

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT
JANUARY 5, 2026**

**CON REVIEW NUMBER: HP-FSF-COB-NIS-1125-014
ALLEGIANCE SPECIALTY HOSPITAL OF GREENVILLE, LLC
D/B/A ALLEGIANCE SPECIALTY HOSPITAL OF GREENVILLE
CONVERSION OF LONG-TERM ACUTE CARE HOSPITAL TO A PSYCHIATRIC HOSPITAL
CAPITAL EXPENDITURE: \$55,000.00
LOCATION: GREENVILLE, WASHINGTON COUNTY, MISSISSIPPI**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

Allegiance Specialty Hospital of Greenville, LLC ("Allegiance" or the "Applicant") is a long-term acute care ("LTAC") , sixty-nine (69) bed licensed hospital, located in Greenville Mississippi. Thirty-nine (39) of its beds are licensed as acute care beds and thirty (30) of its beds are licensed as psychiatric beds. The psychiatric beds are located in the Distinct Part Unit (DPU), with ten (10) beds for adults and twenty (20) beds for geriatric.

Allegiance is a Louisiana limited liability company (LLC) authorized to do business in the state of Mississippi. The members and officers include Rock M. Bordelon (60%), Jorgan Development L.L.C. (36%), and Cameron Investment L.L.C. (4%).

The application contains a Certificate of Good Standing from the Office of the Secretary of State, Jackson, Mississippi, indicating as of July 17, 2025, Allegiance Specialty Hospital of Greenville, LLC. is in good standing with the State of Mississippi.

B. Project Description

The Applicant submits with the decreased need for Acute Care Beds in their LTAC, Allegiance is proposing to change the bed complement and convert the hospital type. Allegiance states as part of the conversion, thirty-nine (39) Acute Care Beds will be placed in "abeyance" and the remaining thirty (30) psychiatric beds will be acute psychiatric beds. Allegiance further states the plan to convert from a general acute care hospital to a psychiatric hospital is to more adequately support the services being provided by Allegiance Specialty Hospital of Greenville. The Applicant states with the approval of the proposed project, Allegiance will coordinate with Licensure to file the necessary licensure application for the conversion.

The Applicant states Allegiance's proposal to convert its existing sixty-nine (69) acute care beds to thirty (30) acute psychiatric beds will not require construction or renovation as the thirty (30) beds are already being utilized for adult/geriatric psychiatric care. The Applicant further affirms that by using existing space there is minimal cost associated with this proposed project. The application includes a copy of the existing floor plan which will not change for the proposed project. The Applicant states Allegiance is anticipating that the rooms will be converted within thirty (30) days of approval, and that the project will be completed within ninety (90) days of receiving CON approval, depending on survey dates. The capital expenditure for the proposed project is \$55,000 (legal fees, filings, regulatory, travel). The Applicant states Allegiance will use cash reserves to fund the proposed project.

The Applicant states, Alliance has allowed for a minimal capital expenditure for minor improvements for this project.

The Applicant affirms Allegiance is an existing healthcare facility, and the proposed project will be located in the same building. The Applicant's application included an approval letter dated August 22, 2025, from the Division of Fire Safety and Construction, Bureau of Health Facilities Licensure and Certification, stating Allegiance proposed project services will occur in an existing facility, therefore, the proposed site is granted for approval.

The Applicant states Allegiance Specialty Hospital of Greenville is an existing healthcare facility that complies and will continue to comply with state and local building codes, zoning ordinances, and/or appropriate regulatory authority.

The Applicant affirms Allegiance Specialty Hospital of Greenville is an existing healthcare facility that complies and will continue to comply with all applicable State statutes and regulations for the protection of the environment, including: 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.

II. TYPE OF REVIEW REQUIRED

This project is reviewed in accordance with Sections 41-7-173, 41-7-191(1)(c) and (4)(a), and 41-7-193 of the Mississippi Code of 1972, Annotated, as amended, and duly adopted rules, procedures, plans, criteria, and standards of the Mississippi State Department of Health ("MSDH"). MSDH will also review applications for CON according to the general criteria listed in the *Mississippi Certificate of Need Review Manual, November 11, 2023, 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 conversion of beds from one category to another and for the offering of psychiatric and chemical dependency services when such services have not been offered at the facility within the past twelve (12) months regardless of the capital expenditure.

