

**MISSISSIPPI STATE DEPARTMENT OF HEALTH  
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT  
FEBRUARY 28, 2022**

**CON REVIEW NUMBER: HG-O-0122-001  
ALLEGIANCE SPECIALTY HOSPITAL OF GREENVILLE, LLC  
OFFERING OF ADULT PSYCHIATRIC SERVICES/LEASE OF ADULT PSYCHIATRIC BEDS  
CAPITAL EXPENDITURE: \$254,655.00  
LOCATION: GREENVILLE, WASHINGTON COUNTY, MISSISSIPPI**

**STAFF ANALYSIS**

**I. PROJECT SUMMARY**

**A. Applicant Information**

Allegiance Specialty Hospital of Greenville, LLC is a Louisiana limited liability company authorized to do business in Mississippi and operates Allegiance Specialty Hospital of Greenville. ASHG is a thirty-nine (39) bed long-term acute care hospital (LTACH) operating as a hospital-within-a-hospital on the third floor of Delta Health Systems' West Campus building located at 300 South Washington Avenue, Greenville, Washington County, Mississippi. ASHG is managed by Allegiance Health Management, Inc. located at 504 Texas Street, Suite 200, Shreveport, Louisiana 71101 and consists of three (3) members.

The application contains a Certificate of Good Standing from the Office of the Secretary of State, Jackson, Mississippi, indicating as of July 29, 2021, Allegiance Specialty Hospital of Greenville, LLC is in good standing with the State of Mississippi.

**B. Project Description**

Allegiance Specialty Hospital of Greenville (ASHG" or the "Applicant") requests certificate of need (CON) authority to lease and operate sixteen (16) adult psychiatric beds from Delta Health System ("DHS"). The Applicant states ASHG is currently licensed to operate thirty-nine (39) beds to provide long-term, intensive medical care to high-acuity patients with an average length of stay in excess of twenty-five (25) days.

The Applicant states for the past several years, DHS has operated a thirty (30) bed psychiatric distinct part unit ("DPU") on the second floor of the DHS West Campus building. The psychiatric DPU includes two separate components: a fourteen (14) bed geriatric psychiatric ("Geropsych") DPU consisting of 6,985 sq. ft. and a sixteen (16) bed Adult Psych DPU consisting of 12,325 sq. ft.

The Applicant states DHS and ASHG agreed to transition both the adult psych DPU and the Geropsych DPU to become a DPU of ASHG by leasing the space and beds to ASHG. On September 13, 2021, the Mississippi State Department of Health

(MSDH) issued a determination ruling affirming no CON was required for the Geropsych DPU. The Applicant states, ASHG assumed operations of the fourteen (14) bed Geropsych DPU on November 1, 2021. ASHG now requests approval to lease and operate the sixteen (16) bed Adult Psych DPU.

ASHG indicates the project entails non-structural upgrades of anti-ligature hardware to freshen the unit's appearance. The Applicant states the limited, non-structural upgrades would consist of the following:

- Upgrading faucets in bathrooms to more ligature resistant faucets;
- Upgrading the door handles on patient doors to more ligature resistant door handles;
- Changing hinges on specific doors to piano hinges to eliminate the ability to use the doors as anchor points;
- Upgrading sink and toilet covers to more ligature resistant covers; and
- Changing one patient room to be a seclusion room by removing the beds and upgrading the door for observation.

The Applicant affirms ASHG proposes to lease and operate an existing unit, which will not require new construction or major renovations. ASHG also affirms it will comply with all applicable State statutes and regulations for the protection of the environment.

ASHG projects twenty-two (22) full-time equivalent (FTE) staff will be hired, at an annual cost of \$960,320.00 for the first year.

The Applicant projects a total capital expenditure of \$254,655.00, as itemized in Section IV of this Staff Analysis. ASHG expects to obligate the capital expenditure and complete the project within thirty (30) days of CON approval.

The application contains a letter dated November 18, 2021, documenting MSDH Division of Health Facilities Licensure and Certification's waiver of site approval for the psychiatric beds.

