

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT
FEBRUARY 2015**

**CON REVIEW HP-CNF-1214-015
BRENTWOOD ACQUISITION, INC, D/B/A BRENTWOOD
BEHAVIORAL HEALTHCARE OF MISSISSIPPI
ESTABLISHMENT OF A 36-BED PSYCHIATRIC RESIDENTIAL
TREATMENT FACILITY
CAPITAL EXPENDITURE: \$5,641,228
LOCATION: FLOWOOD, RANKIN COUNTY, MISSISSIPPI**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

Brentwood Acquisition, Inc. is a business corporation, owned by Universal Health Services, Inc. The entity is incorporated in the State of Tennessee and is authorized to do business in the State of Mississippi. Brentwood Acquisition, Inc. is in good standing with the Mississippi Secretary of State's Office.

Brentwood Behavior Healthcare of Mississippi ("Brentwood") is a 107-bed private, free-standing behavioral healthcare facility located in Flowood. Brentwood is currently licensed for 105 acute psychiatric beds, consisting of a 31-bed adult psychiatric unit, 46-bed adolescent psychiatric unit (two 23 bed units), 18-bed child psychiatric unit, and a 13-bed overflow unit (currently used as child/adolescent overflow). Two adult psychiatric beds are held in abeyance. The healthcare facility has eight (8) officers and is accredited by the Joint Commission and certified for Blue Cross, Medicare, and Medicaid.

B. Project Description

Brentwood requests CON approval for the establishment of a 36-bed freestanding psychiatric residential treatment facility ("PRTF") to be located on the 12-acre campus of the existing facility. The PRTF will focus on the treatment of adolescents and children between the ages of 5 and 17 years of age and will serve as an adjunct or alternative setting to acute inpatient psychiatric care.

The proposed PRTF will consist of 15,005 square feet, one story structure, connected to the existing facilities with a covered walkway. The facility will be subdivided into four (4) functional areas providing a 10-bed, 12-bed and a 14-bed unit, with a common shared area. The applicant will allocate PRTF beds among age groups, according to need.

The applicant states that each of the three patient units is configured to be accessed independently from the other. Each unit has two activity areas, a Day Room and Quiet Room, as well as a Group Room and Consult Room. Each unit also has a Time Out room, Nourishment room, Laundry, two private patient showers and two private patient toilets. Each unit also has access to a Clean Utility, Soiled Utility, Patient Storage and Clean Linen closet. A Special Care private patient room is provided on the 14-bed unit. Medication rooms are configured to allow staff access from the Nurse Station and are provided with a dispensing window along the corridor wall for patient access.

The applicant's final objectives for the proposed project are (i) to ensure an adequate number of PRTF beds are available in the region to minimize the need to refer patients from Brentwood's acute psychiatric units to facilities outside the region; (ii) to provide additional capacity to accommodate the needs of children, adolescents, and their families in the region and across the state; and (iii) to provide access to a modern state-of-the-art facility.

Brentwood projects that the facility will require 23.4 additional FTE personnel at an estimated annual cost of \$835,544.

The MSDH Division of Health Facilities Fire Safety and Construction approved the site for the PRTF on December 1, 2014.

The total proposed capital expenditure is \$5,641,228, which consists of new construction, fees, fixed and non-fixed equipment (See Expenditure Summary for a complete breakdown of capital expenditure).

The applicant expects to obligate the capital expenditure within 30 days of final approval and the project will be completed within 12 months of the commencement of construction.

II. TYPE OF REVIEW REQUIRED

This project is reviewed in accordance with Sections 41-7-173; 41-7-191 1(a), 1(d)(iv), 3 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.

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 20 days of publication of the staff analysis. The opportunity to request a hearing expires on March 12, 2015.

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

A. State Health Plan (SHP)

The *FY 2015 Mississippi State Health Plan* contains policy statements, and both general (G) and service specific (SS) criteria and standards which the applicant is required to meet before receiving CON authority for establishment of PRTF beds and services. This application is in substantial compliance with applicable policy, criteria and standards stated in the *Plan* as follows:

SHP Policy Statement 1 – Indigent/Charity Care

The applicant submits that an overwhelming majority of children and adolescent patients that are indigent or dependents of indigent parents/guardians qualify for Medicaid and will be served by the applicant at the proposed facility. However, the applicant affirmed that it will provide a reasonable amount of indigent/charity care as described in Chapter 1 of the *State Health Plan*.

SHP Policy Statement 2 – Mental Health Planning Areas

The applicant acknowledges this Policy Statement. The *2015 State Health Plan* has identified a need for 58 PRTF beds, statewide.

SHP Policy Statement 3 – Public Sector Beds

Brentwood is not a public PRTF and is not operated by the Mississippi Department of Mental Health.

SHP Policy Statement 4 – Comments from Department of Mental Health

The Mississippi State Department of Health provided an opportunity for the Mississippi Department of Mental Health to comment regarding the CON application.

