

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT
APRIL 8, 2022**

**CON REVIEW NUMBER: HR-FSF-0222-004
BAPTIST MEMORIAL REHABILITATION HOSPITAL - MADISON, LLC
D/B/A BAPTIST MEMORIAL REHABILITATION HOSPITAL - MADISON
ESTABLISHMENT OF COMPEHENSIVE MEDICAL REHABILITATION (“CMR”)
INPATIENT CARE BEDS AND SERVICES IN A FREESTANDING CMR HOSPITAL
CAPITAL EXPENDITURE: \$41,613,278.00
LOCATION: MADISON, MADISON COUNTY, MISSISSIPPI**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

Baptist Memorial Rehabilitation Hospital - Madison, LLC d/b/a Baptist Memorial Rehabilitation Hospital - Madison (“BMRH-Madison” or the “Applicant”) is a Mississippi limited liability company formed on February 2, 2022. The Members of BMRH-Madison are Baptist Memorial Health Services, Inc., a Tennessee nonprofit corporation and fifty-five percent (55%) owner, and LP IRF Development 65, LLC, a Delaware limited liability company doing business in Mississippi as LifePoint IRF Development 65, a forty-five percent (45%) owner. The Rehabilitation Hospital will be managed by CHC Management Services, LLC (“CHC”), an affiliate of Kindred Health Services, which is a business unit of LifePoint Health. The Board of Directors of BMRH-Madison includes six (6) members.

The application contains a Certificate of Good Standing from the Office of the Secretary of State, Jackson, Mississippi, indicating as of February 2, 2022, Baptist Memorial Rehabilitation Hospital - Madison, LLC is in good standing with the State of Mississippi.

B. Project Description

BMRH-Madison requests certificate of need (“CON”) authority for the establishment of a joint venture freestanding forty (40) bed Comprehensive Medical Rehabilitation (“CMR”) Hospital, Baptist Memorial Rehabilitation Hospital - Madison (the “Rehabilitation Hospital”). The Rehabilitation Hospital is proposed to be comprised of thirty-five (35) Level II CMR beds and five (5) Level I CMR beds, for a total of forty (40) CMR beds. The Applicant asserts the proposed project fully complies with applicable CON policies, criteria and standards set forth in the *Fiscal Year 2022 Mississippi State Health Plan, Second Edition*.

The Applicant states the Rehabilitation Hospital will be a Medicare-certified Inpatient Rehabilitation Facility (“IRF”) Hospital, accredited by The Joint Commission, and will seek Commission on Accreditation of Rehabilitation Facilities (“CARF”) accreditation. BMRH-Madison states the Rehabilitation Hospital will also be certified for participation in the Mississippi Medicaid program.

The Applicant states the Rehabilitation Hospital will be constructed in southern Madison, Madison County, Mississippi on a four (4) acre parcel on the west side of Highland Way, just south of Highland Colony Parkway. Mississippi Boldt Capital, LLC (“Boldt”) will serve as the developer for the construction of the building on land owned by Baptist and in close proximity to the Baptist Madison Campus. BMRH-Madison proposes to lease the 55,079 square foot building from Boldt for the operation of the Rehabilitation Hospital.

The Applicant states the Rehabilitation Hospital will be constructed as a two (2) story structure that will house all hospital departments. The first floor will include twenty (20) private patient rooms, a physical therapy gym, an Activities of Daily Living (“ADL”) Suite, kitchen and dining, support services, and an entry lobby. The second floor will include twenty (20) private patient rooms, Pharmacy, and Administration. The application includes schematic drawings for the proposed project.

BMRH-Madison proposes the Rehabilitation Hospital will offer intensive, comprehensive care, treatment, and services, including, but not limited to, physical medicine and rehabilitation, rehabilitation nursing, physical therapy, occupational therapy, speech language and pathology, social services/case management, and nutritional services, through a multidisciplinary approach. The Applicant states all inpatient rooms will be private.

The Applicant states BMRH-Madison will be designed to comply with relevant state and local building codes, zoning ordinances, and/or appropriate regulatory authority. In addition, BMRH-Madison affirms it will comply with all applicable State statutes and regulations for the protection of the environment, including: 1) approved water supplies; 2) sewage and water disposal; 3) hazardous waste disposal; 4) water pollution control; 5) air pollution control; and 6) radiation control.

BMRH-Madison projects 78.4 full-time equivalent (FTE) staff will be hired, at an annual cost of \$7,386,957.00 for the first year.

The Applicant projects a total capital expenditure of \$41,613,278.00, as itemized in Section IV of this Staff Analysis. BMRH-Madison expects to obligate the capital expenditure in the third (3rd) quarter of 2022 and anticipates the project will be complete in the second (2nd) quarter of 2023.

The application contains a letter dated March 8, 2022, documenting MSDH Division of Health Facilities Licensure and Certification's site approval for the CMR hospital.

The Applicant states the final objective for the project is for Baptist Memorial Rehabilitation Hospital – Madison to respond to the need for improved access to CMR services and to expand the continuum of care for patients served by the four (4) Baptist Hospitals located in Central Mississippi: Mississippi Baptist Medical Center, Jackson, MS; Baptist Memorial Hospital – Attala, Kosciusko, MS; Baptist Memorial Hospital - Leake; Carthage, MS; and Baptist Memorial Hospital-Yazoo, Yazoo City, MS.

The Applicant asserts the Rehabilitation Hospital will focus on key quality outcomes, including lower hospital readmissions, shorter lengths of stay, smoother transitions of care between settings and sustained independence at home. In addition, the Applicant states through its services and programs, the Rehabilitation Hospital will provide CMR-focused clinical liaisons and admissions teams which assist with the process of identifying and admitting patients who are appropriate for this level of care, will develop protocols and training for staff to better serve a high acuity, more complex and more functionally impaired population, and will build upon the core competencies of Baptist and Kindred.

II. TYPE OF REVIEW REQUIRED

The Mississippi State Department of Health ("MSDH") will review applications for a CON for the establishment, offering, or expansion of comprehensive medical rehabilitation beds and/or services under the statutory requirements of Sections 41-7-173, 41-7-191, and 41-7-193, Mississippi of Code 1972, Annotated, as amended. MSDH will also review applications for a Certificate of Need according to the general criteria listed in the *Mississippi Certificate of Need Review Manual*, all adopted rules, procedures, and plans of MSDH, and the specific criteria and standards listed below.

