

**From:** [Gregory Bratcher](#)  
**To:** [Lux, Mackinzey](#)  
**Subject:** RE: CON 6080  
**Date:** Monday, March 25, 2024 5:21:54 PM  
**Attachments:** [image002.png](#)

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Below are answers to your questions:

- The date on the Philips quote states valid until 9/27/2023. Provide a new quote.
  - BJC uses a two-year capital budgeting cycle whereby we ask for vendors' best pricing, with a commitment to honor that pricing. The quote will be honored by Philips.
- Is the trade in amount deducted from the total cost ? If so, please provide an updated proposed budget form and fee including that deducted amount.
  - In the weird way this bid quote tracks “costs,” lines 6 and 7 on page 11 of the application all add to zero charges. So, there is no trade-in to back out of the bid quote.
- Provide a breakdown of costs, I am unable to verify them.
  - Below is a breakdown of the equipment costs and options we plan to purchase.

	QUOTE	PAGE #	CON	DIFFERENCE (CON - QUOTE)
	\$ 1,063,183.38	11		
	\$ 42,869.20	11		
	\$ 50,014.80	11		
	\$ 10,208.00	11		
	\$ 5,104.00	11		
	\$ 1,171,379.38		\$ 1,172,378.00	\$ 998.62
	\$ 162,828.00	66	\$ 162,828.00	\$ -
	\$ 1,334,207.38		\$ 1,335,206.00	\$ 998.62

- NOTES: The clinical team did not take option package 2, on page 11. Nonetheless, there was a math error in backing that option out of the total costs, reflected in the DIFFERENCE column above. Fortunately, it results in a net overpayment in the CON application fee, so no supplement is necessary. Whew.
- Provide the service area for the staff analysis.
  - For this project let’s use the Mo. counties of:
    - St. Louis City
    - St. Louis County
    - St. Charles
    - Warren
    - Franklin
    - Lincoln

Greg Bratcher  
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Cell & office: 314-323-1231

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**From:** Lux, Mackinzey <Mackinzey.Lux@health.mo.gov>  
**Sent:** Wednesday, March 20, 2024 3:43 PM  
**To:** Gregory Bratcher <Gregory.Bratcher@bjc.org>  
**Subject:** CON 6080  
**Importance:** High

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Greg,

After reviewing, some additional information is need.

- The date on the Philips quote states valid until 9/27/2023. Provide a new quote.
- Is the trade in amount deducted from the total cost ? If so, please provide an updated proposed budget form and fee including that deducted amount.
- Provide a breakdown of costs, I am unable to verify them.
- Provide the service area for the staff analysis.

**This information is needed by Friday, March 29, 2024.**

*Mackinzey Lux*

Assistant Program Coordinator, Certificate of Need  
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<http://health.mo.gov/information/boards/certificateofneed/index.php>

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Certificate of Need Program

**PROPOSED PROJECT BUDGET**

**Description**

**Dollars**

**COSTS:\***

*(Fill in every line, even if the amount is "\$0".)*

- 1. New Construction Costs \*\*\* \_\_\_\_\_
- 2. Renovation Costs \*\*\* \_\_\_\_\_
- 3. Subtotal Construction Costs** (#1 plus #2) **\_\_\_\_\_**
- 4. Architectural/Engineering Fees \_\_\_\_\_
- 5. Other Equipment (not in construction contract) \_\_\_\_\_
- 6. Major Medical Equipment \_\_\_\_\_
- 7. Land Acquisition Costs \*\*\* \_\_\_\_\_
- 8. Consultants' Fees/Legal Fees \*\*\* \_\_\_\_\_
- 9. Interest During Construction (net of interest earned) \*\*\* \_\_\_\_\_
- 10. Other Costs \*\*\* \_\_\_\_\_
- 11. Subtotal Non-Construction Costs** (sum of #4 through #10) **\_\_\_\_\_**
- 12. Total Project Development Costs** (#3 plus #11) **\_\_\_\_\_\*\***

**FINANCING:**

- 13. Unrestricted Funds \_\_\_\_\_
- 14. Bonds \_\_\_\_\_
- 15. Loans \_\_\_\_\_
- 16. Other Methods (specify) \_\_\_\_\_
- 17. Total Project Financing** (sum of #13 through #16) **\_\_\_\_\_\*\***

18. New Construction Total Square Footage	_____
19. New Construction Costs Per Square Foot *****	_____
20. Renovated Space Total Square Footage	_____
21. Renovated Space Costs Per Square Foot *****	_____

\* Attach additional page(s) detailing how each line item was determined, including all methods and assumptions used. Provide documentation of all major costs.

\*\* These amounts should be the same.