SHP Policy Statement 5 – Separation of Adults and Children/Adolescents

The applicant states that the proposed facility will be a freestanding unit on Brentwood's current campus, which will be programmatically and physically distinct from other areas of the hospital in which adults are treated.

SHP Policy Statement 6 – Separation of Males and Females

Brentwood states that the proposed facility provides separate gender-specific accommodations.

SHP Policy Statement 7 – Patients with Co-Occurring Disorders

Brentwood acknowledges this policy statement and states that it is not applicable to the present application.

SHP Policy Statement 8 – Comprehensive Program of Treatment

The applicant submits that Brentwood currently provides a comprehensive, family-centered program of treatment for children and adolescents that includes, but is not limited to, acute inpatient care, outpatient treatment, and follow-up services, and an educational program for school aged children and adolescents. Brentwood states that its multidisciplinary team of mental health professionals is under the direction of a board certified or board eligible psychiatrist and consists of therapists, social workers, nurses, case managers, activity/recreational therapists, and/or nutritionists. Individualized treatment plans are developed, integrating family, school, community agencies and other service providers. The applicant states that the proposed PRTF will also incorporate these features and will include a certified educational program for its residents.

SHP Policy Statement 9 – Medicaid Participation

The applicant submits that Brentwood is currently certified by Medicaid and will seek Medicaid certification for the new facility when eligible.

The applicant expects that the majority of admissions to Brentwood's PRTF will be Medicaid beneficiaries. Brentwood further affirmed that it will provide MSDH with additional information regarding services to Medicaid patients.

SHP Policy Statement 10 – Licensing and Certification

Brentwood certified that the PRTF will meet all applicable licensing and certification regulations of the Division of Health Facilities Licensure and Certification.

SHP Policy Statement 11 – Psychiatric Residential Treatment Facility

Brentwood affirmed that its proposed 36-bed PRTF will be operated in a manner consistent with and in compliance with this policy statement and definition.

SHP Policy Statement 12 – Certified Education Programs

The applicant states that Brentwood presently operates a day-treatment program certified by the Department of Education. The proposed PRTF will include an educational program, also accredited by the Department of Education and its residents will have access to the existing gymnasium and specious play areas located on the 12-acre campus. In addition, the applicant states the proposed PRTF will provide a variety of services to meet the physical, social, cultural and recreational health maintenance and rehabilitation needs of each patient. These services will be

designed to assist in the formation and development of new behavior patterns, problem-solving abilities, and the internalization of healthy adaptive responses to internal and environmental stressors.

SHP Policy Statement 14 – Dedicated Beds for Children’s Services

The applicant acknowledges this policy statement and proposes to offer PRTF services to children less than 14 years of age.

GENERAL (G) CON CRITERIA AND STANDARDS FOR ACUTE PSYCHIATRIC, CHEMICAL DEPENDENCY, AND/OR PSYCHIATRIC RESIDENTIAL TREATMENT FACILITY BEDS/SERVICES

G SHP Criterion 1 - Need

The *2015 State Health Plan*, Table 3-8, documents a need for 58 additional PRTF beds. However, prior Mississippi legislation limits the number of additional beds that can be authorized to 36.

The applicant asserts that Brentwood’s existing acute psychiatric facilities obtained referrals from 64 counties in Mississippi during the past year. However, a majority of these patients, approximately 45%, originate from Hinds and Rankin counties.

G SHP Criterion 2 – Charity/Indigent Care

Brentwood affirmed that it will record and maintain, at a minimum, the information required by this criterion and make such information available to the Mississippi State Department of Health within 15 business days of request.

G SHP Criterion 3 – Memoranda of Understanding

Brentwood submitted a Memorandum of Understanding between Brentwood and Region 8 Community Mental Health Center regarding the referral and admission of charity and medically indigent patients.

G SHP Criterion 4 – Community Support

The application contains approximately six letters of comment/support from Community Mental Health Centers, physicians, community and political leaders, and other interested groups.

G SHP Criterion 5 – Admission Policy

Brentwood affirmed that within the scope of its available services, neither the facility nor its participating staff has nor will have policies or procedures which would exclude patients because of race, color, age or ability to pay.

Brentwood further affirmed that it will provide a reasonable amount of charity/indigent care as provided for in Chapter I of the *2015 State Health Plan*.

SERVICE SPECIFIC (SS) CRITERIA AND STANDARDS FOR PSYCHIATRIC RESIDENTIAL TREATMENT FACILITY BEDS/SERVICES

SS Criterion 1 – Statistical Bed Need

The *2015 Mississippi State Health Plan* based statistical need for PRTF beds on a ratio of 0.5 beds per 1,000 population aged 5 to 21 for 2015 in the state as a whole as projected by the Division of Health Planning and Resource Development. Based on the stated formula, the statistical bed need for PRTF beds was determined to be an additional 58 beds for 2015. Brentwood requests to establish a 36-bed PRTF.

SS Criterion 2 – Age Group Served

Brentwood's proposed PRTF will be dedicated to serve children and adolescents from 5 to 17.