In accordance with Section 41-7-197(2) of the Mississippi Code 1972, Annotated, as amended, any affected person may request a public hearing on this project within ten (10) days of publication of the staff analysis. The opportunity to request a hearing expires on January 15, 2026.

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 contains policy statements, criteria, and standards which the applicant is required to meet before receiving CON authority for the conversion of acute care beds to psychiatric and chemical dependency beds and addition of three (3) adolescent psychiatric beds. This application is in substantial compliance with the applicable policy, criteria, and standards stated in the *Plan*.

The Applicant asserts that Allegiance Specialty Hospital of Greenville complies with the Plan's General CON policies: to improve the health of Mississippi residents; to increase accessibility, acceptability, continuity, and the quality of health services and to prevent the unnecessary duplication of health services not being utilized with additional cost containment.

To improve the Health of Mississippi Residents & Increase the Accessibility, Acceptability, Continuity and Quality of Health Services

The Applicant indicates that access to increased mental health services at Allegiance will benefit the health and wellbeing of Mississippians in the Northwest corner of the State. The Applicant states as a result of the project Allegiance will be able to focus on Mental Health Services both for all adult Mississippians seeking inpatient and outpatient services thereby improving the health and well-being of individuals and families seeking mental health services. The Applicant submits that as an existing facility that already provides psychiatric services to the area's population, and by increasing the availability of mental health services, Allegiance will be able to focus on its core business to accommodate more patients seeking care and services.

Prevent Unnecessary Duplication of Health Resources

The Applicant states as discussed, Allegiance currently operates not only LTAC beds but also Psychiatric beds. The Applicant affirms with the decreased demand for LTAC beds placing a financial burden on the viability of the facility, placing the LTAC beds in abeyance will allow Allegiance to focus on its core Psychiatric services, and eliminate unnecessary duplication of Health Resources.

Provide Cost Containment

The Applicant asserts that Allegiance intends to utilize the existing Psychiatric

beds to accommodate this project. With beds already in existence, only minimal costs are necessary for the proposed project.

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

1. **A “reasonable amount” of indigent/charity care:** The Applicant states Allegiance treats all patients regardless of payor source equally. The Applicant affirms that approval of the proposed project will not diminish the percentage of charity care provided through its existing services and that it will provide a reasonable amount of indigent/charity care as described in Chapter 1 of the plan.
2. **Mental Health Planning Areas:** The Applicant acknowledges that the State as a whole is used as the planning area for Psychiatric services
3. **Public Sector Beds:** The Applicant recognizes this statement and acknowledges that the Department of Mental Health (DMH) beds are not counted in the State bed inventory for determining need.
4. **Comments from DMH:** The Applicant states Allegiance currently has and will maintain a cooperative relationship with the Department of Mental Health. The Department received a letter from the Department of Mental Health, dated December 16, 2025, stating it does not have any specific comments regarding the need for or potential impact of converting acute care beds to acute psychiatric beds in the region. The Department of Mental Health states it does not have any objections to the proposal.
5. **Separation of Adult and Children/Adolescents:** The Applicant states Allegiance keeps units programmatically and physically distinct including the Geriatric and Adult units. The Applicant affirms Allegiance does not provide services to Children/Adolescents currently. The Applicant states Allegiance affirms that staffing ratios will also be kept sufficient to provide separation between units.
6. **Separation of Males and Females:** The Applicant affirms Allegiance provides separate quarters for males and females and will continue to do so.
7. **Patients with Co-Occurring Disorders:** The Applicant states this policy is not applicable to Allegiance's current service offerings. The Applicant submits in the future, however, if Allegiance needs to provide "swing-beds", it will ensure that the deviation does not exceed twenty-five (25%) and will work with Licensure and Certification to ensure the program meets all applicable licensure and certification requirements.
8. **Comprehensive Program of Treatment:** The Applicant states Allegiance provides comprehensive treatment for all its psychiatric treatment

programs and for all its psychiatric patients including an educational component and follow up post discharge. Allegiance confirms to continue to do so for all its mental health patients with the approval of the proposed project.

