

**MISSISSIPPI STATE DEPARTMENT OF HEALTH  
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT  
OCTOBER 31, 2022**

**CON REVIEW NUMBER: HG-RLS-0922-016  
JACKSON HMA, LLC D/B/A MERIT HEALTH CENTRAL  
RELOCATION OF PSYCHIATRIC SERVICES  
CAPITAL EXPENDITURE: \$6,500,000.00  
LOCATION: JACKSON, HINDS COUNTY, MISSISSIPPI**

**STAFF ANALYSIS**

**I. PROJECT SUMMARY**

**A. Applicant Information**

Jackson HMA, LLC d/b/a Merit Health Central (the “Hospital”, “Central”, or the “Applicant”) is a Mississippi limited liability company whose parent corporation is Community Health Systems, Inc. The application indicates Jackson HMA, LLC has three (3) officers. Merit Health Central, located at 1850 Chadwick Drive, Jackson, Mississippi, is an acute care hospital with 329 beds (254 set up and staffed beds). The bed complement consists of 248 short-term acute care beds, seventy-one (71) adult psychiatric beds, and ten (10) adult chemical dependency beds. A Certificate of Good Standing, dated May 24, 2021, indicates Jackson HMA, LLC d/b/a Merit Health Central is in good standing with the state of Mississippi.

**B. Project Description**

Jackson HMA, LLC d/b/a Merit Health Central requests Certificate of Need (“CON”) authority for the relocation of psychiatric services. Central is an existing provider of adult acute psychiatric services and adult chemical dependency services. The Applicant states, through the relocation of beds from Merit Health River Region (“River Region”), an affiliate of Central located at 111 N Frontage Road, Vicksburg, MS, Central seeks to increase its psychiatric capacity and provide adolescent psychiatric (“psych”) services.

The Applicant states, to accomplish its goal without increasing the total number of authorized psychiatric beds in the state, Central seeks to relocate the following beds from River Region: twenty (20) adult psych beds, ten (10) adult chemical dependency beds, and twenty (20) adolescent psych beds. The Applicant further states, if CON approved, Central will operate ninety-one (91) adult psychiatric beds, twenty (20) adolescent psychiatric beds, and twenty (20) adult chemical dependency beds.

Without very significant capital improvements, the Applicant states the physical plant and systems of River Region are nearing the end of their useful life. According to the Applicant, the continuation of Mental Health Services at River Region is not possible, so to ensure patients retain the ability to access Mental Health Services

Central proposes to relocate the services to its Hospital. The Applicant submits, while Central will also have to undergo renovations to accommodate the beds/services, it is more cost efficient to make the capital investment rather than address the physical and system issues at River Region. The Applicant states the River Region building will be demolished after the relocation is complete.

The Applicant states, to accommodate the relocated beds, Central will undergo renovations in its South tower. The Applicant submits the units will each require renovation of existing medical unit space to ensure safety, which includes ligature-resistant door hardware, bathroom fixtures, solid ceilings, recession of sprinkler heads, and other CMS and Joint Commission required measures. The Applicant further submits group rooms will also be constructed for each unit. In addition, the Applicant states the nurses' stations will be enclosed to limit patient access. The Applicant states there are also minimal improvements anticipated such as painting and providing physical beds, wardrobes, window coverings, etc. The Applicant states the proposed project will require renovation of 20,000 square feet.

Central projects an additional thirty-five (35) full-time equivalent (FTE) staff will be hired at an annual cost of \$2,700,490.00 for the first year. The Applicant projects a total capital expenditure of \$6,500,000.00 and anticipates the capital expenditure will be obligated within sixty (60) days of final CON approval. The anticipated date of project completion is expected to be within twelve (12) months of the project start date.

The application contains a letter dated June 11, 2021, documenting the Mississippi State Department of Health (MSDH), Division of Health Facilities Licensure and Certification's approval of the recent chemical dependency ("CD") expansion at the Hospital. The letter notes Central is an active hospital; therefore, the proposal was found acceptable.

The Hospital states the final objectives for the proposed project is to enhance the comprehensiveness and availability of Mental Health Services at the Hospital through the reallocation of existing CON approved beds.

Depicted below is the Applicant's current licensed bed numbers by category.