SS Criterion 3 – Structural Design for Under 14 Years of Age

The freestanding patient cottage will be connected to the existing facilities with a covered walkway and is subdivided into four (4) functional areas providing a separate 12-bed and a 14-bed unit for adolescents and a 10-bed unit for children, with a common shared area. The four areas will be accessible from a common corridor system which is accessed from a secure building lobby. Afterwards, applicant proposes to allocate PRTF beds among age groups according to need.

SS Criterion 4 – Limitation of PRTF Beds

Although the *2015 State Health Plan* determined the need for PRTF beds in the State to be 58, beds authorized by legislation is limited to 334 for the entire state. The *Plan* projects a need for 356 PRTF beds statewide, with 298 beds currently licensed or CON approved. Therefore, only 36 PRTF beds may be authorized at this time by CON. The applicant requests all 36 of the beds that may be authorized.

SS Criterion 5 – Proposed Size of Facility/Unit

The proposed 36-bed design provides a 15,005 gross square foot, one-story facility. The freestanding patient cottage will be connected to the existing facilities with a covered walkway and is subdivided into four (4) functional areas providing a 10-bed, 12-bed, and a 14-bed unit, with a common shared area. The four areas will be accessible from a common corridor system which is accessed from a secure building lobby.

SS Criterion 6 – Staffing

The applicant submits that creation of PRTF bed capacity at Brentwood will allow mental health professionals in the Jackson Metro area to treat more emotionally disturbed children and adolescents requiring restorative residential treatment services closer to their homes and their families. The applicant further states that having PRTF facilities on the same campus as inpatient facilities will allow a greater continuum of care for patients and their families at one facility.

According to the applicant, Brentwood has a demonstrated history of providing a broad range of treatment programs for adolescents and children through a multi-discipline staff of professionals that includes psychiatrists, psychologist, pediatricians, social workers, registered nurses, recreational therapists, and teachers. Brentwood asserts that it is the largest provider of acute psychiatric services for children and adolescents in the state and has an agreement with UMMC to help train adolescent psychiatric resident physicians.

B. General Review (GR) Criteria

Chapter 8 of the *Mississippi Certificate of Need Review Manual, Revised September 1, 2011*; addresses general criteria by which all CON applications are reviewed. This application is in substantial compliance with general review criteria contained in the manual.

GR Criterion 1- Consistency with the *State Health Plan*

The project is in substantial compliance with all criteria, standards, and policies of the *FY 2015 Mississippi State Health Plan* applicable to psychiatric, chemical dependency, and psychiatric residential treatment facilities/services.

GR Criterion 2 – Long Range Plan

The applicant asserts that the establishment of a PRTF is consistent with the overall mission of the organization and supportive of its long-range plans.

GR Criterion 3 – Availability of Alternatives

The applicant states that Brentwood considered three other alternatives to the proposed project. Those alternatives and the applicant's reasons for rejecting those alternatives are as follows:

Maintain Status Quo. The applicant states that Brentwood's 74-bed acute psychiatric unit for adolescents and children refers, on average, approximately 80-100 patients for PRTF treatment annually. Many more patients are discharged home due to the lack of appropriate, available residential beds. Frequently, as a result of the lack of available beds in the region, referrals are made outside of the region,

admissions are delayed, or admissions are completely denied. Such delays or denials are particularly problematic for patient referrals from an acute care setting because PRTF treatment is an important component of the continuum of care.

Constructing more than 36 beds. The applicant rejected this alternative because of the limitations on capacity imposed through legislation.

Constructing fewer than 36 beds. The applicant rejected this alternative because of the number of patients comprising the existing PRTF referral base for adolescent and child services within Brentwood’s acute psychiatric program for children and adolescents.

The applicant submits that PRTF’s in Mississippi tend to be regionalized and have a relatively stable referral pattern. Advantages to regionalization include: (a) improved geographic access for families (family involvement inpatient care is often a critical element to a successful outcome); (b) increased efficiency in program aftercare; and (c) a more efficient use of resources for outreach community education programs.

The applicant further states that the Jackson metropolitan area provides the most comprehensive medical care in the state, offering a complete range of general acute care and specialized medical services. However, there is only one PRTF located in Jackson, a 60-bed facility for children and adolescents, which operates at or near capacity.

Brentwood believes that there is no more effective or less costly alternative to the proposed project. The applicant states that even maintaining the status quo, while less costly if only capital costs are considered, has inherent additional costs related to delayed or denied admissions and recidivistic admission patterns in the acute inpatient setting that will be reduced or eliminated by this proposal. In addition, the applicant submits that the proposal will not duplicate other services. The following table shows existing PRTF services in the State indicating distance and travel times from the Brentwood campus.

