

**MISSISSIPPI STATE DEPARTMENT OF HEALTH  
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT  
FEBRUARY 27, 2023**

**CON REVIEW NUMBER: FSF-AB-0123-001  
REHABILITATION CENTERS, LLC D/B/A MILLCREEK  
ADDITION OF THREE (3) PSYCHIATRIC RESIDENTIAL TREATMENT FACILITY (PRTF)  
BEDS  
CAPITAL EXPENDITURE: \$1,212,917.00  
LOCATION: MAGEE, SIMPSON COUNTY, MISSISSIPPI**

**STAFF ANALYSIS**

**I. PROJECT SUMMARY**

**A. Applicant Information**

Rehabilitation Centers, LLC d/b/a Millcreek (“Millcreek” or the “Applicant”), is a Mississippi limited liability company located at 900 1st Avenue NE, Magee, Mississippi. Millcreek, whose member is Acadia Health Care Company, Inc. of Franklin, Tennessee, is accredited by The Joint Commission and offers the following complement of services: fifty-seven (57) psychiatric residential treatment facility (PRTF) beds, an Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID), School-Based Day Treatment Services, and Therapeutic Group Home Services.

The application contains a Certificate of Good Standing from the Office of the Secretary of State. As of December 11, 2022, Rehabilitation Centers, LLC is in good standing with the state of Mississippi.

**B. Project Description**

The Applicant requests certificate of need (“CON”) authority to expand Millcreek to add three (3) additional PRTF beds and accommodations for Mississippi’s youth. The Applicant affirms that the proposed addition would result in a sixty (60) bed PRTF facility. Millcreek affirms that a new unit will be constructed that will include single occupancy bedrooms. The Applicant states the project will entail 986 sq. ft. of new construction and 150 sq. ft. of renovation.

The Applicant states Millcreek has provided quality behavioral health services to emotionally disturbed and developmentally delayed children and adolescents for over forty (40) years. The Applicant further states that children and adolescents who come to their facility require many different levels of treatment. The Applicant affirms that in operating as an all-encompassing behavioral treatment provider, it offers the following programs:

- (i) Psychiatric Residential Treatment Facility Program (PRTF): PRTF is designed to serve children and adolescents between the ages of six (6)

and twenty-one (21) who need therapeutic, educational interventions to be successful in overcoming the behavioral and/or emotional concerns that accompany the presence of psychiatric disturbances.

- (ii) Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID): ICF/IID program is the only private program in Mississippi. The Applicant states that offering care to children and adolescents between six (6) and twenty-one (21), this program is designed to provide therapeutic, educational, and life-skill interventions for behavioral and emotional concerns while also offering a structural academic program that meets the special education needs for children and adolescents.
- (iii) School-Based Day Treatment Service: School-Based Day Treatment Services are designed to meet the educational needs of children and adolescents between the ages of six (6) and twenty-one (21). This program is tailored to provide therapeutic interventions for behavioral and emotional concerns while offering a structural academic program that meets the special education needs of children and adolescents.
- (iv) Therapeutic Group Home Services: Therapeutic Group Home Services provides care for male children and adolescents between the ages of twelve (12) and twenty-one (21) who are struggling with behavioral or emotional disturbances. The Applicant states that this program at Millcreek's treatment facility is designed to be a less restrictive option focused on improving young men's daily living and occupational skills. Children and adolescents in this program are also offered special education services, community outings, and employment assistance by the treatment facility.

The Applicant states that Millcreek currently has the housing to provide PRTF service and accommodations for fifty-seven (57) children and adolescents. The Applicant seeks to add three (3) additional PRTF beds. Furthermore, the Applicant states that a new unit will be constructed that will include single occupancy bedrooms.

Millcreek states that the final objectives of the proposed Project are directly related to the need to reach all children and adolescents needing treatment and care for behavioral and emotional needs. The Applicant affirms the stated objectives are:

- (i) To construct a new PRTF unit for children and adolescents;
- (ii) To provide additional single occupancy bedrooms, which benefits the treatment of children and adolescents;
- (iii) To provide enhanced PRTF services and accommodations for children and adolescents who have high levels of mental and behavioral disorders and high acuity mental health issues; and

- (iv) To provide services and treatment to children and adolescents to facilitate the transition to their respective homes.