The Applicant states despite its consistent occupancy rates, DHS planned to close both its adult and geropsych units; however, due to its close working relationship with DHS and its experience providing specialized mental health programs, ASHG agreed to assume operations of both DHS' adult and geropsych units. ASHG states during the pandemic, hospitals were inundated with COVID-19 patients and inpatient psychiatric beds were often converted to general acute care beds to treat sick individuals. ASHG further states this disrupted critically important behavioral health programs during a time when they were most needed; therefore, ASHG states its goal is to ensure that vital mental health services remain intact for the community and to ensure these services remain close to home.

## II. TYPE OF REVIEW REQUIRED

This project is reviewed in accordance with Sections 41-7-173, 41-7-191, and 41-7-193 of the Mississippi Code of 1972, Annotated, as amended, and duly adopted rules, procedures, plans, criteria, and standards of the Mississippi State Department of Health (“MSDH”). MSDH will also review applications for CON according to the general criteria listed in the *Mississippi Certificate of Need Review Manual, September 1, 2019, Revision*; all adopted rules, procedures, plans, criteria and standards of MSDH; and the specific criteria and standards listed below. The Department reviews projects for the offering of acute psychiatric services when such services have not been offered by the proposed provider, on a regular basis, within the past twelve (12) months regardless of the capital expenditure.

In accordance with Section 41-7-197(2) of the Mississippi Code 1972, Annotated, as amended, any affected person may request a public hearing on this project within ten (10) days of publication of the staff analysis. The opportunity to request a hearing expires on March 10, 2022.

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

### A. State Health Plan (SHP)

The *FY 2022 Mississippi State Health Plan* (“MSHP”) contains policy statements, criteria, and standards which the applicant is required to meet before receiving CON authority for the offering of adult psychiatric services. This application is in substantial compliance with the applicable policy, criteria, and standards stated in the *Plan*.

Policy Statements Regarding Certificate of Need Applications for Acute Psychiatric, Chemical Dependency, and Psychiatric Residential Treatment Facility Beds/Services

1. **A “reasonable amount” of indigent/charity care:** The Applicant states ASHG will follow its policy for admitting and treating indigent and charity care patients and will make the policy available to all referring sources for patient care and will not decline admission to any patient solely based on ability to pay.
2. **Mental Health Planning Areas:** The Applicant acknowledges the state as a whole is used as a planning area for adult psychiatric beds/services. The Applicant states ASHG will operate sixteen (16) existing, licensed adult psychiatric beds.
3. **Public Sector Beds:** The Applicant acknowledges the Department of Mental Health (DMH) beds are not counted in the State bed inventory for

determining statistical need for additional beds.

4. **Comments from DMH:** ASHG acknowledges this policy statement.
5. **Separation of Adult and Children/Adolescents:** The Applicant states this policy is not applicable as ASHG will not provide psychiatric services to adolescent patients.
6. **Separation of Males and Females:** The Applicant acknowledges this policy statement.
7. **Patients with Co-Occurring Disorders:** The Applicant acknowledges this policy statement.
8. **Comprehensive Program of Treatment:** The Applicant acknowledges this policy statement.
9. **Medicaid Participation:**
  - a. **Medicaid Certification:** ASHG affirms it shall seek Medicaid certification for the facility/program at such time as the facility/program becomes eligible for such certification.
  - b. **Medicaid Service Information:** The Applicant affirms ASHG shall serve a reasonable number of Medicaid patients when the facility/program becomes eligible for reimbursement under the Medicaid Program. In addition, ASHG affirms it will provide MSDH with information regarding services to Medicaid patients.
10. **Licensing and Certification:** The Applicant acknowledges this policy statement.
11. **Psychiatric Residential Treatment Facility:** The Applicant affirms this policy statement is not applicable.
12. **Certified Education Programs:** The Applicant affirms this policy statement is not applicable.
13. **Preference in CON Decisions:** ASHG acknowledges this policy statement.
14. **Dedicated Beds for Children's Services:** The Applicant affirms this policy statement is not applicable.
15. **CON Statutory Requirement:** The Applicant acknowledges this statutory requirement and has filed for CON approval.