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 ten (10) days of publication of the staff analysis. The opportunity to request a hearing expires on April 18, 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, Second Edition* ("MSHP") contains policy statements, criteria, and standards which the applicant is required to meet before receiving CON authority for the construction, establishment, offering, or expansion of comprehensive medical rehabilitation ("CMR") beds and/or services.

In addition, CMR services are reviewable if the proposed provider has not provided such services on a regular basis within twelve (12) months prior to the time such services would be offered. This application is in substantial compliance with the applicable policy statements, criteria, and standards stated in the *Plan* and discussed below.

Policy Statements Regarding Certificate of Need Applications for Comprehensive Medical Rehabilitation Beds/Services

Policy Statement 1 - Definition:

The Applicant proposes the establishment of a freestanding CMR hospital that will provide CMR services, as defined in the State Health Plan.

Policy Statement 2 - Planning Areas:

The Applicant states according to the MSHP, there is a current statewide need for seven (7) Level I CMR beds and ninety-four (94) Level II CMR beds.

Policy Statement 3 - CMR Services:

Level I - Level I CMR providers may provide treatment services for all rehabilitation diagnostic categories.

The Applicant states BMRH-Madison proposes to provide treatment services for all rehabilitation diagnostic categories in the five (5) Level I CMR beds requested.

Level II - Level II CMR providers may provide treatment services for all rehabilitation diagnostic categories except: (1) spinal cord injuries, (2) congenital deformity, and (3) brain injury.

The Applicant states BMRH-Madison requests approval for thirty-five (35) Level II CMR beds in order to provide the full range of inpatient rehabilitation services.

Policy Statement 4 - CMR Need Determination:

MSDH shall determine the need for Level I CMR beds/services based upon a formula of 0.08 beds per 1,000 population for the state as a whole.

MSDH shall determine the need for Level II CMR beds/services based upon a formula of 0.0623 beds per 1,000 population for the state as a whole.

Table 6-3 shows the current need for CMR beds.

The Applicant states, according to the MSDH formula, there is a need for seven (7) Level I CMR beds and ninety-four (94) Level II CMR beds in the state as a whole.

Policy Statement 5 - Present Utilization of Rehabilitation Services:

According to the Applicant, the only existing CMR provider in the thirteen (13) county service area proposed to be served is Mississippi Methodist Rehabilitation Center in Jackson. The Applicant asserts that in adopting recent changes to the State Health Plan, the State Board of Health expressly recognized the need for additional CMR facilities, beds, and resources within the state. The Applicant states their application was submitted in response to the policy objective of the Board.

Policy Statement 6 - Minimum Sized Facilities/Units:

The Applicant proposes the establishment of forty (40) CMR beds in a freestanding CMR hospital.

Policy Statement 7 - Expansion of Existing CMR Beds:

The Applicant affirms this policy statement is not applicable to this project.

Policy Statement 8 - Priority Consideration:

The Applicant submits Baptist Memorial Rehabilitation Hospital - Madison will operate as a new freestanding rehabilitation hospital and, as such, does not have licensed acute care beds nor an historical average daily census. However, the Applicant states, the proposed Rehabilitation Hospital will be an integral part of Baptist's Central Mississippi health system, which includes four (4) acute care hospitals with over 600 licensed acute care beds. BMRH-Madison states the Rehabilitation Hospital will have immediate access to Mississippi Baptist Medical Center's broad offering of acute care services, thereby establishing a full continuum of care.

Policy Statement 9 - Children's Beds/Services:

Baptist Memorial Rehabilitation Hospital - Madison does not propose to serve children.

Policy Statement 10 - Other Requirements:

The Applicant states Baptist and Kindred have extensive experience in the provision of CMR services, and the Rehabilitation Hospital will fully comply with all applicable CMS regulations.

Policy Statement 11 - Enforcement:

The Applicant states BMRH-Madison will comply with the diagnosis and admissions criteria for patients, as set forth in the MSHP.

Policy Statement 12 - Addition/Conversion of Beds:

The Applicant submits the MSHP expressly recognizes that there is a need for the forty (40) CMR beds requested in their application.

Policy Statement 13 - Delicensed Beds:

The Applicant certifies that this Policy Statement is not applicable to the project proposed.

Certificate of Need Criteria and Standards for Comprehensive Medical Rehabilitation Beds/Services

Need Criterion 1: Projected Need

a. New/Existing CMR Beds/Services:

The Applicant states, in applying the need methodology, the MSHP shows a statewide need of seven (7) Level I CMR beds and ninety-four (94) Level II CMR beds, as shown in the table below. The Applicant further states the State Board of Health approved amendments to the State Health Plan at its January 2022 meeting for the purpose of fulfilling this bed need through the issuance of certificates of need for additional CMR beds and facilities.

Table 1 BMRH-Madison Project vs Department-Identified Need for CMR Beds					
Level I	Estimated Population 2025	Approved CMR Beds	CMR Beds Needed	Difference	BMRH- Madison Proposed Beds by Level
I	3,095,026	241	248	7	5
II	3,095,026	99	193	94	35

Source: Baptist Memorial Rehabilitation Hospital – Madison, CON Application for the Establishment of Comprehensive Medical Rehabilitation Inpatient Beds and Services, February 22, 2022

b. Projects which do not Involve the Addition of any CMR Beds:

The Applicant submits their application proposes the addition of CMR beds in response to a statewide need for such beds, as set forth in the MSHP.

c. Projects which Involve the Addition of CMR Beds:

The Applicant states the proposed project is for the establishment of a new freestanding forty (40) bed CMR hospital. The Applicant submits, through experience in operating rehabilitation hospitals across the country, Kindred has developed an Inpatient Rehabilitation Facility (“IRF”) Market Analysis Methodology for projecting CMR utilization. The Applicant further states, using the IRF Market Analysis with actual discharged cases from the four (4) Baptist Hospitals located in Central Mississippi, the analysis establishes potential CMR utilization.

The four (4) Central Mississippi Baptist Hospitals include:

- (1) Mississippi Baptist Medical Center, Jackson, MS;
- (2) Baptist Memorial Hospital – Attala, Kosciusko, MS;
- (3) Baptist Memorial Hospital – Leake, Carthage, MS; and
- (4) Baptist Memorial Hospital – Yazoo, Yazoo City, MS.

