

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT
SEPTEMBER 1, 2023**

**CON REVIEW NUMBER: FSF-ES-0723-008
DIAMOND GROVE CENTER, LLC D/B/A DIAMOND GROVE CENTER
EXPANSION OF PSYCHIATRIC RESIDENTIAL TREATMENT FACILITY (“PRTF”) BEDS
CAPITAL EXPENDITURE: \$0.00
LOCATION: LOUISVILLE, WINSTON COUNTY, MISSISSIPPI**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

Diamond Grove Center, LLC d/b/a Diamond Grove Center (“Diamond Grove” or the “Applicant”) is a private, freestanding behavioral healthcare facility treating children and adolescents located at 2311 Highway 15 South, Louisville, Mississippi. Diamond Grove is currently licensed for twenty-five (25) acute adolescent beds (with the addition of four (4) CON-approved beds). The Applicant affirms Diamond Grove provides care on a twenty-four (24) hour basis, seven (7) days a week.

Additionally, Diamond Grove operates a thirty (30) bed psychiatric residential treatment facility (“PRTF”). The PRTF facility focuses on treating adolescents and serves as an adjunct or alternative setting to the acute inpatient psychiatric care provided by Diamond Grove. The PRTF provides necessary care for symptoms and/or behavioral manifestations and mental or emotional illness that significantly interfere with age-appropriate social, educational, or family functioning.

The application contains a Certificate of Good Standing from the Office of the Secretary of State. As of June 27, 2023, Diamond Grove, LLC is in good standing with the state of Mississippi.

B. Project Description

The Applicant requests Certificate of Need (“CON”) authority to expand Diamond Grove’s PRTF beds by two (2), resulting in a thirty-two (32) bed PRTF program. The Applicant states the proposed expansion will not require construction or renovation. The Applicant submits Diamond Grove will utilize two (2) existing but unused rooms to accommodate the PRTF expansion. The Applicant affirms that using existing space means no cost is associated with the proposed project. The Applicant further states that the location of the PRTF beds in Diamond Grove’s facility allows for the physical design to provide separation of adolescents receiving PRTF treatment as well as female patients.

Diamond Grove states the additional proposed PRTF beds will focus on the treatment of adolescents and will serve as an adjunct or alternative setting to acute inpatient psychiatric care and provide residential treatment to area patients and their families. The Applicant asserts Diamond Grove will continue to offer a broad range of treatment programs for adolescents through a multi-discipline staff of professionals that includes psychiatrists, psychologists, pediatricians, social workers, registered and licensed practical nurses, recreational therapists, and teachers.

The Applicant asserts the proposal seeks to make additional PRTF services available to meet the needs of patients, their families, and friends by increasing the availability of beds. The Applicant states that for 2021 and 2022, Diamond Grove's utilization of its thirty (30) PRTF beds was 87.8% for 2021 and 94.95% for 2022. The Applicant further submits the 12-month utilization rate at Diamond Grove is 95.95%, and the actual utilization for 2023 is 97.3%.

Diamond Grove states due to its current patient demand as well as the number of patients to whom Diamond Grove has turned away, the additional PRTF beds at the Facility will allow more patients in need of PRTF services to receive such services while also allowing Diamond Grove improved capacity to continue accepting referrals for PRTF services from the remainder of the State. The Applicant further states this improved access can be accomplished by repurposing existing units without significant renovation or expenditure.

The Applicant states Diamond Grove does not anticipate a capital expenditure for this expansion. Existing rooms will be used for the two (2) new beds. It is anticipated the rooms will be set up within thirty (30) days, and the Applicant anticipates that the project will be completed within ninety (90) days of receiving CON approval.

Diamond Grove asserts the final objective of the proposed project is to enhance the availability of PRTF services in the area and accommodate patient demand at Diamond Grove through the expansion of the proposed project.

The Applicant affirms no new construction or renovation is required for this project. The Applicant asserts the existing thirty (30) PRTF beds and two (2) proposed PRTF beds will be placed in a PRTF unit of Diamond Grove's facility.