\*\*\* Capitalizable items to be recognized as capital expenditures after project completion.

\*\*\*\* Include as Other Costs the following: other costs of financing; the value of existing lands, buildings and equipment not previously used for health care services, such as a renovated house converted to residential care, determined by original cost, fair market value, or appraised value; or the fair market value of any leased equipment or building, or the cost of beds to be purchased.

\*\*\*\*\* Divide new construction costs by total new construction square footage.

\*\*\*\*\* Divide renovation costs by total renovation square footage.

**From:** [Gregory Bratcher](#)  
**To:** [Lux, Mackinzey](#)  
**Subject:** CION 6080 supplemental  
**Date:** Friday, April 5, 2024 2:33:41 PM  
**Attachments:** [6080supplemental .docx](#)  
[MBMC CATH lab 27.pdf](#)  
[MBMC CATH Lab 21.22.23.pdf](#)  
[MBMC CATH Lab 24.25.26.pdf](#)

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When I submitted the letter of intent for this project, I was right—when I filled out the application, I made a mistake. The LOI correctly stated that the cardiac cath lab being replaced had been acquired fifteen years ago under the CON threshold, and consequently, the application needs to match that scenario. Therefore, please find attached the supplemental pages needed: Divider 4 information and the Service-Specific Revenue sheets.

Apologies for the mix-up.

BJC HealthCare

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**DIVIDER IV. FINANCIAL FEASIBILITY REVIEW CRITERIA & STANDARDS:**

- 1. DOCUMENT THAT SUFFICIENT FINANCING IS AVAILABLE BY PROVIDING A LETTER FROM A FINANCIAL INSTITUTION OR AN AUDITOR'S STATEMENT INDICATING THAT SUFFICIENT FUNDS ARE AVAILABLE.**

IRS 990 forms are on file with the CON office.

- 2. PROVIDE SERVICE-SPECIFIC REVENUES AND EXPENSES (FORM MO 580-1865) PROJECTED THROUGH THREE (3) YEARS BEYOND PROJECT COMPLETION.**

See the attached financial forms.

- 3. DOCUMENT HOW PATIENT CHARGES WERE DERIVED.**

Charges are generally arrived at by determining the reasonable and customary unit charge for delivering a given procedure through routine market checks of pricing at other facilities and comparing the expected unit cost using a cost accounting package tailored specifically for hospitals. Finally, annual inflation adjustments are made, usually averaging 2% to 3%.

- 4. DOCUMENT RESPONSIVENESS TO THE NEEDS OF THE MEDICALLY INDIGENT.**

BJC is one of the largest providers of charity care, unreimbursed care, and community benefits in the state of Missouri, offering the community over \$900 million in care and services. BJC hospitals have a long-standing policy of providing charity care and reduced-fee care to those in need. This policy will continue.

The hospital offers financial counseling for all patients to ensure adequate coverage is obtained. For patients who are indigent, our financial counselors assist these families in obtaining Medicaid assistance. If financial assistance is not attainable, charity care may be extended as appropriate. The hospital financial assistance guidelines are based on family size and income relative to the US poverty level guidelines. Each case is reviewed on an individual basis.

Although community benefit is often measured by the value of current programs, BJC's contributions also sustain the future of health care by investing in the education of health professionals. BJC invested more than \$220 million in educating nurses, doctors, therapists, pharmacists, and medical technologists in 2021.

BJC and its hospitals and health service organizations impact countless lives daily with programs that bring health and wellness resources into schools,

neighborhoods, workplaces, houses of worship, and wherever neighbors gather. During 2021, BJC organizations contributed \$19 million to community health and wellness programs throughout metropolitan St. Louis and southern Illinois. These programs provided almost half a million individual services to children, adults, and seniors.

**SERVICE-SPECIFIC REVENUES AND EXPENSES****Project Title:****Project #:****Historical Financial Data for Latest Three Full Years plus Projections Through Three Full Years Beyond Project Completion**

*Use an individual form for each affected service with a sufficient number of copies of this form to cover entire period, and fill in the years in the appropriate blanks.*

