

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT
MAY 2016**

**CON REVIEW: ESRD-NIS-0316-004
RCG MISSISSIPPI, INC. D/B/A RCG OF MERIDIAN D/B/A LAUDERDALE DIALYSIS
ESTABLISHMENT OF A SATELLITE ESRD FACILITY
CAPITAL EXPENDITURE: \$3,717,886.96
LOCATION: MERIDIAN, LAUDERDALE COUNTY, MISSISSIPPI**

STAFF ANALYSIS

PROJECT SUMMARY

A. Applicant Information

RCG Mississippi, Inc. d/b/a RCG of Meridian d/b/a Lauderdale County Dialysis is a business corporation. The applicant indicates that RCG Mississippi, Inc. d/b/a RCG of Meridian d/b/a Lauderdale County Dialysis is governed by a sixteen (16) member Board of Directors and officers.

The applicant provided a Certificate from the Secretary of State, verifying that the corporation was issued a Charter/Certificate of Authority on February 12, 1996. 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

RCG Mississippi, Inc. d/b/a RCG of Meridian d/b/a Lauderdale County Dialysis (Lauderdale County Dialysis) requests Certificate of Need (CON) authority to establish a ten (10 station), satellite End Stage Renal Disease ("ESRD") facility in Lauderdale County.

The applicant is proposing to establish a ten station satellite ESRD facilities to be located on New Way in Meridian, which is approximately 3.5 miles from the host facility, RCG of Meridian located at 2205 MS-39 in Meridian (the "host facility"). The host facility's occupancy rate is stated to be at 60.6% which has led to scheduling problems for patients. In addition, the satellite will be located off of Highway 19 which will make these necessary services closer to patients located in and near Lauderdale County. The satellite will improve dialysis patients' accessibility to dialysis in and around Lauderdale County. The satellite facility building will be constructed by a developer, with the interior shell being completed by the applicant to offer dialysis. As with past satellite projects, the applicant has included the total cost for the facility in tis anticipated capital expenditure.

The developer, Young Developers d/b/a YB Lauderdale, LLC intends to construct a new "shell" building for the provision of dialysis services by the applicant. The applicant will undertake the interior build-out that is necessary to provide ESRD services in the building. The proposed build-out will include interior studs, drywall, floor, wall and ceiling finishes, interior doors, casework, specialty items, plumbing, HVAC and electrical systems.

The applicant states that the construction and renovation will comply with all local ordinances and regulations. The total square feet of the building will be 17,088; however, the footprint of the building will be built to accommodate future growth but only ten (10) stations will be relocated from the host facility (see breakdown of square feet below).

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

The applicant provided a schematic drawing to show how the proposed building will look after the project is complete. A signed cost estimate and details about the construction and renovation was provided from the architect, Fisher Arnold. Also, Lauderdale County Dialysis verified that 8,544 square feet of space will cost \$240.00 per square foot for construction and 8,544 square feet of space will cost \$156.74 for renovation. The applicant states that 6.6 FTEs (Full-Time Equivalents) or personnel will be required for the proposed project. The annual cost of personnel will be \$411,428.

RCG Mississippi, Inc. d/b/a RCG of Meridian d/b/a Lauderdale Dialysis proposes to fund the project with cash reserves. The application includes a capital expenditure summary, consolidated financial statements and a financial feasibility statement from its CPA asserting that RCG of Meridian d/b/a Lauderdale has sufficient capital to fund the project.

The applicant received site approval from the Mississippi State Department of Health, Bureau and Health Facilities, Division of Health Facilities Licensure and Certification. The applicant contends that the capital expenditure for the proposed project will be obligated within six (6) to nine (9) months of final upon CON approval and the anticipated date of completion will be complete within one (1) year of 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 June 6, 2016.

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

A. State Health Plan (SHP)

The *FY 2015 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 2015 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 (3.5) 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 2015 State Health Plan*, Lauderdale County has 64 certified and CON approved stations.

The applicant states that the proposed facility will be located within 3.5 miles from the existing RCG-Meridian 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 Lauderdale 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 RCG of Meridian is currently experiencing 60.6% utilization. The applicant provided February 2015 through January 2016 ESRD data for the host ESRD facility, RCG of Meridian and the utilization rate was 60.6% or 60% for the 12 month period.