The Applicant affirms it will comply with all state and local building codes, zoning ordinances, and/or requirements of appropriate regulatory authorities. 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. This application contains a letter dated December 21, 2022, from Dale Berry (Mayor of Magee, Mississippi), which documents Millcreek's compliance with state and local building codes, zoning ordinances, and/or appropriate regulatory authority.

The application contains a letter dated January 25, 2023, documenting the Mississippi State Department of Health (MSDH), Division of Health Facilities Licensure and Certification's approval of the Project.

The Applicant projects a total capital expenditure of \$1,212,917.00 (See Section IV of this Staff Analysis for a complete itemization of the capital expenditure). The Applicant expects to obligate the capital expenditure within one (1) year of receipt of the Mississippi Department of Health's approval of the proposed project. The Applicant anticipates the project will be complete within eighteen (18) months of receiving the CON.

## **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 March 9, 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, Second 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 that all of its residents are primarily covered by Medicaid. The Applicant further states that Millcreek does not have a reduction for charity as all beds are funded by Medicaid.
2. **Mental Health Planning Areas:** The Applicant acknowledges that the entire State is used as a planning area for PRTF beds/services.
3. **Public Sector Beds:** The Applicant states that primarily all of Millcreek’s residents are covered by Medicaid, and all beds are Medicaid certified.
4. **Comments from DMH:** The Applicant states Millcreek has worked extensively with the Department of Mental Health in providing services and care to children and adolescents with mental, emotional, and behavioral issues. A letter dated December 20, 2022, from the Executive Director of the Department of Mental Health (“DMH”) gives DMH’s full support of Millcreek’s application for PRTF services.
5. **Separation of Adult and Children/Adolescents:** The Applicant affirms Millcreek provides PRTF services to children and adolescents ages six (6) to twenty-one (21).
6. **Separation of Males and Females:** According to Millcreek, male and female patients are served in separate and distinct units. The Applicant states that population-specific training is provided for staff who work on these units. The Applicant further states that it has dedicated fourteen (14) bed units for male children ages six (6) to ten (10). Millcreek states that children are placed on the units as determined by their chronological age, social maturity, and treatment needs. Additionally, the Applicant indicates a third unit, comprised of eighteen (18) beds, serving adolescent males up to fourteen (14). The Applicant states that the number served will vary depending on the referrals received by Millcreek.
7. **Patients with Co-Occurring Disorders:** Millcreek acknowledges this policy and certifies that the Millcreek PRTF programs will meet all applicable licensure and certification regulations before providing such

services.

8. **Comprehensive Program of Treatment:** The Applicant states that Millcreek currently operates accredited, non-public, special purpose schools at Millcreek in Magee. The Applicant affirms that it will provide the educational component for its existing PRTF program, including the proposed addition of three (3) PRTF beds. The Applicant states that each child and adolescent enrolled in its school receives individualized and specialized education. The Applicant states it provides nutritious meals, nutrition management, continuous psychiatric assessment and evaluation, and therapeutic/ physical recreation.
9. **Medicaid Participation:**
  - a. **Medicaid Certification:** The Applicant states Millcreek is currently certified to accept Medicaid patients.
  - b. **Medicaid Service Information:** The Applicant certifies that all Millcreek's patients are Medicaid patients. The Applicant further affirms that it will provide MSDH information regarding its services to Medicaid patients.
10. **Licensing and Certification:** The Applicant certifies Millcreek currently meets and will continue to meet all applicable licensing and certification regulations of the Division of Licensure. In addition, the Applicant certifies that if existing licensure and certification regulations are modified, Millcreek will comply with such modified regulations following their effective date.
11. **Psychiatric Residential Treatment Facility:** The Applicant acknowledges and agrees with the definition outlined in this policy statement and affirms Millcreek does not and will not furnish primarily domiciliary care that is not within the definition. The Applicant states Millcreek has credibility and is known for providing quality care and services in health care.
12. **Certified Education Programs:** The Applicant certifies Millcreek is accredited by the Mississippi Department of Education. The Applicant states that Millcreek will provide specialized and individualized education for its residents. In addition, the Applicant states that sufficient areas suitable to meet the recreational needs of patients are available.
13. **Preference in CON Decisions:** The Applicant certifies that the project does not involve the conversion of existing acute care hospital beds to acute psychiatric and chemical dependency beds; however, Millcreek does propose to add three (3) additional PRTF beds.
14. **Dedicated Beds for Children's Services:** The Applicant states Millcreek has four (4) distinct units. The Applicant further states that three (3) of the

four (4) units, forty-one (41) beds, can be used for children under the age of fourteen (14).

