

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

**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**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

CARES Center, Inc. ("CARES") is the licensee and operator of a 60-bed psychiatric residential treatment facility ("PRTF") in Jackson. It is also an accredited, non-public, special purpose school with campuses in Gulfport, Hattiesburg, Jackson, and north Harrison County for grades 1-12. CARES is a not-for-profit corporation consisting of a 26-member Board of Directors, three (3) Honorary Board Members, and a four (4) member Executive Leadership. Mississippi Children's Home Society ("MCHS"), a Mississippi non-profit corporation, is an affiliate of CARES Center, Inc. and has the same Board of Directors and Officers and the same Executive Leadership as CARES. MCHS is the legal owner of all the buildings CARES utilizes in its operations, and as such is a participant in this Certificate of Need ("CON") application. In addition, another affiliate of CARES, Mississippi Children's Home Services, provides services including, but not limited to, information technology, accounting, billing, collection, services regarding administration of third-party payor agreements, services regarding personnel administration, staff recruitment, service regarding payment of payroll and accounts, and legal services.

CARES Center, Inc. is in good standing with the Mississippi Secretary of State.

B. Project Description

CARES request CON approval for the establishment of a 20-bed PRTF at 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 Campus consists of 80 acres in a rural setting and includes six (6) residential buildings, one of which was constructed in accordance with the licensure standards and specifications for a PRTF and was designed to house 20 residents (the "Gulf Coast Residence"). The Gulf Coast Campus also includes a special purpose school for grades 7-12.

The applicant states that the cost of construction on the Gulf Coast Residence, which was completed in February 2012, was \$1,468,009. The facility was constructed by Fountain Construction Company, Inc., a construction company incorporated and licensed in Mississippi, and was funded through a federal grant from the Mississippi Development Authority to MCHS in the amount of \$3,000,000.

The Gulf Coast Residence consists of approximately 9,660 square feet of space and will house the additional PRTF beds requested in this application. The Residence includes two ten-bed wings totally separated by a large activity/dining area and a spacious kitchen with pantry. Each wing has its own nurses' station. One wing will house adolescent boys grades 7-12 and the other wing will house adolescent girls grades 7-12. Each wing has its own locked exit to the outside in the event of an emergency, a very large day room, three full baths (one of which on each wing is handicapped-accessible), a medicine preparation room, a laundry room, a storage room, and a mechanical room. According to the applicant, there is no overlap with respect to residential wings of the Gulf Coast Residence and with the exception of the staff, each operates independently of the other.

The applicant's final objectives for the proposed project are (i) to meet the current and future needs of the adolescents in Mississippi with emotional or behavioral issues in need of a therapeutic residential environment where they can gain understanding and control of their particular issues, (ii) to provide them with intensive and individualized academic instruction specifically tailored to meet each individual's needs, and (iii) to provide better access to PRTF services for those in need in south Mississippi.

CARES projects that the facility will require 46.2 FTE personnel at an estimated annual cost of \$1,747,303.20.

The total proposed capital expenditure is \$258,000, which consists of \$8,000 for school equipment and \$250,000 for contingency reserves. CARES asserts that there is no need for any construction or renovation costs because all of the necessary structures to accomplish the project have been made.

The MSDH Division of Health Facilities Fire Safety and Construction approved the site for the PRTF on December 18, 2014. The applicant expects to complete the project no later than six (6) months after acquisition of a CON.

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 virtually all of the residents at the existing CARES PRTF are covered by Medicaid, and the applicant anticipates that virtually all of the residents at the new CARES Center – Gulf Coast will be covered by Medicaid. CARES estimates that approximately 1% of its gross patient revenue at the CARES Center-Gulf Coast will be attributable to charity care.

SHP Policy Statement 2 – Mental Health Planning Areas

The applicant acknowledges this Policy Statement and states that the request for 20 new beds comports with Table 3-8 and Service Specific Criterion Number 4 of the *2015 State Health Plan*. CARES indicates that since there is not a private PRTF south of Magee, Mississippi, there is a void in the allocation of private PRTF beds in Mississippi. Establishing a 20-bed PRTF in north Harrison County will allow greater access to those in need of the psychiatric residential therapeutic services offered by a PRTF.

SHP Policy Statement 3 – Public Sector Beds

CARES 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 requests to provide services to adolescents between the ages of 14 and 17.

SHP Policy Statement 6 – Separation of Males and Females

CARES proposes to separate its male and female residents by housing ten adolescent male residents in a wing that is totally separate and independent from the wing where it will house its ten female residents.

SHP Policy Statement 7 – Patients with Co-Occurring Disorders

CARES acknowledges this policy and certified that the CARES PRTF program in Harrison County will meet all applicable licensure and certification regulations for the services offered before providing such services.

