Department's requirements:

		<b>Applicant's Projections</b>		
<b>Year</b>	<b>Stations</b>	<b>Patients</b>	<b>Treatments</b>	<b>Utilization Rate</b>
<b>1</b>	<b>10</b>	32.50	4,680	50%
<b>2</b>	<b>10</b>	42.25	6,084	65%
<b>3</b>	<b>10</b>	48.75	7,020	75%

Based on MSDH's utilization requirements in the FY 2014 MSHP and numbers provided by applicant, staff determined the number of treatments for the first through third year of operation will be 4,680, 6,084, and 6,084.

		<b>MSDH Projections</b>	
<b>Year</b>	<b>Stations</b>	<b>Treatments</b>	<b>Utilization Rate</b>
<b>1</b>	<b>10</b>	4,680	50%
<b>2</b>	<b>10</b>	6,084	65%
<b>3</b>	<b>10</b>	6,084	65%

**SHP Criterion 6 - Minimum Services**

FMC-West Hinds County affirms that the facility will provide social, dietetic, and rehabilitative services.

**SHP Criterion 7 - Access to Needed Services**

FMC-West Hinds County affirms that the applicant will provide reasonable access to equipment/facilities for such needs as vascular access and transfusions required by stable maintenance ESRD patients.

**SHP Criterion 8 - Hours of Operation**

FMC-West Hinds County will operate Monday through Saturday between the hours of 7:00 a.m. to 6:00 p.m. The applicant affirms alternate arrangements will be made for those patients needing after-hours treatments.

**SHP Criterion 9 - Home Training Program**

FMC-West Hinds County affirms that patients who would like to participate in the home training program will be counseled on the availability of the home-training program and the requirements to enter the home/self-dialysis program. The Home Training program will be coordinated through the home programs that are part of Central Dialysis and Fresenius Medical Care SW Jackson Home. Fresenius provides a treatment options program for all pre-ESRD patients. The applicant provided a letter evidencing Central Dialysis/Lakeland Home's agreement to provide back-up home dialysis services.

**SHP Criterion 10 - Indigent/Charity Care**

The applicant affirms that they will provide a reasonable amount of indigent/charity care and serve approximately 1.5% indigent/charity care patients.

The applicant states it will serve all ESRD patients including Medicaid and Medicare recipients.

**SHP Criterion 11 - Facility Staffing**

The applicant included a proposed list of staff by category, position qualification guidelines (minimum education and experience requirements), and specific duties. If the proposed project is CON approved, the applicant affirms that 5.9 full time equivalents will be utilized to operate the satellite ESRD facility.

**SHP Criterion 12 - Staffing Qualifications**

The applicant asserts that the staff of the facility will meet, at a minimum, all requirements and qualifications as stated in 42 CFR, Subpart D, Section 494.140 as listed under SHP Criterion 12.

**SHP Criterion 13 - Staffing Time**

The applicant affirms that when the unit is in operation, at least one (1) R.N. will be on duty and at least two (2) persons will be present for each dialysis shift, one of which will be an R.N. In addition, the applicant affirms that the medical director or a designated physician will be on site or on call at all times when the unit is in operation. When the ESRD facility is not in operation, the applicant states that the medical director or a designated physician and one R.N. will be on call.

**SHP Criterion 14 - Data Collection**

The applicant affirms that it shall record and maintain all required data listed under SHP Criterion 14 and shall make it available to the Mississippi State Department of Health as required by the Department.

**SHP Criterion 15 - Staff Training**

The applicant asserts that it will provide an ongoing training program for nurses and technicians in dialysis techniques at the facility. Furthermore, the applicant states that specifically Fresenius and FMC-West Hinds County will offer a comprehensive training program for all direct patient care staff. The training includes didactic and clinical training with qualified preceptors to build clinical skills as well as OSHA and mandatory Fresenius compliance training.

**SHP Criterion 16 -Scope of Privileges**

The applicant affirms that it will provide access to doctors of medicine or osteopathic medicine licensed by the State of Mississippi who possess qualifications established by the proposed governing body of the facility. The applicant states that their affiliated facilities within the service area have existing relationships with nephrologists in the area who currently treat the applicant's patients and will continue to treat the patients at the proposed facility.

### **SHP Criterion 17 - Affiliation with a Renal Transplant Center**

The applicant affirms that they will enter into an affiliation agreement with a transplant center within one (1) year after the facility is opened and operating. The applicant provided an existing copy of a transfer agreement between Southwest Jackson, University of Mississippi Medical Center and the University of Alabama at Birmingham. The applicant anticipates this same agreement or a similar agreement will be applicable to the FMC-West Hinds County satellite facility.