15. **CON Statutory Requirement:** The Applicant acknowledges this statutory requirement of Section 414-7-191(1)(c).
16. **Voluntarily Delicensed Beds:** The Applicant states Millcreek has not voluntarily delicensed any beds at its facility.
17. **CON Requirement for Reopening:** The Applicant submits Millcreek has not ceased operating for any period of time.

**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 asserts that based on the projected population for the Statewide Acute Psychiatric Bed Need 2025 and the Statewide Psychiatric Residential Bed Need 2023, there is a statistical need for additional PRTF beds.
- b. **Projects that do not involve additional beds:** The Applicant submits the project does involve the addition of three (3) PRTF beds.
- c. **Projects which involve the addition of beds:** The Applicant states that although the proposed project does involve the addition of three (3) beds to Millcreek's PRTF program. The Applicant further states the occupancy rate year-to-date (FY 2022) at Millcreek's PRTF is 94.8%.
- d. **Child Psychiatry Fellowship Program:** The Applicant acknowledges this criterion and states the application does not request an acute child psychiatric unit.
- e. **Exclusive Treatment of Adults:** The Applicant states the application does not request the establishment or addition of a PTSD program for adults.

**SHP Need Criterion 2 – Data Requirements**

The Applicant affirms Millcreek 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 Millcreek is a private health center certified by the Mississippi State Department of Health and is an approved Medicaid provider. The Applicant further states the Mississippi State Department of Health licenses Millcreek ICF/IID and PRTF programs.

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

The application contains three (3) letters dated December 20, 2022, from the Executive Director of the Department of Mental Health (“DMH”); December 21, 2022, from the Commissioner of the Mississippi Department of Child Protection Services; December 21, 2022, from Mayor Dale Berry of the city of Magee, Mississippi stating full support for the project and pledging support for Millcreek once services are available.

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

The Applicant certifies, within the scope of its available services, neither Millcreek nor its participating staff has policies or procedures that would exclude residents because of race, color, age (except as to persons who are not children or adolescents eligible for Millcreek’s PRTF programs as per Chapter 3, Section 306.03 of the *FY 2022 MSHP*), sex, ethnicity, or ability to pay.

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

The Applicant asserts that all of Millcreek’s PRTF residents are primarily covered by Medicaid. The Applicant affirms Millcreek will provide a reasonable amount of charity/indigent care for the service as provided for in Chapter 1 of the *FY 2022 MSHP*.

## **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 submits Millcreek requests for a CON to add three (3) additional PRTF beds. Millcreek states it currently has fifty-seven (57) PRTF beds to provide services and accommodations for children and adolescents. Table 3-8 of the *FY 2022 MSHP* indicates that based on a statistical bed need of .50 beds per 1,000 population ages five (5) to nineteen (19), there is a need for three (3) PRTF beds statewide.

### **SS Need Criterion 2 – Age Group to be Served**

The Applicant proposes to house the age groups as follows:

<u>Age Group</u>	<u>Number of Beds</u>
6 to 10	14 beds
11 to 13	17 beds
14 to 17 or 19-21, depending on age referrals.	16 beds

### **SS Need Criterion 3 – Structural Design of Facility**

The Applicant proposes building a new unit, which will include single occupancy bedrooms. The Applicant further states the single occupancy bedrooms will facilitate treatment for children and adolescents.

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

The Applicant requests a CON to add three (3) additional PRTF beds to its program. The Applicant submits these beds will not result in more beds statewide than specifically authorized by legislation.

### **SS Need Criterion 5 – Proposed Size of Facility/Unit**

The Applicant states Millcreek currently has fifty-seven (57) beds in its PRTF program. The Applicant asserts that with three (3) beds, Millcreek would have a sixty (60) bed PRTF program to provide PRTF care and services to children and adolescents.

