

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT
DECEMBER 13, 2024**

**CON REVIEW NUMBER: HP-COB-AB-1024-013
ALLIANCE HEALTH CENTER, INC. D/B/A ALLIANCE HEALTH CENTER
CONVERSION OF GENERAL ACUTE CARE HOSPITAL TO
PSYCHIATRIC HOSPITAL AND ADDITION OF BEDS
CAPITAL EXPENDITURE: \$150,000.00
LOCATION: MERIDIAN, LAUDERDALE COUNTY, MISSISSIPPI**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

Alliance Health Center, Inc. d/b/a Alliance Health Center (“Alliance,” “Applicant” or “Facility”) is a licensed 154 bed hospital in Meridian. Seventy-six (76) of its beds are licensed as acute psychiatric beds (comprised of fifty (50) adult psychiatric beds and twenty-six (26) adolescent psychiatric beds). The other seventy-eight (78) beds are licensed as acute care beds. Alliance’s acute care hospital license also includes twelve (12) distinct part unit geriatric beds.

The application contains a Certificate of Good Standing from the Office of the Secretary of State, Jackson, Mississippi, indicating as of October 17, 2024, Alliance Health Center, Inc. is in good standing with the State of Mississippi.

B. Project Description

Alliance Health Center requests certificate of need (“CON”) authority to convert from a General Acute Care Hospital to a Psychiatric Hospital and add three (3) additional adolescent psychiatric (“psych”) beds. Alliance proposes to convert its existing seventy-eight (78) acute care beds to acute psychiatric and chemical dependency beds as follows; eleven (11) adult psych beds, thirty-nine (39) adult chemical dependency (“CDU”) beds and twenty-eight (28) adolescent chemical dependency beds. In addition, Alliance proposes adding three (3) adolescent psychiatric beds. If approved, Alliance will have a bed complement of 157 beds, consisting of sixty-one (61) adult psych beds, twenty-nine (29) adolescent psych beds, thirty-nine (39) adult CDU beds, and twenty-eight (28) adolescent CDU beds.

The Applicant states this conversion and addition of three (3) beds will not require construction or renovation. The Applicant states instead, Alliance will utilize existing space to accommodate the conversion and addition of beds. The Applicant asserts by using existing space, there is only minimal cost associated with this project. The application contains a copy of the schematic drawing of the proposed location of beds. The Applicant submits, Alliance believes the conversion and three

(3) bed addition will best meet the needs of the Facility and the patients it serves by improving accessibility and availability to these services. The Applicant believes this improved access can be accomplished by repurposing existing beds and rooms with minimal improvement costs.

The Applicant states, Alliance has allowed for a minimal capital expenditure for minor improvements for this project. The Applicant further states Alliance 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 Applicant affirms Alliance is an existing healthcare facility, and the project is in the same building. The Applicant's application included an approval letter dated October 24, 2024, from the Division of Fire Safety and Construction, Bureau of Health Facilities Licensure and Certification.

The Applicant asserts that minimal renovation is required for the proposed project. The Applicant states Alliance will add one (1) wall and make minor improvements such as painting and cosmetic updates to the existing space.

The Applicant states Alliance 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 Alliance 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.

The Applicant will hire 6.1 additional full-time equivalent (FTE) personnel at an estimated cost of \$334,560.00 the first year.

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 December 23, 2024.

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* (“MSHP” or “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*.

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 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/charity care as described in Chapter 1 of the Plan.
2. **Mental Health Planning Areas:** The Applicant acknowledges the State as a whole to determine the need for acute psychiatric beds/services, chemical dependency beds/services, and psychiatric residents’ treatments beds/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 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 November 15, 2024, stating it does not have any specific comments regarding the need and impact of converting acute care beds to psychiatric beds in the region.