16. **Voluntarily Delicensed Beds:** The Applicant acknowledges this policy statement.
17. **CON Requirement for Reopening:** The Applicant acknowledges this policy statement.

**SHP General Certificate of Need Criteria and Standards for Acute Psychiatric, Chemical Dependency, and/or Psychiatric Residential Treatment Facility Beds/Services**

**SHP Need Criterion 1 – Bed Need Requirements**

- a. **New/Existing Acute Psychiatric, Chemical Dependency, and/or Psychiatric Residential Treatment Beds/Services:** Table 3-6 of the *FY 2022 State Health Plan* indicates the State has an excess of 179 adult psychiatric beds. However, ASHG states its proposal is not for the addition of beds; therefore, it will not affect the statewide acute psychiatric bed need statistics.
- b. **Projects that do not involve additional beds:** The Applicant submits DHS (formerly Delta Regional Medical Center – West) is currently operating sixteen (16) adult psychiatric beds to address the mental health needs of adults in and around its community. Furthermore, the Applicant states, according to the FY 2022 SHP, DHS maintained an occupancy rate of 59.81% in FY 2020.\* Despite its occupancy rate, the Applicant states DHS plans to close its adult psychiatric unit. The Applicant asserts after nearly two (2) years of isolation and economic uncertainty, more Americans are reeling from the effects of mental illness. ASHG further cites a survey from the World Health Organization stating the coronavirus pandemic has disrupted mental health services in most countries, while the demand for mental health care is increasing. The Applicant states ASHG is acutely aware that adult inpatient psychiatric services are critical to improving the quality of life for citizens in the Washington County and surrounding service area.

\*Note: Staff notes Table 3-1 of the *FY 2022 State Health Plan* lists Delta Regional Medical Center -West as having nine (9) operating adult psychiatric beds with an occupancy rate of 59.81% for those nine (9) beds, based on information obtained from the Applications for Renewal of Hospital License for FY 2020.

- c. **Projects which involve the addition of beds:** The Applicant affirms this criterion is not applicable to this project.
- d. **Child Psychiatry Fellowship Program:** This criterion is not applicable to this application.

- e. **Exclusive Treatment of Adults for Post Traumatic Stress Disorder (PTSD):** This criterion is not applicable to this application.

**SHP Need Criterion 2 – Data Requirements**

ASHG affirms it will record, maintain, and provide to MSDH within fifteen (15) business days of its request: (1) the source of patient referral, (2) utilization data, e.g. number of indigent admissions, number of charity admissions, and inpatient days of care, (3) demographic data, (4) cost and charges data, and (5) other data requested by MSDH.

**SHP Need Criterion 3 – Referral/Admission of Charity/Indigent Patients**

The application contains a proposed Charity Care Policy and letters of support from mental health providers in the area.

**SHP Need Criterion 4 – Letters of Comment**

The application contains seven (7) letters of comment from mental health providers, physicians, community and political leaders, and other interested groups.

**SHP Need Criterion 5 –Non-Discrimination Provision**

The Applicant states ASHG’s clinical care is individualized and based on each patient’s identified healthcare needs, without discrimination based upon the patient’s gender, disability, race, color, religion, sex, sexual orientation, gender identity, national origin, ability to pay, or any other legally protected status. The application contains a copy of ASHG’s Anti-Discrimination Policies.

**SHP Need Criterion 6 – Charity/Indigent Care**

The Applicant asserts ASHG will follow its policy for admitting and treating indigent and charity care patients. In addition, the Applicant states under the Emergency Medical Treatment and Labor Act (“EMTALA”), ASHG has an obligation to accept the appropriate transfer of individuals experiencing a psychiatric emergency medical condition provided it has the capacity to treat those individuals.