### **SS Need Criteria on 6 - Staffing**

The Applicant states Millcreek employs dedicated staff who provide quality services and care to its patients. The Applicant further states the staff at Millcreek is a team dedicated to children and adolescents who reside at the facility. The Applicant states the staff includes doctors, licensed therapists, registered nurses, licensed practical nurses, certified nursing assistants, case managers, recreation staff, dietitians, family nurse practitioners, and education staff, including teachers.

The Applicant states Dr. Rudolph Runnels, a board-certified physician, has served as the medical director at Millcreek for thirty-two (32) years. Millcreek affirms the proposed project does not provide a new institutional service based on physician

referrals.

## **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 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 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 MSHP*, as discussed above.

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

The Applicant submits that Millcreek's request for a CON to add three (3) additional PRTF beds is consistent with Millcreek's long-range plans to provide continuous services, in a safe environment, for the increased number of children and adolescents with mental health concerns that support their mental, emotional, and physical health needs. Further, the Applicant states that Millcreek receives numerous requests to place children and adolescents within its care. The Applicant affirms to effectively accommodate additional children, Millcreek began exploring the design and construction of adding three (3) additional PRTF beds and how best to integrate the design and construction with the least disruption to the service and care of the patients who are currently at Millcreek. In addition, the Applicant asserts that Millcreek evaluated the cost of the design and construction to ensure that it would effectively serve the needs of children and adolescents who are patients at the facility.

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

- a. **Advantages and Disadvantages:** The Applicant states no alternative approaches were considered or indicated related to this request to add three (3) additional beds. However, the Applicant states that when considering the construction process and deciding whether to propose all new construction or add on to the existing facility, an addition to the existing PRTF would be most beneficial.
- b. **New Construction Projects:** The Applicant states that when considering

the construction process and deciding whether to propose all new construction or to add on to the existing facility, a determination was made that the patient area would be best utilized if an addition was added to the existing PRTF. The Applicant states the project will entail 986 sq. ft. of new construction and 150 sq. ft. of renovation. The Applicant further states since this is a small project of three (3) beds, it would allow for more positive peer interactions and treatment in the milieu.

**c. Beneficial Effects to the Health Care System:** The Applicant states the option to add on to the existing facility and to place the three (3) additional beds close to the rest of the facility was determined best due to the ability to treat the children in the environment with peers and shared recreational space. The Applicant states peer pressure and positive peer interactions through day-to-day communication with others benefit the treatment model.

**d. Effective and Less Costly Alternatives:**

The Applicant states the three (3) additional beds were considered the best alternative. The Applicant further states that Millcreek is unaware of a less costly alternative for the proposed project.

**i. Unnecessary Duplication of Services:** The Applicant states the project is not an unnecessary duplication of services; rather, the additional three (3) beds will allow for more flexibility related to admissions, preventing a disabled child from being placed on the waiting list. In addition, the Applicant states the additional beds will allow space to admit more difficult children, where they can be treated if they have high acuity.

**ii. Efficient Solution:** The Applicant asserts that the proposed project is the most efficient solution. The Applicant states the proposed project was created and designed based on patients' needs to maximize quality care and interventions in the safest, most patient-centered area possible.

**e. Improvements and Innovations:** The Applicant asserts the proposed project to add three (3) additional PRTF beds will allow for more flexibility when considering referrals for placement and provide an additional three (3) beds milieu/unit for higher acuity referrals when needed. The Applicant further states the additional beds will allow quicker placement and fewer referrals on the waiting list.

**f. Relevancy.** The Applicant states this new unit and additional beds will ensure peers are in a treatment setting that specifically meets their needs. Millcreek states that the transgender population and/or referrals with sexual identity issues or are on the Autism Spectrum who often are a target in a milieu can benefit from Millcreek's proposed addition and maximize their

treatment options.