The Applicant affirms Diamond Grove is an existing healthcare facility that complies with and will continue to comply with state and local building codes, zoning regulations, and/or appropriate regulatory authority. In addition, for the protection of the environment, the Applicant affirms it will comply with all applicable State statutes and regulations: 1) approved water supplies; 2) sewage and water disposal; 3) hazardous waste disposal; 4) water pollution control; 5) air pollution control; and 6) radiation control.

The application contains a letter dated June 27, 2023, documenting the Mississippi State Department of Health (MSDH), Division of Health Facilities Licensure and Certification's approval of the Project.

II. TYPE OF REVIEW REQUIRED

This project is reviewed in accordance with Sections 41-7-173, 41-7-191(1)(c), and 41-7-193 of the Mississippi Code of 1972 Annotated, as amended, and the duly adopted rules, procedures, plans, criteria, and standards of the Mississippi State Department of Health. MSDH will also review applications for CON according to the general criteria listed in the *Mississippi Certificate of Need Review Manual, September 1, 2019, Revision*; all adopted rules, procedures, plans, criteria, and standards of MSDH; and the specific criteria and standards listed below. The Department reviews projects for the offering of psychiatric residential treatment facility ("PRTF") services when such services have not been offered at the facility within the past twelve (12) months and for the addition of PRTF beds, regardless of the 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 September 11, 2023.

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

A. State Health Plan (SHP)

The *FY 2022 Mississippi State Health Plan, Third Edition ("MSHP")* contains policy statements, criteria, and standards that the Applicant is required to meet before receiving CON authority for the addition of PRTF beds and the offering of PRTF services. This application substantially complies 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 one percent (1%) of the care currently provided by the Facility is charity care. The applicant further states typically, if a residential patient or their caregiver does not have commercial insurance, the patient is covered by Medicaid due to their age. The Applicant affirms that approval of the proposed project will not diminish the percentage of charity care provided through its existing services, including

PRTF services, and that it will provide a reasonable amount of indigent/charity care as described in Chapter 1 of the Plan, for those that qualify for Medicaid, or otherwise.

2. **Mental Health Planning Areas:** The Applicant acknowledges that the entire State (*as a whole*) is used as a planning area for psychiatric services.
3. **Public Sector Beds:** The Applicant recognizes and acknowledges that the Department of Mental Health (“DMH”) beds are not counted in the State’s bed inventory for determining need.
4. **Comments from DMH:** The Applicant states Diamond Grove has and will maintain a cooperative relationship with the Department of Mental Health.
5. **Separation of Adult and Children/Adolescents:** The Applicant affirms the PRTF location is a separate area at Diamond Grove. The Applicant further states it is programmatically and physically distinct from other areas of Diamond Grove’s psychiatric services. The Applicant affirms that staffing ratios will also be sufficient to provide separation from the rest of the Facility’s services.
6. **Separation of Males and Females:** The Applicant affirms Diamond Grove separates males and females aged thirteen (13) and over and will continue to do so.
7. **Patients with Co-Occurring Disorders:** The Applicant states that this policy statement is not applicable to the proposed project. However, if, in the future, Diamond Grove needs to provide "swing" bed type services, it will ensure that the deviation does not exceed twenty-five percent (25%) and will work with Licensure and Certification to ensure the program meets all applicable Licensure and Certification regulations.
8. **Comprehensive Program of Treatment:** The Applicant states the proposed project does not propose any new mental health services. The Applicant further states Diamond Grove currently provides a comprehensive program of treatment for its PRTF patients, including an educational component, and will continue to do so with the approval of the proposed project.
9. **Medicaid Participation:**
 - a. **Medicaid Certification:** The Applicant states Diamond Grove is currently certified to accept Medicaid patients and receive Medicaid reimbursements and will maintain such certification.