9. Medicaid Participation:

- a. Medicaid Certification:** The Applicant states Allegiance is currently certified to accept Medicaid patients and receive reimbursement from Medicaid. The Applicant further states it will maintain such certification.
- b. Medicaid Service Information:** The Applicant states Allegiance serves and will continue to serve a reasonable number of Medicaid patients. Allegiance affirms that it will provide Mississippi State Department of Health (MSDH) with information regarding services to Medicaid patients when requested.

10. Licensing and Certification: The Applicant states Allegiance is licensed by Mississippi State Department of Health . The Applicant affirms it will continue to meet applicable licensing and certification regulations of the Division of Health Facilities Licensure and Certification for its services.

11. Psychiatric Residential Treatment Facility: The Applicant states this criterion is not applicable to this proposed application.

12. Certified Education Programs: The Applicant states this criterion is not applicable to this proposed application.

13. Preference in CON Decisions: The Applicant asserts the application proposes moving acute medical beds into abeyance for a future project while converting from acute medical hospital to an acute psychiatric hospital. The Applicant further asserts that as demonstrated, Allegiance complies with all other criteria and standards.

14. Dedicated Beds for Children's Services: The Applicant states this criterion is not applicable to the Applicant's proposed project; however, the Applicant acknowledges this statement.

15. CON Authority: The Applicant acknowledges this statutory requirement and is seeking a certificate of need for conversion of Hospital license from

Acute Medical Hospital to Acute Psychiatric Hospital.

16. **Voluntarily Delicensed/Relicensed Beds:** The Applicant acknowledges this statement and states it is not applicable to the proposed project.
17. **CON Requirement for Reopening:** The Applicant acknowledges this statement and states it is not applicable to the proposed project.

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/Facility Beds/Services:** The Applicant states this section is not applicable to the proposed project as the beds in question are already being utilized for Adult and Geriatric Psychiatric services. The Applicant submits this application converts the license from Acute Medical Hospital to Acute Psychiatric Hospital.
- b. **Projects that do not involve additional beds:** The Applicant asserts the facility without LTAC beds cannot operate solely as a Psychiatric program. Regulatory code requires Acute Medical with a Distinct Part Unit (DPU), which also limits and prohibits the DPU from providing Medicaid services.
- c. **Projects which involve the addition of beds:** The Applicant states this section is not applicable to the proposed project.
- d. **Child Psychiatry Fellowship Program:** The Applicant acknowledges this statement and states it is not applicable to the proposed project.
- e. **Exclusive Treatment of Adults:** The Applicant acknowledges this statement, and states it is not applicable to the proposed project.

SHP Need Criterion 2 – Data Requirements

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

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

The Applicant states Allegiance admits referrals from all the mental health regions in the State. The Applicant further states it also has an existing relationship with Washington County to provide court ordered mental health services.

SHP Need Criterion 4 – Letters of Comment

The Application states this criterion is not applicable as the services are existing services provided with the local authority and court.

SHP Need Criterion 5 –Non-Discrimination Provision

The Applicant states neither Allegiance nor its staff have policies or procedures that would exclude patients because of race, color, age, sex, ethnicity or ability to pay. The Applicant further states Allegiance 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 states if a patient does not have a payment source, the Applicant treats the patient as indigent/charity care. The Applicant affirms that approval of the proposed project will not diminish the percentage of charity care provided through its existing services and that it will provide a reasonable amount of indigent care as described in Chapter 1 (one) of the Plan.

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

SS Need Criterion 1 – Statistical Need for Adult Psychiatric Beds

The Applicant acknowledges this criterion but states it is not applicable to this proposed project. The Applicant further states the facility has existing beds and is moving Long-Term Acute Care (LTAC) beds to abeyance which will require a change in license from Acute Medical Hospital to Acute Psychiatric Hospital. The Applicant submits the beds in question that are already on the facility's listing in the state plan.

SS Need Criterion 2 – Proposed Size of Facility/Unit

The Applicant asserts that with an approved CON, the facility will have thirty (30) acute Psychiatric beds, twenty (20) beds for a Geriatric unit and ten (10) beds for an adult unit. The Applicant acknowledges that no patient admitted and treated will be less than eighteen (18) years of age or older.