5. **Separation of Adult and Children/Adolescents:** The Applicant states the acute adolescent psychiatric unit location is a separate area at Alliance. The Applicant further states it is programmatically and physically distinct from other areas of Alliance's psychiatric services. Alliance affirms that staffing ratios will also be kept sufficient to provide separation from the rest of the Facility's services.
6. **Separation of Males and Females:** The Applicant affirms Alliance separates males and females aged thirteen (13) and over and will continue to do so.
7. **Patients with Co-Occurring Disorders:** The Applicant states this policy is not applicable to Alliance's current services.
8. **Comprehensive Program of Treatment:** The Applicant states Alliance currently provides a comprehensive program of treatment for its psychiatric patients, including an educational component, and will continue to do so for all its mental health patients with the approval of this proposed project.
9. **Medicaid Participation:**
 - a. **Medicaid Certification:** The Applicant states Alliance 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 Alliance serves and will continue to serve a reasonable number of Medicaid patients. The Applicant further states, per its financial projections included with this application, Alliance projects its Medicaid utilization for the proposed additional beds will be thirty percent (30%). In addition, the Applicant affirms that it will provide MSDH with information regarding services to Medicaid patients when requested.
10. **Licensing and Certification:** The Applicant states Alliance 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 Alliance's adolescent psychiatric services currently include an educational program accredited by the Department of Education which will be made available to adolescent chemical dependency patients as appropriate. The Applicant states Alliance's patients also have access to the existing gymnasium and play areas. The Applicant states that Alliance also provides a variety of services to meet the physical, social, cultural and recreational health maintenance and rehabilitation needs of each patient. The Applicant further states these services are designed to assist in the formation and development of new behavior patterns, problem-solving abilities, and the internalization of healthy adaptive responses to internal and environmental stressors.
13. **Preference in CON Decisions:** The Applicant asserts the application proposes the conversion of existing acute hospital beds to acute psychiatric and chemical dependency beds. The Applicant further asserts the Application 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; however, the Applicant acknowledges this statement.
15. **CON Statutory Requirement:** The Applicant acknowledges this statutory requirement and is seeking a certificate of need for the addition of psychiatric beds.
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.
- b. **Projects that do not involve additional beds:** The Applicant affirms this

criterion is not applicable to this project.

- a. **Projects which involve the addition of beds:** The Applicant states this section is not applicable to the project as it relates to Adult and Adolescent Chemical Dependency Services. In addition, the Applicant affirms this is applicable to the Adult and Adolescent Acute Psychiatric Services.

The Applicant submits this subsection (c) provides an exception to subsection "a" above when an existing provider has "maintained an occupancy rate of at least eighty percent (80%) for the most recent twelve (12) month licensure reporting period or at least seventy percent (70%) for the most recent two (2) years." The Applicant states both of these exceptions are met by the Applicant as it relates to the Applicant's adult and adolescent acute psychiatric beds.

Adult Psychiatric Beds: The Applicant states for the most recent 12-month licensure reporting period, Alliance's average daily census for its fifty (50) acute adult psych beds were ninety-six and ninety-one hundredths' percent (96.91%). The Applicant asserts this trend is expected to continue for 2024 as the current YTD average utilization rate is nearing 100%. The Applicant submits, in 2022, 272 adult patients were deflected for adult psychiatric services at Alliance due to lack of capacity, and in 2023, 398 adult patients were deflected for these services as well at Alliance due to lack of capacity. Thus far, the Applicant states, for 2024, 226 adult patients have been deflected from services at Alliance due to lack of capacity. The Applicant further states Alliance has surpassed the 80%/12-month occupancy requirement for increasing its adult psychiatric beds due to its historical utilization.

Adolescent Psychiatric Beds: The Applicant states for the most recent two (2) years, Alliances' average daily census for its twenty-six (26) adolescent psych beds was 20.65 and 19.19 respectively. The Applicant submits this amounted to a utilization rate of seventy-nine percent (79%) and seventy-four percent (74%) respectively. The Applicant submits this trend is expected to continue for 2024 as the current YTD average daily census is 20.1, amounting to a seventy-seven percent (77%) utilization rate. In addition, the Applicant states, in 2022, seventy-seven (77) adolescent patients were deflected from services at Alliance due to lack of capacity, and in 2023, sixty-one (61) adolescent patients were deflected from services as well, at Alliance due to lack of capacity. The Applicant states thus far, in 2024, forty-three (43) adolescent patients have been deflected from adolescent services at Alliance due to lack of capacity. The Applicant further states Alliance has surpassed the 70%/2-year occupancy

requirement for increasing its adolescent psychiatric beds, due to its historical utilization.