- b. Medicaid Service Information:** The Applicant certifies Diamond Grove serves and will continue to serve a reasonable number of Medicaid patients. The Applicant states per its financial projections included with this Application, Diamond Grove projects its Medicaid utilization for the proposed additional services will be 92% during the first three (3) years, respectively. The Applicant affirms that it will provide MSDH with information regarding services to Medicaid patients when requested.
10. **Licensing and Certification:** The Applicant certifies Diamond Grove is currently licensed by MSDH, and it will continue to meet all applicable licensing and certification regulations of the Division of Health Facilities Licensure and Certification for its services.
11. **Psychiatric Residential Treatment Facility:** The Applicant acknowledges and agrees with the definition outlined in this policy statement and affirms Diamond Grove's current PRTF unit is operated in a manner consistent with this policy statement and definition, and the additional beds will be operated in the same manner.
12. **Certified Education Programs:** The Applicant certifies Diamond Grove operates a day-treatment program certified by the Department of Education, and its PRTF unit includes an educational program accredited by the Department of Education. The Applicant further certifies Diamond Grove's PRTF residents currently have access to the existing gymnasium and play areas.
13. **Preference in CON Decisions:** The Applicant states this policy is not applicable to their proposed project.
14. **Dedicated Beds for Children's Services:** The Applicant states this policy is not applicable to their proposed project.
15. **CON Statutory Requirement:** The Applicant acknowledges this statutory requirement of Section 414-7-191(1)(c).
16. **Voluntarily Delicensed Beds:** The Applicant acknowledges this statement and affirms it is not applicable to the proposed project.
17. **CON Requirement for Reopening:** The Applicant acknowledges this statement and affirms it is not applicable to the proposed project.

SHP Need Criterion 1 – Bed Need Requirements

- a. New/Existing Acute Psychiatric, Chemical Dependency, and/or Psychiatric Residential Treatment Beds/Services:** The Applicant submits Diamond Grove's PRTF utilization has continued to be above the threshold with an average daily census of 28.9 patients and a utilization rate of 96.43%. The Applicant further states Diamond Grove's utilization rates for the past two (2) licensure years, as well as the most recent twelve (12) months, are attached hereto as Exhibit E.
- b. Projects that do not involve additional beds:** The Applicant submits this criterion is not applicable to the proposed project as Diamond Grove proposes the addition of two (2) PRTF beds.
- c. Projects which involve the addition of beds:** The Applicant states Diamond Grove's PRTF unit has maintained an average daily census of twenty-six (26) patients on thirty (30) beds in 2021 (87.80% utilization rate) and an average daily census of twenty-eight (28) patients per its thirty (30) beds in 2022 (94.95% utilization rate).
- d. Child Psychiatry Fellowship Program:** The Applicant acknowledges this statement and submits the statement is not applicable to the proposed project.
- e. Exclusive Treatment of Adults:** The Applicant acknowledges this statement and submits the statement is not applicable to the proposed project.

SHP Need Criterion 2 – Data Requirements

The Applicant affirms Diamond Grove will record and maintain, at a minimum, information regarding charity care and care to the medically indigent, required by this criterion, and 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 Diamond Grove admits referrals from all the mental health regions in the State. It also has an existing relationship with Region 7 Mental Health Services. The Applicant has included in their application a copy of Diamond Grove's referral locations across the thirteen (13) mental health regions.

SHP Need Criterion 4 – Letters of Commitment

The application contains four (4) support letters from Mississippi State Senator Rod Hickman, dated June 20, 2023, City of Louisville Mayor Will Hill, dated June 20, 2023, Louisville Municipal School District Superintendent David Luke, dated June 20, 2023, and State of Mississippi Representative Carl L. Mickens, District 42, dated June 29, 2023.

SHP Need Criterion 5 –Non-Discrimination Provision

The Applicant states neither Diamond Grove nor its staff have policies or procedures that would exclude patients because of race, color, age, sex, ethnicity, or ability to pay. The Applicant reiterates Diamond Grove does and will continue to provide a reasonable amount of charity/indigent care to those unable to pay.

SHP Need Criterion 6 – Charity/Indigent Care

The Applicant affirms one percent (1%) of the care currently provided by Diamond Grove is charity care. The Applicant further states this is because the majority of PRTF patients who would be indigent/charity care patients qualify for Medicaid due to their age. The Applicant affirms it will continue to provide a reasonable amount of charity/indigent care through its existing services, including PRTF services. Additionally, the Applicant affirms in the event a patient does not have a payment source, Diamond Grove will treat the patient under its indigent/charity policy.

Service Specific (“SS”) Certificate of Need Criteria and Standards for Psychiatric Residential Treatment Facility Beds/Services

SS Need Criterion 1 – Statistical Need for PRTF Beds

The Applicant states Diamond Grove acknowledges this statement; however, the statement is not applicable to the proposed project based on the Applicant’s utilization as reported in the response for Need Criterion 1(c) of Section 306.02 of the Plan.