The Applicant states DHS currently has an agreement with Washington County to provide mental health services to judicially committed individuals, as well as those who are incarcerated and indigent. ASHG states it will enter into an agreement with Washington County for the same purposes.

## **Service Specific (SS) Certificate of Need Criteria and Standards for Acute Psychiatric Beds for Children and Adolescents**

### **SS Need Criterion 1 – Statistical Need for Child/Adolescent Psychiatric Beds**

The *FY 2022 State Health Plan* indicates MSDH shall base statistical need for acute adult psychiatric beds on a ratio of 0.21 beds per 1,000 population aged eighteen (18) and older for 2025 in the State as a whole as projected by the Division of Health Planning and Resource Development. The Applicant asserts ASHG's proposal will not affect the State's statistical bed need because ASHG will lease and operate DHS' existing sixteen (16) adult psychiatric beds.

### **SS Need Criterion 2 – Proposed Size of Facility/Unit**

ASHG proposes to operate an existing sixteen (16) bed adult psychiatric DPU located within a hospital. The Applicant states these services will be provided to individuals eighteen (18) years and older.

### **SS Need Criterion 3 – Staffing**

The Applicant asserts ASHG possesses a highly active and full-service psychiatric team. Khaled Abu-Hamdan, M.D., who will serve as the medical director for both the adult and geriatric psychiatric units, has nearly thirty (30) years of psychiatric experience. In addition, the Applicant states ASHG will ensure that the unit is adequately staffed and that these staff members are trained to meet the needs of adult psychiatric patients. The Applicant states the unit staff will include both psychiatrists and psychologists who will provide a dual diagnosis treatment program, at a minimum one (1) registered nurse, one (1) licensed practical nurse and one (1) medical technician based on normal acuity. ASHG states the adult unit will be equipped with a diverse, experienced staff to provide a multidisciplinary psychosocial medical approach to treatment.

## **B. General Review (GR) Criteria**

Chapter 8 of the *Mississippi Certificate of Need Review Manual, Revised September 1, 2019*; addresses general criteria by which all CON applications are reviewed. This application is in substantial compliance with the general review criteria contained in the manual.

### **GR Criterion 1- State Health Plan**

The application was reviewed for consistency with the *FY 2022 Mississippi State Health Plan* in effect at the time of submission. The application substantially complies with the *FY 2022 State Health Plan*.

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

The Applicant submits the proposal comports with ASHG's goal to provide quality, efficient mental health services to DHS' current service area and surrounding communities. ASHG states its personnel has operated inpatient and outpatient psychiatric units and programs across multiple states; therefore, ASHG recognizes that accessible mental health services promote physical health and increase quality of life. ASHG further states it has the expertise and resources to carry out DHS' mission by providing continuous, valuable mental health services to DHS' current patients, Washington County, and the surrounding communities.

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

- a. **Advantages and Disadvantages:** The Applicant states ASHG considered alternatives, but ultimately decided that the proposed plan is the most effective for both ASHG and its prospective patients. The Applicant asserts ASHG's proposal is cost effective as ASHG will not be required to locate and purchase new hospital space, equipment, or beds, nor will it be required to find new staff members. The Applicant states ASHG will hire some of DHS' current psychiatric staff members and use the same beds at the same location which will ensure an easy transition for current patients as well as DHS' employees.

ASHG asserts, in the alternative, DHS planned to close the unit leaving the nearest general hospital with licensed psychiatric beds nearly 83 miles away. The closure of DHS would leave only one (1) psychiatric unit to treat individuals within the Mississippi Delta. The Applicant states ASHG's goal is to ensure access to and continuity of mental health care to the community it currently serves.