- c. **Child Psychiatry Fellowship Program:** The Applicant acknowledges this statement, and states it is not applicable to the proposed project.
- d. **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 affirms that it will record and maintain, at a minimum, information regarding charity care and care to the medically indigent, including the information in Criterion 2 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 Alliance admits referrals from all the mental health regions in the State. The Applicant further states it also has an existing relationship with Region 6 Mental Health Services.

SHP Need Criterion 4 – Letters of Comment

The Application contains letters of comment from Memorial Hospital of Gulfport and Ochsner Rush Medical Center.

SHP Need Criterion 5 –Non-Discrimination Provision

The Applicant states neither Alliance 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 Alliance 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 Beds for Adults

SS Need Criterion 1 – Statistical Need for Adult Psychiatric Beds

The Applicant acknowledges this criterion, but states it is not applicable to this project. The Applicant further states Alliance's historical utilization exceeds the eighty percent (80%) threshold over the past twelve (12) months.

SS Need Criterion 2 – Proposed Size of Facility/Unit

The Applicant states the converted adult psych beds will be located in the Applicant's existing facility. The Applicant submits, no unit is over thirty (30) beds. Alliance acknowledges that patients treated in adult facilities and units should be eighteen (18) years of age or older.

SS Need Criterion 3 – Staffing

The Applicant states only minimal new staff are needed as a result of this project. The Applicant asserts staff is composed of a multi-discipline staff of professionals with specialized training for both psychiatric and psychological services. The Applicant submits these staff members include psychiatrists, psychologists, social workers, registered nurses, recreational therapists, and teachers.

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 project.

SS Need Criterion 2 – Proposed Size of Facility/Unit

The Applicant states the additional three (3) acute adolescent psychiatric beds will be located in Alliance's existing facility. The Applicant also states if the project is approved, the unit will consist of twenty-nine (29) beds remaining in compliance with this criterion.

SS Need Criterion 3 – Staffing

The Applicant states only minimal new staff are needed as a result of this project. The staff is composed of a multi-discipline staff of professionals with specialized training in psychiatry and psychology for the age of the patients treated. The Applicant states these staff members include psychiatrists, psychologists, pediatricians, social workers, registered nurses, recreational therapists, and

teachers. The Applicant further states that Alliance recognizes family participation in the treatment of adolescents as an important component of care and increases the likelihood of a successful outcome. The Applicant also states aftercare/follow-up services are currently provided by Alliance for its acute psychiatric patients and similar services will be provided for chemical dependency services.

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

The Applicant states rooms can be physically separated by a lock for the younger patients, and Alliance provides programmatically distinct services for these younger patients as well. The Applicant states that through the unit's placement and staffing ratios, the Applicant can separate these patients. The Applicant included a schematic drawing demonstrating the physical design of the unit. In addition, the Applicant states staffing ratios will remain at the level necessary to ensure the required separation.

Chemical Dependency Beds for Adults

Need Criterion 1: Statistical Need for Adult Chemical Dependency Beds

The Applicant acknowledges this statistical need. The Applicant provides information within the application that states the statewide chemical dependency bed need is 163. The Applicant proposes, as preferred by the Plan, to convert thirty- nine (39) of its adult acute beds to adult chemical dependency beds. The Applicant states Alliance believes the addition of these beds/services will complement its mental health services and will also provide services for which the State has identified there is a need.

Need Criterion 2: Proposed size of Facility/ Unit

The Applicant states the proposed adult chemical dependency beds will be located at the Applicant's existing facility. The Applicant acknowledges the bed count includes detoxification ("detox") beds. The Applicant states the staff has/will have specialized training in the area of alcohol and substance abuse treatment and provide a multi-disciplined psychosocial medical treatment approach that involves family and significant others.

Need Criterion 3: Aftercare/Follow-Up Services Provided

The Applicant affirms that its chemical dependency treatment program will include aftercare and follow-up services similar to its existing psychiatric services. The Applicant states Alliance's programs are designed to help patients achieve stability and develop effective coping skills for continued recovery after they leave the Applicant's facility.