**Geographic Access to
 Private Psychiatric Residential Treatment Centers**

Facility	Location	Beds	Distance (Miles)	Travel Time(Hrs)
CARES Center	Jackson	60	9	0.3
Parkwood BHS	Olive Branch	40	208	3.5
The Crossing	Meridian	60	91	1.5
Millcreek of Pontotoc	Pontotoc	51	207	3.5
Millcreek PRTF	Magee	57	42	1.0
Diamond Grove Center	Louisville	30	122	2.7

GR Criterion 4 - Economic Viability

Based on projections provided by the applicant, the project will be economically viable. The applicant projects net income of \$298,206 the first year, \$850,076 the second year, and \$872,219 the third year of operation. Further, the applicant proposes to charge \$600 per day for treatment, which includes physician fees (medical and psychiatric), therapy fees, medications, room and board, 3 meals per day; as well as housekeeping services, recreational therapy services and other costs to operate the facility on a daily basis. The applicant believes these charges to be comparable to other services in the state.

Because of the current need for PRTF services, Brentwood projects that its utilization will be consistent with the high levels of utilization existing PRTF facilities have been experiencing. The applicant projects approximately 45% utilization the first year, 67% the second and 72% the third year. Further, the applicant states that Brentwood is a subsidiary of Universal Health Services, Inc., (“UHS”) located in King of Prussia, PA. Audited financial statements contained in the application indicate that UHS has sufficient revenues to cover the applicant’s expenses if needed.

GR Criterion 5 - Need for the Project

- a. **Access by Population Served:** Brentwood affirmed that all Mississippi residents, low income persons, racial and ethnic minorities, women, handicapped persons and other underserved groups, and the elderly will have access to the beds at issue.
- b. **Relocation of Services:** The project does not propose the relocation of services.
- c. **Current and Projected Utilization of like facilities.** The applicant states that the size (60 beds) and occupancy rate of the only other PRTF facility in the Jackson metro area suggests that there is a need for additional capacity in this geographic area and greater diversity of providers.

The *2015 State Health Plan* has projected a need for 58 PRTF beds statewide, based on the formula of .50 beds per 1,000 population ages 5 to 21 for 2015. Currently there are 298 licensed PRTF beds in the state with a projected need of 356. However, prior legislation limits the number of PRTF beds that can be authorized in the State to 334. Therefore, only 36 beds are needed. The table below indicates existing PRTF facilities in the State as stated in the 2013, 2014, and 2015 *State Health Plans*.

**PRTF Facilities, Statewide
 Utilization Rates**

PRTF	County	Occupancy Rates		
		2010	2011	2012
CARES	Hinds	95.09%	94.07%	97.51%
Parkwood BHS	DeSoto	96.06%	94.67%	72.73%
The Crossing	Lauderdale	100.06%	99.76%	99.85%
Millcreek of Pontotoc	Pontotoc	99.68%	96.20%	98.63%
Millcreek PRTF	Simpson	99.64%	99.01%	95.40%
Diamond Grove Center	Winston	91.75%	99.25%	98.76%

- d. **Community Reaction:** The application contains six letters of support from city officials, businesses, health care professionals and citizens.

GR Criterion 6 - Access to the Facility or Service

Brentwood submits that all age appropriate residents of the patient service area have access to the services of the existing facility. These include Medicaid recipients, charity/medically indigent patients, racial and ethnic minorities, females, and handicapped persons. Brentwood currently provides acute inpatient psychiatric services to children and adolescents from 5 to 17 years of age. The applicant states that it will continue to treat a significant number of medically indigent children and adolescent psychiatric patients and its capacity to do so will be increased with the addition of the proposed PRTF beds.

GR Criterion 7 - Information Requirement

Brentwood affirmed that it will record and maintain the information required by this criterion and make it available to the Mississippi State Department of Health within 15 business days of request.

GR Criterion 8 - Relationship to Existing Health Care System

The applicant submits that the proposed addition of 36 PRTF beds should have no effect on other existing health service in the state, as facilities within the region appear to be operating at or near capacity. Brentwood states that PRTF referrals from its acute psychiatric unit are frequently made to facilities outside of the region or (due to lack of appropriate program-specific beds) delayed or denied. The applicant believes that most, if not all, of the admissions to the proposed PRTF unit will originate from Brentwood's acute psychiatric unit for adolescents and children.

The Department received no letters of opposition concerning the proposed project. However, the Department did receive comments from CARES Center, Inc.

GR Criterion 9 - Availability of Resources

Brentwood states that it presently has a professional staff from the disciplines of psychiatry, psychology, pediatric medicine, social work, nursing, recreational therapy, occupational therapy and education, and it has not experienced any significant problems in hiring and/or retaining qualified staff. However, depending on need, the applicant states it may recruit additional registered nurses, therapists, teachers, mental health technicians, and activities therapists. The applicant projects a need for 23.4 FTE additional personnel.

GR Criterion 10 – Relationship to Ancillary or Support Services

The applicant states that Brentwood has the necessary support and ancillary services to provide PRTF services. However, with regard to PRTF costs at Brentwood, ancillary and support services will be increased where applicable and appropriate to accommodate the addition and increase in patient volume.