The Applicant states the primary market area was derived from patient origin studies and was determined to be the thirteen (13) counties that are residences for more than eighty-five percent (85%) of patients. Those thirteen (13) counties, as depicted by the Applicant, are shown in Table 2 below.

Table 2			
Baptist Memorial Rehabilitation Hospital - Madison			
Thirteen County Service Area Population			
	County	MSHP Population	Percent State Population
1	Attala County	19,081	1%
2	Copiah County	29,752	1%
3	Hinds County	257,630	8%
4	Holmes County	16,534	1%
5	Leake County	27,091	1%
6	Lincoln County	36,057	1%
7	Madison County	119,716	4%
8	Neshoba County	30,430	1%
9	Rankin County	159,703	5%
10	Scott County	28,648	1%
11	Simpson County	27,809	1%
12	Warren County	49,551	2%
13	Yazoo County	28,456	1%
	Total Population	830,458	27%

The Applicant notes, because of the abnormalities caused by the pandemic, Fiscal Year (“FY”) 2019 (Oct. 1, 2018 – Sept. 30, 2019) was chosen to represent the conditions most likely to be representative of normal operations.

The Applicant states in establishing requirements for reimbursement for rehabilitation care, the Centers for Medicare and Medicaid Services (“CMS”) established the system of Rehabilitation Impairment Codes (RICs) meaning patients with stroke, neurological, brain injury, spinal cord injury, amputation, hip fractures, joint replacement or other orthopedic procedures, and other conditions match an RIC, indicating their eligibility for post-acute treatment in a rehabilitation program. The Applicant further states, according to Kindred’s national experience, fewer patients matching an RIC code are actually admitted to inpatient rehabilitation.

The Applicant states Kindred, as the partner of Baptist, in 2019 conducted an analysis of the need for the proposed CMR program considering the needs of patients at the four (4) Baptist Hospitals listed above. The Applicant states Kindred’s analysis estimates 1,066 patients with an average length of stay of 11.9 days will produce an acute care discharged generated average daily census of 34.8, which is consistent with the average lengths of stay reported in the MSHP for Level I CMR facilities (12.94) and Level II CMR facilities (11.25). The Applicant further states the analysis shows that out of those 1,066 patients 891 would qualify for Level II CMR services and an additional 175 patients would qualify for Level I CMR services.

The Applicant notes that the number of beds required to serve the census estimation of an eighty-five percent (85%) planning occupancy level is 40.9 or forty-one (41) CMR beds (34.0 Level II CMR beds and an additional 6.9 Level I beds, respectively). This estimation is based solely on the utilization of the four (4) Central Mississippi Baptist Hospitals’ patients, originating from the hospitals current medical/surgical population.

The Applicant states Kindred’s analysis was conducted on all patient discharges from the Central Mississippi Baptist Hospitals in the twelve (12) months ending September 2019. The Applicant states, during this reporting period, 10,160 of these patients matched a RIC code. According to the Applicant, this information was then used to

estimate potential demand for the proposed CMR program at BMRH-Madison. The Applicant's step-by-step calculations are included in its application.

The Applicant states in FY 2019, 338 patients were admitted for hospital rehabilitation. According to the Applicant, this indicates a significant number of BMRH-Madison's potential CMR inpatients who qualified for and required CMR did not obtain this level of care or received a lower level of rehabilitation services in a skilled nursing environment.

The Applicant also performed an analysis of non-Baptist acute care discharges of residents within the thirteen (13) county service area, depicted in Table 2 above. The result of this analysis is also shown in the chart below.

The Applicant asserts their analysis documents a need for the forty (40) additional CMR beds requested in their CON application, based on the following components as described in their application:

	ADC	Associated Beds Needed
Deficit of Level I CMR Beds (MSHP Bed Need)	--	7
Deficit of Level II CMR Beds (MSHP Bed Need)	--	94
Four (4) Central MS Baptist Hospitals		
Level I	5.9	7
Level II	28.9	34
Non-Baptist Acute Care Discharges of Residents within the 13-County Service Area		
Level I	18.7	22
Level II	78.4	92

d. Level II Trauma Centers:

The Applicant certifies that this criterion is not applicable.

e. Conversion of Level II CMR Beds to Level I CMR Beds:

The Applicant certifies that this project does not propose the

conversion of Level II CMR beds to Level I CMR beds.

Need Criterion 2: Level 1 CMR Services

The Applicant submits BMRH-Madison will be a medically supervised treatment program that utilizes a multidisciplinary team approach that includes, but is not limited to, the following: physician services for physical medicine; rehabilitation nursing; complete physical, occupational, and speech therapies; neuropsychological, psychological, and social services; and education for the patient and the patient's family about how to better live with the patient's disability.

The Applicant states, to achieve its vision, aim and goals, Kindred has developed specific, evidence-based clinical protocols and standards of clinical practice guidelines for a comprehensive set of conditions including, but not limited to:

- Amputation
- Brain injury
- Cardio Pulmonary Conditions
- Complex Orthopedic Conditions
- Major Multiple Trauma
- Neurological Conditions, such as Multiple Sclerosis and Guillian Barre' Syndrome
- Neuromuscular Disorders
- Parkinson's Disease
- Polyarthritis
- Spinal cord injury
- Stroke

In addition, the Applicant lists other medically complex exacerbations/associated underlying medical issues that span beyond any patient's specific clinical condition that may require inpatient CMR services, such as:

- Bariatric Rehabilitation
- Dialysis
- Diabetes
- Wound Management

Need Criterion 3: Staffing and Services

a. Freestanding Level I Facilities

i. The Applicant certifies BMRH-Madison will have a Director of Rehabilitation who:

- (1) Provides services to the hospital and its inpatient clientele on a full-time basis;

- (2) Is a Doctor of Medicine or Osteopathy licensed under state law to practice medicine or surgery; and
 - (3) Has had, after completing a one (1) year hospital internship, at least two (2) years of training in the medical management of inpatients requiring rehabilitation services.
- ii. The Applicant certifies that through the resources of Kindred's extensive recruitment network, BMRH-Madison will provide a full-time staff that meets all Mississippi licensing, certification and registration standards, including registered physical therapists, registered occupational therapists, speech/language pathologists, social workers/case managers, a PhD psychologist, licensed physical therapist assistants, certified occupational therapist assistants, registered nurses experienced in rehabilitation, licensed practical nurses, nurses' aides, dieticians and clinical liaisons.
 - iii. The Applicant states BMRH-Madison will ensure the availability of physician consulting services to every patient, including, but not limited to, general surgery, internal medicine, neurology, neurosurgery, orthopedic surgery, otorhinolaryngology, a PhD psychologist, physician medicine and rehabilitation plastic surgery, pulmonary medicine, and urology.

b. Hospital-Based Units

The Applicant certifies that this criterion is not applicable.