**Current Beds**

	<b>Licensed</b>	<b>Setup &amp; Staffed</b>	<b>Beds Proposed</b>	<b>Total Beds at Completion</b>
Short-Term Acute Care Beds	248	173	-	248
Adult Psychiatric Beds	71	71	20	91
Adolescent Psychiatric Beds	-	-	20	20
Adult Chemical Dependency Beds	10	10	10	20
<b>Total</b>	<b>329</b>	<b>254</b>	<b>50</b>	<b>379</b>

The application included a schematic drawing demonstrating the location of the proposed unit in the South Tower. The Applicant submits the proposed Adult Psych Unit will be located on the second floor on the east side of the facility, the proposed Adult CD Unit will be placed in the existing unit on the fifth floor on the west side of the facility, and the proposed Adolescent Psych Unit will be placed on the second floor of the west side of the facility.

The Applicant states Central is an existing healthcare facility that complies and will continue to comply with State and local building codes, zoning ordinances, and/or any other appropriate regulatory authority. The Applicant also affirms Central will comply with all applicable State statutes and regulations for the protection of the environment, including approved water supplies; sewage and water disposal; hazardous waste disposal; water pollution control; air pollution control; and radiation control.

## **II. TYPE OF REVIEW REQUIRED**

The Mississippi State Department of Health (“MSDH”) will review applications for a Certificate of Need for the establishment, offering, or expansion of acute psychiatric, chemical dependency treatment, and/or psychiatric residential treatment beds/services under the applicable statutory requirements of Sections 41-7-173, 41-7-191, and 41-7-193, Mississippi Code of 1972, as amended. MSDH will also review applications for a Certificate of Need according to the policies in the State Health Plan, the general criteria listed in the *Mississippi Certificate of Need Review Manual, September 1, 2019, Revision*, all adopted rules, procedures, and plans of the Mississippi State Department of Health, and the general and service specific criteria and standards listed below.

The offering of acute psychiatric, chemical dependency treatment, and/or psychiatric residential treatment facility services is reviewable if the proposed provider has not offered those services on a regular basis within the period of twelve (12) months prior to the time such services would be offered. The construction, development, or other establishment of a new health care facility to provide acute psychiatric, chemical dependency treatment, and/or psychiatric residential treatment services requires CON review regardless of capital expenditure.

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 November 10, 2022.

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

### **A. State Health Plan (SHP)**

The *FY 2022 State Health Plan* contains policy statements, criteria, and standards

the applicant is required to meet before receiving CON authority for the relocation of psychiatric services. This application is in substantial compliance with the applicable policy, criteria, and standards stated in the *Plan*.

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

1. **Indigent/Charity Care:** The Applicant states approximately eleven percent (11%) of the Hospital's services are provided to indigent/charity care patients. The Applicant submits the Hospital will continue to provide a reasonable amount of charity care after implementation of the proposed project.
2. **Mental Health Planning Areas:** The Applicant acknowledges the State as a whole is used as the planning area for psychiatric and chemical dependency beds/services. The Applicant notes both River Region and Central share overlapping primary market areas, and states the relocation of beds/services, approximately thirty-eight (38) miles to Central, will improve access for patients in the central/metro area of the State.
3. **Public Sector Beds:** The Applicant acknowledges Department of Mental Health (DMH) beds are not counted in the State bed inventory for purposes of determining statistical need.
4. **Comments from DMH:** Merit Health Central submits the Applicant currently has and will maintain a cooperative relationship with the Department of Mental Health. DMH was provided a copy of this application for review and comment. In a statement dated October 31, 2022, DMH indicated they had no comment on this application.
5. **Separation of Adult and Children/Adolescents:** The Applicant states the Hospital is and will continue to be compliant with the requirement to separate adult and child/adolescent patients.
6. **Separation of Males and Females:** The Applicant states the Hospital currently separates male and female patients and will continue to do so.
7. **Patients with Co-Occurring Disorders:** The Applicant states the Hospital does not currently treat patients under the "swing bed" allowance, and it has no plans to do so. However, the Applicant also states, if in the future the Hospital determines the need to utilize twenty-five percent (25%) of its licensed beds in this manner, it will comply with the Department's regulations for licensure and certification before providing such services.
8. **Comprehensive Program of Treatment:** The Applicant states the Hospital does not propose to add "new" mental health beds. The Applicant notes the

Hospital does provide a comprehensive program of treatment for its Mental Health Services and will continue to do so with approval of the proposed project.

