

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT
January 6, 2025**

**CON REVIEW NUMBER: FSF-RB-1124-014
REHABILITATION CENTERS, LLC D/B/A MILLCREEK OF PONTOTOC
ADDITION OF THREE (3) PSYCHIATRIC RESIDENTIAL
TREATMENT FACILITY (PRTF) BEDS
CAPITAL EXPENDITURE: \$62,400.00
LOCATION: PONTOTOC, PONTOTOC COUNTY, MISSISSIPPI**

STAFF ANALYSIS

I. PROJECT SUMMARY

A. Applicant Information

Rehabilitation Centers, LLC d/b/a Millcreek of Pontotoc (“Millcreek of Pontotoc” or “Millcreek”), is a Mississippi limited liability company located at 1814 Mississippi Highway 15 North, Pontotoc, Mississippi. Millcreek currently operates a fifty-one (51) bed Psychiatric Residential Treatment Facility (“PRTF”). The officers for Rehabilitation Centers, LLC are Christopher Hunter, President; Brain P. Farley, Vice President and Secretary; and Heather Dixon, Vice President and Treasurer. Millcreek’s member is Acadia Health Care Company, Inc. of Franklin, Tennessee.

Millcreek has provided quality behavioral health services to emotionally disturbed and developmentally delayed children and adolescents for over forty (40) years. Millcreek of Pontotoc is the largest private provider of children and adolescent services in Mississippi, and it is the first provider of child and adolescent services in Mississippi to receive The Joint Accreditation. Millcreek of Pontotoc is recognized as a leading provider of behavioral care in the state of Mississippi.

The application contains a Certificate of Good Standing from the Office of the Secretary of State. As of November 21, 2024, 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 of Pontotoc by adding three (3) additional PRTF beds. The Applicant affirms that the proposed addition would result in a fifty-four (54) bed PRTF facility for children and adolescents. Millcreek of Pontotoc affirms that a new unit will provide an increased number of single occupancy bedrooms, enhanced PRTF services and accommodation for children and adolescents who have high levels of mental and behavioral disorders and high acuity mental health issues; treatment to children and adolescents with the goal of facilitating the transition to their respective homes.

The Applicant states this project does not involve new construction and/or

renovation (including but not limited to site work, grounds work, drainage, parking, fencing, mechanical and electrical systems). The Applicant states Millcreek of Pontotoc currently has one (1) bed available, (not utilized, in a single occupancy bedroom), located in each of its three (3) cottages on site. It is located on twenty-two (22) acres with three (3) cottages that total 15,600 square feet (5,200 square feet per cottage). The Applicant states Millcreek of Pontotoc seeks to add these three (3) beds to its PRTF program. The Applicant further states there will be minimum painting and repairs that will need to be done to the three (3) single occupancy bedrooms located in Millcreek of Pontotoc's three (3) cottages.

The Applicant 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):** Millcreek of Pontotoc offers PRTF that is designed to serve children and adolescents between the ages of six (6) and twenty (20) who need behavioral and educational needs of youth in North Mississippi. The PRTF program is open to boys and girls, with a total of fifty-one (51) beds throughout three (3) different cottages. The children and adolescents are separated by age, gender, presenting issues, and developmental abilities. The cottages include Magnolia Cottage (houses boys only); Grapevine Cottages (houses girls only); and Dogwood Cottage (houses girls only).
- (ii) **Therapeutic Day School Treatment Program:** Millcreek of Pontotoc 's therapeutic day school treatment program in North Mississippi is fully funded and accredited by the Mississippi Department of Education and provides therapeutic and educational services to children and adolescents between the ages of 6 and 20. This program is designed to offer a community-based element to the continuum of care provided by our treatment clinic in North Mississippi. Therapy and educational services are provided to children and adolescents who are able to live in a community setting. The therapeutic day school provides more intensive behavioral and special educational programs, which are provided in a traditional educational environment, and is located on five (5) separate campuses: Millcreek of Batesville, Millcreek of Greenville, Millcreek of Kosciusko, Millcreek of Pontotoc, Millcreek of Golden Triangle.
- (iii) **Group Home:** Millcreek of Pontotoc offers Therapeutic Group Home Programs in an effort to provide comprehensive treatment programs to as many children and adolescents as possible. They offer treatment to youth ages twelve (12) to twenty (20)., The treatment program has six (6) separate homes, which are separated by gender; provide housing for up to ten (10) males or females; treatment planning in its group homes that is similar to that offered in the therapeutic day school treatment program but designed to be more intensive in nature. Millcreek of Pontotoc group home

locations include: Oak Hill Therapeutic Group Home for Girls (Kosciusko, Mississippi), Pecan Grove Therapeutic Group Home for Girls (Lyon, Mississippi); Willow Springs Therapeutic Group Home for Girls (Blue Springs, Mississippi); Deer Creek Therapeutic Group Home for Boys (Hollandale, Mississippi); Cedar Pointe Therapeutic Group Home for Boys (Starkville, Mississippi); and Woodlands Acres Therapeutic Group Home for Boys (Myrtle, Mississippi).