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

The Applicant acknowledges this statement and affirms that it provides treatment for substance and alcohol abusers.

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 provides information within the application that states the statewide chemical dependency bed need is 192. The Applicant proposes, as preferred by the Plan, to convert twenty-eight (28) of its adult acute beds to adolescent chemical dependency beds. The Applicant states Alliance believes the addition of these beds/services will complement its mental health services and also provide services for which the State has identified there is a need.

Need Criterion 2: Proposed Size of Facility/Unit

The Applicant states the proposed child/adolescent chemical dependency beds will be located at the Applicant's existing facility. The Applicant further states the active detox patients will be separated from more stable chemical dependency patients. The Applicant acknowledges the bed count will include detoxification beds.

Need Criterion 3: Provision of Home-Like Environment

The Applicant affirms that it provides a home-like environment for its child/adolescent psych patients and will do so for these patients as well.

Need Criterion 4: Staffing

The Applicant states only minimal new staff are needed as a result of this proposed project. The Applicant affirms staff is composed of a multi-discipline staff of professionals with specialized training in psychiatry and psychology for the age of the patients being treated. The Applicant states these staff members include psychiatrists, psychologists, pediatricians, social workers, registered nurses, recreational therapists, and teachers. The Applicant submits Alliance recognizes family participation in the treatment of adolescents as an important component of care and increases the likelihood of a successful outcome. The Applicant also submits aftercare/follow-up services are currently provided by Alliance for its acute psychiatric patients and similar services will be provided for chemical dependency services.

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

The Applicant states rooms can be physically separated by a lock for the younger patients, and Alliance provides programmatically distinct services for these younger patients as well. The Applicant states through the unit's placement and staffing ratios, the Applicant can separate these patients. The Applicant has included a schematic drawing demonstrating the physical design of the unit. In addition, the Applicant states, staffing ratios will remain at the level necessary to ensure the required separation.

Need Criterion 6: Aftercare/Follow-Up Services Provided

The Applicant affirms that its chemical dependency treatment program will include extensive aftercare and follow-up services. The Applicant states Alliance's programs are designed to help patients achieve stability and develop effective coping skills for continued recovery after they leave the Applicant's Facility. The Applicant states Alliance 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 Alliance for its patients and will continue to be provided should the proposed project be approved.

a. New Institutional Services

The Applicant states this criterion is not applicable to this 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 provide a full range of mental health services to its current patients as those who may currently be turned away due to high utilization rate at

Alliance's acute psychiatric services. The Applicant states that the conversion of acute beds to psychiatric services at Alliance will improve the availability of mental health services.

GR Criterion 3 – Availability of Alternatives

- a. Advantages and Disadvantages:** The Applicant states Alliance contemplated not converting and expanding services, but it would leave Alliance unable to provide sufficient services given its high utilization rates or meet the need of chemical dependency services identified by the State. The Applicant asserts by undertaking this project, Alliance can improve the availability of mental health services at minimal cost. The Applicant states that the conversion of existing beds to provide chemical dependency services will meet the need for such services identified by the Plan.
- b. New Construction Projects:** The Applicant states this criterion is not applicable to the proposed project.
- c. Beneficial Effects to the Health Care System:** The Applicant states the proposed project will help improve the availability of mental services for patients in the Lauderdale County and surrounding areas as well as to those patients already seeking services at Alliance from across the State.
- d. Effective and Less Costly Alternatives:** The Applicant states this criterion is not applicable to the proposed project. The Applicant further states Alliance has existing physical space for the additional three (3) beds as well as the conversion of acute beds to mental health beds. In addition, the Applicant states no construction, or renovation is necessary to complete the proposed project.
 - i. Unnecessary Duplication of Services:** The Applicant states Alliance is already an existing provider of acute psychiatric services which are consistently highly utilized. The Applicant further states availability of chemical dependency services will complement existing services and meet the needed identified by the Plan for adult and adolescent chemical dependency services.
 - ii. Efficient Solution:** The Applicant affirms the project will enable Alliance, an already existing and experienced provider of psychiatric services, to increase the availability of services to those in need of such services with minimal costs associated with the project and through conversion of existing beds.
- e. Improvements and Innovations:** The Applicant states Health care quality

and cost effectiveness are improved by ensuring that an adequate number of program-specific beds are available, thereby reducing delays in the commencement of treatment. The Applicant further states that timely treatment of emotional, behavioral, and other mental health conditions may ensure more favorable outcomes.