9. **Medicaid Participation:**
  - a. **Medicaid Certification:** The Applicant states the Hospital will seek Medicaid certification for the facility/program at such time as the facility/program becomes eligible for certification.
  - b. **Medicaid Service Information:** The Applicant certifies it will serve a reasonable number of Medicaid patients when the facility/program becomes eligible for reimbursement under the Medicaid Program. The Applicant confirms Central will provide MSDH with information regarding services to Medicaid patients.
10. **Licensing and Certification:** The Applicant states the Hospital is currently licensed by MSDH for both its general acute care services and its mental health services. The Applicant further states the Hospital will continue to meet all applicable licensing and certification regulations of the Division of Health Facilities Licensure and Certification for its existing services and the proposed services.
11. **Psychiatric Residential Treatment Facility:** The Applicant states this policy statement is not applicable.
12. **Certified Education Programs:** The Applicant states the Hospital understands the requirement that educational programs certified by the Department of Education must be available for school aged patients. The Applicant submits, due to the short length of stay for inpatient acute services, the Hospital does not maintain a separate educational program. However, the Applicant states patients/students do continue their existing schoolwork while at the Hospital. The Applicant asserts the improved capability to participate in online classes and communicate electronically has made this easier for its school aged patients. The Applicant states the Hospital's staff assists when needed with schoolwork, and students are given time to complete their work in ways that does not conflict with the Hospital's psych care and programs. The Applicant further states the Hospital will implement programs which consider the recreational needs of adolescents.
13. **Preference in CON Decisions:** The Applicant states this policy statement is not applicable.
14. **Dedicated Beds for Children's Services:** The Applicant acknowledges this statement and states the proposed project will not impact the treatment of children less than fourteen (14) years of age.

15. **CON Statutory Requirement:** The Applicant acknowledges this statutory requirement and has filed for CON approval.
16. **Voluntarily Delicensed Beds:** The Applicant acknowledges this statement and states it is not applicable.
17. **CON Requirement for Reopening:** The Applicant affirms this policy statement is not applicable.

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

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

- a. **New/Existing Acute Psychiatric, Chemical Dependency, and/or Psychiatric Residential Treatment Beds/Services:** The Applicant states the proposed project does not contemplate new beds in the State but seeks to relocate beds so mental health services may be better utilized in a more central location of the State.
- b. **Projects that do not involve additional beds:** The Applicant states no additional beds will be added to the State bed inventory as result of the proposed project. The Applicant notes the proposed project only seeks to relocate beds from Vicksburg, MS to Jackson, MS. As discussed above, the Applicant submits, because the continuation of Mental Health Services is impossible at River Region, Central proposes to relocate the services to its hospital to avoid a complete termination of services. The Applicant confirms the River Region building will be demolished after the proposed services are relocated.

The Applicant also states the *Plan* recognizes mental illness, alcoholism, drug abuse, and developmental disabilities as some of the State's priority health issues. The Applicant asserts the *Plan* also recognizes that alcohol and drug abuse problems impact not only the user but also family, friends, and society. The Applicant submits, as Central increases its Mental Health Services, it will be better able to address the *Plan's* concerns. The Applicant notes the proposed relocation allows the Hospital to address the State's prioritized issues while not increasing the overall bed total in the State.

The Applicant states the Hospital's current utilization of Mental Health Services is increasing, and there are times when the Applicant is unable to accept psych patients due its occupancy rates. The Applicant notes these patients typically come from other hospital

emergency departments, Medcom, community behavioral health providers, and other non-hospital healthcare facilities. The Applicant states, by increasing capacity at Central, patients and other providers needing a transfer location will have access to the care they are already seeking at the Hospital.

- c. **Projects which involve the addition of beds:** The Applicant states the proposed project does not seek to add beds to the State's bed inventory but, instead, seeks to relocate beds to a more accessible central location in the metro-area.
- d. **Child Psychiatry Fellowship Program:** The Applicant acknowledges this criterion and notes it does not apply to the proposed project.
- e. **Establishment or Addition of Programs for the Exclusive Treatment of Adults for PTSD:** The Applicant acknowledges this statement and states it is not applicable.

#### **SHP Need Criterion 2 – Data Requirements**

The Applicant affirms that it will record and maintain, at a minimum, information regarding charity care and care to the medically indigent and will make it available to MSDH within fifteen (15) business days of the request.

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

The Applicant states the Hospital currently has arrangements with mental health providers in the area. The Applicant also submitted copies of signed memorandums of understanding.

#### **SHP Need Criterion 4 – Letters of Commitment**

The application contains thirteen (13) letters of support from Community Mental Health Centers, physicians, community and political leaders, and other interested groups that may be affected by the provision of psych care.