SS Need Criterion 2 – Age Group to be Served

The Applicant states Diamond Grove’s primary focus is on treating patients ages 12-17. The Applicant further states, based on Diamond Grove’s experience, that attempting to limit the number of beds available by age group significantly impacts the available capacity and limits the differences between patients solely on one (1) factor: age. The Applicant affirms based on the list of age categories above, and with the approval of this application, Diamond Grove anticipates sixteen (16) beds would be used in the 5-13 age category (specifically 12- & 13-year-olds), and sixteen (16) beds would be utilized for the treatment of those 14-17 years old.

SS Need Criterion 3 – Structural Design of Facility

The Applicant states Diamond Grove's primary focus is on those patients between the ages of 12-17. The applicant affirms rooms can be physically separated by a lock for the younger patients, and Diamond Grove provides programmatically distinct services for these younger patients as well, and through the unit's placement and staffing ratios.

SS Need Criterion 4 – Bed Count as Authorized by the Legislature

The Applicant requests a CON to add two (2) additional PRTF beds to its program. The Applicant submits upon the approval of the proposed project the two (2) additional PRTF beds will not exceed the legislative bed total.

SS Need Criterion 5 – Proposed Size of Facility/Unit

The Applicant affirms the PRTF facility is currently thirty (30) beds. The Applicant states two (2) additional beds will be placed in the same unit.

SS Need Criteria 6 - Staffing

The Applicant states no new staff are anticipated as a result of this project. The Applicant affirms Diamond Grove's current staff is composed of a multi-discipline staff of professionals with specialized training for the age of the patients treated. The Applicant lists these staff members to include psychiatrists, psychologists, pediatricians, social workers, registered nurses, recreational therapists, and teachers. The Applicant asserts Diamond Grove recognizes family participation in the treatment of adolescents as an important component of care and increases the likelihood of a successful outcome. The Applicant further states aftercare/follow-up services are currently provided by Diamond Grove for its PRTF patients and will continue to be provided should the proposed project be approved.

B. General Review (GR) Criteria

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

GR Criterion 1- State Health that Plan

The Applicant asserts the proposed project substantially complies with the *FY 2022 (3rd Edition) MSHP* and MSDH's rules and regulations. The Applicant asserts the project meets the applicable priority health needs identified by MSDH in the *FY*

2022 (3rd Edition) *MSHP*.

The Applicant states the Project also substantially complies with the Plan's General CON Policies. Staff agrees the project substantially complies with the policy statements and the general and service-specific criteria and standards stated in the *FY 2022 (3rd Edition) MSHP*, as discussed above.

GR Criterion 2 – Long Range Plan

The Applicant states Diamond Grove seeks to provide a full range of psychiatric services to its current patients as well as those who may currently be turned away due to capacity concerns and the high utilization rate at Diamond Grove's PRTF unit. The Applicant further states the addition of two (2) PRTF beds at Diamond Grove will improve the availability of PRTF services.

GR Criterion 3 – Availability of Alternatives

- a. **Advantages and Disadvantages:** The Applicant states Diamond Grove contemplated not expanding PRTF services, but this would leave Diamond Grove unable to provide sufficient PRTF services given its approximately ninety-six percent (96%) current utilization rate. The Applicant further states by undertaking this project, Diamond Grove can improve the availability of services without incurring a capital cost to do so and will incorporate the beds into the existing unit.
- b. **New Construction Projects:** The Applicant states this statement is not applicable to the proposed project.
- c. **Beneficial Effects to the Health Care System:** The Applicant states the proposed project helps improve the availability of PRTF services in the State as well as those patients currently seeking services at Diamond Grove.
- d. **Effective and Less Costly Alternatives:** The Applicant states not applicable to the proposed project. The Applicant further states Diamond Grove has existing physical space for the additional beds, which will not necessitate construction or any significant renovation.
 - i. **Unnecessary Duplication of Services:** The Applicant states the utilization rates of Diamond Grove PRTF beds are approximately ninety-six percent (96%). Increasing the capacity of Diamond Grove with additional PRTF beds will improve access to the population in need of those services.
 - ii. **Efficient Solution:** The Applicant asserts the proposed project will

enable Diamond Grove, an already existing and experienced provider of PRTF services, to increase the availability of services to those in need of such services without significant costs.