SHP Policy Statement 8 – Comprehensive Program of Treatment

The applicant submits that CARES currently operates an accredited, non-public, special purpose school in Gulfport with services on the Gulf Coast Campus. If the project is approved, CARES School - Gulf Coast will provide the educational component of the 20-bed PRTF as a satellite location of CARES School - Gulfport until separate accreditation of CARES School - Gulf Coast can be obtained from the Mississippi Department of Education.

CARES further submits that providing a comprehensive individualized program of treatment for each resident is at the forefront of the CARES mission. CARES utilizes a team approach that includes therapists, case managers, psychiatrists, family therapists, family partners, school staff, dietary staff and milieu staff.

SHP Policy Statement 9 – Medicaid Participation

The applicant submits that CARES is currently certified by Medicaid and will seek Medicaid certification for the facility/program at its CARES Center – Gulf Coast PRTF at such time as the CARES Center – Gulf Coast PRTF becomes eligible for such certification. CARES certifies that it currently provides and will continue to provide the MSDH with information regarding services to Medicaid patients.

SHP Policy Statement 10 – Licensing and Certification

The applicant certified that the CARES Center – Gulf Coast 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

CARES acknowledged and agreed with the definition set forth in the PRTF definition and affirmed that it will not furnish in its Gulf Coast PRTF, primarily domiciliary care that is not within the definition.

SHP Policy Statement 12 – Certified Education Programs

CARES School – Gulfport is accredited by the Department of Education and currently provides specialized and individualized education for students of CARES School – Gulf Coast. If the project is approved, CARES School – Gulfport will continue to operate CARES School – Gulf Coast as a satellite campus for grades 7 – 12 and will seek separate accreditation by the Department of Education for the CARES School – Gulf Coast.

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

This project requests the establishment of a 20-bed PRTF in Harrison County to provide psychiatric residential therapeutic treatment and care to adolescents between the ages of 14 and 17. The *2015 State Health Plan* has identified a need for 58 PRTF beds in the state.

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 in addition to formulae and legislation, there is a need for more PRTF beds and that those additional beds are needed most in south Mississippi.

The applicant provided testimonials from the Board President of the Child Abuse Prevention Center, Gulfport, Mississippi; the Chair of the Department of Education’s State Special Education Advisory Panel, and a board-certified psychiatrist, attesting to the need for additional child psychiatric services on the coast.

G SHP Criterion 2 – Charity/Indigent Care

CARES 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

CARES submits that its affiliate MCHS is certified by the Department of Mental Health as a private mental health center and is an approved Medicaid provider. The application contains a Memorandum of Understanding with Garden Park Medical Center agreeing to admit charity and medically indigent patients referred to the hospital by CARES in the event CARES receives a CON to establish the Gulf Coast PRTF.

G SHP Criterion 4 – Community Support

The application contains approximately 17 letters of comment/support from Community Mental Health Centers, physicians, community and political leaders, and other interested groups.

G SHP Criterion 5 – Admission Policy

CARES affirmed that within the scope of its available services, neither it nor its participating staff has nor will have policies or procedures which would exclude patients because of race, color, age (except as to persons who are not children or adolescents eligible for CARES' PRTF program), sex, ethnicity, or ability to pay. Further, the applicant submits that although all PRTF residents are covered by Medicaid, CARES anticipates that approximately 1% of the gross patient revenue derived from PRTF services will be charity/medically indigent care.

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. CARES requests to establish a 20-bed PRTF.

SS Criterion 2 – Age Group Served

CARES proposes to serve children in the age group of 14 to 17. All 20 beds will be dedicated to serve this group.

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

This application does not propose provision of services to children under the age of 14.

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 only 20 of the beds be authorized.

SS Criterion 5 – Proposed Size of Facility/Unit

The applicant submits that although all 20 beds in the Gulf Coast Residence will be under one roof, the residence is designed as if it were two (2) separate and distinct 20-bed cottages. Each of the two wings are totally separate and independent of the other. Each wing has its own nurses' station; however, the activity/dining room will be shared.

SS Criterion 6 – Staffing

The applicant documents that a board-certified psychiatrist who has been specially trained to care for children and adolescents with emotional and behavioral disorders, will serve as the medical director of CARES Center – Gulf Coast.

In addition, CARES anticipates hiring 46.2 additional full-time employees for its Gulf Coast PRTF. These new staff members have or will be specially trained to care for adolescents with emotional and behavioral disorders. Every resident of CARES' Gulf Coast PRTF and his/her guardian will be a member of the Child and Family Team that will include a Board-certified child psychiatrist (or psychiatric mental health nurse practitioner), licensed therapists, registered nurse, case manager, resident advisor and teachers. The applicant states that the Gulf Coast PRTF will also employ a therapeutic recreation staff, a registered dietitian, family nurse practitioner (for physical healthcare), education staff, and a family partner. Constant monitoring and supervision will be provided by a team of residential advisors who will be present in a ratio of one staff for every five residents.