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

The Applicant states neither the Hospital nor its staff has policies or procedures that exclude patients because of race, color, age, sex, ethnicity, or ability to pay. The Applicant further states the Hospital does and will continue to provide a reasonable amount of charity/indigent care.

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

The Applicant asserts the Hospital does and will continue to provide a reasonable

amount of charity/indigent care. The Applicant submits the Hospital's current indigent/charity care percentage is approximately eleven percent (11%).

### **Service Specific (SS) Certificate of Need Criteria and Standards for Acute Psychiatric, Chemical Dependency, and/or Psychiatric Residential Treatment Facility Beds/Services**

#### **Acute Psychiatric Beds for Adults**

The Applicant states Central does not believe this section is applicable to its proposed project as it does not contemplate new beds. The Applicant asserts Policy Statement #2 indicates the State as a whole is used for planning purposes. The Applicant further asserts the Hospital's relocation project seeks to relocate beds/services thirty-eight (38) miles to Central, so mental health services may be better utilized in a more central location of the State. The Applicant submits the relocation also ensures the beds remain available in the State. The Applicant states, due to the state of the physical plant and systems at River Region, the continuation of Mental Health Services in Vicksburg is not feasible. The Applicant further states, by investing \$5.9 million in the central, metro-area of the State, the Hospital will be better able to continue services and meet the *Plan's* identified priorities regarding access to mental health services.

#### **SS Need Criterion 1 – Statistical Need for Adult Psychiatric Beds**

The *FY 2022 State Health Plan* indicates MSDH shall base statistical need for adult acute psychiatric beds on a ratio of 0.21 beds per 1,000 population aged eighteen (18) and older for 2025 in the State as projected by the Division of Health Planning and Resource Development. The Applicant asserts Central's proposal will not affect the State's statistical bed need because Central is not proposing the addition of beds. Additionally, the Applicant submitted data demonstrating Central's utilization exceeded seventy percent (70%) for the past three (3) years. The Applicant notes, under § 306.02(c) of the *FY 2022 State Health Plan*, Central meets the criteria for expansion using its own utilization data.

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

The Applicant submits the Hospital's units are not more than thirty (30) beds. The Applicant further states patients treated on the adult psych floor are over eighteen (18) years of age.

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

The Applicant affirms the Hospital currently has sufficient staff for its Mental Health Services who are trained in the provision of psychiatric and psychological services. The Applicant further states the Hospital provides a multi-discipline psychosocial medical approach to treatment with both psychiatrists and psychologists and will continue to do so.

### **Acute Psychiatric Beds for Children and Adolescents**

The Applicant again states Central does not believe this section is applicable to the proposed project as it does not contemplate new beds.

### **SS Need Criterion 1- Statical Ned for Child/Adolescent Beds**

The Applicant states the project only proposes to relocate River Region's twenty (20) adolescent psych beds to Central. The Applicant asserts there will be no change in the number of licensed beds available in the State, and no impact to the statistical bed need projected in Table 3-6 of the *FY 2022 State Health Plan*. The Applicant further states, if the beds are not relocated to Central, the beds will be closed when River Region is demolished, resulting in a shortage of available beds for patients.

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

The Applicant states Central proposes to relocate twenty (20) beds from River Region. The Applicant further states, because of the unique child/adolescent nature of these patients, the Hospital will work to decorate and style these room to appear more homelike versus hospital-like as may be allowed by CMS and Joint Commission.

### **SS Need Criterion 3: Staffing**

Central affirms the Hospital staff will be specially trained to meet the needs of children and adolescents. The Applicant also included a copy of its staffing grid in its CON application. The Applicant asserts the proposed program will involve parents and significant others. The Applicant states the Hospital already provides a multi-discipline psychosocial medical approach to treatment with both psychiatrists and psychologists and will continue to do so in this unit. The Applicant further states aftercare services will also be provided to these patients.

### **SS Need Criterion 4: Structural Design of Facility: Separation of Children/Adolescents**

The Applicant states the Hospital intends to treat patients in the adolescent age group, primarily 14-17 years old. The Applicant submits, in the event a younger patient needs treatment, the younger adolescent will be placed in closer proximity to the nurse station, and staff will work to provide separate spaces for younger age groups.

### **Chemical Dependency Beds for Adults**

The Applicant states Central does not believe this section is applicable to the

proposed project as it does not contemplate the addition of new beds.

### **SS Need Criterion 1: Statistical Need for Adult Chemical Dependency Beds**

The Applicant states the *FY 2022 State Health Plan*, Table 3-7, identifies a need for additional chemical dependency services in the State. The Applicant notes Central seeks to increase its existing CD capacity by ten (10) beds through a relocation of beds from River Region. The Applicant confirms no new beds will be added in the State.