(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 Lauderdale County area are currently having limited space at the current facility. The applicant states a new access point for dialysis services which will help reduce the overcrowding issues experienced at the nearby facilities and the host facility, provide improved patient care, enable patients to have flexibility with their appointment times, and improve parking and congestion issues. This redistribution of stations at RCG of Meridian will also improve the efficiency of services provided to the patients utilizing the host facility. However, there is no available space for lease at the current location making expansion impossible.

The applicant considered expanding the RCG of Meridian facility but due to space constraints that would result in decreasing the size of the current facility and the RCG of Meridian facility being landlocked, Lauderdale County decided that the satellite facility would better serve patients and increase the number of day chairs at new satellite ESRD facilities. 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 RCG of Meridian cannot be expanded to accommodate ten additional stations because of unavailability space in the current facility. The applicant states the most cost effective and only solution is to establish the proposed satellite facility.

SHP Criterion 4 - Number of Stations

RCG of Meridian has 64 hemodialysis ESRD stations and will locate ten ESRD hemodialysis stations to the proposed satellite facility. The applicant affirms that the satellite ESRD facility will contain ten hemodialysis stations in Lauderdale County. Therefore, the applicant is in compliance with this criterion.

SHP Criterion 5 - Minimum Utilization

The applicant projects 34 patients in year one, 44.2 patients in year two, and 51 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:

Year	Stations	Applicant's Projections		
		Patients	Treatments	Utilization Rate
1	10	34	4,896	50 (52%)
2	10	44.2	6,366	65 (68%)
3	10	51	7,344	75 (78%)

Based on MSDH's utilization requirements in the *FY 2015 MSHP* and numbers provided by applicant, staff determined the number of treatments for the first through third year of operation will be 4,680, 6084, and 6,084.

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

SHP Criterion 6 - Minimum Services

Lauderdale County Dialysis affirms that the facility will provide social, dietetic, and rehabilitative services.

SHP Criterion 7 - Access to Needed Services

Lauderdale County Dialysis 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

Lauderdale County Dialysis will operate Monday through Saturday between the hours of 6:00 a.m. to 5:00 p.m. The applicant affirms alternate arrangements will be made for those patients needing after-hours treatments.

SHP Criterion 9 - Home Training Program

Lauderdale County Dialysis affirms the home training program will be available at the host facility to patients who would like to participate in the program and staff will counsel all patients. The applicant states that the proposed facility will provide treatment options programs for all pre-ESRD patients, as well modality choices, including CAPD, CCPD and home hemodialysis, are presented by trained staff to patients in a classroom or individual setting and even in physician offices.

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 6.6 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 Lauderdale County Dialysis 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 University of Mississippi Medical Center, FMC/Meridian and the University of Alabama at Birmingham Renal Transplantation Center. The applicant anticipates this same agreement or a similar agreement will be applicable to the Lauderdale County Dialysis 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 2015 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 and Lauderdale County. 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 Lauderdale County area. The applicant further states that, prior to submission of this application, Fresenius had several discussions concerning the utilization of the host facility, and it was determined that better overall care could be provided to the residents of Lauderdale County if a satellite facility was established in Meridian Mississippi. The applicant believes, a satellite facility will allow for greater accessibility to dialysis services by Lauderdale 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 Lauderdale County and continuing to service those patients through its existing facilities – the applicant states that this option wasn't feasible due to space availability.
- Construction of a new satellite facility that will accommodate ten stations due to space constraints and the size of the current facility, RCG of Meridian.

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

GR Criterion 4 – Economic Viability

Based on the applicant's three-year projections, this project will have a net income of \$110,417 the first year, \$283,599 the second year, and \$806,523 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.
- b. **Projected Levels of Utilization:** The applicant makes the following projections of dialysis treatments to be performed during the first three years of operation: 4,896; 6,366 and 7,344, respectively.

- c. **Project's Financial Feasibility Study:** The applicant provided a financial feasibility study indicating the proposed project is financially feasible.