- b. **New Construction Projects:** The Applicant affirms the proposed project does not entail new construction.
- c. **Beneficial Effects to the Health Care System:** The Applicant submits there is a casual link between economic inequality and mental health. DHS' psychiatric unit serves patients from some of Mississippi's poorest counties, including Sunflower, Issaquena, and Holmes. The Applicant states ASHG's proposal will continue mental health services for individuals from these counties and will help prevent bed shortages and longer admission times for other psychiatric units across the state.
- d. **Effective and Less Costly Alternatives:**
  - i. **Unnecessary Duplication of Services:** The Applicant states this criterion is not applicable. In addition, ASHG states the only alternative was to allow DHS's current psychiatric unit to close.

- ii. **Efficient Solution:** The Applicant affirms this criterion is not applicable.
  
- e. **Improvements and Innovations:** The Applicant asserts ASHG is committing resources to update DHS's inpatient psychiatric unit with current anti-ligature hardware and other necessary upgrades to ensure the continued viability of the unit. The Applicant states such upgrades will allow ASHG to provide quality mental health services to its community.
  
- f. **Relevancy.** The Applicant asserts the mental health crisis in America, and particularly in the South, was exacerbated by the coronavirus pandemic. Further, the Applicant states based on a national survey conducted by SAMHSA, Center for Behavioral Health Statistics and Quality, Mississippi's percentage of serious mental illness among adults increased between 2008-2010 and 2017-2019. In addition, the Applicant states the pandemic has demonstrated both the prevalence of mental illness and the importance of accessible mental health services. ASHG believes the pandemic will increase the need to have adult inpatient psychiatric services in Washington and surrounding counties. Therefore, ASHG proposes to ensure vital access to mental health services in the area.

#### **GR Criterion 4 - Economic Viability**

- a. **Proposed Charge:** The Applicant asserts the costs or charges for inpatient psychiatric services are determined by federal healthcare programs and private insurers. Therefore, ASHG expects its charges and profitability to be similar to those providing the same or similar services in the service area and state.
  
- b. **Projected Levels of Utilization:** ASHG attests the psychiatric unit will have sufficient utilization consistent with other facilities based upon historic utilization data from DHS.
  
- c. **Financial Feasibility Study:** The capital expenditure for this project is less than \$2,000,000.00; therefore, this criterion is not applicable.
  
- d. **Financial Forecasts:** The Applicant affirms this criterion is not applicable.
  
- e. **Means of Covering Expenses in Event of Failure to Meet Projections:** The Applicant states ASHG will continue to operate its LTACH and would therefore use current hospital operations to cover expenses if the project fails to meet projected revenues.
  
- f. **Impact of Proposed Project on Health Care Cost:** The Applicant does not expect the proposed project to have a significant impact on health care cost.

### **GR Criterion 5 - Need for the Project**

- a. Access by Population Served:** The Applicant states DHS currently serves patients from thirty-four (34) counties across the State, including three (3) of Mississippi's poorest counties. Further, the Applicant states in 2020-2021, thirty-three percent (33%) of discharges were Medicaid and Medicaid Managed Care patients. In addition, the Applicant states DHS currently has an agreement with Washington County to provide mental health services to judicially committed individuals, as well as those incarcerated and indigent. ASHG states it will continue to serve these patients to ensure continuity of care.

Additionally, ASHG states under the Emergency Medical Treatment and Labor Act ("EMTALA"), ASHG has an obligation to accept the appropriate transfer of individuals experiencing a psychiatric emergency medical condition provided that it has the capacity to treat those individuals. While ASHG does not have a dedicated emergency department, the Applicant states ASHG is subject to the EMTALA obligations of a recipient hospital due to its specialized capabilities as a psychiatric provider and must accept individuals experiencing a psychiatric emergency medical condition, regardless of the individual's ability to pay.

- b. Relocation of Services:** This criterion is not applicable.
- c. Current and Projected Utilization of Comparable Facilities:** The Applicant submits ASHG is not adding additional facilities or services. It proposes to lease and operate an existing adult psychiatric unit and serve existing patients.
- d. Probable Effect on Existing Facilities in the Area:** The Applicant states ASHG is leasing an existing adult psychiatric unit from DHS; therefore, this project will not have an effect on nearby facilities.
- e. Community Reaction:** The application contains seven (7) letters of support from community leaders and health care providers.