SS Need Criterion 3 – Staffing

The Applicant asserts that with an approved CON, the facility is already fully staffed for the thirty (30) psychiatric beds that would be in place. The Applicant states there would be a reduction in staff on the LTAC side, although those that have experience and were able to move to the psychiatric units would be retained. The Applicant submits the staff members include Psychiatrists, Psychologists, Social Workers, Registered Nurses with psychiatric experience, Recreational Therapists, Mental Health Technicians and Vocational Nurses.

Service Specific (SS) Certificate of Need Criteria and Standards for Acute Psychiatric Beds for Children and Adolescents

SS Need Criterion 1 – Statistical Need for Child/Adolescent Psychiatric Beds

The Applicant acknowledges this criterion but states it is not applicable to this proposed project. The Applicant affirms no children or adolescents are in the patient's population.

SS Need Criterion 2 – Proposed Size of Facility/Unit

The Applicant acknowledges this criterion, but it is not applicable to this proposed project, as no children or adolescents are in the patient's population.

SS Need Criterion 3 – Staffing

The Applicant states staffing data for the proposed project is the same staffing that is currently in place for the thirty (30) beds. The Applicant states the staff are composed of Psychiatrists, Psychologists, Social Workers, Registered Nurses, Licensed Professional Nurses, Mental Health Technicians, and Recreation Therapists. The Applicant submits to meet the needs of all patients; a multi-disciplinary approach is utilized for all treatment plans as well as discharge and after-care plans.

SS Need Criterion 4 – Structural Design of Facility – Separation of Children and Adolescents

The Applicant acknowledges this criterion but states it is not applicable to this

proposed project, as no children or adolescents are in the patient population. The Applicant submits it is noted, however, that both programs currently in place provide separate units based on age and cognitive ability.

Chemical Dependency Beds for Adults

Need Criterion 1: Statistical Need for Adult Chemical Dependency Beds

The Applicant acknowledges this criterion and states the proposed project already has thirty (30) existing beds to change from Medical Acute to Psychiatric Acute. In addition, the Applicant states Allegiance accepts dual diagnosis patients to address Chemical Dependency.

Need Criterion 2: Proposed size of Facility/ Unit

The Applicant acknowledges this criterion, but state it is not applicable, as the proposed change is based on changing license from Acute Medical to Acute Psychiatric. The Applicant asserts it is noted that the Allegiance accepts dual diagnosis patients; to address Chemical Dependency and family and significant other are part of all patient's treatment plans.

Need Criterion 3: Aftercare/Follow-Up Services Provided

The Applicant affirms that all programs include aftercare and follow-up services regardless of diagnosis and treatment plan. The Applicant states their programs discharge and planning process start at time of admission and include referrals to aftercare support groups, IOPs, follow up appointments etc.

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

The Applicant acknowledges this statement and affirms that it provides treatment for dual diagnosis patients.

Chemical Dependency Beds for Children and Adolescents

Need Criterion 1: Statistical Need for Child/ Adolescent Chemical Dependency Beds

The Applicant acknowledges this statistical need. The Applicant states the proposal converts the existing license and psychiatric beds from Acute Medical to Acute Psychiatric which are already in the State listing/need.

Need Criterion 2: Proposed Size of Facility/Unit

The Applicant states Allegiance acknowledges this statement, although it is not applicable to the proposed project.

Need Criterion 3: Provision of Home-Like Environment

The Applicant states Allegiance acknowledges this statement, although it is not applicable to the proposed project.

Need Criterion 4: Staffing

The Applicant states Allegiance acknowledges this statement, although it is not applicable to the proposed project.

Need Criterion 5: Structural Design of Facility-Separation of Children and Adolescents

The Applicant states Allegiance acknowledges this statement, although it is not applicable to the proposed project.

Need Criterion 6: Aftercare/Follow-Up Services Provided

The Applicant states Allegiance acknowledges this statement, although it is not applicable to the proposed project. The Applicant however acknowledges that all patients regardless of diagnosis are provided with aftercare and follow-up services.

a. New Institutional Services

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

B. General Review (GR) Criteria

Chapter 8 of the *Mississippi Certificate of Need Review Manual, Revised November 11, 2023*; 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 application fully complies with the Plan's General CON

Criteria and the Plan's Need Criteria applicable to the proposed bed/service in GR Criterion 1.