- f. **Relevancy.** The Applicant reiterates accessibility and availability of mental health services at Alliance is important to ensure that meaningful and appropriate treatment is provided in a timely manner.

GR Criterion 4 - Economic Viability

- a. **Proposed Charge:** The Applicant states Alliance 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 conversion and addition of the acute adolescent psychiatric beds is consistent with those set forth for other mental health providers in the state and consistent with the Facility's actual historical experience. The Applicant states, Alliance anticipates that its utilization rate for its services will remain stable given the Facility's deflection rate and the Facility's growing demand for services at the Facility.
- c. **Financial Feasibility Study:** The Applicant states this criterion is not applicable to the proposed project.
- d. **Financial Forecasts:** The Applicant states this criterion is not applicable to the proposed project.
- e. **Means of Covering Expenses in Event of Failure to Meet Projections:** The Applicant states there are no additional expenses associated with this proposed project.
- f. **Impact of Proposed Project on Health Care Cost:** The Applicant does not believe there will be a substantial impact on gross revenues or expenses. The Applicant states there could be a minimal impact to the 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 states Alliance's historical utilization rates demonstrate the need for these services as does the State's calculation of needed chemical dependency services. The Applicant also

submits Alliance's most recent utilization rates are ninety-six and ninety-one hundredths' percent (96.91%) for its adult psych bed and above seventy percent (70%) for its adolescent psych beds. The Applicant states the Plan recognizes a need for the chemical dependency services proposed by the Alliance. The Applicant affirms that low- income persons, racial and ethnic minorities, females, handicapped persons and other underserved children and adolescents will have access to the beds.

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 Alliance is already an existing provider of acute psychiatric services. The Applicant submits based on its most recent utilization rates and deflections, it anticipates a continued demand for mental health services. The Applicant further states the conversion of the seventy-eight (78) acute general care beds and the addition of three (3) adolescent psychiatric beds will help improve accessibility and availability to these services. In addition, the Applicant states the conversion will create an access point for chemical dependency services which are recognized by the Plan as a needed service.

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 states due to Alliance's utilization rate, the conversion and addition of acute psychiatric beds to Alliance's existing facility is unlikely to have any negative effect on existing facilities and will instead provide improved access mental health services.

e. Community Reaction: The Application contains two (2) letters of support from Kent G. Nicaud, President and CEO of Memorial Hospital Gulfport and Larkin Kennedy CEO of Ochsner Rush Medical Center of Meridian.

GR Criterion 6 - Access to the Facility or Service

Access to Services. The Applicant states herein and shown in the financial projections (Table 4A) of the application, currently approximately sixty-three percent (63%) of Alliance's patients are Medicaid beneficiaries. This is a trend which Alliance anticipates will continue.

Gross Patient Revenue				
	Medically* Indigent (%)	Medically Indigent (\$)	Charity Care (%)	Charity Care (\$)
Historical Year 2022	NA	NA	2%	\$1,540,980.00
Historical Year 2023	NA	NA	2%	\$1,328,400.00
Projected Year 1	NA	NA	2%	\$1,992,852.00
Projected Year 2	NA	NA	2%	\$2,052,638.00

- a. **Existing Obligations:** The Applicant states this item is not applicable to the proposed project.
- b. **Unmet Needs of Medicare/Medicaid and Medically Indigent Patients:** The Applicant affirms Alliance treats all patients regardless of payor source.
- c. **Access to Proposed Facility:** The Applicant states as an existing provider of mental health services, Alliance currently has relationships with other mental health service providers throughout the State. The Applicant also further states that increased availability of mental health services at Alliance will improve those providers' access to care for their patient populations as well as improve access to those mental health patients seeking services at Alliance.
- d. **Access to Proposed Facility:** The Applicant states as an existing provider of mental health services, Alliance currently has relationships with other mental health service providers throughout the State. The Applicant affirms the increased availability of mental health services at Alliance will improve those providers' access to care for their patient populations as well as improve access to those mental health patients seeking services at Alliance.
- e. **Access Issues**
 - i. **Transportation and Travel:** The Applicant submits Alliance is located off Highway 39 in Meridian
 - ii. **Restrictive Admissions Policy:** The Applicant's application contains a copy of Alliance's admission policy.