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, Second Edition*, in effect at the time of submission. The application substantially complies with the *FY 2022 Mississippi State Health Plan, Second Edition* ("MSHP"), which identifies four (4) General CON Policies.

- (1) To improve the health of Mississippi residents. The Applicant states establishing inpatient CMR beds is responsive to needs that have been identified by the Mississippi State Department of Health in the MSHP.

- (2) To increase the accessibility, acceptability, continuity, and quality of health services. The Applicant states Baptist Memorial Rehabilitation Hospital – Madison will provide a modern setting for the highest quality post-acute rehabilitation services supported by a system that also provides continuity following acute care. The Applicant further states the proposed Rehabilitation Hospital will provide an alternative access point for Central Mississippi residents in need of inpatient rehabilitative care.
- (3) To prevent unnecessary duplication of health resources. The Applicant submits additional CMR services are needed in the State, according to the MSHP. The Applicant further states the Jackson Metropolitan Statistical Area has the highest concentration of acute care hospitals and other health care providers in the State, and additional CMR resources are needed to serve the Central Mississippi population.
- (4) To provide some cost containment. The Applicant states the introduction of an alternative CMR provider in Central Mississippi will promote cost containment through enhanced competition. The Applicant further states the owners of BMRH-Madison operate CMR and other healthcare facilities throughout the country and region and recognize the critical importance of efficient, cost-effective care.

GR Criterion 2 – Long Range Plan

The Applicant states the Baptist system is committed to providing Mid-South patients, families and physicians with the assurance and confidence that comes from excellent, compassionate advanced care in the most effective manner possible. The Applicant states the long-range plan of Baptist Memorial Rehabilitation Hospital – Madison is to meet the needs of the people it serves with the highest quality care in a compassionate, caring environment. The Applicant further states the joint venture with Kindred provides the residents of Central Mississippi with the benefits of a partnership that has been actively developing and providing post-acute services in the Mid-South since 2013.

GR Criterion 3 – Availability of Alternatives

- a. **Advantages and Disadvantages:** The Applicant states, during the initial planning of the project, several alternatives were considered before the proposed project was selected as the preferred option. The Applicant's description of those alternatives are as follows:

Maintain the Status Quo: The Applicant states this option would result in no new establishment of inpatient CMR beds and no construction of a new facility specializing in inpatient CMR services. The Applicant states the inefficient and incomplete use of existing CMR beds has led to a lower

admission rate of CMR-appropriate patients within the patient base served by the four (4) Central Mississippi Baptist Hospitals. The Applicant states further, as such, patients in need of an inpatient level of rehabilitation care are either going without it or are being discharged to inappropriate levels of care. The Applicant states doing nothing would only contribute to and perpetuate existing access limitations of rehabilitation services for the four (4) Central Mississippi Baptist Hospitals and surrounding service area population. Maintaining the status quo was deemed not to be an effective alternative by the Applicant.

Implement the CON-Approved Inpatient CMR Beds at One (1) of the (4) Four Central Mississippi Baptist Hospitals. The Applicant states before entering into the joint venture with Kindred, Baptist considered pursuing inpatient CMR beds at one (1) of the four (4) Central Mississippi Baptist Hospitals. However, the Applicant states Baptist is experiencing a growing level of acuity in its acute care patients and the need to place acute care facility needs before CMR bed implementation, and the increasing acute care demands of the ongoing COVID-19 pandemic have placed priority on acute care services challenging Baptist's ability to staff and implement CMR beds at its hospital-based settings. Moreover, the Applicant states campus constraints at the four (4) Central Mississippi Baptist Hospitals prohibit Baptist from easily expanding its footprint to reconfigure existing beds to private room configurations. Therefore, this alternative was also deemed not to be an effective alternative by the Applicant.

Pursue the New Project as an Investment by Baptist Only and Not as a Joint Venture with Kindred. The Applicant states the appeal of a joint venture is the result of the current successful arrangement at Baptist Memorial Rehabilitation Hospital in Germantown, Tennessee, where Kindred has been a partner since 2013. The Applicant asserts if Baptist were to pursue the project independently, it would have to commit 100% of the equity contribution, which would divert funds from other worthy projects, as well as forego the benefit of Kindred's expertise which is enhanced by the joint venture relationship. Therefore, the Applicant rejected this alternative.

The Proposed Project (Establish a Forty (40) Bed Inpatient CMR Hospital). The Applicant asserts the most effective alternative to utilize and implement the MSHP recognized CMR bed need is to develop a freestanding inpatient rehabilitation facility in Madison, Mississippi through a joint venture between affiliates of Baptist and Kindred. The Applicant states this option is ideal for the following reasons:

- The proposed CMR Hospital will be implemented without constraining the acute care hospital campuses of Baptist in Central Mississippi.
- Access to professional managers and clinicians bring to the proposed CMR program proven successful and high-quality

rehabilitation services through Kindred.