GR Criterion 2 – Long Range Plan

The Applicant seeks to change the license from Acute Medical to Acute Psychiatric due to the decreased need for LTAC beds. The Applicant states leading up to the filing of the application - over the past ten (10) years the Long-Term Acute Care (LTAC) industry across Mississippi and the United States has seen and continues to see a decline in Long-Term Acute Care (LTAC) beds, as services move due to changes in reimbursement and an increase in skilled nursing home beds for post-acute care. The Applicant submits that post COVID, this facility experienced a decline in admissions, dropping to an average daily census of less than ten (10) patients at any given time. The Applicant also submits with the average daily census drop, services such as dialysis which require a census load to break even, were discontinued due to providers not being willing to leave equipment and staff with no return on investment. The Applicant states to offset this downturn the facility:

1. Opened ten (10) adult psychiatric beds,
2. Applied for and received a Medicaid number to provide psychiatric services to adults with Medicaid and underserved who can enroll for Medicaid,
3. Enrolled in Medicaid networks,
4. Established services through a contract with Washington County to provide psychiatric services for underserved in Washington County.

The Applicant states that even with the changes in services the facility continues to lose money on the Long-Term Acute Care (LTAC), to the point where the hospital will not be able to sustain without changes in their service offerings.

GR Criterion 3 – Availability of Alternatives

- a. Advantages and Disadvantages:** The Applicant states with the steps taken to improve the financial situation of the facility the clear choice was determined to provide additional psychiatric offerings with inpatient and outpatient services to Washington County and surrounding communities.
- b. New Construction Projects:** The Applicant states thirty (30) beds are already licensed and in place for psychiatric beds to service Washington County and surrounding Counties, no construction is needed. The Applicant asserts that without change, the hospital is at risk of closure which would result in the loss of not only the struggling Long -Term Aute

Care (LTAC) but also the thriving psychiatric inpatient and psychiatric outpatient services.

- c. **Beneficial Effects to the Health Care System:** The Applicant states Allegiance is already providing psychiatric services. The Applicant states over the past year the addition of the ten (10) adult beds has been key to adding additional services to the underserved in Washington County and surrounding counties. The Applicant further states this service is needed across not only Mississippi but across the United States. The Applicant submits that adding the Medicaid number has allowed Allegiance to serve underserved populations with and without Medicaid and applying for Medicaid for those who qualify but have not applied. The Applicant states this service has also provided the county with a means of serving those individuals who are on mental health court holds and in need of care in a state mental health facility.
- d. **Effective and Less Costly Alternatives:**
 - i. **Unnecessary Duplication of Services:** The Applicant affirms there are no added services, the beds are already in place and services are being provided across the Delta and down into Jackson.
 - ii. **Efficient Solution:** The Applicant affirms this proposed project allows Allegiance, an already existing provider, to continue to operate as an acute psychiatric provider which continues to provide high paying jobs and needed services for psychiatric inpatient and outpatient services.
- e. **Improvements and Innovations:** The Applicant states this proposed project continues one (1) service, allowing it to continue operating and potentially grow, with the mental health needs of the State of Mississippi.
- f. **Relevancy.** The Applicant asserts Mental Health needs are growing not only in Mississippi but across the United States. The Applicant further asserts that this delivery service will be an ongoing need for the foreseeable future.

GR Criterion 4 - Economic Viability

- a. **Proposed Charge:** The Applicant states they have determined its charges

for the services based on its current operations. The Applicant states without changes in services, it is no longer viable to operate with just any level of profitability. The Applicant further states there is no cost for this proposed project outside of legal and regulatory cost as all beds exist and currently operate providing psychiatric services.

- b. Projected Levels of Utilization:** The Applicant states this proposed project is consistent with similar facilities offering psychiatric services not only in Mississippi but also surrounding states.
- c. Financial Feasibility Study:** The Applicant states this criterion is not applicable to the proposed project..
- d. Financial Forecasts:** The Applicant asserts this is the only way this facility maintains financial stability and continues to operate.
- e. Means of Covering Expenses in Event of Failure to Meet Projections:** The Applicant states there are minimal costs associated with the project primarily legal and regulatory with respect to regulatory filings.
- f. Impact of Proposed Project on Health Care Cost:** The Applicant submits the positive effect on the costs of healthcare are a decrease in revenue without the Long-Term Acute Care (LTAC) beds but positive on the Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) moving from negative Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) to positive Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) allowing continue operations and future growth potential.