- e. **Improvements and Innovations:** The Applicant asserts health care quality and cost-effectiveness are improved by ensuring that an adequate number of program-specific beds are available in the region, thereby reducing delays in the commencement of treatment. The Applicant further states timely treatment of emotional, behavioral, and other mental health conditions may ensure more favorable outcomes.
- f. **Relevancy.** The Applicant states the accessibility and availability of both acute psychiatric care and residential care at Diamond Grove is important to ensure that meaningful and appropriate inpatient treatment is provided in a timely fashion.

GR Criterion 4 - Economic Viability

- a. **Proposed Charge:** The Applicant states that Diamond Grove determined its charges for the services based on its current operations.
- b. **Projected Levels of Utilization:** The Applicant states the projected levels of utilization following the addition of two (2) PRTF beds are consistent with those set forth for other PRTF facilities in the State as set forth in Table 3-3 of the State Health Plan. The Applicant asserts Diamond Grove anticipates these utilization rates for its PRTF facility will remain stable given the growing need for PRTF services experienced by its existing and growing utilization rate.
- c. **Financial Feasibility Study:** The Applicant affirms the project's capital expenditure is not applicable to the proposed project.
- d. **Financial Forecasts:** The Applicant states the project's capital expenditure is less than \$2,000,000.00; therefore, this statement is not applicable to the proposed project.
- e. **Means of Covering Expenses in the Event of Failure to Meet Projections:** Diamond Grove submits there are no expenses with the proposed project.
- f. **Impact of Proposed Project on Health Care Cost:** The Applicant states Diamond Grove does not believe there will be a substantial impact on gross revenues or expenses. The Applicant further states there could be a minimal impact on 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 the statewide utilization rate for PRTF services is approximately ninety-four percent (93.59%) per Table 3-3 of the Plan, and Diamond Grove's current twelve (12) month utilization is approximately ninety-six percent (96.43%). The Applicant affirms all Mississippi residents, low-income persons, racial and ethnic minorities, women, disabled persons, other underserved groups, and the elderly will have access to the beds at issue.
- b. Relocation of Services:** The Applicant states this criterion is not applicable to the proposed project.
 - i. Proposed Disposition:** The Applicant states this criterion is not applicable to the proposed project.
 - ii. Existing Space:** The Applicant states this criterion is not applicable to the proposed project.
- c. Current and Projected Utilization of Comparable Facilities:** The Applicant asserts per the *MS State Health Plan*, the statewide utilization rate for PRTF services is approximately ninety-four percent (93.59%). Specifically, Diamond Grove has maintained an annual utilization of approximately eighty-eight percent (87.80%) and approximately ninety-five percent (94.95%) for its PRTF services for the years 2021 and 2022, respectively, and continues to experience an increased demand by patients for PRTF services as demonstrated by its twelve (12) month utilization rate of approximately ninety-six percent (96.43%).
- d. Probable Effect on Existing Facilities in the Area:** The Applicant states there should be no negative effect on existing facilities providing similar services. The Applicant asserts the utilization rate for PRTF beds across the State is approximately ninety-four percent (93.59%) and that the addition of two (2) beds to Diamond Grove's existing PRTF beds is, therefore, unlikely to have any negative effect on existing facilities and will instead provide improved access to PRTF services.
- e. Community Reaction:** The application contains four (4) support letters from Mississippi State Senator Rod Hickman, dated June 20, 2023, City of Louisville Mayor Will Hill, dated June 20, 2023, Louisville Municipal School District Superintendent David Luke, dated June 20, 2023, and State of Mississippi Representative Carl L. Mickens, District 42, dated June 29, 2023.