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 RCG of Meridian 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 RCG of Meridian facility will be relocated to create the proposed satellite facility (Lauderdale County Dialysis) 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 nineteen letters of support for the proposed Lauderdale County Dialysis project.

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:

Projected Year	Total Dollar Amount of Gross Patient Revenue
1	\$981.60 (2%)
2	\$1,295.46 (2%)

The applicant confirms that RCG of Meridian 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 6:00 a.m. to 5:00 p.m. The applicant indicated RCG of Meridian; the host facility will be 3.5 miles or eight minutes from the proposed ERSD satellite facility, Lauderdale County Dialysis.

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 is unaffiliated dialysis facilities located in the Lauderdale County. The applicant states currently, Meridian area residents travel to multiple clinics, including the host facility, to receive ESRD services. The most significant impact should be on the host facility.

The applicant insists that failure to implement the proposed project will result in ESRD patients residing in the area and traveling to the host facility, RCG of Meridian three times a week or to other locations in or around the Lauderdale County 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

RCG of Meridian asserts the facility will coordinate with area health professional training programs in the surrounding area.

GR Criterion 14– Construction Projects

The proposed project involves new construction and renovation of 17,088 square feet of “shell” space and the renovation of the interior of the building. The *Building Construction Cost Data, 2015 Edition* does not compare costs for renovation projects nor ESRD facilities; however, as a measuring tool, the publication lists the cost of new construction for a hospital facility as: \$206, \$258, and \$355 per square foot.

The applicant states that the new construction cost of 8,544 square feet for the proposed structure and 8,544 square feet of renovation will be \$240 and \$156.74, respectively. Staff calculates \$240.00 for 8,544 square feet of new construction and \$158.74 for 8,544 square feet for renovation. Thus, the cost for new construction is closer to the medium range - \$258 from the *RMeans*

Building Construction Cost Data, 2015 Edition. Computations for the construction and renovation formula listed in the *FY 2015 MSHP* are shown in Attachment 2 of this analysis.

GR Criterion 16– Quality of Care

The applicant states that their relationship with RCG of Meridian 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. The applicant states each dialysis patient will benefit from the expertise and experience of the nation’s largest dialysis provider and its extensive clinical network.

IV. FINANCIAL FEASIBILITY

A. Capital Expenditure Summary

Cost Item	Estimated Cost	% of the Total
Construction Cost -New	\$1,529,376	41.14%
Construction Cost-Renovation	1,085,088	29.19%
Capital Improvements, i.e. (minor painting and repairs, refurbishing)	0	0.00%
Total Fixed Equipment Cost	250,000	6.72%
Total Non-Fixed Equipment Cost	206,068	5.54%
Land Cost	105,000	2.82%
Site Preparation Cost	0	0.00%
Fees (Architectural and Consultant Fees)	235,302	6.33%
Fees (Legal and Accounting)	0	0.00%
Contingency Reserve	307,053	8.26%
Capitalized Interest	0	0.00%
Other Cost (Consulting)	0	0.00%
Other Cost	-	0.00%
TOTAL PROPOSED CAPITAL EXPENDITURE	\$3,717,887	100%

Details regarding the cost of construction and renovation relating to the proposed project are listed under *General Review - Criterion 14*. The Department determined that a financial feasibility study is necessary for the proposed project and it was provided in the application.

B. Method of Financing

As previously mentioned, RCG of Meridian proposes to finance the project with cash reserves. The application contained a financial feasibility statement from Kelly L. Wootton, Sr. Director Finance & Accounting, Joint Ventures, Fresenius Medical Services stating that RCG Mississippi, Inc. d/b/a RCG of Meridian d/b/a Lauderdale Dialysis has sufficient capital to fund the project.

C. Effect on Operating Cost

The applicant's projections of gross revenues for the first, second, and third year of operation, expenses, and net income are shown in Attachment 1. Utilization, cost, and charges are also included in the applicant's Three-Year Projected Operating Statement (see Attachment 1).

D. Cost to Medicaid/Medicare

In the application RCG Mississippi, Inc. d/b/a RCG of Meridian d/b/a Lauderdale Dialysis provides the following revenue source projections for each payer category listed below.