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

- a. Proposed Charge:** The Applicant states the Psychiatric Residential Treatment Facility is reimbursed on a per patient day basis. The Applicant states the cost reimbursement rate is determined by Medicaid each year. The Applicant states Rehabilitation Centers LLC has no control over the rate charged or profitability of the proposed services.
- b. Projected Levels of Utilization:** The Applicant states Millcreek's occupancy rate year-to-date 2022 in the Psychiatric Residential Treatment Facility is 94.8%. Millcreek submits this facility has historically had rates at or above this percentage for many years. Millcreek further states that during COVID, occupancy rates decreased but have returned to historical, high, consistent rates. Additionally, the projected utilization levels are consistent with the need in the service area.
- c. Financial Feasibility Study:** The applicants affirm the project's capital expenditure is less than \$2,000,000.00.
- d. Financial Forecasts:** The Applicant states there is no financial deviation in the financial forecasts.
- e. Means of Covering Expenses in Event of Failure to Meet Projections:** The Applicant asserts if the project fails to meet projected revenues, the company, including Rehabilitation Centers, LLC and Acadia Healthcare, can cover the full amount of failure if necessary.
- f. Impact of Proposed Project on Health Care Cost:** The Applicant states the proposed project will not significantly impact the cost of healthcare or Medicaid. The Applicant further states the current per diem rate per patient day in the Psychiatric Residential Treatment Facility is \$429.00. The Applicant further states that at the allocated rate, the impact per patient day considering 100% occupancy, would be \$1,287.00.

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

- a. Access by Population Served:** The Applicant asserts Psychiatric Residential Treatment Facility (PRTF) provides residential psychiatric services for children six (6) to twenty-one (21) years of age who have significant impairment in behavioral, cognitive, emotional, family, and social functioning. The Applicant states all patients have a psychiatric disorder and have failed in other levels of mental health services/care.

The Applicant states the PRTF provides intensive psychiatric, medical, psychological, social nursing, and recreation activities and educational

services to persons regardless of sex, race, ethnicity, educational or social background. The Applicant states that Millcreek serves children and adolescents throughout Mississippi.

- b. Relocation of Services:** The Applicant states no relocation of a facility or service is involved in this proposal.
- c. Current and Projected Utilization of Comparable Facilities:** The Applicant asserts Millcreek specializes in treating difficult, severe emotional and behaviorally disordered children and adolescents (boys and girls) often admitting patients denied by other providers in the state. The Applicant states Millcreek approves admission for patients with histories of elopement, suicide ideation and gestures, sexually inappropriate behaviors, transgender issues, and young children ages six (6) to nine (9) or ten (10) years of age. The Applicant further states that since COVID and the continuing increase in children and adolescents with mental health issues, these three (3) additional beds will provide additional services for these children and adolescents.
- d. Probable Effect on Existing Facilities in the Area:** The Applicant states there are no other existing facilities in or near Magee where this PRTF is located. Furthermore, the Applicant asserts the closest facility is in Jackson, Mississippi and Meridian, Mississippi; therefore, adding three (3) beds at Millcreek should not impact other existing facilities or services.
- e. Community Reaction:** The application contains three (3) letters dated December 20, 2022, from the Executive Director of the Department of Mental Health (“DMH”); December 21, 2022, from the Commissioner of the Mississippi Department of Child Protection Services; December 21, 2022, from Mayor Dale Berry of the city of Magee, Mississippi stating full support for the Project and pledging support for Millcreek once services are available.

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

- a. Access to Services.** The Applicant states that all residents of the health planning service area, hospital service area, or patient service area have access to the services.
  - 1. The Applicant submits Millcreek provides and will continue to provide PRTF services to all children ages six (6) to seventeen (17) in need of psychiatric residential treatment, including Medicaid recipients, charity/medically indigent patients, racial and ethnic minorities, and disabled children and adolescents.
  - 2. The Applicant certifies all children and adolescents who need psychiatric residential treatment, including Medicaid recipients,

charity/medically indigent patients, racial and ethnic minorities, girls, boys, and disabled children and adolescents, have and will continue to have access to PRTF services offered at the Millcreek.

3. The Applicant states Millcreek does not separate bad debt, charity care, and care for medically indigent patients. The Applicant further states that primarily all of Millcreek’s patients are on Medicaid. Additionally, the Applicant affirms that Millcreek has no indigent or charity patients.