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

Central proposes to offer hospital-based services. The Applicant states the CD unit will include twenty (20) beds (10 current beds + 10 relocated beds). The Applicant states the Hospital's staff has and will maintain specialized training in alcohol and substance abuse treatment. The Applicant submits the Hospital's current CD services offers a multi-discipline, psychological medical treatment approach that involves family and significant others and will continue to do the same.

### **SS Need Criterion 3: Aftercare/Follow-Up Services Provided**

The Applicant states the CD social service team ensures patients have follow-up appointments scheduled with a provider for a continuum of care prior to discharge. The Applicant submits there are multiple lower levels of service available in the metro area that the Hospital already has a relationship. The Applicant asserts the social service and discharge team will work to ensure the patients leaving the program have supportive and needed follow-up services corresponding to the level of care needed at discharge.

### **SS Need Criterion 4: Type of Clients to be Treated at Facility**

The Applicant states the Hospital will provide services to substance users, including but not limited to those using opioids, heroin, PCP, meth, cocaine, and various street drugs, as well as alcohol users.

## **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 Applicant asserts the project complies with the *State Health Plan's* General CON Policies. Staff agrees the project is in substantial compliance with the policy statements, general, and service specific criteria and standards stated in the *FY*

2022 SHP as discussed above.

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

The Applicant submits the Hospital seeks to provide a full range of Mental Health Services to its current patients, as well as those who may currently be turned away due to capacity concerns. The Applicant states the proposed relocation will ensure the continued availability of services when River Region's behavioral health services are closed and the building demolished.

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

- a. Advantages and Disadvantages:** The Applicant states the Hospital contemplated not offering the services and/or leaving the beds at River Region. However, Central states neither of these options met the Hospital's goal of offering a full range of Mental Health Services or serving the needs of patients already seeking services at the Hospital. In addition, the Applicant submits the physical plant at River Region needs significant improvements. The Applicant states CHS determined demolishing the building was a better use of funds than updating the current facility and continuing to provide patient care in a dilapidated building.
- b. New Construction Projects:** The Applicant affirms the proposed project does not entail new construction.
- c. Beneficial Effects to the Health Care System:** The Applicant states the proposed project allows for the continued availability of mental health services in the central/metro area of the State for a patient population that is currently seeking services at the Hospital.
- d. Effective and Less Costly Alternatives:**
  - i. Unnecessary Duplication of Services:** The Applicant states patients are already seeking Mental Health Services at the Hospital and other providers need to transfer patients to the Hospital. The Applicant submits improving the Hospital's Mental Health Services capacity will improve access to care. The Applicant further states, because of the relocation of beds from River Region and subsequent closure of Mental Health Services at River Region, there is no duplication of services.
  - ii. Efficient Solution:** The Applicant asserts the proposed project will enable the Hospital, an already existing provider of Mental Health Services, to increase the availability of services without adding new beds to the State's bed inventory.
- e. Improvements and Innovations:** The Applicant asserts the pandemic has

shown a need for increased mental health services throughout the country. The Applicant states the proposed project, which includes the relocation of beds, seeks to ensure mental health services are available and accessible in the metro-area.

- f. **Relevancy.** The Applicant states the Kaiser Foundation released a report in February 2021, documenting an increase in mental health and substance use issues as a result of the pandemic. The Applicant further states this report mirrors what the Hospital has also experienced during the pandemic, a growing need for mental health services and support.

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

- a. **Proposed Charge:** The Applicant submits the Hospital determined its service charges based on its current operations.
- b. **Projected Levels of Utilization:** The Applicant states, in order to project anticipated utilization at the Hospital, Central reviewed its existing utilization as well as the historical utilization at River Region. The Applicant states, to present a conservation approach to the relocation, Central began reviewing River Region's utilization numbers for January 2022 – June 2022 (57% adult psych, 52% adolescent psych, and 16% chemical dependency). The Applicant states it also considered emergency department utilization and conversations with mental health providers in the area to project its anticipated utilization with and without additional capacity. The Applicant further states, as their utilization projections demonstrate, adult psych continues to be the most highly utilized service. However, the Applicant asserts the ability to treat adolescent psych patients that are not appropriate for treatment on the adult floor coupled with River Region's historical utilization led the Hospital to project a ramp up for these services. The Applicant states the Hospital also considered the lower utilization of CD services at River Region in its projections for CD services after relocation. The Applicant believes the proposed categories of services will complement each other and provide families, patients, and providers with options to best suit the care needed by the patient.