GR Criterion 6 - Access to the Facility or Service

- a. Access to Services.** The Applicant states currently, approximately ninety-three (93%) of Diamond Grove's PRTF patients are Medicaid beneficiaries, and this is a trend that Diamond Grove anticipates will continue. The Applicant submits approximately one percent (1%) of the care currently provided by Diamond Grove is charity care. The Applicant affirms that approval of the proposed project will not diminish the percentage of charity care it provides.
1. The Applicant affirms all residents of the health planning service area, hospital service area, or patient service area, including Medicaid recipients, charity/medically indigent patients, racial and ethnic minorities, women, disabled persons, and the elderly, have access to the services of the existing facility.
 2. The Applicant certifies all residents of the health planning service area, hospital service area, or patient service area, including Medicaid recipients, charity/medically indigent patients, racial and ethnic minorities, women, disabled persons, and the elderly will have access to the proposed services and/or facility.
 3. The Applicant states most PRTF patients that would otherwise be classified as indigent, or charity care are Medicaid eligible. The Applicant further states Diamond Grove Center treats those patients pursuant to its charity policy if a patient does not have a payment source.

Gross Patient Revenue

	Medically Indigent (%)	Charity Care (%)	Medically Indigent (\$)	Charity Care (\$)
Historical Year 2021	--	1%	--	\$16,200
Historical Year 2022	--	1%	--	\$16,200
Projected Year 1	--	1%	--	\$213,517
Projected Year 2	--	1%	--	\$213,517

- b. Existing Obligations:** The Applicant states Diamond Grove has no existing obligations under any federal regulation requiring the provision of uncompensated care, community service, or access by minority/disabled persons.
 - i. Remaining Obligations:** The Applicant states this criterion is not applicable to the proposed project.
- c. Unmet Needs of Medicare/Medicaid and Medically Indigent Patients:** The Applicant states Diamond Grove treats all patients regardless of payor source.
- d. Access to Proposed Facility:** The Applicant asserts as an existing provider of mental health services; Diamond Grove currently has relationships with other mental health service providers throughout the State. The Applicant submits that the increase availability of services at Diamond Grove will improve those providers' access to care or their patient populations as well as improve access to those mental health patients seeking services at Diamond Grove.
- e. Access Issues:**
 - i. Transportation and Travel:** The Applicant states the proposed beds will be located at the Applicant's existing facility, conveniently located off Highway 39 in Louisville.
 - ii. Restrictive Admissions Policy:** The application contains a copy of the Admissions Policy, which does not restrict admissions.
 - iii. Access to Care by Medically Indigent Patients:** The Applicant states Diamond Grove has and will continue to provide a significant amount of unreimbursed care for medically indigent patients.
 - iv. Operational Hours of Service:** Diamond Grove Center states the regular hours of operation of the facility are twenty-four (24) hours per day, seven (7) days a week, 365 days a year.

GR Criterion 7 - Information Requirement

The Applicant states it will record and maintain the information required under General Review Criterion 7 regarding charity care and care to the medically indigent and Medicaid populations and will make it available to MSDH within fifteen (15) business days of request.

GR Criterion 8 - Relationship to Existing Health Care System

- a. **Comparable Services.** The Applicant states the service area for PRTF beds is the State as a whole. The Applicant submits that the MSDH has projected a need in the population served of 0.5 beds per 1,000 population aged five (5) to nineteen (19) per the State Health Plan, amounting to a projected bed need of 317 beds for the State. The Applicant asserts the population of the State currently accesses PRTF services through seven (7) facilities. The Applicant affirms Diamond Grove's specific utilization is currently at approximately ninety-six percent (96.43%) over the last twelve (12) months.
- b. **Effect on Existing Health Services.** The Applicant states the proposed addition of two (2) PRTF beds should have no effect on other existing health services in the state as both Diamond Grove and other PRTF facilities appear to be operating at or near capacity. The Applicant states to believe most of its admissions for the additional two (2) PRTF beds will originate from existing referral sources across the State, from those that already seek services at the Applicant.
 - i. **Complement Existing Services:** The Applicant states the proposed addition of two (2) PRTF beds will complement the existing services provided at Diamond Grove and increase the accessibility and availability of PRTF services in the area and for the State. The Applicant asserts psychiatric residential treatment is an important component of providing comprehensive care, and because family participation in the treatment of adolescents is recognized as an important component of care, it increases the likelihood of a successful outcome.
 - ii. **Provide Alternative or Unique Service:** The Applicant submits treatment of emotionally disturbed adolescents in a residential setting that requires specialized staffing and space for residential care. The Applicant further states the Plan's latest utilization data, as discussed previously, shows that an expansion of capacity will allow the Applicant to provide this unique service to more Mississippi families in need.
 - iii. **Provide a service for a specified target population:** The Applicant states the addition of two (2) PRTF beds will help improve continued access to these services in the northeast area of the state as well as the entire State.