### **GR Criterion 6 - Access to the Facility or Service**

- a. Access to Services.** The Applicant states DHS currently serves patients from thirty-four (34) counties across the State, including three (3) of Mississippi's poorest counties. Further, the Applicant states in 2020-2021, thirty-three percent (33%) of discharges were Medicaid and Medicaid Managed Care patients. ASHG states it will continue to serve these patients to ensure continuity of care.

The following table is based on DHS' historical projections. ASHG states DHS considers charity care and medically indigent patient revenue the same.

	Medically* Indigent (%)	Medically Indigent (\$)	Charity Care (%)	Charity Care (\$)
Historical Year 2019	0.76%	\$ 18,035.70	N/A	N/A
Historical Year 2020	0.76%	\$ 27,846.17	N/A	N/A
Projected Year 1	15.00%	\$196,756.88	0.00%	\$0.00
Projected Year 2	17.00%	\$222,991.13	0.00%	\$0.00

- b. Existing Obligations:** The Applicant states under the Emergency Medical Treatment and Labor Act (“EMTALA”), ASHG has an obligation to accept the appropriate transfer of individuals experiencing a psychiatric emergency medical condition provided that it has the capacity to treat those individuals. While ASHG does not have a dedicated emergency department, the Applicant states ASHG is subject to the EMTALA obligations of a recipient hospital due to its specialized capabilities as a psychiatric provider and must accept individuals experiencing a psychiatric emergency medical condition, regardless of the individual's ability to pay.
- c. Unmet Needs of Medicare/Medicaid and Medically Indigent Patients:** ASHG affirms the hospital shall serve Medicare, Medicaid, and medically indigent patients.
- d. Access to Proposed Facility:** The Applicant submits because ASHG proposes to operate an inpatient psychiatric unit, most adult patients will arrive via an emergency department. In addition, the patients can also be directly referred to ASHG’s adult psychiatric DPU by physician and families.
- e. Access Issues**
  - i. Transportation and Travel:** The Applicant submits the proposed unit is located two (2) miles from Delta Regional Medical Center’s emergency department, which will ensure easy transport for both ambulance and any prospective patients.
  - ii. Restrictive Admissions Policy:** The application contains a copy of ASHG’s proposed Admissions Policy which does not restrict admissions.
  - iii. Access to Care by Medically Indigent Patients:** ASHG assures the beds and services will be accessible by medically indigent patients.
  - iv. Operational Hours of Service:** ASHG states as a psychiatric

inpatient unit, it will operate twenty-four (24) hours per day, seven (7) days per week.

#### **GR Criterion 7 - Information Requirement**

ASG affirms it will record and maintain the information required by this criterion regarding charity care, care to the medically indigent, and Medicaid populations and will make it available to the Department within fifteen (15) business days of its request.

#### **GR Criterion 8 - Relationship to Existing Health Care System**

- a. **Comparable Services.** The Applicant states there are no existing comparable services in the area as the nearest inpatient psychiatric unit is nearly eighty-three (83) miles from ASHG. ASHG states the target population currently accesses the proposed services at DHS. ASHG proposes to manage and operate the existing adult psychiatric beds at DHS' current facility.
- b. **Effect on Existing Health Services**
  - i. **Complement Existing Services:** The Applicant states the proposed project will not change existing health services available in the region or state.
  - ii. **Provide Alternative or Unique Service:** The Applicant states DHS plans to close its inpatient psychiatric unit. ASHG proposes to lease and operate the already existing unit.
  - iii. **Provide a service for a specified target population:** The Applicant believes that ASHG's proposal will ensure that vital mental health services remain intact.
  - iv. **Provide services for which there is an unmet need:** The Applicant indicates if DHS closes its unit, the nearest inpatient psychiatric unit is eighty-three (83) miles away.
- c. **Adverse Impact.** The Applicant submits allowing DHS to close would deny many Mississippians the opportunity to receive critical mental health care, which has proven to be more important now than ever due to the coronavirus pandemic.
- d. **Transfer/Referral/Affiliation Agreements.** The Applicant states other than the agreement between ASHG and Washington County described in 5(a) above, ASHG will have no other transfer/referral/affiliation agreements.