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 CARES' long range goal is to establish a PRTF in Harrison County to treat and care for adolescents in south Mississippi in need of PRTF services. In 2011-2012 MCHS/CARES constructed the 20-bed Gulf Coast Residence compliant with the specifications and standards of a PRTF. The applicant contends that this project comports with CARES' goal to provide quality, effective PRTF care and is compatible with its long-range plans.

GR Criterion 3 – Availability of Alternatives

The applicant states that CARES 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. This alternative would ignore the significant opportunity for CARES to establish a private PRTF in northern Harrison County, for which it has planned. The applicant states that ignoring this opportunity would be contrary to the goals and mission of CARES and MCHS to offer a helping hand to the children and youth of Mississippi who are troubled and in need of help.

Establishing a new PRTF at a location other than the Gulf Coast. The applicant states CARES already has an 80-acre Gulf Coast Campus with a 20-bed residence constructed to the specifications and standards of a PRTF and educational services from an accredited school. Further, the applicant asserts that the cost to establish the 20-bed PRTF in north Harrison County will cost essentially nothing, while establishment of a 20-bed PRTF in another area of the State would require expensive construction and needless use of health care dollars.

Establishing a new PRTF consisting of 36 beds. The applicant rejected this option because it would result in greater costs and in additional time delay to provide the services in south Mississippi. CARES would have to build another residential building on its Gulf Coast Campus to house the 16 additional beds at a significant cost.

CARES opted for the proposed project because it would allow CARES to open a new 20-bed PRTF in Harrison County with very little cost and in a very short period of time.

The applicant states the project provides enormous benefit to the State's health care system. Furthermore, the applicant states, except with respect to acute adolescent psychiatric hospitals in south Mississippi, each of the acute psychiatric hospitals with adolescent psychiatric beds is located relatively close to a PRTF. This close location assists adolescent receiving psychiatric treatment and their families in the event there is need for step-down residential care upon discharge. The nearest PRTF for the adolescent psychiatric facility in Harrison County is 120 miles, in Simpson County.

GR Criterion 4 - Economic Viability

Based on the three-year operating statement contained in the application, the project will be economically viable by the second year of operation. The applicant asserts that any loss that CARES – Gulf Coast incurs during its first year of operation will be made up during its second year of operation. The applicant projects a loss of \$66,800 the first year and incomes of \$141,201 and \$240,996 for the second and third year, respectively.

CARES expect that utilization of the new CARES Center – Gulf Coast will be consistent with that experience by existing PRTF facilities in the State. The *2015 Mississippi State Health Plan* indicates that the average occupancy rate for PRTF facilities in the State was 94.57 for FY 2012. CARES project that the occupancy rates for the Gulf Coast facility will be 80%, 90%, and 96% for the first, second, and third year, respectively (See Attachment 1 for the Three-Year Projected Operating Statement).

GR Criterion 5 - Need for the Project

- a. **Access by Population Served:** The applicant submits that this project will result in a much better allocation of PRTF beds, as there are currently no private PRTF beds located in south Mississippi. CARES further states that all adolescents between the ages of 14 and 17 who are in need of therapeutic psychiatric residential treatment and care, including low income persons (or persons from low income families), racial and ethnic minorities, girls, handicapped persons and other underserved groups, will have access to the new PRTF services that will be provided by CARES in Harrison County.
- b. **Relocation of Services:** The project does not propose the relocation of services.
- c. As justification for the need for additional facilities and services, the applicant compared occupancy rates for existing PRTF facilities in the State as stated in the 2013, 2014, and 2015 *State Health Plans* (See table below):

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 25 letters of support from city and state officials, businesses, health care professionals and citizens.

GR Criterion 6 - Access to the Facility or Service

The applicant submits that CARES provides and will continue to provide PRTF services to all persons between the ages of 5 and 17, who are in need of psychiatric residential treatment, including Medicaid recipients, charity/medically indigent persons, racial and ethnic minorities, girls and boys, and handicapped children and adolescents..

GR Criterion 7 - Information Requirement

CARES 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

As pointed out by the applicant, there are currently no private PRTFs on the Coast. The applicant submits that the establishment of a private PRTF at the Gulf Coast Campus will allow access to those adolescents who are between the ages of 14 and 17. The project is not expected to have an adverse effect on other health care providers in the area.

The Department received no letters of opposition concerning the proposed project.

GR Criterion 9 - Availability of Resources

The applicant indicates that the Gulf Coast facility will require 46.2 FTE additional personnel during the first year of operation. CARES will utilize normal recruiting practices to fill the available positions with the applicant best suited to those positions, including placing ads in local newspapers and other publications to assist in the recruiting efforts. The applicant states that special efforts will also be made to work with the State's institutions of higher learning to recruit skilled personnel.