GR Criterion 5 - Need for the Project

- a. Access by Population Served:** The Applicant states the facility has worked closely with the county to provide much needed services to underserved groups, elderly and those needing inpatient and outpatient psychiatric services.
- b. Relocation of Services:** The Applicant states this criterion is not applicable to the proposed project.
- c. Current and Projected Utilization of Comparable Facilities:** The Applicant states this criterion is not applicable to the proposed project as there are no changes in psychiatric beds.

- d. Probable Effect on Existing Facilities in the Area:** The Applicant states this criterion is not applicable to the proposed project. The Applicant submits that no changes other than to provide additional opportunities for Skilled Nursing and LTAC's in the catchment area. The Applicant asserts the remaining offerings (Psychiatric Inpatient and Outpatient programs) have been in place and are greatly needed.

- e. Community Reaction:** The Applicant states this criterion is not applicable to the proposed project because it is an existing program.

GR Criterion 6 - Access to the Facility or Service

- a. Access to Services.** The Applicant states Allegiance does not exclude patients because of race, age, sex, ethnicity, or ability to pay.

- b. Existing Obligations:**
The Applicant states There are no existing obligations under any federal regulations requiring provision of uncompensated care, community services, or access by minority/handicapped persons.

- c. Unmet Needs of Medicare/Medicaid and Medically Indigent Patients:**
The Applicant affirms that the facility over the past year secured a Medicaid Number, opened ten (10) Adult Psychiatric beds, secured a contract with Washington County to provide services for underserved individuals on emergency detention holds as well as providing care for other counties for individuals awaiting court.

D. Access to Proposed Facility:

The Applicant states the facility accepts admission 24/7 through not only internal referrals but also through the company call center where referrals are processed and directed to the nearest and most appropriate location to meet their needs.

Gross Patient Revenue				
	Medically* Indigent (%)	Medically Indigent (\$)	Charity Care (%)	Charity Care (\$)
Historical Year 2023	NA	NA	2%	\$148,575.00
Historical Year 2024	NA	NA	2%	\$66,526.00
Projected Year 1	NA	NA	2%	\$153,300.00
Projected Year 2	NA	NA	2%	\$172,462.00

The Applicant submits that based on information from the Management Company for late 2024, financial data is limited. Further, the Applicant states the original financials were cash based and are available in the application.

The Applicant states –Allegiance accepts patients with Medicaid or Pending Medicaid as well as Medicare and Commercial. The Applicant indicates that Allegiance also helps patients with the application process and treats regardless of Provider.

e. Access Issues

- i. **Transportation and Travel:** The Applicant submits the facility is located in Greenville Mississippi and provides services to the local community and surrounding communities. The Applicant further submits as a provider of services; Allegiance provides transportation when needed to get to the facility and back to discharge location at time of discharge. The Applicant states they are located within a block of Delta Regional Hospital where they receive services from the Hospital for Lab, X-Ray and Medical Services.
- ii. **Restrictive Admissions Policy:** The Applicant's application contains a copy of Allegiance's admission policy.
- iii. **Access to Care by Medically Indigent Patients:** The Applicant

states that Allegiance admits referrals from all the mental health regions in the State. The Applicant states that Allegiance also has an existing contract with Washington County to provide court ordered mental health services to those underserved and without a payor source. The Applicant submits neither Allegiance nor its staff have policies or procedures that exclude patients because of race, color, age, sex, ethnicity or ability to pay. The Applicant indicates furthermore, as stated above and documented in the application, Allegiance does and will continue to provide a reasonable amount of charity/indigent care to those unable to pay. The Applicant states that Allegiance treats patients regardless of payment source. .

iv. **Operational Hours of Service:** The Applicant affirms that Allegiance Specialty Hospital of Greenville's regular operating hours are twenty- four (24) hours a day, seven (7) days a week and 365 days a year.

GR Criterion 7 - Information Requirement

The Applicant affirms that the facility will record and maintain, at a minimum, the required information regarding charity care, care to the medically indigent, and Medicaid populations and make is available to the Department within fifteen (15) business days of request including.