- Availability of scarce professionals (PTs, OTs, etc.) through Kindred's full-time recruiting department.
- Acquired expertise in a timely fashion as the implementation schedule is drastically reduced for effective and efficient operational and clinical management.

b. New Construction Projects: The Applicant states Baptist Memorial Rehabilitation Hospital – Madison will be located in a newly constructed facility. The Applicant also states locating a CMR program within one (1) of the Central Mississippi Baptist Hospitals is not a viable or desirable alternative as noted above. See Exhibit 2 for the construction cost calculation.

c. Beneficial Effects to the Health Care System: The Applicant submits the proposed project has the following benefits:

- The proposed CMR Hospital will be implemented without constraining the acute care hospital campuses of Baptist in Central Mississippi.
- The project responds to the recognized need for CMR beds in the MSHP.
- Baptist Memorial Rehabilitation Hospital - Madison will be able to provide private accommodations, increasing operational efficiencies and patient satisfaction.
- Central Mississippi Baptist Hospitals will retain operational capacity and ensure their CMR-appropriate acute care patients can efficiently access a CMR level of care.

d. Effective and Less Costly Alternatives:

- i. Unnecessary Duplication of Services:** According to the MSHP, additional CMR services are needed in the state.
- ii. Efficient Solution:** The Applicant affirms there is not a less costly alternative that meets the needs of BMRH-Madison.

e. Improvements and Innovations: The Applicant asserts their selected option is superior for the following reasons:

- Residents of the combined thirteen (13) county service area for the four (4) Central Mississippi Baptist Hospitals will have expanded geographic access to CMR services through the proposed BMRH-Madison.
- Access to professional managers and clinicians bring to the proposed CMR program proven successful and high-quality

rehabilitation services through Kindred.

- Availability of scarce professionals (PTs, OTs, etc.) through Kindred's full-time recruiting department.

f. **Relevancy:** The Applicant asserts the proposed project includes the following benefits:

- Expertise acquired in a timely fashion. The Applicant states the implementation schedule will be drastically reduced for effective and efficient operational and clinical management.
- The best possible CMR services will be provided to area residents helping Baptist fulfill its mission to the community.
- The implementation of a dedicated inpatient CMR facility will help fill a recognized unmet area need and increase the accessibility of treatment services within the combined Central Mississippi Baptist Hospitals' service area.

GR Criterion 4 - Economic Viability

- a. **Proposed Charge:** The Applicant asserts the proposed charges for services are based on the historical operating and financial experience of the owners of BMRH-Madison and include a two percent (2%) inflation adjustment per year. In addition, the Applicant states the charges are in line with similar services within the state for inpatient CMR services.
- b. **Projected Levels of Utilization:** The Applicant states the methodology and assumptions used to project utilization are based on Kindred's internal market analysis and assessment of patient data from the four (4) Central Mississippi Baptist Hospitals and other data.
- c. **Financial Feasibility Study:** The application includes a financial feasibility study prepared by the VP of Corporate Development for LifePoint Health indicating sufficient funds are available for the project.
- d. **Financial Forecasts:** The Applicant states BMRH-Madison is a new facility that does not have historical operations. Therefore, the Applicant's financial forecasts are based on the extensive experience of the owners of BMRH-Madison who operate CMR services and programs.
- e. **Means of Covering Expenses in Event of a Failure to Meet Projections:** The Applicant asserts it is not anticipated that the project will fail to meet projected revenue; however, the owners of BMRH-Madison will fund working capital and have the financial resources to cover any expenses, as needed.

- f. **Impact of Proposed Project on Health Care Cost:** The Applicant states the impact on Medicaid is expected to be minimal since accessibility to an appropriate level of care will improve for Medicaid beneficiaries and thereby enhance recovery.

GR Criterion 5 - Need for the Project

- a. **Access by Population Served:** The Applicant states the patient population to be served by BMRH-Madison includes medically underserved groups such as racial and ethnic minorities, women, handicapped persons and other underserved groups, and the elderly. The Applicant further states these groups will have access to all services provided by BMRH-Madison.

Additionally, the Applicant states BMRH-Madison will provide post-acute rehabilitation services for patients who are transferred from Central Mississippi Baptist Hospitals as well as patients who access the facility from other referral sources. The population of each of the thirteen (13) counties in BMRH-Madison's proposed service area is shown in Table 2 above.

- b. **Relocation of Services:** This criterion is not applicable.
- c. **Current and Projected Utilization of Comparable Facilities:** The Applicant submits there is only one CMR facility within BMRH-Madison's proposed thirteen (13) county service area. Mississippi Methodist Rehabilitation Center in Jackson has a licensed bed capacity of eighty (80) Level I CMR beds and had an occupancy rate of 66.52% in FY 2020.

The Applicant states the addition of BMRH-Madison will serve the needs of patients within the Baptist system and also provide an alternative CMR provider in Central Mississippi. The Applicant states the Kindred methodology demonstrates that many potential rehabilitation patients are not being placed in the most appropriate care setting.

The utilization of CMR services in Mississippi, as provided in the MSHP, is shown in the tables below.

Table 3
Hospital-Based Level I CMR Units
FY 2020

Facilities	Licensed Bed Capacity	Average Daily Census	Average Length of Stay	Occupancy Rate (%)
Baptist Memorial Hosp.-DeSoto	30	15.45	11.51	51.51
Delta Reg. Med. Ctr.-W. Campus	24	6.76	11.26	28.16
Encompass Health Rehab. Hosp.	43	32.40	11.70	98.00
Forrest General Hospital	26	18.49	13.75	71.11
Miss. Methodist Rehab. Center	80	53.22	15.52	66.52
North Miss. Medical Center	30	24.65	13.92	82.17
State Total	233	25.16	12.94	66.25

Source: Applications for Renewal of Hospital License, FY 2020 Annual Hospital Report.

Table 4
Hospital-Based Level II CMR Units
FY 2020

Facilities	Licensed Bed Capacity	Average Daily Census	Average Length of Stay	Occupancy Rate (%)
Baptist Memorial Hosp. N. MS	13	5.84	10.19	44.95%
Greenwood Leflore Hospital	20	10.50	12.12	52.49%
Merit Health Natchez	20	7.92	11.51	39.60%
Anderson Reg. Med. Center-S	20	13.88	10.78	69.38%
Singing River Hospital	20	15.56	11.64	77.79%
State Total	93	10.74	11.25	56.84%

Source: Applications for Renewal of Hospital License, FY 2020 Annual Hospital Report.

- d. Probable Effect on Existing Facilities in the Area:** The Applicant states the Kindred methodology discussed in the application was applied to discharges from the four (4) Central Mississippi Baptist Hospitals. The methodology shows that a significant number of Baptist acute care discharged patients who might qualify for services in an inpatient rehabilitation facility are not receiving them. The Applicant states the electronic record and evaluation systems used at BMRH-Madison will support evaluation of appropriate placement during the acute stay.
- e. Community Reaction:** The application contains ten (10) letters of support from health care providers.