The Applicant states the final objectives for Millcreek of Pontotoc's proposed project include the following:

- a) to add three (3) beds to Millcreek of Pontotoc's PRTF program for a total of fifty-four (54) PRTF beds for children and adolescents.
- b) to provide for the increased number of single occupancy bedrooms, which will benefit the treatment of children and adolescents.
- c) to provide enhanced PRTF services and accommodation for children and adolescents who have high levels of mental and behavioral disorders and high acuity mental health issues; and
- d) to provide services and treatment to children and adolescents with the goal of facilitating the transition to their perspective homes

The Applicant affirms it will 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 application contains a letter dated November 7, 2024, from Mayor Bob Peeples of the City of Pontotoc, Mississippi, which documents support Millcreek of Pontotoc's proposed project and compliance documents with state and local building codes, zoning ordinances, and/or appropriate regulatory authority.

The application contains a letter dated December 18, 2024, 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 \$62,400.00 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 affirms this project will be completed in a timely and efficient manner with the approval of the Mississippi Department of Health.

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*, 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 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 January 16, 2025.

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

A. State Health Plan (SHP)

The *FY 2022 Mississippi State Health Plan, Third Edition (“MSHP”)* contains policy statements, criteria, and standards that the applicant is required to meet before receiving CON authority for the addition of PRTF beds and the offering of PRTF services. This application substantially complies with the applicable policy, criteria, and standards stated in the *Plan*.

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

1. **Indigent/charity care:** The Applicant states primarily all of Millcreek of Pontotoc's residents are covered by Medicaid. The Applicant further states the percentage of indigent/charity care that Millcreek of Pontotoc provides will not be diminished by the approval of Millcreek of Pontotoc's proposed project.
2. **Mental Health Planning Areas:** The Applicant acknowledges FY 2022 State Health Plan (3rd Edition), Section 306.01(2), that indicates the State as a whole is used to determine the need for PRTF beds and services.
3. **Public Sector Beds:** The Applicant states that primarily all of Millcreek of Pontotoc's residents are covered by Medicaid, and all beds are Medicaid

certified. Millcreek of Pontotoc acknowledges that the number of licensed beds operated by the Department of Mental Health (DMH) shall not be counted in the bed inventory used to determine statistical need for PRTF beds.

4. **Comments from DMH:** The Applicant states Millcreek of Pontotoc 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 from the Department of Mental Health dated October 31, 2024, in support of Millcreek of Pontotoc's Certificate of Need application to add three (3) additional PRTF beds is included with this application.
5. **Separation of Adult and Children/Adolescents:** The Applicant affirms Millcreek of Pontotoc provides PRTF services to children and adolescents who are age 6 to 20 in accordance with Medicaid funding. However, it is rare that a child is in treatment beyond their 18th birthday. If a child turns 18 while in treatment, they are placed in a private room on the oldest aged male or female unit at that time. If a child turns 18 while in treatment, then they are placed in a private room on the oldest aged male or female unit at that time.
6. **Separation of Males and Females:** The Applicant affirms seventeen (17) male, and thirty-four (34) female patients are served in separate and distinct units. The Applicant states population specific training is provided for staff who work on these units.

The Applicant states Millcreek of Pontotoc has a dedicated seventeen (17) bed unit currently for female children ages 5 to 13 years of age. Children are placed on units by their chronological age, social maturity, and treatment needs. The Applicant further states Millcreek of Pontotoc also has a seventeen (17) bed female unit that currently serves females up to seventeen (17) years old. There is a third unit, comprised of seventeen (17) more beds, which currently serves adolescent males up to the age of seventeen (17).

The Applicant further states the number served will vary depending on the referrals received by Millcreek of Pontotoc.

7. **Patients with Co-Occurring Disorders:** The Applicant affirms that Millcreek of Pontotoc acknowledges this policy statement and certifies that Millcreek of Pontotoc's PRTF program will meet all applicable licensure and certification regulations for the services offered prior to providing such services.

8. **Comprehensive Program of Treatment:** The Applicant states Millcreek of Pontotoc operates an accredited, non-public, school, located in Pontotoc. The Applicant submits Millcreek of Pontotoc's PRTF program is supported by an educational component, which will also include the proposed addition of the three (3) PRTF beds. The Applicant submits each child and adolescent enrolled in Millcreek of Pontotoc's school receives an individualized and specialized education. The Applicant affirms Millcreek of Pontotoc provides continuous psychiatric assessment and evaluation, nutritious meals, and nutrition management, and therapeutic/physical recreation.
9. **Medicaid Participation:**
 - a. **Medicaid Certification:** The Applicant states Millcreek of Pontotoc is currently certified to accept Medicaid patients and will maintain its Medicaid certification.
 - b. **Medicaid Service Information:** The Applicant certifies that Millcreek of Pontotoc currently serves residents that are covered by Medicaid. The Applicant further affirms that it will provide MSDH information regarding its services to Medicaid patients.
10. **Licensing and Certification:** The Applicant certifies that Millcreek of Pontotoc facility currently meets and will continue to meet all applicable licensing and certification regulations of the Division of Health Facilities Licensure and Certification. Additionally, Millcreek of Pontotoc also certifies that if existing licensure and certification regulations are modified in any way, Millcreek of Pontotoc will comply with such modified regulations following their effective date.
11. **Psychiatric Residential Treatment Facility:** The Applicant certifies Millcreek of Pontotoc acknowledges and agrees with the definition of "psychiatric residential treatment facility" in the State Health Plan.