### **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**

This application is in compliance with the overall objectives of the *FY 2014 State Health Plan*.

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

The applicant's long range plan is to provide high quality, easy access ESRD services for those residents in need of dialysis services near western Hinds County area. The applicant states that the proposed facility will help relieve the patient load at other affiliated facilities while providing greater access to dialysis services for residents of the western Hinds County area. The applicant further states that, prior to submission of this application, Fresenius had several discussions concerning the utilization of the Southwest Jackson facility, and it was determined that better overall care could be provided to the residents of Hinds County if a satellite facility was established in Clinton, MS. The applicant believes, a satellite facility will allow for greater accessibility to dialysis services by western Hinds County area residents at more convenient times.

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

The applicant considered the following alternatives:

- Not establishing a satellite ESRD facility in western Hinds County and continuing to service those patients through its existing facilities – the applicant states that this option wasn't feasible.
- Expansion of the Southwest facility – the applicant states that the facility cannot be expanded to accommodate ten stations due to space constraints and the size of the current facility. The applicant also states that the expansion of the Southwest facility would still force patients in the western Hinds County area to travel to receive dialysis services.

The applicant suggests that the relocation of stations from the FMC-Southwest facility will increase the availability of day chairs throughout Hinds County as western Hinds County area patients transfer to the satellite facility.

The applicant believes that the establishment of a ten-station satellite ESRD facility in Clinton, MS will be the most efficient, effective, and accessible alternative to meet the needs of the patients in western Hinds County.

#### **GR Criterion 4 – Economic Viability**

Based on the applicant's three-year projections, this project will have a net income of \$33,362 the first year, \$154,543 the second year, and \$241,822 the third year of operation, respectively.

- a. **Proposed Charge:** The applicant submits that the proposed project will not increase the cost of dialysis services to patients or Medicaid. The applicant deems that the experience gained by Fresenius in effectively operating other ESRD facilities in the service area and across the state will help ensure that there will not be a negative effect on the cost of health care. The applicant also believes that the charge for the services is comparable to other ESRD facilities' charges because Medicare sets an advanced composite rate per treatment for each geographic area.
- b. **Projected Levels of Utilization:** The applicant makes the following projections of dialysis treatments to be performed during the first three years of operation: 50%; 65%; and 75%, respectively.
- c. **Project's Financial Feasibility Study:** The department has determined that a financial feasibility study is not necessary for the proposed project.

#### **GR Criterion 5 – Need for Project**

- a. **Access by Population Served:** The applicant states that dialysis services will be offered to all ESRD patients, including without limitation, to the underserved population.
- b. **Relocation of Services:** The applicant states that while ten stations from the FMC-Southwest facility will be relocated to create the proposed satellite facility, services will continue to be provided at the existing location. Therefore, this application does not entail the relocation of services or replacement of an ESRD facility.
- c. **Probable Effect on Existing Facilities in the Area:** As previously stated, the applicant affirms that while ten stations from the FMC-Southwest facility will be relocated to create the proposed satellite facility, services will continue to be provided at the existing location. Therefore, the applicant does not intend an effect on existing facilities in the area.
- d. **Community Reaction:** The application contained letters of support for the proposed project from FMC-Southwest Jackson, FMC-Jackson; The Clinton Chamber of Commerce; Phil Fisher – Mayor of Clinton, MS; Mohit Ahuja, M.D. & F. M. Phillippi, IV, MD of the Central Nephrology Clinic; and various residents.

No letters of opposition for the proposed project were received.

**GR Criterion 6 – Access to the Facility or Service**

According to the applicant, all patients of the ESRD 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:

<b>Projected Year</b>	<b>Total Dollar Amount of Gross Patient Revenue</b>
1	\$30,109 (1%)
2	\$39,728 (1%)

The applicant confirms that FMC-Southwest has no existing obligations under any federal regulation requiring provision of uncompensated care, community service, or access by minority/handicapped persons.

The proposed facility will operate Monday through Saturday from 7:00 a.m. to 6:00 p.m.

**GR Criterion 7 – Information Requirement**

The applicant affirms that it will record and maintain all requested information required under GR Criterion 7 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 affirms that there are unaffiliated dialysis facilities located in the metro area, though none as far west as the proposed location. However, the applicant indicates that many western Hinds County area patients travel to FMC-Southwest or other Fresenius-affiliated facilities to receive treatment. The applicant asserts that the most significant impact should be on the host facility given that patients are expected to maintain their physician-patient relationships and use Fresenius-affiliated facilities. The applicant states that FMC-Southwest will cooperate to transfer to the West Hinds County satellite facility to facilitate continuity of care.

The applicant insists that failure to implement the proposed project will result in ESRD patients residing near western Hinds County continuing to travel three times a week to other locations in the Jackson metropolitan area to receive necessary dialysis services.