The Department also received a letter in opposition for the proposed project from Methodist Rehabilitation Center ("Methodist"). Methodist does not believe the Applicant has demonstrated compliance with the four (4) general CON policies applicable to CON applications. Specifically, Methodist states:

- Methodist provides CMR services approximately twelve (12) miles

from the Applicant’s proposed location;

- Methodist has capacity to treat additional patients;
- The establishment of additional CMR services in the exact geographic area where existing underutilized services are already available does not meet the purposes of the CON law; and
- The project results in a costly, unnecessary duplication of services that does not improve access to care and will further stretch the availability of healthcare workforce members, significantly impacting existing healthcare providers.

In addition, the Department received a letter from the Mississippi Health Care Association (“MHCA”) also opposing the project. The MHCA indicates there are eight (8) skilled nursing facilities (“SNFs”), in addition to Methodist Specialty Care Center, located in Rankin County, and five (5) SNFs in Madison not including SNFs located in Hinds County. The MHCA states the allowance of additional CMR providers is expected to have a negative impact on the occupancy rates of SNFs providing rehabilitation services in areas that serve the same geographical area and patient population.

GR Criterion 6 - Access to the Facility or Service

- a. Access to Services.** The Applicant states all residents of the health planning service area, hospital service area or patient service area, including Medicaid recipients, charity/medically indigent patients, racial and ethnic minorities, women, handicapped persons, and the elderly will have access to the services of the proposed facility.

The following table shows the projected percentage of patient revenue and actual dollar amount of BMRH-Madison’s projected charity care and medically indigent patient revenue for the first two years.

	Medically* Indigent (%)	Medically Indigent (\$)	Charity Care (%)	Charity Care (\$)
Historical Year 2019	N/A	N/A	N/A	N/A
Historical Year 2020	N/A	N/A	N/A	N/A
Projected Year 1	0.9%	\$354,928.00	0.9%	\$354,928.00
Projected Year 2	0.5%	\$245,253.00	0.5%	\$245,253.00

- b. Existing Obligations:** The Applicant affirms this criterion is not applicable.
- c. Unmet Needs of Medicare/Medicaid and Medically Indigent Patients:** The Applicant asserts Medicare, Medicaid, and medically indigent patients will have access to the services provided by BMRH-Madison.
- d. Access to Proposed Facility:** The Applicant asserts medically indigent

patients will have access to the full range of CMR services offered at BMRH-Madison.

e. Access Issues

- i. **Transportation and Travel:** The Applicant submits BMRH-Madison will be located on Highland Colony Parkway in Madison, Mississippi, on a site that is directly accessible from Interstate 55.

The Applicant cites a driving study published by the Centers for Disease Control and Prevention regarding elderly US citizens and their reluctance to drive in various conditions. The study reveals that most elderly drivers limit their driving at night and in bad weather and avoid driving for long distances, in heavy traffic, or on highways/high-speed roads. The Applicant states such driving concerns also impact where, and if, a patient decides to receive care.

The Applicant submits that BMRH-Madison will offer convenient access to CMR services in a freestanding facility that is centrally located in the proposed service area.

- ii. **Restrictive Admissions Policy:** The application contains a copy of BMRH-Madison's proposed Admissions Policy which does not restrict admissions. The Applicant states BMRH-Madison will adopt an admission policy similar to the admission criteria of Baptist Memorial Rehabilitation Hospital in Germantown, TN.
- iii. **Access to Care by Medically Indigent Patients:** The Applicant states, consistent with the Admissions Policy of BMRH-Madison, medically indigent patients will have access to the services provided.
- iv. **Operational Hours of Service:** The Applicant states BMRH-Madison will operate twenty-four (24) hours per day, seven (7) days per week. The facility will not have an Emergency Department.

GR Criterion 7 - Information Requirement

Baptist Memorial Rehabilitation Hospital – Madison 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 the only existing CMR provider in the thirteen (13) county service area is Mississippi Methodist Rehabilitation Center in Jackson. BMRH-Madison states it will primarily

serve a patient population within the Baptist health system and will also provide an alternative for Central Mississippi residents in need of CMR care.

The Applicant asserts that placing current acute patients in the appropriate level of post-acute care is the primary goal of their proposed project. The Applicant further states the Kindred methodology also demonstrates that many potential rehabilitation patients are not placed in the most appropriate care setting.

b. Effect on Existing Health Services

- i. Complement Existing Services:** The Applicant states BMRH-Madison will provide an alternative to patient consumers within the thirteen (13) county area. BMRH-Madison also states the Rehabilitation Hospital will facilitate patient education and placement, particularly within the Baptist acute care hospital system, to the most appropriate level of post-acute care.
- ii. Provide Alternative or Unique Service:** The Applicant states BMRH-Madison will provide a choice for patients who are transitioning from acute care to post-acute rehabilitation care in order to reach their highest level of independence in a comfortable, state-of-the-art setting.
- iii. Provide a service for a specified target population:** The Applicant states BMRH-Madison will primarily serve patients within the Baptist health system, and in particular, acute care patients transitioning from the four (4) Central Mississippi Baptist Hospitals.
- iv. Provide services for which there is an unmet need:** The Applicant submits the MSHP recognizes that there is an unmet need for additional CMR beds and resources within the State; therefore, the Applicant proposes the establishment of thirty-five (35) Level II CMR beds and five (5) Level I CMR beds in response to that identified need.

- c. Adverse Impact.** The Applicant submits the Mississippi State Board of Health recently adopted amendments to the State Health Plan for the express purpose of encouraging the establishment of additional CMR facilities and services. The Applicant states, if the new Rehabilitation Hospital is not implemented, the Board's health planning objectives will not be fulfilled, and potential patients will remain underserved.

Mississippi Methodist Rehabilitation Center and the Mississippi Health Care Association submitted letters opposing the approval of this project, citing an unnecessary duplication of health services and adverse impact.

- d. **Transfer/Referral/Affiliation Agreements.** As a new facility, the Applicant states BMRH-Madison does not currently have transfer, referral or affiliation agreements but will actively establish such arrangements with other area hospitals and health care providers.