GR Criterion 10 – Relationship to Ancillary or Support Services

The applicant states that all necessary support and ancillary services are currently in place at the Gulf Coast Campus and are capable of providing any increase in the use of such ancillary or support services.

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 4 in 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

In anticipation that the application will be competing for PRTF beds, the applicant points out that:

- CARES, a non-profit organization, has been providing PRTF services in Mississippi for over 20 years.
- As evidenced by its Gulf Coast Campus, CARES has long planned to request PRTF beds soon as they became available.
- The project substantially promotes cost containment because there is essentially no capital expenditure necessary to accomplish this Project,.
- There will be no delay in providing the needed services because the Gulf Coast Residence and the CARES Gulf Coast School are already constructed and in place.
- The establishment of a new 20-bed PRTF in north Harrison County will result in a better allocation of PRTF beds in the State.
- CARES is the only PRTF provider in Mississippi with a state-wide network of community-based services – including the highly successful alternative to deep-ended residential care (i.e. MYPAC).

See Attachment 2 for a comparative analysis of the two competing applications.

GR Criterion 16 - Quality of Care

The applicant submits that CARES has a history of providing high quality care to the children and adolescents who receive care and treatment at its Jackson PRTF. It has in place and will continue to maintain a quality improvement program, the purpose of which is to ensure the delivery of the highest quality care to its residents in the most efficient and effective manner.

CARES states it will continue to provide this high quality of PRTF treatment and care and high quality special education at its Gulf Coast PRTF.

CARES is accredited by The Joint Commission and is certified to provide care to children and adolescents who are entitled to care through the Medicaid program.

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	\$0	0
b.	Construction Cost -- Renovation	0	0
c.	Capital Improvements	0	0
d.	Total Fixed Equipment Cost	0	0
e.	Total Non-Fixed Equipment Cost	8,000	3.00
f.	Land Cost	0	0
g.	Site Preparation Cost	0	0
h.	Fees (Architectural, Consultant, etc.)	0	0
i.	Contingency Reserve	250,000	97.00
j.	Capitalized Interest	0	0
j.	Legal and accounting fees	0	.0
k.	Other	0	0
	Total Proposed Capital Expenditure	<u>\$258,000</u>	<u>100.00</u>

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 in 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	86	\$2,295,295
Commercial	0	0
Self Pay	0	0
Charity Care	1	\$20,633
Other	<u>13</u>	<u>\$340,680</u>
Total	100	\$ 2,656,608

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. §41-7-181 et. Seq). 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 2 for a comparative analysis of the two applications.

As a result of the comparative analysis, staff contends that placing the PRTF beds in Harrison County would provide a more geographical distribution of PRTF beds.

Therefore, the Division of Health Planning and Resource Development recommends approval of the application submitted by CARES, Inc. d/b/a CARES Center for the establishment of a 20-bed psychiatric residential treatment facility in north Harrison County.

Attachment 1

CARES CENTER, INC. d/b/a CARES Center Three-Year Operating Statement (Project Only)			
	Year 1	Year 2	Year 3
Revenue			
Patient Revenue:			
Inpatient	\$ 2,656,608	\$ 2,989,242	\$ 3,179,033
Outpatient	-	-	-
Gross Patient Revenue	\$ 2,656,608	\$ 2,989,242	\$ 3,179,033
Charity Care	20,633	29,395	31,919
Deductions from Revenue	-	-	-
Net Patient Revenue	\$ 2,635,975	\$ 2,959,847	\$ 3,147,114
Other Operating Revenue	-	-	-
Total Operating Revenue	\$ 2,635,975	\$ 2,959,847	\$ 3,147,114
Operating Expenses:			
Salaries	\$ 1,456,086	\$ 1,499,769	\$ 1,544,762
Benefits	291,217	299,954	308,952
Supplies	86,463	99,028	108,162
Services	15,356	35,356	36,416
Lease	159,216	159,216	159,216
Depreciation	67,653	71,036	74,587
Interest	-	-	-
Other	626,785	654,289	674,023
Total Expenses	\$ 2,702,775	\$ 2,818,647	\$ 2,906,119
Net Income (Loss)	\$ (66,800)	\$ 141,201	\$ 240,996
Assumptions			
Inpatient days*	5,840	6,570	7,008
Outpatient days*	-	-	-
Procedures	-	-	-
Charge/outpatient day	-	-	-
Charge per inpatient day	\$ 455	\$ 455	\$ 54
Charge per procedure	-	-	-
Cost per inpatient day	\$ 463	\$ 429	\$ 415
Cost per outpatient day	-	-	-
Cost per procedure	-	-	-

Attachment 2

**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**

Psych 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.