- iv. **Provide services for which there is an unmet need:** The Applicant states the utilization rates at Diamond Grove and the number of patients it has been unable to serve over the past year demonstrate an unmet need.
- c. **Adverse Impact.** The Applicant states the adverse impact would be the continuous inability of patients and their families to access needed PRTF services. The Applicant further states failure to grant the proposed project could result in an inadequate number of PRTF beds to meet the current and future needs of those with mental health issues in the area, forcing families to travel to other regions or out-of-state to receive necessary care, thus increasing health care costs for Mississippians.
- d. **Transfer/Referral/Affiliation Agreements.** The application contains a transfer agreement with Winston Medical Center and a copy of Diamond Grove's Referral Sources for sources from which Diamond Grove has admitted patients in the past two (2) years. The Applicant further states this referral network demonstrates Diamond Grove's relationship with other providers of healthcare to help patients receive needed PRTF services.

GR Criterion 9 - Availability of Resources

- a. **New Personnel.** The Applicant affirms Diamond Grove's behavioral health staff is qualified to provide services to the additional PRTF beds, and Diamond Grove is currently sufficiently staffed. The Applicant further states no additional staff will be needed for the two (2) bed expansion.
- b. **Contractual Services.** The Applicant states Diamond Grove provides its own clinically related services as part of its services. The Applicant further states to supplement its services, it has relationships with the following for specific services:
- Louisville Medical Associates (illness management)
 - Mark Donald, DMD (dental)
- c. **Existing Facilities or Services.** The Applicant states Diamond Grove satisfactorily staffs its existing PRTF facility, and no additional staff is anticipated for this project.
- d. **Alternative Uses of Resources.** The Applicant states the addition of the two (2) beds will not require any additional staff or programming changes. The Applicant further states because of the high statewide utilization of PRTF Services, the alternatives for PRTF patients are limited. The Applicant submits Diamond Grove Center considered maintaining its thirty

(30) bed unit and trying to place potential patients in other facilities. The Applicant affirms Diamond Grove ultimately decided making use of existing resources was most effective.

GR Criterion 10 – Relationship to Ancillary or Support Services

- a. Support and Ancillary Services.** The Applicant asserts Diamond Grove operates a thirty (30) bed PRTF facility that serves children and adolescents. Furthermore, the Applicant states it has the necessary support and ancillary services to provide PRTF services for an additional two (2) beds.
- b. Changes in Costs or Charges.** The Applicant states Diamond Grove does not anticipate any significant changes in costs or charges with this project.
- c. Accommodation of Changes in Cost or Charges.** The Applicant states this criterion is not applicable to the proposed project.

GR Criterion 11 – Health Professional Training Programs

The Applicant affirms Diamond Grove currently partners with Mississippi State University, Mississippi College, Walden University, Mississippi Valley State University, Tennessee College of Applied Technology, Mississippi University for Women, and University of Seminary Denver Colorado.

GR Criterion 12 – Access by Health Professional Schools

The Applicant states Diamond Grove will continue to participate to the extent the opportunity is available in providing clinical training for health professionals. The Applicant further states, currently, Diamond Grove has arrangements with Mississippi State University, Mississippi College, Walden University, Mississippi Valley State University, Tennessee College of Applied Technology, Mississippi University for Women, and University of Seminary Denver Colorado to provide training opportunities in nursing, counseling, social work, and dieticians.

GR Criterion 13 – Access by Individuals Outside Service Area

The Applicant states Diamond Grove's patients come from across the State, which is the planning area per the Plan.

GR Criterion 14 - Construction Projects

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

GR Criterion 15 – Competing Applications

The Applicant affirms there are no competing applications on file with the Mississippi State Department of Health for the Addition of PRTF Beds.

GR Criterion 16 - Quality of Care

- a. **Past Quality of Care.** The Applicant affirms Diamond Grove currently provides behavioral health services in its PRTF facility and is accredited by the Joint Commission. The Applicant further states Diamond Grove has focused on adolescent care for patients and their families for over twenty (20) years.
- b. **Improvement of Quality of Care.** The Applicant asserts the proposed addition of two (2) PRTF beds will improve patient care in Northeast Mississippi and throughout the State.
- c. **Accreditations and/or Certifications.** The Applicant submits Diamond Grove is accredited by the Joint Commission.