GR Criterion 9 - Availability of Resources

- a. **New Personnel.** The Applicant asserts both Baptist and Kindred have extensive resources available for the recruitment and retention of health personnel. The Applicant also states both entities have recruitment methods that include the use of direct advertisements, talent pool databases, employee referrals, recruitment agencies, professional organizations, internships and apprenticeships, recruitment events, bulletin boards, active online presence, and social media platforms. The Applicant further states Kindred is actively involved in the training of future health care personnel and partners with many educational institutions to serve as a training site for students from various disciplines which establishes a large pool of new health care professionals and serves as an ongoing source for recruiting new personnel to BMRH-Madison.
- b. **Contractual Services.** The Applicant submits BMRH-Madison will identify and establish any needed and appropriate clinically-related contractual support services prior to commencing operations.
- c. **Existing Facilities or Services.** The Applicant states Baptist and Kindred facilities are accredited with a long history of providing health service excellence through qualified and dedicated health personnel. The Applicant further states Baptist Memorial Rehabilitation Hospital in Memphis was recently recognized for excellence in the delivery of CMR services.
- d. **Alternative Uses of Resources.** The Applicant asserts the proposed Rehabilitation Hospital is the most appropriate use of health resources and responds to identified patient needs.

GR Criterion 10 – Relationship to Ancillary or Support Services

- a. **Support and Ancillary Services.** The Applicant states all necessary support and ancillary services for the proposed project will be provided through the local, regional, and national resources of Baptist and Kindred. Additionally, the Applicant states BMRH-Madison will contract with other health care providers, as needed, to provide comprehensive patient care.
- b. **Changes in Costs or Charges.** The costs and charges of the proposed project are presented in Attachment 1.
- c. **Accommodation of Changes in Cost or Charges.** The Applicant asserts the Financial Tables included in its application consider projected costs and

charges for the proposed project.

GR Criterion 11 – Health Professional Training Programs

The Applicant states both Baptist and Kindred participate in clinical affiliations with local colleges, universities, and other health-related programs. The Applicant also states BMRH-Madison will serve as a new provider available to meet the needs of health professional training programs in the service area.

GR Criterion 12 – Access by Health Professional Schools

The Applicant submits BMRH-Madison will be available to meet the clinical needs of health professional training programs.

GR Criterion 13 – Access by Individuals Outside Service Area

The Applicant states BMRH-Madison will primarily serve the needs of the residents of the indicated thirteen (13) county service area in Central Mississippi and will also accommodate patients residing outside of the service area.

GR Criterion 14 - Construction Projects

The Applicant states the project involves new construction of a 55,079 square foot, two story, forty (40) bed freestanding CMR hospital. See Attachment 2 for construction cost calculations.

GR Criterion 15 – Competing Applications

The Mississippi State Department of Health received two (2) applications for the establishment of a freestanding CMR hospital in the Jackson Metropolitan Area – Encompass Health Rehabilitation Hospital of Flowood, LLC, for the establishment of a fifty (50) bed facility to include seven (7) Level I and forty-three (43) Level II CMR beds and Baptist Memorial Rehabilitation Hospital – Madison for the establishment of a forty (40) bed facility to include five (5) Level I and thirty-five (35) Level II CMR beds. The *FY 2022 Mississippi State Health Plan, Second Edition* has established a need for seven (7) Level I and ninety-four (94) Level II CMR beds. Therefore, the two (2) applications are considered, in part, competing.

Staff determined both applications submitted by Encompass Flowood and Baptist Memorial Rehabilitation Hospital – Madison were in substantial compliance with the *FY 2022 Mississippi State Health Plan, Second Edition*.

Section 41-7-195, Subsection 5, of the Mississippi Code of 1972 Annotated, as amended, states the Department may approve or disapprove a proposal for a CON as originally presented in final form, or it may approve a CON by a modification, by reduction only, of such proposal provided the proponent agrees to such modification. BMRH-Madison agreed in writing to a CON approval by modification

that includes a reduction to three (3) Level I CMR beds.

GR Criterion 16 - Quality of Care

- a. **Past Quality of Care.** The Applicant asserts both Baptist and Kindred have long-standing track records of delivering high quality health care to the communities served by their facilities.
- b. **Improvement of Quality of Care.** The Applicant asserts Baptist Memorial Rehabilitation Hospital, a joint venture of Baptist and Kindred in Memphis, Tennessee, ranked in the top ten percent (10%) of 856 inpatient rehabilitation facilities (“IRFs”) that qualified to be ranked in the IRF database (i.e., Uniform Data System for Medical Rehabilitation) for cases discharged between October 2020 and September 2021.
- c. **Accreditations and/or Certifications.** The Applicant submits all Kindred rehabilitation hospitals are CARF and Joint Commission accredited, and many have Disease Specific Certification from the Joint Commission that includes: Amputation (2), Brain Injury (1), Diabetes (1), and Stroke (3). In addition, fourteen (14) Kindred rehabilitation hospitals have CARF Adult Specialty Program certification including: Stroke (14), Amputation (6), Brain Injury (8), Spinal cord injury (2) and Mercy St. Louis has General and Specialty Accreditation for both Adults and Youth/Adolescents. The Applicant further states BMRH-Madison will be accredited by The Joint Commission and will seek Commission on Accreditation of Rehabilitation Facilities (“CARF”) accreditation.

IV. FINANCIAL FEASIBILITY

A. Capital Expenditure Summary

Cost Item	Projected Cost	Percentage of Cost (%)
Construction – New	\$ 26,591,527.00	63.90%
Construction (Renovation)	0.00	0.00%
Capital Improvement	0.00	0.00%
Fixed Equipment	40,000.00	0.10%
Non-fixed Equipment	3,160,000.00	7.59%
Land Cost	3,000,000.00	7.21%
Site Preparation	2,762,569.00	6.64%
Fees (Architectural)	1,020,000.00	2.47%
Capitalized Interest	1,315,318.00	3.16%
Contingency Reserve	1,594,555.00	3.83%
Other Building Costs	270,000.00	0.65%
Legal and Accounting Fees	494,854.00	1.19%
Other (Geotech, Phase 1, Fees, Permits	1,331,455.00	3.20%

Total Capital Expenditure	\$ 41,613,278.00	*99.94%
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*Percentages do not calculate exact due to rounding.

B. Method of Financing

The Applicant proposes to finance \$6,200,000.00 of the project with equity contributions from Baptist Memorial Health Services, Inc. and LifePoint Health, Inc. The Applicant proposes to lease the land at an annual cost of \$50,000.00 for fifty (50) years at a five percent (5%) interest rate. The Applicant also proposes to lease the building at an annual cost of \$2,223,954.00 for fifteen (15) years at an interest rate of six percent (6%).