GR Criterion 8 - Relationship to Existing Health Care System

- a. **Comparable Services.** The Applicant asserts they are the primary provider of inpatient psychiatric services in their area.
- b. **Effect on Existing Health Services-** The Applicant affirms there are no changes other than the deletion of LTAC beds which will be absorbed by Skilled Nursing Facilities (SNF) and another LTAC in the catchment area.
 - i. **Complement Existing Services:** The Applicant asserts their proposed project's services for mental illness will be beneficial due to mental illness is on the rise for all ages throughout Mississippi.
 - ii. **Provide Alternative or Unique Service:** The Applicant submits Allegiance's proposed services are unique to psychiatric inpatient and outpatient patients, allowing patients to have continuity of care, moving from inpatient to outpatient services.

iii.

Provide a service for a specified target population: The Applicant affirms the target population includes adults twenty-five (25) years of age and up who need either intensive outpatient services or inpatient psychiatric services to treat their individual psychiatric conditions.

iv.

Provide services for which there is an unmet need: The Applicant believes the utilization rates at Allegiance and the number of patients they were unable to serve over the past years demonstrates an unmet need. The Applicant's application includes the Plan's calculations regarding the need for chemical dependency services. The Applicant's proposal seeks to meet its existing demand as well as provide psychiatric services identified by the Plan as needed in the State.

c. **Adverse Impact.** The Applicant submits there are no known or foreseen impacts to the existing health care system unless the project is denied and ongoing services cease.

d. **Transfer/Referral/Affiliation Agreements.** The Applicant submits Allegiance has current Transfer/Referral/Affiliation Agreements with Delta Health Systems for emergency medical services, lab, x-ray, food services as well as referrals. The Applicant also submits that in addition, Allegiance has an emergency transfer agreement with Beacham Memorial Hospital in the event of an emergency/disaster requiring transfer of patients.

GR Criterion 9 - Availability of Resources

- a. **New Personnel.** Allegiance affirms the Long-Term Acute Care(LTAC) staff will be reduced with RNs/LPNs/Techs being absorbed into the Psychiatric programs.
- b. **Contractual Services.** The Applicant submits Azalea Health – Electronic Health Record (EHR) has been providing 10+ years of services with Management Company and Access Serenity Mississippi/Louisiana provides services for psychiatrists and psychiatric nurse practitioners.
- c. **Existing Facilities or Services.** The Applicant affirms Freedom Healthcare has a long-standing history of providing care in Mississippi, Louisiana, and Texas with facilities that are both Joint Commission Accredited and State Accredited.

d. Alternative Uses of Resources. The Applicant states the other services within Mississippi include collaborative agreements with State Psychiatrists to provide services and oversite for Psychiatric Nurse Practitioners.

GR Criterion 10 – Relationship to Ancillary or Support Services

- a. Support and Ancillary Services.** The Applicant states due to the long-standing history in Mississippi; Allegiance has contracts for all ancillary services.
- b. Changes in Costs or Charges.** The Applicant submits there is no change with the psychiatric services but there is a decrease in the overall costs to operate with minimal cost for medical supplies and medical equipment.
- c. Accommodation of Changes in Cost or Charges.** The Applicant affirms there are no changes expected, but applicant states to solidify relationships with vendors and address the changes with vendors to continue, modify, or discontinue services to add to efficiencies in operations.

GR Criterion 11 – Health Professional Training Programs

The Applicant asserts there are no changes and existing services will remain.

GR Criterion 12 – Access by Health Professional Schools

The Applicant asserts there are no changes and existing services will remain.

GR Criterion 13 – Access by Individuals Outside Service Area

The Applicant affirms these services are provided within the catchment area.

GR Criterion 14 - Construction Projects

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

GR Criterion 15 – Competing Applications

The Applicant affirms should competing applications be received; the Department will contact the applicant for any additional required information

GR Criterion 16 - Quality of Care

- a. Past Quality of Care.** The Applicant asserts Allegiance is a longstanding provider of psychiatric services with a solid survey history.
- b. Improvement of Quality of Care.** The Applicant asserts all resources will be devoted to the remaining service line.
- c. Accreditations and/or Certifications.** The Applicant submits Allegiance Specialty Hospital of Greenville is a Mississippi licensed Hospital.