- iii. **Access to Care by Medically Indigent Patients:** The Applicant assures that the Applicant has and will continue to provide care for medically indigent patients.
- iv. **Operational Hours of Service:** The Applicant affirms that Alliance Health Center'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 it will record and maintain the information listed in GR Criterion 7 regarding charity care, care to the medically indigent and Medicaid populations and make it available to the Department within fifteen (15) business days of the Department's request.

GR Criterion 8 - Relationship to Existing Health Care System

- a. **Comparable Services.** The Applicant states though the service area for acute psychiatric beds is the state as a whole, there are no comparable services in the Facility's geographic service area. The Applicant further states Alliance treats patients from across the State.
- b. **Effect on Existing Health Services**
 - i. **Complement Existing Services:** The Applicant states the proposed conversion and addition of acute psychiatric beds should have no effect on other existing health services based on Alliance's current utilization and the Plan's identified need for chemical dependency services. The Applicant states Alliance believes most of its admissions for the additional acute psychiatric beds will originate from existing referral sources across the state and from those that are already seeking services at the Alliance.
 - ii. **Provide Alternative or Unique Service:** The Applicant submits treatment of mental health patients in an acute setting requires specialized staffing and space for acute care. The Applicant states an expansion of capacity will allow the Applicant to provide these services to more Mississippi families in need.
 - iii. **Provide a service for a specified target population:** The Applicant affirms the proposed project will help improve continued access to these services in the eastern area of the state as well as the entire State. The Applicant states in addition, by providing chemical dependency services, the Applicant will help meet a need identified by the Plan.

- iv. **Provide services for which there is an unmet need:** The Applicant believes the utilization rates at Alliance and the number of patients it has been 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 chemical dependency services identified by the Plan as needed in the State.
- c. **Adverse Impact.** The Applicant states the adverse impact is the inability for patients and their families to access needed mental health services will continue. The Applicant submits that failure to grant the proposed project could result in an inadequate number of mental health 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 Applicant's application includes Alliance's existing transfer agreement.

GR Criterion 9 - Availability of Resources

- a. **New Personnel.** Alliance affirms the current staff is qualified to provide services contemplated by this proposed project. The Applicant further states Alliance is currently sufficiently staffed, and only minimal new staff will be required to implement the proposed project.
- b. **Contractual Services.** The Applicant submits Alliance provides its own clinically related services as part of its services and will continue to do so.
- c. **Existing Facilities or Services.** The Applicant affirms Alliance satisfactorily staffs its existing facility and only minimal new additional staff is anticipated for this project
- d. **Alternative Uses of Resources.** The Applicant states the proposed project will require only minimal new additional staff. The Applicant considered maintaining its current bed ratio but ultimately decided making use of existing resources and space was most effective.

GR Criterion 10 – Relationship to Ancillary or Support Services

- a. **Support and Ancillary Services.** The Applicant states Alliance operates a 154-bed facility that serves adults and children/adolescents. The

Applicant states it has the necessary support and ancillary services to provide acute psychiatric services for the requested conversion and addition of psychiatric beds.

- b. Changes in Costs or Charges.** The Applicant does not anticipate any significant changes in cost or charges with this project.

- c. Accommodation of Changes in Cost or Charges.** The Applicant states this criterion is not related to this project.

GR Criterion 11 – Health Professional Training Programs

The Applicant states Alliance currently has arrangements for training opportunities in providing clinical training for health professionals at Mississippi State University, University of Mississippi Medical Center and East Mississippi Community College.