IV. FINANCIAL FEASIBILITY

A. Capital Expenditure Summary

Cost Item	Projected Cost	Percentage of Cost (%)
Construction – New	\$0.00	0.00%
Construction (Renovation)	0.00	0.00%
Capital Improvement	0.00	0.00%
Fees (architectural, consultant, etc.)	0.00	0.00%
Contingency Reserve	0.00	0.00%
Capitalized Interest	0.00	0.00%
Other (painting, patching, cosmetic expense)	0.00	0.00%
Fixed Equipment	0.00	00.0%
Non-Fixed Equipment	0.00	0.00%
Legal and Accounting Fees	0.00	0.00%
Other Building Costs	0.00	0.00%
Total Capital Expenditure	\$ 0.00	0.00%

B. Method of Financing

The proposed project does not have a capital expenditure.

C. Effect on Operating Cost

The Hospital's three (3) year projected operating statement is presented in Attachment 1.

D. Cost to Medicaid/Medicare

The Applicant projects gross patient revenue cost to third-party payors as follows (Project Only).

Payor Mix	Utilization Percentage (%)	First-Year Revenue (\$)
Medicare	0.00%	0.00
Medicaid	92.00%	\$400,776.00
Commercial	0.00%	0.00
Self-Pay	0.00%	0.00
Charity Care	1.00%	\$ 4,374.00
Other	7.00%	\$32,278.00
Total	100.00%	\$437,428.00

V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES

The Mississippi Division of Medicaid (DOM) was provided a copy of this application for review and comment. As of September 1, 2023, DOM has not commented on this project.

VI. CONCLUSION AND RECOMMENDATION

This project is in substantial compliance with the policy statements, criteria, and standards for psychiatric residential treatment facility beds/services as contained in the *FY 2022 Mississippi State Health Plan, Third Edition*, the *Mississippi Certificate of Need Review Manual, September 1, 2019, Revision*, and the duly adopted rules, procedures, and plans of the Mississippi State Department of Health.

The Division of Health Planning and Resource Development recommends approval of the application submitted by Diamond Grove Center, LLC d/b/a Diamond Grove Center for the Expansion of Psychiatric Residential Treatment Facility Beds.

Attachment 1

Diamond Grove Center, LLC d/b/a Diamond Grove Center Expansion of Two (2) PRTF Beds Three-Year Operating Statement (Project Only)			
	Year 1	Year 2	Year 3
Revenue			
Patient Revenue:			
Inpatient	\$437,428.00	\$437,428.00	\$437,428.00
Outpatient	-	-	-
Gross Patient Revenue	\$437,428.00	\$437,428.00	\$437,428.00
Charity Care	4,374.00	4,374.00	4,374.00
Deductions from Revenue	51,064.00	50,298.00	49,543.00
Net Patient Care Revenue	\$ 381,990.00	\$382,756.00	\$383,511.00
Other Operating Revenue	-	-	-
Total Operating Revenue	\$ 381,990.00	\$382,756.00	\$383,511.00
Expenses			
Operating Expenses:			
Salaries	-	-	-
Benefits	-	-	-
Supplies	24,420.00	24,909.00	25,407.00
Services	62,936.00	64,195.00	65,479.00
Lease	-	-	-
Depreciation	-	-	-
Interest	-	-	-
Other	-	-	-
Total Operating Expense	\$ 87,357.00	\$89,104.00	\$ 90,886.00
Net Income (Loss)	\$ 294,634.00	\$ 293,652.00	\$ 292,625.00
Assumptions			
Inpatient days	730	730	730
Outpatient days	0	0	0
Procedures	0	0	0
Charge/inpatient day	\$ 599.00	\$ 599.00	\$ 599.00
Charge per outpatient	N/A	N/A	N/A
Charge per procedure	N/A	N/A	N/A
Cost per inpatient day	\$ 120.00	\$ 122.00	\$ 125.00
Cost per outpatient day	\$ 0	\$ 0	\$ 0
Cost per procedure	N/A	N/A	N/A