GR Criterion 15 - Competing Projects

The Department received two applications for the establishment of PRTF beds and services. The *2015 State Health Plan* identified a need for 58 PRTF beds statewide. However, as stated in Service Specific Criterion 4 of the 2015 State Health Plan, the Department shall not approve more PRTF beds statewide than specifically authorized by legislation (Miss. Code Ann. §41-7-191(3)). This authorization is limited to 334 beds for the entire state. Also, as noted in the Plan, there are currently 298 PRTF beds statewide as a result of CON approval and legislative action. Therefore, the Department is limited to 36 PRTF beds that may be authorized at this time. The two competing applications are as follows:

- CON Review HP-CNF-1214-015
Brentwood Acquisition, Inc.
d/b/a Brentwood Behavioral Health of Mississippi
Establishment of a 36-Bed PRTF
Capital Expenditure: \$5,641,228
Location: Flowood, Rankin County, Mississippi
- CON Review HP-CBRLS-1214-016
CARES Center, Inc. d/b/a CARES Center
Establishment of a 20-Bed PRTF in Harrison County
Capital Expenditure: \$258,000
Location: Saucier, Harrison County, Mississippi

See Attachment 3 for a Comparative Analysis on the two competing projects.

GR Criterion 16 - Quality of Care

The applicant submits that Brentwood is dedicated to a quality comprehensive family-focus treatment program for children and adolescents ages 5-17 with serious emotional, behavioral and psychological difficulties. Its staff provides individualized treatment using an interdisciplinary approach involving a skilled care team of professional.

Brentwood is accredited by The Joint Commission and certified for Medicare, Medicaid, and CHAMPUS. The applicant states that in 2013 Brentwood was recognized by the Commission as a Top Performer on Key Quality Measures.

IV. FINANCIAL FEASIBILITY

A. Capital Expenditure Summary

The total estimated capital expenditure is allocated as follows:

	Item	Cost (\$)	Percent (%) of Total
a.	Construction Cost -- New	\$4,623,314	82.00
b.	Construction Cost -- Renovation	0	0
c.	Capital Improvements	0	0
d.	Total Fixed Equipment Cost	350,000	6.00
e.	Total Non-Fixed Equipment Cost	70,000	1.00
f.	Land Cost	0	0
g.	Site Preparation Cost	0	0
h.	Fees (Architectural, Consultant, etc.)	485,448	9.00
i.	Contingency Reserve	0	0
j.	Capitalized Interest	0	0
j.	Legal and accounting fees	0	.0
k.	Other	112,466	2.00
	Total Proposed Capital Expenditure	\$5,641,228	100.00

Note: Percentages may not compute due to rounding.

The above capital expenditure is proposed for the construction of a 36-bed, 15,005 square foot PRTF at an estimated cost of \$363.80 per square foot. The 2014 *RSMeans Construction Cost Data* publication estimates cost per square foot between \$202 and \$350.

B. Method of Financing

The applicant proposes to finance the proposed capital expenditure with cash reserves.

C. Effect on Operating Cost

The applicant's three-year projected operating statement is presented at Attachment 1.

D. Cost to Medicaid/Medicare

The applicant projects the cost to third party payors as follows:

Payor Mix	Utilization Percentage (%)	First Year Revenue (\$)
Medicare	0	\$ 0
Medicaid	93	\$3,527,400
Commercial	0	0
Self Pay	0	0
Charity Care	0	\$-
Other	7	\$250,168
Total	100	\$ 3,777,568

V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES

The Division of Medicaid was provided a copy of this project for review and comment; however, no comment has been received from the Division of Medicaid as of this writing. Effective October 1, 2012, the Division of Medicaid changed the methodology by which it reimburses inpatient services so that the cost incurred subsequent to that date will only affect cost outlier payments.

The Mississippi Department of Mental Health was also provided an opportunity to comment on this project. No comments were received from the Department of Mental Health.

VI. CONCLUSION AND RECOMMENDATION

This project is in substantial compliance with the policy statements, general and service specific criteria and standards for psychiatric, chemical dependency and psychiatric residential treatment facilities stated in the *2015 Mississippi State Health Plan*; the *Mississippi Certificate of Need Review Manual, 2011 Revision*; and duly adopted rules, procedures, and plans of the Mississippi State Department of Health.

The Department received two applications for the establishment of PRTF beds and services (Brentwood for the establishment of 36 beds in Rankin County and CARES for 20 beds in north Harrison County). The *2015 State Health Plan* identified a need for 58 PRTF beds statewide. However, as stated in Service Specific Criterion 4 of the *2015 State Health Plan*, the Department shall not approve more PRTF beds statewide than specifically authorized by legislation (Miss. Code Ann. §41-7-191(3)). This authorization is limited to 334 beds for the entire state. Also, as noted in the Plan, there are currently 298 PRTF beds statewide as a result of CON approval and legislative action. Therefore, the Department is limited to 36 PRTF beds that may be authorized at this time. Consequently, the two applications were deemed complete and entered into the January Review Cycle as competing applications (See Attachment 3).