	<b>Year</b>		
	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Amount of Utilization:*</b>	3,837	4,033	4,371
<b>Revenue:</b>			
Average Charge**	\$60,217	\$63,269	\$64,999
Gross Revenue	\$231,052,629	\$255,163,877	\$284,110,629
Revenue Deductions	171,785,825	191,081,607	210,911,162
Operating Revenue	59,266,804	64,082,270	73,199,467
Other Revenue	0	0	0
<b>TOTAL REVENUE</b>	<b>\$59,266,804</b>	<b>\$64,082,270</b>	<b>\$73,199,467</b>
<b>Expenses:</b>			
Direct Expenses			
Salaries	12,558,193	14,832,507	14,702,738
Fees	0	0	0
Supplies	19,255,539	22,258,478	23,835,024
Other	960,228	1,039,014	1,283,190
<b>TOTAL DIRECT</b>	<b>\$32,773,960</b>	<b>\$38,129,999</b>	<b>\$39,820,952</b>
Indirect Expenses			
Depreciation	0	0	0
Interest***	0	0	0
Rent/Lease	0	0	0
Overhead****	22,133,168	24,040,852	24,711,616
<b>TOTAL INDIRECT</b>	<b>\$22,133,168</b>	<b>\$24,040,852</b>	<b>\$24,711,616</b>
<b>TOTAL EXPENSES</b>	<b>\$54,907,128</b>	<b>\$62,170,851</b>	<b>\$64,532,568</b>
<b>NET INCOME (LOSS):</b>	<b>\$4,359,676</b>	<b>\$1,911,419</b>	<b>\$8,666,899</b>

\*Utilization will be measured in "patient days" for licensed beds, "procedures" for equipment, or other appropriate units of measure specific to the service affected.

\*\*Indicate how the average charge/procedure was calculated.

\*\*\*Only on long term debt, not construction.

\*\*\*\*Indicate how overhead was calculated.



# SERVICE-SPECIFIC REVENUES AND EXPENSES

**Project Title:**

**Project #:**

## Historical Financial Data for Latest Three Full Years plus Projections Through Three Full Years Beyond Project Completion

*Use an individual form for each affected service with a sufficient number of copies of this form to cover entire period, and fill in the years in the appropriate blanks.*

**Year**

**Amount of Utilization:\***

--	--	--

**Revenue:**

Average Charge\*\*

--	--	--

Gross Revenue

--	--	--

Revenue Deductions

--	--	--

Operating Revenue

--	--	--

Other Revenue

--	--	--

**TOTAL REVENUE**

--	--	--

**Expenses:**

Direct Expenses

Salaries

--	--	--

Fees

--	--	--

Supplies

--	--	--

Other

--	--	--

TOTAL DIRECT

--	--	--

Indirect Expenses

Depreciation

--	--	--

Interest\*\*\*

--	--	--

Rent/Lease

--	--	--

Overhead\*\*\*\*

--	--	--

TOTAL INDIRECT

--	--	--

**TOTAL EXPENSES**

--	--	--

**NET INCOME (LOSS):**

--	--	--

\*Utilization will be measured in "patient days" for licensed beds, "procedures" for equipment, or other appropriate units of measure specific to the service affected.

\*\*Indicate how the average charge/procedure was calculated.

\*\*\*Only on long term debt, not construction.

\*\*\*\*Indicate how overhead was calculated.



**SERVICE-SPECIFIC REVENUES AND EXPENSES****Project Title:****Project #:****Historical Financial Data for Latest Three Full Years plus Projections Through Three Full Years Beyond Project Completion**

*Use an individual form for each affected service with a sufficient number of copies of this form to cover entire period, and fill in the years in the appropriate blanks.*

	<b>Year</b>		
	<u>2027</u>	<u>20??</u>	<u>20??</u>
<b>Amount of Utilization:*</b>	4,803	0	0
<b>Revenue:</b>			
Average Charge**	\$73,157	\$0	\$0
Gross Revenue	\$351,373,071	\$0	\$0
Revenue Deductions	258,376,431	0	0
Operating Revenue	92,996,640	0	0
Other Revenue	0	0	0
<b>TOTAL REVENUE</b>	<b>\$92,996,640</b>	<b>\$0</b>	<b>\$0</b>
<b>Expenses:</b>			
Direct Expenses			
Salaries	19,642,039	0	0
Fees	0	0	0
Supplies	31,842,264	0	0
Other	1,587,344	0	0
<b>TOTAL DIRECT</b>	<b>\$53,071,647</b>	<b>\$0</b>	<b>\$0</b>
Indirect Expenses			
Depreciation	0	0	0
Interest***	0	0	0
Rent/Lease	0	0	0
Overhead****	30,568,997	0	0
<b>TOTAL INDIRECT</b>	<b>\$30,568,997</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL EXPENSES</b>	<b>\$83,640,644</b>	<b>\$0</b>	<b>\$0</b>
<b>NET INCOME (LOSS):</b>	<b>\$9,355,996</b>	<b>\$0</b>	<b>\$0</b>

\*Utilization will be measured in "patient days" for licensed beds, "procedures" for equipment, or other appropriate units of measure specific to the service affected.

\*\*Indicate how the average charge/procedure was calculated.

\*\*\*Only on long term debt, not construction.

\*\*\*\*Indicate how overhead was calculated.