RCG Mississippi, Inc. d/b/a RCG of Meridian		
Payor	Utilization Percentage	First Year Revenue
Medicaid	4.00%	\$56,939.00
Medicare	67.00%	\$957,078.00
Self Pay	0.00%	\$2,281.00
Commercial	26.00%	\$365,830.00
Charity	0.00%	\$0.00
Other	3.00%	\$49,080.00
Total	100%	<u>\$1,431,208.00</u>

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 2015 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 RCG Mississippi, Inc. d/b/a RCG of Meridian d/b/a Lauderdale Dialysis for the establishment of a ten (10) station, satellite End Stage Renal Disease ("ESRD") facility in Lauderdale County.

Attachment 1

**RCG Mississippi, Inc. d/b/a RCG of Meridian d/b/a
 Lauderdale Dialysis
 Three-Year Operating Statement with Project**

	Year 1	Year 2	Year 3
Revenue			
Inpatient Care Revenue	\$ 0	\$ 0	\$ 0
Outpatient Revenue	1,431,208	1,888,808	2,211,681
Gross Patient Revenue	\$ 1,431,208	\$ 1,888,808	\$ 2,211,681
Charity	\$ 0	\$ 0	\$ 0
Deductions from Revenue	0	0	0
Net Patient Care Revenue	\$ 1,431,208	\$ 1,888,808	\$ 2,211,681
Other Operating Revenue	\$ 0	\$ 0	\$ 0
Total Operating Revenue	\$ 1,431,208	\$ 1,888,808	\$ 2,211,681
Operating Expenses			
Salaries	\$ 293,877	\$ 389,769	\$ 458,639
Benefits	117,551	155,908	183,456
Supplies	289,405	380,075	42,849
Services	0	0	0
Lease Expenses	279,290	279,920	279,920
Depreciation	152,766	152,766	152,766
Interest	0	0	0
Other	187,903	246,773	287,529
Total Operating Expenses	\$ 1,320,791	\$ 1,605,210	\$ 1,405,158
Net Operating Income	\$ 110,417	\$ 283,599	\$ 806,523
	Proposed Year 1	Proposed Year 2	Proposed Year 3
Inpatient Days	0	0	0
Outpatient Visits	0	0	0
Number of ESRD Procedures	4,896	6,366	7,344
Charge per Outpatient Day	\$ 0	\$ 0	\$ 0
Charge per Inpatient Day	\$ 0	\$ 0	\$ 0
Charge per Procedure	\$ 292	\$ 297	\$ 301
Cost per Inpatient Day	\$ 0	\$ 0	\$ 0
Cost per Outpatient Day	\$ 0	\$ 0	\$ 0
Cost per Procedure	\$ 270	\$ 252	\$ 191

Attachment 2
RCG Mississippi, Inc. d/b/a RCG of Meridian d/b/a
Lauderdale Dialysis

Computation of Construction and Renovation Cost

	<u>Total</u>	<u>New Constructon</u>	<u>Renovation</u>
Cost Component			
A New Construction Cost	\$1,529,376	\$1,529,376	
B Renovation Cost	\$1,085,088		\$1,085,088
C Total Fixed Equipment Cost	\$250,000	\$250,000	
Total Non-Fixed Equipment Cost	\$206,068	\$0	
Capital Improvement	\$0		
Land Cost	\$105,000	\$105,000	
D Site Preparation Cost	\$0	\$0	
E Fees (Architectural, Consultant, etc.)	\$235,302	\$117,651	\$117,651
F Contingency Reserve	\$307,053	\$153,527	\$153,527
G Capitalized Interest	\$0	\$0	\$0
Total Proposed Capital Expenditure	\$3,717,887	\$2,155,554	\$1,356,266

Square Footage	17,088	8,544	8,544
Allocation Percent		50.00%	50.00%

Costs Less Land, Non-Fixed Eqt.& Cap. Improvement	\$3,406,819	\$2,050,554	\$1,356,266
--	--------------------	--------------------	--------------------

Cost Per Square Foot	\$199.37	\$240.00	\$158.74
-----------------------------	-----------------	-----------------	-----------------

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