**Gross Patient Revenue**

	Medically Indigent / Charity Care(%)	Medically Indigent/Charity Care (\$)
Historical Year 2020	0%	0%
Historical Year 2021	0%	0%
Projected Year 1	0%	0%
Projected Year 2	0%	0%

- b. **Existing Obligations:** The Applicant states Millcreek has no existing obligations under any federal regulation requiring the provision of uncompensated care, community service, or access by minority/disabled persons.
- c. **Unmet Needs of Medicare/Medicaid and Medically Indigent Patients:** The Applicant states primarily that all of Millcreek’s PRTF services provided to children and adolescents who receive and will receive treatment and care are covered by Medicaid.
- d. **Access to Proposed Facility:** The Applicant submits PRTF treatment and care to children and adolescents, including Medicaid recipients, charity/medically indigent patients, racial and ethnic minorities, girls and boys, and disabled persons.
- e. **Access Issues:**
  - i. **Transportation and Travel:** The Applicant submits Millcreek is less than an hour southeast of the state capitol in Jackson, Mississippi. The Applicant affirms Millcreek is easily accessed from any direction, via interstate or highways.
  - ii. **Restrictive Admissions Policy:** The application contains a copy of the Admissions Policy which does not restrict admissions.

Millcreek states its admission policy is not restrictive.

- iii. **Access to Care by Medically Indigent Patients:** The Applicant states Medicaid reimburses for primarily all treatment provided to children and adolescents in need of PRTF services.
- iv. **Operational Hours of Service:** Millcreek states the regular hours of operation of the facility are twenty-four (24) hours per day, seven (7) days a week.

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

Millcreek affirms it will record and maintain the information required under General Review Criterion 7 regarding charity care, 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 there are no existing, comparable services within Millcreek's service area. The Applicant submits the target population currently accesses the proposed services through Millcreek's PRTF program. The Applicant further notes that the ability to add three (3) additional PRTF beds will assist Millcreek in expanding its PRTF program to provide much-needed healthcare and treatment.
- b. **Effect on Existing Health Services**
  - i. **Complement Existing Services:** The Applicant states the Project will complement existing PRTF health services at Millcreek. The Applicant asserts it provides PRTF services to children and adolescents across Mississippi. Additionally, Millcreek states that adding to Millcreek's PRTF program will allow Millcreek to provide service to more children and adolescents in dire need of the PRTF program.
  - ii. **Provide Alternative or Unique Service:** The Applicant submits Millcreek specializes in treating difficult, severely emotionally and behaviorally disordered children and adolescents (boys and girls), often admitting patients denied by other providers in Mississippi. The Applicant states that placement requests are often and regularly made to Millcreek to accommodate children and adolescents needing PRTF services; however, without additional PRTF beds, Millcreek cannot provide care to this vulnerable population.

- iii. **Provide a service for a specified target population:** The Applicant states the project will provide services for children and adolescents, expanding Millcreek's PRTF program to provide greater opportunities for children and adolescents with high acuity to receive treatment.
  - iv. **Provide services for which there is an unmet need:** The Applicant states children and adolescents with high acuity can benefit from having single occupancy rooms, which afford more effective and frequent treatment. The Applicant further states that Millcreek needs three (3) additional beds to accommodate children and adolescents who can benefit from PRTF treatment and care and its facility but are often denied because of the lack of available beds.
- c. **Adverse Impact.** The Applicant submits that the number of children and adolescents needing PRTF services has increased greatly. The Applicant states that failure to implement Millcreek's proposed project will result in children and adolescents being denied PRTF care and services due to the lack of available beds.
  - d. **Transfer/Referral/Affiliation Agreements.** The application contains a transfer agreement with the University of Mississippi Medical Center directly related to the proposed project.

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

- a. **New Personnel.** The Applicant indicates it will hire additional personnel to operate the three (3) additional beds as needed. The Applicant states Millcreek has had no issues hiring new staff/personnel and does not anticipate having issues hiring additional staff. The Applicant states Millcreek has four (4) physicians on staff, eight (8) licensed therapists, four (4) RNs, thirty-one (31) LPNs, nine (9) CNAs, eight (8) case managers, three (3) recreation staff, two (2) dieticians, one (1) family nurse practitioner, and twenty-seven (27) education staff, including teachers. Millcreek asserts that it has a Human Resources Department on site, which oversees hiring additional staff. The Applicant additionally states that the Human Resources Department utilizes traditional hiring/recruiting methods to fill open positions, including staffing agencies, job fairs, local and surrounding newspaper ads, and job announcements online.
- b. **Contractual Services.** The application does not have any clinically related contractual services purchased.
- c. **Existing Facilities or Services.** The Applicant states the number of employees at Millcreek ensures that children are provided quality health care and services. The Applicant states Millcreek's staffing history for

PRTF is firm and stable, with high retention rates, which aids in treating patients at the facility.