### **GR Criterion 9 - Availability of Resources**

- a. New Personnel.** The Applicant asserts ASHG possesses a highly active and full-service psychiatric team. Khaled Adu-Hamdan, M.D., current medical director of the geriatric psychiatric unit, will also serve as the medical director of the adult psychiatric unit upon CON approval. The applicant states Dr. Abu-Hamdan has nearly thirty (30) years of psychiatric experience. In addition to its highly qualified medical director, ASHG states it will ensure that the unit is adequately staffed and that these staff members are trained to meet the needs of adult psychiatric patients.
- b. Contractual Services.** The Applicant submits ASHG has an existing services agreement with DHS, through which DHS provides ancillary support services such as laboratory, radiology, nuclear medicine, and dietary services, as well as operative procedures to ASHG's patients at its main campus.
- c. Existing Facilities or Services.** The Applicant attests that it has maintained a satisfactory staffing history at its LTACH.
- d. Alternative Uses of Resources.** The Applicant states ASHG considered opening a behavioral health Intensive Outpatient Program ("IOP"); however, due to DHS' plans to close its inpatient psychiatric unit, ASHG determined that an IOP would not meet the acute mental health needs of its community.

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

- a. Support and Ancillary Services.** As stated in 9(b) above, ASHG indicates it has an agreement with DHS to provide the necessary ancillary and support services.
- b. Changes in Costs or Charges.** The Applicant asserts because charges for inpatient psychiatric services are generally determined by federal healthcare programs and private insurers, costs will likely remain the same.
- c. Accommodation of Changes in Cost or Charges.** The Applicant asserts costs or charges for inpatient psychiatric services are determined by federal healthcare programs and private insurers; therefore, ASHG does not anticipate any major changes in costs or charges.

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

The Applicant states this criterion is not applicable to ASHG.

**GR Criterion 12 – Access by Health Professional Schools**

The Applicant states this criterion is not applicable to ASHG.

**GR Criterion 13 – Access by Individuals Outside Service Area**

The Applicant states while ASHG’s specialized capabilities may attract patients from outside the service area, ASHG is not aware of any special needs or circumstances that should be considered. ASHG affirms that its physicians and medical staff will work closely with patients and their families to ensure a smooth transition from inpatient to intensive outpatient psychiatric treatment upon discharge. In addition, the Applicant states ASHG’s specialized team will ensure that inpatients who reside outside the ASHG’s service area find an IOP that is medically appropriate and conveniently located for the patient.

**GR Criterion 14 - Construction Projects**

The Applicant states this criterion is not applicable to ASHG.

**GR Criterion 15 – Competing Applications**

There are no competing applications on file with the Mississippi State Department of Health for the lease of adult psychiatric beds.

**GR Criterion 16 - Quality of Care**

- a. **Past Quality of Care.** The Applicant asserts this criterion is not applicable.
- b. **Improvement of Quality of Care.** The Applicant asserts the proposed project will ensure that vital mental health services remain intact.
- c. **Accreditations and/or Certifications.** The Applicant submits MSDH conducted a Medicare Certification Survey on April 29, 2021.

**IV. FINANCIAL FEASIBILITY**

**A. Capital Expenditure Summary**

Cost Item	Projected Cost	Percentage of Cost (%)
Construction – New	\$ 0.00	0.00%
Construction (Renovation)	0.00	0.00%
Capital Improvement	82,095.00	32.00%
Fixed Equipment	0.00	0.00%
Non-fixed Equipment	18,500.00	7.00%
Fees (Architectural)	0.00	0.00%
Contingency Reserve	10,060.00	4.00%
Other (Travel Costs)	144,000.00	57.00%
<b>Total Capital Expenditure</b>	<b>\$ 254,655.00</b>	<b>*100.00%</b>

\*Percentages may not calculate exact due to rounding.