Staff contends that placing the proposed PRTF beds in Harrison County will provide a better geographic distribution of PRTF beds in the State. Therefore, staff recommended approval of CARES application for the establishment of a 20-bed PRTF in north Harrison County.

With the approval of CARES application, there remain 16 PRTF beds that may be awarded. Section 41-7-195 (5) of the Mississippi Code of 1972, Annotated, as amended, provides that “the State Department of Health may ... approve a certificate of need by a modification, by reduction only ... provided the proponent agrees to such modification.”

Therefore, The Division of Health Planning and Resource Development recommends approval of Brentwood’s application for 36 PRTF beds, by reduction to 16 PRTF beds, provided Brentwood agrees in writing to such reduction.

Attachment 1

Brentwood Behavioral Health of Mississippi Three-Year Operating Statement (Project Only)			
	Year 1	Year 2	Year 3
Revenue			
Patient Revenue:			
Inpatient	\$ 3,777,568	\$ 5,639,292	\$ 6,111,690
Outpatient	-	-	-
Gross Patient Revenue	\$ 3,777,568	\$ 5,639,292	\$ 6,111,690
Charity Care	-	-	-
Deductions from Revenue	1,495,284	2,228,111	2,413,801
Net Patient Revenue	\$ 2,282,284	\$ 3,411,181	\$ 3,697,889
Other Operating Revenue	47,032	70,080	75,920
Total Operating Revenue	\$ 2,329,316	\$ 3,481,261	\$ 3,773,809
Expenses			
Operating Expenses:			
Salaries	\$ 835,544	\$ 1,231,095	\$ 1,400,702
Benefits	167,109	251,143	291,458
Supplies	186,222	251,730	278,004
Services	130,946	192,026	208,409
Lease	-	-	-
Depreciation	334,395	334,395	334,395
Interest	-	-	-
Other	376,894	370,796	388,622
Total Expenses	\$ 2,031,110	\$ 2,631,185	\$ 2,901,590
Net Income (Loss)	\$ 298,206	\$ 850,076	\$ 872,219
Assumptions			
Inpatient days*	5,879	8,760	9,490
Outpatient days*	-	-	-
Procedures	-	-	-
Charge/outpatient day	-	-	-
Charge per inpatient day	\$ 643	644	644
Charge per procedure	-	-	-
Cost per inpatient day	\$ 345	\$ 300	\$ 306
Cost per outpatient day	-	-	-
Cost per procedure	-	-	-

**Attachment 2
 Brentwood Behavioral Health of Mississippi
 Establishment of a 36-Bed PRTF
 Computation of Construction Cost**

Cost Component	Total	New Construction
New Construction Cost	\$4,623,314	\$4,623,314
Renovation Cost	\$0	
Total Fixed Equipment Cost	\$350,000	\$350,000
Total Non-Fixed Equipment Cost	\$70,000	
Land Cost	\$0	\$0
Site Preparation Cost	\$0	\$0
<i>Fees (Architectural, Consultant, etc.)</i>	\$485,448	<i>\$485,448</i>
<i>Contingency Reserve</i>	\$0	<i>\$0</i>
<i>Capitalized Interest</i>	\$0	<i>\$0</i>
<i>Other</i>	\$112,466	<i>\$0</i>
Total Proposed Capital Expenditure	\$5,641,228	\$5,458,762
Square Footage	15,005	15,005
<i>Allocation Percent</i>		100.00%
Costs Less Land, Non-Fixed Eqt., Other	\$5,571,228	\$5,458,762
Cost Per Square Foot	\$371.29	\$363.80
Cost per Bed (n=36)	\$154,756	

Source: Mississippi Certificate of Need Review Manual, Revised 2011 and FY 2014 MSHP.

Attachment 3

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT
FEBRUARY 2015**

**Establishment of Psychiatric Residential Treatment Facility
Comparative Analysis**

The Mississippi State Department of Health received two applications on December 1, 2014, each requesting Certificate of Need authority for the establishment of psychiatric residential treatment facility (“PRTF”) beds and services. The two applications are as follows:

**CON REVIEW HP-CNF-1214-015
BRENTWOOD ACQUISITION, INC, D/B/A BRENTWOOD
BEHAVIORAL HEALTHCARE OF MISSISSIPPI
ESTABLISHMENT OF A 36-BED PSYCHIATRIC RESIDENTIAL
TREATMENT FACILITY
CAPITAL EXPENDITURE: \$5,641,228
LOCATION: FLOWOOD, RANKIN COUNTY, MISSISSIPPI**

Brentwood proposes the establishment of a 36-bed freestanding PRTF to be located on its campus in Flowood, Rankin County, Mississippi. The proposed PRTF will serve children between the ages of 5 and 17 and consist of 15,005 square feet, one story structure, connected to the existing facilities with a covered walkway. The PRTF will be subdivided into four (4) functional areas providing a 10-bed, 12-bed and a 14-bed unit, with a common shared area. The applicant will allocate PRTF beds among age groups, according to need.