- d. **Alternative Uses of Resources.** The Applicant states that the best use of Millcreek's resources is to facilitate the proposed project to provide psychiatric residential treatment service and care to children and adolescents with high acuity.

#### **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 there may be an increase in operating costs for hiring additional employees. Further, the Applicant states that if there are any increases in costs or charges for services, the increase will result from inflation, reimbursement/reimbursement rates, and/or specialized treatment needed for patients at Millcreek.
- c. **Accommodation of Changes in Cost or Charges.** The Applicant states Millcreek plans to accommodate any change in costs or charges with anticipated patient revenue.

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

The Applicant affirms Millcreek has previously served the clinical needs of health professional training programs in its service area. The Applicant asserts that Millcreek will continue to consider each request made by professional training programs.

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

The Applicant states Millcreek will consider requests made by health professional training programs.

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

The Applicant states that Millcreek recognizes the entire state as the planning area for PRTF services. The Applicant further states that Millcreek services children and adolescents across the state. The Applicant affirms Millcreek's PRTF services will continue to be available to any child or adolescent who needs therapeutic care based on the availability of an appropriate bed based on the patient's age.

#### **GR Criterion 14 - Construction Projects**

The Applicant states Millcreek prepared the cost estimate for the proposed project utilizing Acadia’s historical data on similar project types with adjustments for the geographic location to the Magee, Mississippi area. The Applicant states Millcreek also forecasted for pricing escalation to the estimated time construction will commence and included general site development cost assumptions (to be validated with future due diligence efforts) inclusive of physical site elements and local municipality development impact fees. The Applicant states the proposed new construction cost is \$984.90 per square foot with a total new construction cost of \$732,559.00 and \$790.52 per square foot for renovation cost with a total renovation cost of \$97,500.00. The application included a construction cost estimate from a Mississippi registered architect attesting to the financial feasibility of the proposed project. See Attachment 2 for the computation of construction cost.

**GR Criterion 15 – Competing Applications**

No competing applications are 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 submits that for over forty (40) years, Millcreek has provided quality psychiatric residential treatment facility services to children and adolescents. The Applicant states that Millcreek regularly analyzes its employee performance and delivery of services to ensure that children and adolescents receive the best care at its facility.
- b. **Improvement of Quality of Care.** The Applicant asserts that adding three (3) PRTF beds will ensure that children and adolescents in need of PRTF care and services are afforded the treatment needed. Furthermore, the Applicant states that adding three (3) PRTF beds will allow more flexibility in serving the children and adolescents. Millcreek notes that a new unit will be constructed that will include single occupancy rooms, expanding the PRTF program so that children and adolescents will be treated more effectively and often.
- c. **Accreditations and/or Certifications.** The Applicant submits Millcreek is a private health center certified by the Mississippi Department of Health, and Millcreek is an approved Medicaid provider. The Applicant states that the Mississippi Department of Health licenses Millcreek’s ICF/IID and PRTF programs.

**IV. FINANCIAL FEASIBILITY**

**A. Capital Expenditure Summary**

Cost Item	Projected Cost	Percentage of Cost (%)
-----------	----------------	------------------------

Construction – New	\$732,559.00	60.40%
Construction (Renovation)	97,500.00	8.04%
Capital Improvement	0.00	0.00%
Fixed Equipment	0.00	0.00%
Non-fixed Equipment	34,000.00	2.80%
Land Cost	0.00	0.00%
Site Preparation	100,000.00	8.24%
Fees (Architectural)	108,129.00	8.91%
Capitalized Interest	0.00	0.00%
Contingency Reserve	51,503.00	4.25%
Other Building Costs	89,226.00	7.36%
<b>Total Capital Expenditure</b>	<b>\$ 1,212,917.00</b>	<b>100.00%</b>

**B. Method of Financing**

The Applicant proposes to finance the project with related company financing from Acadia Healthcare Company.

**C. Effect on Operating Cost**

The Hospital's three-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	93.00%	864,500.00
Commercial	0.00%	0.00
Self-Pay	0.00%	0.00
Charity Care	0.00%	0.00
Other	7.00%	67,425.00
<b>Total</b>	<b>100.00%</b>	<b>\$931,925.00</b>

**V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES**

The Division of Medicaid was provided a copy of this application for review and comment.