**GR Criterion 9 – Availability of Resources**

The applicant states that its affiliates have successfully recruited, through advertising and word-of-mouth, and maintained the personnel necessary for the efficient operation of their current facilities. The applicant proposes to use the same method. Furthermore, the applicant states, that in the event of a shortage

of staff at the new facility, the affiliation with the closest facility, will allow the applicant and the other facilities to supplement and share. The applicant affirms that due to its existing presence in the area, relationships with nearby nephrologists have been established.

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

The applicant affirms that all necessary ancillary or support services will be available.

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

FMC-Southwest asserts the facility will coordinate with area health professional training programs in the surrounding area.

#### **GR Criterion 14– Construction Projects**

The applicant intends to lease 10,648 square feet of shelled medical office space in a to-be-constructed building and renovate the space in order to make necessary accommodations to provide ESRD services. The applicant provided a cost estimate from Brian Brown & Associates, PLLC Architecture Firm which indicates a cost of \$110 per square foot for construction (interior build-out) totaling \$1,171,280 in renovation/construction cost. However, FMC-Southwest estimated a cost of \$130.90 per square foot of renovated construction for the proposed project. The proposed renovation will include interior studs, drywall, floor, wall and ceiling finishes, interior doors, casework, specialty items, plumbing, HVAC and electrical systems. Furthermore, the applicant provided documentation from GFR, LLC attesting that the proposed land and building site construction cost for their site build out is \$2,135,120.

If the proposed project is CON approved, the applicant states that FMC-Southwest will enter a lease agreement with GFR, LLC. The applicant provided a copy of the proposed lease agreement between FMC-Southwest and GFC, LLC. The applicant indicates that FMC-West Hinds County will lease approximately 10,648 square feet for a term of 10 years for the proposed satellite facility.

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 FMC-West Hinds County will comply with state statutes and regulations for the protection of the environment. The applicant provided a schematic drawing of the proposed project.

The RSMeans Building Construction Cost Data, 2014 does not compare costs for renovation projects. However, the renovation formula in the *Plan* was used by FMC-West Hinds County to show how much the proposed project will cost per square foot. The applicant states that the cost to renovate 10,648 square feet of space will be \$130.90 per square foot.

Based on the specifics presented in the application and the renovation formula listed in the *FY 2014 MSHP*, costs per square foot are shown in Attachment 2 of this analysis.

**GR Criterion 16– Quality of Care**

The applicant states that their relationship with Fresenius will greatly benefit the proposed facility due to Fresenius’ integrated delivery and service model. The applicant suggests this affiliation will help guarantee quality of care through delivery of health services, staff training and expectations.

**IV. FINANCIAL FEASIBILITY**

**A. Capital Expenditure Summary**

<b>Cost Item</b>	<b>Projected Cost</b>	<b>Percentage% of Total</b>
Construction Cost - New	\$2,135,120	56.0%
Construction Cost - Renovation	\$1,171,280	30.7%
Capital Improvements	\$ 0	0%
Total Fixed Equip Cost	\$ 166,000	4.35%
Total Non-Fixed Equip Cost	\$ 90,400	2.37%
Land Cost	\$ 0	0%
Site Prep Cost	\$ 0	0%
Fees – architectural/engineering	\$ 105,415	2.76%
Contingency Reserve	\$ 117,128	3.07%
Capitalized Interest	\$ 0	0%
Other	\$ 30,300	0.79%
<b>Total Proposed Expenditures</b>	<b>\$ 3,815,643</b>	<b>100.00%</b>

Details regarding the cost of renovation relating to the proposed project is listed in General Review Criterion 14.

The department has determined that a financial feasibility study is not necessary for the proposed project.

**B. Method of Financing**

The applicant proposes that the project will be financed from cash reserves.

**C. Effect on Operating Cost**

Attachment 1 lists BMA Southwest’s projections of expenses, gross revenue, net income and utilization for the first three years of operation.

**D. Cost to Medicaid/Medicare**

ESRD treatment is a Medicare entitlement. As such, the Medicare program will absorb a majority of the costs associated with this project. The cost to the Medicaid program will be negligible.

**V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES**

The Division of Medicaid was provided a copy of this application for review and comment. The Division asserts that no foreseeable increase in allowable costs to Medicaid will result as it relates to the proposed project. The Department of Medicaid does not oppose this project.

**VI. CONCLUSION AND RECOMMENDATION**

This project is in substantial compliance with the criteria and standards for the establishment of a satellite ESRD facility as contained in the *FY 2014 State Health Plan*; the *Mississippi Certificate of Need Review Manual, Revised September 1, 2011*; and all adopted rules, procedures, and plans of the Mississippi State Department of Health.