**CON REVIEW HP-CBRLS-1214-016
CARES CENTER, INC. d/b/a CARES CENTER
ESTABLISHMENT OF A 20-BED PSYCHIATRIC RESIDENTIAL
TREATMENT FACILITY IN HARRISON COUNTY
CAPITAL EXPENDITURE: \$258,000
LOCATION: SAUCIER, HARRISON COUNTY, MISSISSIPPI**

CARES proposes to establish a 20-bed PRTF on its “Gulf Coast Campus”. The “Gulf Coast Campus” is a residential transitional living and learning center in north Harrison County, Saucier, Mississippi and an accredited, non-public, special purpose school.

The Gulf Coast Residence consists of approximately 9,660 square feet of space and includes two ten-bed wings separated by a large activity/dining area and a spacious kitchen with pantry. One wing will house adolescent boys grades 7-12 and the other wing will house adolescent girls grades 7-12. The facility is designed to serve boys and girls between the ages of 14 and 17.

The *2015 State Health Plan* identified a need for 58 PRTF beds statewide. However, as stated in Service Specific Criterion 4, Chapter 3 of the *2015 State Health Plan*, the

Department shall not approve more PRTF beds statewide than specifically authorized by legislation (Miss. Code Ann. §41-7-191(3)). This authorization is limited to 334 beds for the entire state. Also, as noted in the *Plan*, there are currently 298 PRTF beds statewide as a result of CON approval and legislative action. Therefore, the Department is limited to 36 PRTF beds that may be authorized at this time. Consequently, the two above applications were deemed complete and entered into the January Review Cycle as competing applications.

Each applicant complies with the policy statements and both general and service specific criteria and standards contained in the *2015 Mississippi State Health Plan*.

Each applicant complies with the general review criteria contained in the *Certificate of Need Review Manual, 2011 Revision*. However, with competing applications, the Department must determine which applicant, if any, is the most appropriate applicant for providing the proposed health care facility or service.

This analysis uses information submitted by the applicants and takes into consideration (1) utilization of existing facilities and services, (2) access to the proposed services, and (3) relationship to existing health care system.

Utilization of Existing Facilities and Services

According to the *2015 State Health Plan*, there are six PRTF facilities located throughout the State. These facilities had an average occupancy rate of 94.57% for FY 2012. (See Table below):

**Table 1
 Utilization of PRTF Facilities Statewide**

PRTF	Location		Occupancy Rates		
	City	County	2010	2011	2012
CARES	Jackson	Hinds	95.09%	94.07%	97.51%
Parkwood BHS	Olive Branch	DeSoto	96.06%	94.67%	72.73%
The Crossing	Meridian	Lauderdale	100.06%	99.76%	99.85%
Millcreek of Pontotoc	Pontotoc	Pontotoc	99.68%	96.20%	98.63%
Millcreek PRTF	Magee	Simpson	99.64%	99.01%	95.40%
Diamond Grove Center	Louisville	Winston	91.75%	99.25%	98.76%

Source: *2015 State Health Plan*

Based on the high utilization of existing PRTF facilities, there appears to be a need for additional PRTF beds in the State. As stated above, the *2015 State Health Plan* has identified a need for 58 additional beds.

Access to Proposed Facility/Service

The six PRTF facilities are geographically distributed throughout the state. The following table shows the size of current facilities and distance/travel time to the proposed facilities.

**Table 2
 Geographic Access to
 Private Psychiatric Residential Treatment Centers**

Facility	Location	Beds	Brentwood (Rankin County)		CARES (Harrison County)	
			Distance (Miles)	Travel Time (Hrs)	Distance (Miles)	Travel Time (Hrs)
CARES Center	Jackson	60	9	0.3	139.5	2.3
Parkwood BHS	Olive Branch	40	208	3.5	341	5.7
The Crossing	Meridian	60	91	1.5	142	2.4
Millcreek of Pontotoc	Pontotoc	51	207	3.5	289	4.8
Millcreek PRTF	Magee	57	42	1.0	114	1.9
Diamond Grove Center	Louisville	30	122	2.7	202	3.4

Source: Brentwood Acquisition Inc. CON application and distance calculator.GlobeFeed.com

CARES states that “family participation is critical in treating a resident of a PRTF” and points out that there are no private PRTFs located in south Mississippi. CARES points out that the Jackson Metropolitan area and the Gulf Coast area are the two most populated areas in the state. According to CARES, the population for five counties located in or near the Jackson Metropolitan area is projected to be 568,029 for 2015 and 592,712 for 2020. Currently, there are 117 PRTF beds located in the Metropolitan area (60 in Jackson and 57 in Magee). CARES indicates that the number of PRTF beds per Jackson metropolitan area resident, based on the projected population for 2015 is 1 PRTF bed per 4,855 residents.

In contrast, the total population projections for the six counties surrounding the Gulf Coast area are 496,830 for 2015 and 522,587 for 2020. There are currently no private PRTF beds located on the Gulf Coast; therefore, CARES projects 0 PRTF beds per 496,830 residents for 2015.