GR Criterion 12 – Access by Health Professional Schools

The Applicant states Alliance will continue to participate to the extent the opportunity is available in providing clinical training for health professionals. The Applicant state, currently, Alliance has arrangements for training opportunities with Mississippi State University, University of Mississippi Medical Center and East Mississippi Community College.

GR Criterion 13 – Access by Individuals Outside Service Area

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

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 this criterion is not applicable to this proposed project.

GR Criterion 16 - Quality of Care

- a. Past Quality of Care.** The Applicant asserts Alliance currently provides psychiatric and substance abuse treatment and is accredited by the Joint Commission. The Applicant states Alliance has focused on mental health care for patients and their families for over forty (40) years.

b. Improvement of Quality of Care. The Applicant asserts the proposed conversion and addition of psych beds will improve patient care in the eastern portion of Mississippi and throughout the State.

c. Accreditations and/or Certifications. The Applicant submits Alliance Health Center 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%
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%
Other (one doorway, Painting, cosmetic)	\$150,000.00	100.00%
Total Capital Expenditure	\$150,000.00	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 statements for Alliance Health Center are presented as Attachment 1.

D. Cost to Medicaid/Medicare

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

Payor Mix	Utilization Percentage (%)	First Year Revenue (\$)
Medicare	53.00%	\$6,625,800.00
Medicaid	30.00%	\$3,801,600.00
Commercial	7.00%	\$874,800.00
Self-Pay	2.00%	\$221,400.00
Charity Care	5.00%	\$624,600.00
Other	3.00%	\$334,800.00
Total	*100.00%	\$12,483,000.00

*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. As of December 13, 2024, the Department has not received comments from the Division of Medicaid.

VI. CONCLUSION AND RECOMMENDATION

This project is in substantial compliance with the criteria and standards for the conversion of general acute care beds to psychiatric and chemical dependency beds, and addition of beds 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 Alliance Health Center, Inc. d/b/a Alliance Health Center for the conversion of general acute care hospital to psychiatric hospital and addition of beds.

Attachment 1

Alliance Health Center, Inc. d/b/a Alliance 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	\$12,483,000.00	\$12,857,490.00	\$13,243,215.00
Outpatient	\$0.00	\$0.00	\$0.00
Gross Patient Revenue	\$12,483,000.00	\$12,857,490.00	\$13,243,215.00
Charity Care	\$624,600.00	\$643,338.00	\$662,638.00
Deductions from Rev.	\$6,425,528.00	\$6,618,294.00	\$6,816,843.00
Net Patient Revenue	\$5,432,872.00	\$5,595,858.00	\$5,763,734.00
Other Operating Revenue	\$0.00	\$0.00	\$0.00
Total Operating Revenue	\$5,432,872.00	\$5,595,858.00	\$5,763,734.00
Expenses			
Operating Expenses:			
Salaries	\$1,213,792.00	\$1,250,206.00	\$1,287,712.00
Benefits	\$218,483.00	\$225,037.00	\$231,788.00
Supplies	\$298,675.00	\$307,636.00	\$316,865.00
Services	\$625,577.00	644,344.00	\$663,674.00
Lease	\$23,462.00	\$24,166.00	\$24,891.00
Depreciation	\$7,500.00	\$7,500.00	\$7,500.00
Interest	\$0.00	\$0.00	\$0.00
Other	\$347,878.00	\$358,314.00	\$369,063.00
Total Expenses	\$2,735,366.00	\$2,817,202.00	\$2,901,493.00
Net Income (Loss)	\$2,697,506.00	\$2,778,656.00	\$2,862,241.00
Assumptions			
Inpatient days	6,935	7,143	7,357
Outpatient days	0	0	0
Procedures	\$0	\$0	\$0
Charge/inpatient day	\$1,800.00	\$1,800.00	\$1,800.00
Charge per outpatient	\$0	\$0	\$0
Charge per procedure	\$0	\$0	\$0
Cost per inpatient day	\$394.00	\$394.00	\$394.00
Cost per outpatient day	\$0.00	\$0.00	\$0.00
Cost per procedure	\$0.00	\$0.00	\$0.00