The above capital expenditure is proposed for minor updates to the existing adult psychiatric unit.

**B. Method of Financing**

The applicant proposes to finance the project from its operating account.

**C. Effect on Operating Cost**

The three-year projected operating statement for ASHG is presented at Attachment 1.

**D. Cost to Medicaid/Medicare**

ASHG projects gross patient revenue cost (Project Only) to third party payors as follows:

Payor Mix	Utilization Percentage (%)	First Year Revenue (\$)
Medicare	21.00%	\$ 973,332.00
Medicaid	8.00%	368,557.00
Commercial	55.00%	2,579,899.00
Self Pay	16.00%	751,344.00
Charity Care	0.00%	0.00
Other	0.00%	0.00
<b>Total</b>	<b>*100.00%</b>	<b>\$4,673,132.00</b>

**V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES**

The Division of Medicaid was provided a copy of this application for review and comment. As of February 28, 2022, the Department has not received comments from the Division of Medicaid.

**VI. CONCLUSION AND RECOMMENDATION**

This project is in substantial compliance with the criteria and standards for the lease and operation of adult psychiatric beds as contained in the *FY 2022 Mississippi State Health Plan*; the *Mississippi Certificate of Need Review Manual, September 1, 2019, Revision*; and duly 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 Allegiance Specialty Hospital of Greenville, LLC for the lease of sixteen (16) adult psychiatric beds and the offering of adult psychiatric services.

**Attachment 1**

<b>Allegiance Specialty Hospital of Greenville, LLC Lease of Adult Psychiatric Beds/Service Three-Year Operating Statement (Project Only)</b>			
	Year 1	Year 2	Year 3
<b>Revenue</b>			
Patient Revenue:			
Inpatient	\$ 4,673,132.00	\$ 5,073,918.00	\$ 5,456,335.00
Outpatient	0.00	0.00	0.00
<b>Gross Patient Revenue</b>	<b>4,673,132.00</b>	<b>5,073,918.00</b>	<b>5,456,335.00</b>
Charity Care	0.00	0.00	0.00
Deductions from Rev.	\$ 2,334,812.00	\$ 2,637,389.00	\$ 2,929,654.00
<b>Net Patient Revenue</b>	<b>\$ 2,338,320.00</b>	<b>\$ 2,436,529.00</b>	<b>\$ 2,526,681.00</b>
Other Operating Revenue	0.00	0.00	0.00
<b>Total Operating Revenue</b>	<b>\$ 2,338,320.00</b>	<b>\$ 2,436,529.00</b>	<b>\$ 2,526,681.00</b>
<b>Expenses</b>			
Operating Expenses:			
Salaries	\$ 1,188,810.00	\$ 1,238,740.00	\$ 1,284,574.00
Benefits	83,217.00	86,712.00	89,920.00
Supplies	168,545.00	175,624.00	182,122.00
Service	528,215.00	556,448.00	582,365.00
Lease	144,000.00	144,000.00	144,000.00
Depreciation	0.00	0.00	0.00
Interest	0.00	0.00	0.00
Other	26,149.00	27,248.00	28,256.00
<b>Total Expenses</b>	<b>\$ 2,138,936.00</b>	<b>\$ 2,228,772.00</b>	<b>\$ 2,311,237.00</b>
<b>Net Income (Loss)</b>	<b>\$ 199,384.00</b>	<b>\$ 207,757.00</b>	<b>\$ 215,444.00</b>
<b>Assumptions</b>			
Inpatient days	3,284	3,422	3,549
Outpatient days			
Procedures			
Charge/inpatient day	\$ 1,423.00	\$ 1,483.00	\$ 1,538.00
Charge per outpatient			
Charge per procedure			
Cost per inpatient day	\$ 651.00	\$ 651.00	\$ 651.00
Cost per outpatient day			
Cost per procedure			