Staff found the utilization levels projected are consistent with similar facilities in the State.

- c. **Financial Feasibility Study:** The Applicant included a financial feasibility study prepared by the facility's Chief Financial Officer.
- d. **Financial Forecasts:** The Applicant states this criterion is not applicable.
- e. **Means of Covering Expenses in Event of Failure to Meet Projections:** The Applicant states its projections are reasonable; however, if Central fails to meet its projections, the Hospital or its parent company, Community

Health Systems, Inc. ("CHS"), will support the service.

- f. **Impact of Proposed Project on Health Care Cost:** The Applicant states the Hospital does not believe there will be a substantial impact on gross revenues or expenses; however, there could be an impact to Medicaid reimbursement as more patients are able to access needed services.

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

- a. **Access by Population Served:** The Applicant asserts most of the Hospital's current behavioral health patients are from low-income, racial and ethnic minority, handicapped, and other underserved groups. The Applicant states additional capacity at the Hospital will benefit these groups.
- b. **Relocation of Services:** The Applicant submits Vince Brummett, Merit's Regional Director of Behavioral Health, reviewed the utilization of Mental Health Services at River Region compared to the utilization of services at Central. In addition, CHS leadership reviewed the estimated cost to rehabilitate the old River Region building to address the physical plant and condition of the systems compared to the investment of capital in available space at Central. The Applicant asserts it was determined that the relocation of beds/services from River Region to Central was more economically feasible and would result in a longer useable building. The Applicant submits Central serves a higher number of traditionally underserved groups than River Region, and the relocation of these services will reach more traditionally underserved groups. The Applicant further states the distance between the two (2) hospitals is approximately thirty-eight (38) minutes and the market area of the hospitals overlap. Therefore, Central does not believe the relocation will have a negative impact but will allow for the continuation of services that would otherwise be closed in the central/metro area.
  - i. **Replacement Facility and Proposed Disposition for Existing Facility:** The Applicant states the proposed project is not for a replacement facility; therefore, this criterion is not applicable.
  - ii. **Relocation of Services and Utilization of Existing Space:** The Applicant states, after the relocation of the proposed beds/services from River Region, the River Region facility will be demolished.
- c. **Current and Projected Utilization of Comparable Facilities:** The Applicant asserts its data and calculations regarding utilization and the impact of the pandemic on mental health services demonstrates a need for these services in the State. The Applicant further states the proposed relocation does not increase the overall number of beds or availability of services but ensures mental health services remain available in the area.
- d. **Probable Effect on Existing Facilities in the Area:** The Applicant states,

given the overall need of services in the State and the current utilization of the Hospital and other providers, the Hospital does not anticipate adverse impact to existing providers.

- e. **Community Reaction:** The application contains thirteen (13) letters of support from community leaders and health facilities.

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

- a. **Access to Services.** The Applicant submits Merit Health Central is accessible to medically underserved populations. The percentage of gross patient revenue and actual dollar amount of health care provided to medically indigent and charity care patients for the last two (2) years, as well as the projected amount for the two (2) years following completion of the project are presented in the Gross Patient Revenue table below.

<b>Gross Patient Revenue</b>		
	<b>Medically Indigent (%)</b>	<b>Medically Indigent (\$)</b>
<b>Historical Year 2020</b>	11.00%	\$189,758,889.00
<b>Historical Year 2021</b>	10.00%	\$193,080,703.00
<b>Projected Year 1</b>	10.00%	\$224,619,598.00
<b>Projected Year 2</b>	10.00%	\$202,900,832.00

\*Applicant states charity/medically indigent care is not tracked separately.

- b. **Existing Obligations:** The Applicant states this item is not applicable.
- c. **Unmet Needs of Medicare/Medicaid and Medically Indigent Patients:** The Applicant states the Hospital treats all patients regardless of payor source.
- d. **Access to Proposed Facility:** The Applicant submits, as an existing provider of Mental Health Services, the Hospital currently has relationships with mental health service providers throughout the State. The Applicant further states the increased availability of services at the Hospital will improve those providers' access to care for their patient populations as well as improve access for mental health patients residing in the metro area.
- e. **Access Issues:**
  - i. **Transportation and Travel:** The Applicant submits the Hospital is located near I-20.
  - ii. **Restrictive Admissions Policy:** The application contained a copy of the Hospital's Admissions Policy which does not restrict admissions.