As of February 27, 2023, the Division 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, Second Edition*, the *Mississippi Certificate of Need Review Manual, September 1, 2019, Revision*, and the duly adopted rules, procedures, and plans of the Mississippi State Department of Health.

The Division of Health Planning and Resource Development recommends approval of the application submitted by Rehabilitation Centers, LLC d/b/a Millcreek for the Addition of Psychiatric Residential Treatment Facility Beds.

**Attachment 1**

<b>Rehabilitation Centers, LLC d/b/a Millcreek Addition of Three PRTF Beds Three-Year Operating Statement (Project Only)</b>			
	Year 1	Year 2	Year 3
<b>Revenue</b>			
Patient Revenue:			
Inpatient	\$ 864,925.00	\$1,040,250.00	\$1,040,250.00
Outpatient	67,425.00	80,550.00	80,550.00
<b>Gross Patient Revenue</b>	<b>\$ 931,925.00</b>	<b>\$1,120,800.00</b>	<b>\$1,120,800.00</b>
Charity Care	0.00	0.00	0.00
Deductions from Revenue	474,110.00	570,495.00	570,495.00
<b>Net Patient Revenue</b>	<b>\$ 457,815.00</b>	<b>\$550,305.00</b>	<b>\$550,305.00</b>
Other Operating Revenue	0.00	0.00	0.00
<b>Total Operating Revenue</b>	<b>\$ 457,815.00</b>	<b>\$550,305.00</b>	<b>\$550,305.00</b>
<b>Expenses</b>			
Operating Expenses:			
Salaries	\$156,000.00	\$ 159,120.00	\$ 162,302.00
Benefits	31,200.00	31,824.00	32,460.00
Supplies	9,100.00	12,045.00	13,140.00
Services	0.00	0.00	0.00
Lease	0.00	0.00	0.00
Depreciation	48,517.00	48,517.00	48,517.00
Interest	0.00	0.00	0.00
Other	0.00	0.00	0.00
<b>Total Expenses</b>	<b>\$ 244,817.00</b>	<b>\$251,506.00</b>	<b>\$ 256,420.00</b>
<b>Net Income (Loss)</b>	<b>\$ 212,998.00</b>	<b>\$ 298,799.00</b>	<b>\$ 293,885.00</b>
<b>Assumptions</b>			
Inpatient days	910	1,095	1,095
Outpatient days	375	450	450
Procedures	0	0	0
Charge/inpatient day	\$ 180.00	\$ 179.00	\$ 179.00
Charge per outpatient	\$ 950.00	\$ 950.00	\$ 950.00

Charge per procedure	\$ 0.00	\$ 0.00	\$ 0.00
Cost per inpatient day	\$ 269.00	\$ 230.00	\$ 234.00
Cost per outpatient day	\$ 653.00	\$ 559.00	\$ 570.00
Cost per procedure	N/A	N/A	N/A

**Attachment 2  
 Construction Cost Computation**

<b><u>Cost Component</u></b>	<b><u>Total</u></b>	<b><u>New Construction</u></b>	<b><u>Renovation</u></b>
New Construction Cost	\$732,559	\$732,559	\$0
Renovation Cost	\$97,500	\$0	\$97,500
Total Fixed Equipment Cost	\$0	\$0	\$0
Total Non-Fixed Equipment Cost*	\$34,000	\$0	\$0
Capital Improvement	\$0	\$0	\$0
Land Cost	\$0	\$0	\$0
Site Preparation Cost	\$100,000	\$0	\$0
Fees (Architectural, Consultant, etc.)	\$108,129	\$0	\$0
Contingency Reserve	\$51,503	\$0	\$0
Capitalized Interest*	\$89,226	\$0	\$0
Other Building Costs*	0	\$0	\$0
Other Project Development Costs*	\$50,000	\$0	\$0
<b>Total Proposed Capital Expenditure</b>	<b>\$1,212,917.00</b>	<b>\$732,559.00</b>	<b>\$97,500.00</b>
Square Footage	1,136	986	150
<b>Cost Per Square Foot</b>	<b>\$1,775.42</b>	<b>\$984.90</b>	<b>\$790.52</b>

\*Note: These cost components are not included in the new construction and renovation cost calculations.