The application contained a letter from Baptist Memorial Health Services, Inc. attesting to the financial feasibility of the project.

C. Effect on Operating Cost

The three-year projected operating statement for BMRH-Madison is presented in Attachment 1.

D. Cost to Medicaid/Medicare

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

Payor Mix	Utilization Percentage (%)	First Year Revenue (\$)
Medicare	72.00%	\$ 27,775,131.00
Medicaid	6.00%	2,282,888.00
Commercial	10.00%	3,804,813.00
Self Pay	1.00%	354,928.00
Charity Care	1.00%	354,928.00
Other	10.00%	3,804,813.00
Total	100.00%	* \$ 38,377,500.00

*Totals may not compute due to rounding.

V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES

The Division of Medicaid was provided a copy of this application for review and comment. As of April 8, 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 construction, establishment, offering, or expansion of comprehensive medical rehabilitation (“CMR”) beds/services as contained in the *FY 2022 Mississippi State Health Plan, Second Edition*; the *Mississippi Certificate of Need Review Manual, September 1, 2019, Revision*; and the duly adopted rules, procedures, and plans of the Mississippi State Department of Health.

The State Health Plan identified a need for seven (7) Level I CMR beds and ninety-four (94) Level II CMR beds in the state as a whole. The Department received two (2) applications for CMR beds from: (1) Encompass Health Rehabilitation Hospital of Flowood (“Encompass Flowood”) requesting seven (7) Level I and forty-three (43) Level II CMR beds; and (2) Baptist Memorial Rehabilitation Hospital – Madison (“BMRH-Madison”) requesting five (5) Level I and thirty-five (35) Level II CMR beds. These applications were entered into review, in part, as competing applications. Staff determined each application is in substantial compliance with the *FY 2022 Mississippi State Health Plan, Second Edition*.

The CON statute provides that the Department may approve or disapprove a proposal for a CON as originally presented in final form, or it may approve a CON by modification, by reduction only, provided the proponent agrees to such modification. BMRH-Madison agreed in writing to a modified CON approval by reduction to include three (3) Level I CMR beds.

Therefore, the Division of Health Planning and Resource Development recommends approval of the application submitted by Baptist Memorial Rehabilitation Hospital – Madison, LLC, d/b/a Baptist Memorial Rehabilitation Hospital – Madison for the establishment of a forty (40) bed comprehensive medical rehabilitation hospital to include three (3) Level I and thirty-seven (37) Level II CMR beds.

Attachment 1

Baptist Memorial Rehabilitation Hospital – Madison, LLC Establishment of CMR Beds and Services in a Freestanding CMR Hospital Three-Year Operating Statement (Project Only)			
	Year 1	Year 2	Year 3
Revenue			
Patient Revenue:			
Inpatient	\$ 38,377,500.00	\$ 49,050,525.00	\$ 56,488,765.00
Outpatient	0.00	0.00	0.00
Gross Patient Revenue	\$ 38,377,500.00	\$ 49,050,525.00	\$ 56,488,765.00
Charity Care	\$ 354,928.00	\$ 245,253.00	\$ 283,210.00
Deductions from Rev.	24,615,773.00	31,003,616.00	35,704,939.00
Net Patient Revenue	\$ 13,406,799.00	*\$ 17,801,657.00	*\$ 20,500,617.00
Other Operating Revenue	67,034.00	89,008.00	102,503.00
Total Operating Revenue	\$ 13,473,833.00	\$ 17,890,665.00	\$ 20,603,120.00
Expenses			
Operating Expenses:			
Salaries	\$ 5,945,686.00	\$ 6,451,914.00	\$ 7,196,673.00
Benefits	1,441,271.00	1,555,159.00	1,732,452.00
Supplies	981,765.00	869,660.00	999,547.00
Service	1,582,882.00	1,888,096.00	2,152,054.00
Lease	2,373,954.00	2,432,553.00	2,492,602.00
Depreciation	457,143.00	458,690.00	464,643.00
Interest	0.00	0.00	0.00
Other	1,738,383.00	1,683,618.00	1,786,624.00
Total Expenses	\$ 14,521,084.00	* \$ 15,339,689.00	\$ 16,824,596.00
Net Income (Loss)	\$(1,047,251.00)	*\$ 2,550,975.00	\$ 3,778,524.00
Assumptions			
Inpatient days	9,030	11,315	12,775
Outpatient days			
Procedures			
Charge/inpatient day	\$ 4,250.00	\$ 4,335.00	\$ 4,422.00
Charge per outpatient			
Charge per procedure			
Cost per inpatient day	\$ 1,608.00	\$ 1,356.00	\$ 1,317.00
*Note: Calculation is off by \$1, possibly due to rounding.			

Attachment 2
Baptist Memorial Rehabilitation Hospital – Madison
Establishment of Comprehensive Medical Rehabilitation (CMR)
Inpatient Care Beds and Services

Construction Cost Calculation

Cost Component	Total	New Construction	Renovation
New Construction Cost	\$26,591,527	\$26,591,527	
Renovation Cost	\$0		\$0
Total Fixed Equipment Cost	\$40,000	\$40,000	
Total Non-Fixed Equipment Cost	\$3,160,000	\$3,160,000	
Capital Improvement	\$0		
Land Cost	\$3,000,000	\$3,000,000	
Site Preparation Cost	\$2,762,569	\$2,762,569	
Fees (<i>Architectural, Consultant, etc.</i>)	\$1,020,000	\$1,020,000	\$0
Contingency Reserve	\$1,594,555	\$1,594,555	\$0
Capitalized Interest	\$1,315,318	\$1,315,318	\$0
Total Proposed Capital Expenditure*	\$39,483,969	\$39,483,969	\$0
Square Footage	55,079	55,079	0
<i>Allocation Percent</i>		100.00%	0.00%
Costs Less Land, Non-Fixed Equip. & Cap. Improvement	\$33,323,969	\$33,323,969	\$0
Cost Per Square Foot	\$605.02	\$605.02	\$0.00
Cost per Bed (n=40)	\$555,399		

***Note: Formula excludes “Other Costs and Fees” such as Site Cost of \$33,000; Building Cost of \$270,000; and Project Development Costs of \$1,826,309. These items are not considered part of the construction cost.**