Using the same counties included in CARES analysis for each area, staff conducted a similar analysis of the population projections for ages 5 to 21 for counties contiguous to the Jackson metropolitan area and those contiguous to the Gulf Coast. The following table shows the population projections of these two areas for ages 5 to 21:

Table 3
Jackson Metropolitan Area
(Including 5 counties contiguous to Rankin County)

County	Projected Population			
	2015	2020	Increase/ (Decrease)	% Inc.
Hinds	59,229	60,074	845	1.40
Madison	25,599	27,205	1,606	5.9
Rankin	32,623	36,351	3,728	10.3
Copiah	6,930	6,890	(40)	NA
Simpson	6,483	6,353	(130)	NA
Total	130,864	136,873	6,009	4.4

Gulf Coast Area
(Including 6 counties contiguous to Harrison County)

Counties	Projected Population			
	2015	2020	Increase/(Decrease)	% Inc.
Harrison	44,987	47,421	2,434	5.1
Jackson	32,467	32,483	16	.04
Hancock	9,951	10,000	49	.5
Pearl River	13,517	14,014	497	3.5
Stone	4,646	4,875	229	4.7
George	5,731	5,595	136	2.4
Total	111,299	114,388	3,089	2.7

Source: Mississippi Population Projections (ages 5 to 24) for 2015, 2020, and 2025, Center for Policy Research and Planning, Mississippi Institutions of Higher Learning, February 2012.

According to the *2015 State Health Plan*, the statistical need for PRTF beds is based on a ratio of 0.5 beds per 1,000 population aged 5 to 21 for 2015 in the state as a whole, as projected by the Division of Health Planning and Resource Development. Staff applied the formula to the projected population for the Jackson metropolitan area and the Gulf Coast area to determine the number of beds needed for each area. The calculation is as follows:

Jackson metropolitan area: $130,864 \times 0.5 \text{ beds} \div 1,000 = 65 \text{ beds for 2015}$
 Gulf Coast area: $111,299 \times 0.5 \text{ beds} \div 1,000 = 56 \text{ beds for 2015}$

There are currently 117 PRTF beds near the Jackson metropolitan area; therefore, there is an excess of 52 PRTF beds in the Jackson metropolitan area.

Currently there are no beds located near the Gulf Coast area; therefore, there is an unmet need of 56 PRTF beds in the Gulf Coast area for 2015.

Relationship to Existing Health Care System

Each applicant recognizes the importance of having PRTF services in close proximity to child and adolescent psychiatric services.

Brentwood stated in its application that: “Psychiatric residential treatment is an important component of comprehensive care. The ability to provide the timely discharge of patients in an acute psychiatric inpatient setting to a PRTF in close proximity improves the continuity of care and, because family participation in the treatment of children and adolescents is recognized as an important component of care, increases the likelihood of a successful outcome”.

According to the *2015 State Health Plan*, there are three private and five hospital-based child/adolescent psychiatric facilities in the state. The following table shows the location of these facilities in relationship to PRTFs in the state.

**Table 4
 Location of Adolescent Psychiatric Facilities
 in Relationship to PRTFs**

Psychiatric Facility	County	Closest PRTF	County
Alliance Health Center	Lauderdale	The Crossing	Lauderdale
Biloxi Regional Med. Center	Harrison	Millcreek	Simpson
Brentwood Behavioral Hlth	Rankin	CARES	Hinds
Diamond Grove Center	Winston	Diamond Grove	Winston
Memorial Hosp at Gulfport	Harrison	Millcreek	Simpson
Forrest General Hospital	Forrest	Millcreek	Simpson
Parkwood Behavioral Hlth	DeSoto	Parkwood	DeSoto
River Region Hlth System	NA	NA	NA
University Hospital & Clinics	Hinds	CARES	Hinds

Source: *2015 State Health Plan*.

With the exception of Forrest, Harrison and Rankin counties, PRTFs are located in counties with adolescent psychiatric facilities. Rankin County, however, is in close proximity to Hinds County (see Table 2 above). The nearest PRTF to Forrest and Harrison counties is Millcreek located in Simpson County. Magee is approximately 47 miles from Forrest County and 114 miles from Harrison County.

As stated above, CARES Center has requested approval to establish a 20-bed PRTF in north Harrison County and Brentwood Behavioral Health Care of Mississippi has requested to establish a 36-bed PRTF in Rankin County.

In consideration of the above analysis, staff contends that placing the proposed PRTF beds in Harrison County will provide a better geographic distribution of PRTF beds in the State.

Therefore, staff recommends the approval of CARES Center's application for the establishment of a 20-bed PRTF in north Harrison County.

With the approval of CARES application, there remain 16 PRTF beds that may be awarded. Section 41-7-195 (5) of the Mississippi Code of 1972, Annotated, as amended, provides that "the State Department of Health may ... approve a certificate of need by a modification, by reduction only ... provided the proponent agrees to such modification." Therefore, staff recommends approval of Brentwood's application for 36 PRTF beds, by reduction to 16 PRTF beds, provided Brentwood agrees in writing to such reduction.