The Applicant states that with the LTAC beds placed in abeyance the remaining thirty (30) psychiatric beds are expected to operate at eighty-five percent (85%) to ninety percent (90%) bed capacity at all times.

The Applicant states there will be a decrease in beds with thirty-nine (39) LTAC beds being placed in abeyance due to lack of profitability and need in the community.

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%
Fixed Equipment	\$0.00	0.00%
Non-fixed Equipment	\$0.00	0.00%
Fees (Architectural)	\$0.00	0.00%
Contingency Reserve	\$0.00	0.00%
Legal and Accounting Fees	\$30,000.00	54.55%
Other (one doorway, Painting, cosmetic)	\$25,000.00	45.45%
Total Capital Expenditure	\$55,000.00	100.00%

B. Method of Financing

The Applicant proposes to finance the project with cash reserves.

C. Effect on Operating Cost

The three-year projected operating statement for Allegiance Specialty Hospital of Greenwood, LLC is presented as Attachment 1.

D. Cost to Medicaid/Medicare

Allegiance projects gross patient revenue cost (Project Only) to third party payors as follows:

Payor Mix	Utilization Percentage (%)	First Year Revenue (\$)
Medicare	53.00%	\$9,814,703.00
Medicaid	1.00%	\$157,840.00
Commercial	46.00%	\$8,526,359.00
Self-Pay	0.00%	\$0.00
Charity Care	0.00%	\$0.00
Other	0.00%	\$0.00
Total	*100.00%	\$18,498,902.00

*Note: Percentages and dollar amounts may not be exact due to rounding.

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 December 4, 2025, the Division of Medicaid indicated the Division has no opinion on this CON 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 (Third Edition)*, *the Mississippi Certificate of Need Review Manual, November 11, 2023, Revision*; and 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 Allegiance Specialty Hospital of Greenville, LLC d/b/a Allegiance Specialty Hospital of Greenville for the conversion of long-term acute care hospital to psychiatric hospital.

Attachment 1

Allegiance Health Center, Inc. d/b/a Allegiance Health Center Conversion of General Acute Care Hospital to Psychiatric Hospital and Addition of Beds Three-Year Operating Statement (With Project)			
	Year 1	Year 2	Year 3
Revenue			
Patient Revenue:			
Inpatient	\$12,596,369.00	\$12,848,296.00	\$13,105,262.00
Outpatient	\$5,902,533.00	\$6,020,584.00	\$6,140,995.00
Gross Patient Revenue	\$18,498,902.00	\$18,868,880.00	\$19,246,258.00
Charity Care	\$0.00	\$0.00	\$0.00
Deductions from Rev.	\$13,122,236.00	\$13,384,681.00	\$13,652,374.00
Net Patient Revenue	\$5,376,666.00	\$5,484,199.00	\$5,593,883.00
Other Operating Revenue	\$0.00	\$0.00	\$0.00
Total Operating Revenue	\$5,376,666.00	\$5,484,199.00	\$5,593,883.00
Expenses			
Operating Expenses:			
Salaries	\$1,889,675.00	\$1,927,468.00	\$1,966,018.00
Benefits	\$283,451.00	\$289,120.00	\$294,903.00
Supplies	\$125,291.00	\$127,797.00	\$130,353.00
Services	\$163,107.00	\$166,369.00	\$169,697.00
Lease	\$559,848.00	\$559,848.00	\$559,848.00
Depreciation	\$0.00	\$0.00	\$0.00
Interest	\$0.00	\$0.00	\$0.00
Other	\$0.00	\$0.00	\$0.00
Total Expenses	\$3,021,373.00	\$3,070,603.00	\$3,120,818.00
Net Income (Loss)	\$2,355,293.00	\$2,413,596.00	\$2,473,065.00
Assumptions			
Inpatient days	9,125	9,307	9,493
Outpatient days	13,000	6,375	6,502
Procedures	\$0	\$0	\$0
Charge/inpatient day	\$1,380.00	\$1,380.00	\$1,381.00
Charge per outpatient	\$454.00	\$944.00	\$944.00
Charge per procedure	\$0	\$0	\$0
Cost per inpatient day	\$331.00	\$330.00	\$329.00
Cost per outpatient day	\$232.00	\$482.00	\$480.00
Cost per procedure	\$0.00	\$0.00	\$0.00