- iii. **Access to Care by Medically Indigent Patients:** The Applicant assures the Hospital currently treats medically indigent patients and will continue to do so.
- iv. **Operational Hours of Service:** The Applicant states Merit Health Central operates twenty-four (24) hours a day, seven (7) days a week.

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

The Hospital affirms it will record, maintain, and provide the information required in this need criterion within fifteen (15) business days of request by the Mississippi State Department of Health.

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

- a. **Comparable Services.** The Applicant asserts, while there are comparable services in the area, the increased capacity of adult psych and CD services coupled with the continuation of adolescent services in the central part of the State will improve access to care for a metro-area population in need of these services.
- b. **Effect on Existing Health Services**
  - i. **Complement Existing Services:** The Applicant states the State has a need for mental health services with limited options currently available in the metro area.
  - ii. **Provide Alternative or Unique Service:** The Applicant submits the offering of additional mental health services at the Hospital will improve access to these services in the metro area.
  - iii. **Provide a service for a specified target population:** The Applicant states the relocation of Mental Health Services to Central will help ensure continued access to these services in the central/metro area of the State.
  - iv. **Provide services for which there is an unmet need:** The Applicant believes there is an unmet need for mental health services in the State with limited options available in the metro area.
- c. **Adverse Impact.** The Applicant submits the inability of parents and their families to access needed mental health services results in more acute needs for these services.
- d. **Transfer/Referral/Affiliation Agreements.** The application contains

Memorandums of Understanding with Hinds County Mental Health Commission, St. Dominic's Jackson Memorial Hospital, Merit Health Central Hospital, City of Jackson Police Department, Hinds County Sheriff's Department, City of Clinton Police Department, City of Byram Police Department, National Alliance of Mental Illness, and American Medical Response.

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

- a. **New Personnel.** The Applicant states the Hospital's current behavioral health staff is qualified to provide mental health services and the Hospital is currently sufficiently staffed. The Applicant states additional nurses and aides will be hired to support the current staff. The Applicant states Central projects an additional thirty-five (35) FTE staff will be hired for the proposed project.
- b. **Contractual Services.** The Applicant submits the Hospital is an acute care hospital and will provide any necessary services for the proposed project.
- c. **Existing Facilities or Services.** The Applicant states the Hospital satisfactorily staffs its existing behavioral unit. The Applicant also states, while additional staff will be hired to assist these staff members, the Hospital will advertise as it currently does for other positions.
- d. **Alternative Uses of Resources.** The Applicant states this criterion is not applicable to the proposed project.

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

- a. **Support and Ancillary Services.** The Applicant asserts all necessary support and ancillary services are available.
- b. **Changes in Costs or Charges.** The Applicant states the Hospital does not anticipate any significant change in costs or charges due to the proposed project.
- c. **Accommodation of Changes in Costs or Charges.** As stated above, the Applicant does not anticipate any significant changes in costs and charges for the project.

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

The Applicant states the Hospital currently partners with eighteen (18) colleges and universities and will continue to do so.

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

The application contains a list of eighteen (18) colleges and universities that partner with the Applicant to meet the needs of health professional training programs.

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

The Applicant affirms this criterion is not applicable to the proposed project.

**GR Criterion 14 - Construction Projects**

The Applicant affirms this criterion is not applicable to the proposed project.

**GR Criterion 15 – Competing Applications**

There are no competing applications on file with the Mississippi State Department of Health for the relocation of psychiatric and chemical dependency services.

**GR Criterion 16 - Quality of Care**

- a. **Past Quality of Care.** The Applicant submits the Hospital is accredited by the Joint Commission and currently provides behavioral health services.
- b. **Improvement of Quality of Care.** The Applicant asserts the proposed Mental Health Services will improve patient care in the metro area and the State.
- c. **Accreditations and/or Certifications.** The Applicant submits the Hospital is accredited by the Joint Commission.

**IV. FINANCIAL FEASIBILITY**

**A. Capital Expenditure Summary**

<b>Cost Item</b>	<b>Projected Cost (\$)</b>	<b>Percentage of Cost (%)</b>
Construction – New	\$ 0.00	0.00%
Construction (Renovation)	5,200,000.00	80.00%
Capital Improvement	0.00	0.00%
Fixed Equipment	175,000.00	2.7%
Non-fixed Equipment	400,000.00	6.2%
Fees (Architectural)	450,000.00	6.9%
Contingency Reserve	150,000.00	2.3%
Capitalized Interest	125,000.00	1.9%
<b>Total Capital Expenditure</b>	<b>\$ 6,500,000.00</b>	<b>*100.00%</b>

The Applicant estimates a capital expenditure of \$6,500,000.00 for capital improvements to 20,000 square feet of space.