The Division of Health Planning and Resource Development recommends approval of the application submitted by Bio-Medical Applications of Mississippi, Inc. d/b/a Fresenius Medical Care-West Hinds County (FMC-West Hinds County) for the establishment of a ten (10) station, satellite End Stage Renal Disease (“ESRD”) facility in Hinds County.

**Attachment I**

**BIO-MEDICAL APPLICATIONS OF MISSISSIPPI, INC.  
 D/B/A  
 FRESENIUS MEDICAL CARE – WEST HINDS COUNTY**

**Three-Year Operating Statement with Project**

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Revenue</b>			
Inpatient Care Revenue	\$ 0	\$ 0	\$ 0
Outpatient Revenue	1,505,466	1,986,439	2,327,160
<b>Gross Patient Revenue</b>	<b>\$ 1,505,466</b>	<b>\$ 1,986,439</b>	<b>\$ 2,327,160</b>
Charity	\$ 0	\$ 0	\$ 0
Deductions from Revenue	0	0	0
<b>Net Patient Care Revenue</b>	<b>\$ 1,505,466</b>	<b>\$ 1,986,439</b>	<b>\$ 2,327,160</b>
Other Operating Revenue	\$ 0	\$ 0	\$ 0
<b>Total Operating Revenue</b>	<b>\$ 1,505,466</b>	<b>\$ 1,986,439</b>	<b>\$ 2,327,160</b>
<b>Operating Expenses</b>			
Salaries	\$ 326,664	\$ 433,156	\$ 509,792
Benefits	127,399	168,931	198,819
Supplies	364,572	478,683	557,850
Services	0	0	0
Lease Expenses	166,246	166,246	166,246
Depreciation	175,220	175,220	175,220
Interest	0	0	0
Other	312,003	409,660	477,411
<b>Total Operating Expenses</b>	<b>\$ 1,472,104</b>	<b>\$ 1,831,896</b>	<b>\$ 2,085,338</b>
<b>Net Operating Income</b>	<b>\$ 33,362</b>	<b>\$ 154,543</b>	<b>\$ 241,822</b>
	<b>Proposed Year 1</b>	<b>Proposed Year 2</b>	<b>Proposed Year 3</b>
Inpatient Days	0	0	0
Outpatient Visits	0	0	0
Number of ESRD Procedures	4,681	6,085	7,020
Charge per Outpatient Day	\$ 0	\$ 0	\$ 0
Charge per Inpatient Day	\$ 0	\$ 0	\$ 0
Charge per Procedure	\$ 332	\$ 326	\$ 332
Cost per Inpatient Day	\$ 0	\$ 0	\$ 0
Cost per Outpatient Day	\$ 0	\$ 0	\$ 0
Cost per Procedure	\$ 314	\$ 301	\$ 297

**Attachment 2**

**BIO-MEDICAL APPLICATIONS OF MISSISSIPPI, INC.  
 D/B/A  
 FRESENIUS MEDICAL CARE – WEST HINDS COUNTY**

**Computation of Construction and Renovation Cost**

	<b>Cost Component</b>	<b>Total</b>	<b>New Construction</b>	<b>Renovation</b>
A	New Construction Cost	\$2,135,120	\$2,135,120	
B	Renovation Cost	\$1,171,280		\$1,171,280
C	Total Fixed Equipment Cost	\$166,000	\$166,000	\$166,000
	<b>Total Non-Fixed Equipment Cost</b>	<b>\$90,400</b>		
	<b>Land Cost</b>	<b>\$0</b>	<b>\$0</b>	
D	Site Preparation Cost	\$0	\$0	
E	<i>Fees (Architectural, Consultant, etc.)</i>	\$105,415	\$105,415	\$105,415
F	<i>Contingency Reserve</i>	\$117,128	\$117,128	\$117,128
G	<i>Capitalized Interest</i>	\$0	\$0	\$0
	<i>Other</i>	\$30,300	\$0	\$30,300
	<b>Total Proposed Capital Expenditure</b>	<b>\$3,815,643</b>	<b>\$2,523,663</b>	<b>\$1,590,123</b>
	Square Footage	<b>10,648</b>	10,648	10,648
	<i>Allocation Percent</i>		100.00%	100.00%
	<b>Costs Less Land, Non-Fixed Eqt., Other</b>	<b>\$3,725,243</b>	<b>\$2,523,663</b>	<b>\$1,590,123</b>
	<b>Cost Per Square Foot</b>	<b>\$349.85</b>	<b>\$237.01</b>	<b>\$149.34</b>

Source: Mississippi Certificate of Need Review Manual, Revised September 1, 2011