**B. Method of Financing**

The Applicant proposes to finance the project with cash reserves.

**C. Effect on Operating Cost**

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

**D. Cost to Medicaid/Medicare**

The Applicant projects gross patient revenue cost to third party payors as follows.

<b>Payor Mix</b>	<b>Utilization Percentage (%)</b>	<b>First Year Revenue (\$)</b>
<b>Medicare</b>	11.00%	\$ 7,770,401.00
<b>Medicaid</b>	56.00%	39,063,227.00
<b>Commercial</b>	20.00%	14,270,158.00
<b>Self Pay</b>	13.00%	9,097,228.00
<b>Charity Care</b>	0.00%	0.00
<b>Other</b>	0.00%	0.00
<b>Total</b>	<b>100.00%</b>	<b>\$70,201,014.00</b>

**V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES**

The Division of Medicaid was provided a copy of this application for review and comment. In a letter dated September 29, 2022, the Division of Medicaid indicated the Division had no comment on this application.

**VI. CONCLUSION AND RECOMMENDATION**

This project is in substantial compliance with the criteria and standards for Acute Psychiatric, Chemical Dependency, and Psychiatric Residential Treatment Facility Beds/Services as contained in the *FY 2022 Mississippi State Health Plan*, 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 Division of Health Planning and Resource Development recommends approval of the application submitted by Jackson HMA, LLC d/b/a Merit Health Central for the Relocation of Psychiatric Services. The approval shall consist of the relocation of twenty (20) adult psychiatric beds, ten (10) adult chemical dependency beds, and twenty (20) adolescent psychiatric beds from Merit Health River Region to Merit Health Central.

**Attachment 1**

<b>Jackson HMA, LLC d/b/a Merit Health Central Relocation of Psychiatric Services Three-Year Operating Statement (Project Only)</b>			
	Year 1	Year 2	Year 3
<b>Revenue</b>			
Patient Revenue:			
Inpatient	\$70,201,014.00	\$80,123,998.00	\$91,177,608.00
Outpatient	0.00	0.00	0.00
<b>Gross Patient Revenue</b>	<b>70,201,014.00</b>	<b>80,123,998.00</b>	<b>91,177,608.00</b>
Charity Care	0.00	0.00	0.00
Deductions from Revenue	64,106,081.00	73,549,933.00	83,944,089.00
<b>Net Patient Revenue</b>	<b>\$ 6,094,933.00</b>	<b>\$6,574,065.00</b>	<b>\$7,233,519.00</b>
Other Operating Revenue	0.00	0.00	0.00
<b>Total Operating Revenue</b>	<b>\$ 6,094,933.00</b>	<b>\$6,574,065.00</b>	<b>\$7,233,519.00</b>
<b>Expenses</b>			
Operating Expenses:			
Salaries	\$ 2,700,490.00	\$ 2,843,552.00	\$ 3,000,902.00
Benefits	621,113.00	654,017.00	690,207.00
Supplies	50,965.00	53,435.00	56,130.00
Services	301,800.00	301,800.00	301,800.00
Lease	0.00	0.00	0.00
Depreciation	0.00	0.00	0.00
Interest	0.00	0.00	0.00
Other	577,637.00	605,632.00	636,177.00
<b>Total Expenses</b>	<b>\$ 4,252,005.00</b>	<b>\$ 4,458,436.00</b>	<b>\$ 4,685,216.00</b>
<b>Net Income (Loss)</b>	<b>\$ 1,842,928.00</b>	<b>\$ 2,115,629.00</b>	<b>\$2,548,303.00</b>
<b>Assumptions</b>			
Inpatient days	10,193	10,687	11,226
Outpatient days	0	0	0
Procedures	0	0	0
Charge per outpatient	\$ 0.00	\$ 0.00	\$ 0.00
Charge per inpatient	\$ 6,887.00	\$ 7,497.00	\$ 8,122.00
Charge per procedure	\$ 0.00	\$ 0.00	\$ 0.00
Cost per inpatient day	\$ 417.00	\$ 417.00	\$ 417.00
Cost per outpatient day	\$ 0.00	\$ 0.00	\$ 0.00
Cost per procedure	\$ 0.00	\$ 0.00	\$ 0.00