The Applicant states Millcreek of Pontotoc will not furnish primarily domiciliary care, as it is not within the definition. The Applicant affirms Millcreek of Pontotoc has credibility and is known for providing quality care and services in health care. The Applicant further states Millcreek of Pontotoc has and will continue to operate its PRTF programs in a manner consistent with the policy statement and definition. Millcreek of Pontotoc affirms that the additional beds will be operated in a manner consistent with the policy statement and definition.
12. **Certified Education Programs:** The Applicant certifies Millcreek of Pontotoc's school is accredited by the Mississippi Department of Education. The Applicant states Millcreek of Pontotoc provides individualized and specialized educational instruction for all of its patients.

Additionally, the Applicant states Millcreek of Pontotoc has sufficient areas, which include a playground and gymnasium, and basketball courts, that are suitable to meet the recreational needs of its patients.

13. **Preference in CON Decisions:** The Applicant certifies that Millcreek of Pontotoc's proposed project does not involve the conversion of existing acute care hospital beds to acute psychiatric and chemical dependency beds; however, Millcreek of Pontotoc does propose to add three (3) additional PRTF beds for the acute psychiatric needs of children and adolescents.
14. **Dedicated Beds for Children's Services:** The Applicant states Millcreek of Pontotoc acknowledges the statutory requirement embodied in Mississippi Code Section 41-7-191(1)(c). The Applicant states Millcreek of Pontotoc's PRTF program currently has three (3) distinct cottages. The Applicant further states in two (2) of the three (3) cottages, eighteen (18) beds, can be used for children under fourteen (14) years of age. In addition, the Applicant submits Millcreek of Pontotoc requests a CON authorizing the addition of three (3) PRTF beds. The Applicant affirms there are three (3) single occupancy bedrooms that currently exist, but unoccupied, at the three cottages on site at Millcreek Pontotoc.
15. **CON Statutory Requirement:** The Applicant acknowledges this statutory requirement of Section 414-7-191(1)(c).
16. **Voluntarily Delicensed Beds:** The Applicant affirms Millcreek of Pontotoc has not voluntarily delicensed any beds at its facility.
17. **CON Requirement for Reopening:** The Applicant affirms Millcreek of Pontotoc 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 Millcreek of Pontotoc requests a CON to add three (3) additional PRTF beds in accordance with Chapter 3, Section 306.02(l)(a) of the State Health Plan relative to New/Existing Psychiatric Residential Treatment Beds/Services. The Applicant affirms Millcreek of Pontotoc's utilization rate for FY 2023 is 98% with an average daily census of fifty (50).

- b. Projects that do not involve additional beds:** The Applicant states this criterion does not apply to Millcreek of Pontotoc's proposed project, as Millcreek of Pontotoc proposes to add three (3) additional PRTF beds.
- c. Projects which involve the addition of beds:** The Applicant states that Millcreek of Pontotoc has maintained an average daily census of fifty (50) patients with fifty-one (51) PRTF beds in FY 2022, with a ninety-eight (98%) utilization rate. The Applicant further states Millcreek of Pontotoc has maintained an average daily census of fifty (50) patients with fifty-one (51) PRTF beds in FY 2023, with a ninety-eight percent (98%) utilization rate. The Applicant states based on the utilization rate of PRTF beds at Millcreek of Pontotoc, Millcreek of Pontotoc meets the occupancy rate in Need Criterion I (c) of Section 306.02 of the State Health Plan.
- d. Child Psychiatry Fellowship Program:** The Applicant acknowledges this criterion; however, the Applicant affirms Millcreek is not requesting an acute child psychiatric unit.
- e. Exclusive Treatment of Adults:** The Applicant affirms Millcreek does not request the establishment or addition of a PTSD program for adults.

SHP Need Criterion 2 – Data Requirements

The Applicant affirms Millcreek of Pontotoc will record and maintain, at a minimum, information regarding charity care and care to the medically indigent and make such information 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 of Pontotoc is a private health center certified by the Mississippi State Department of Health, and Millcreek of Pontotoc is an approved Medicaid provider. The Applicant affirms Mississippi State Department of Health licenses Millcreek of Pontotoc's PRTF programs.

SHP Need Criterion 4 – Letters of Commitment

The Applicant's application includes the following letters in full support of its CON application:

1. Letter of Support from Mayor Bob Peeples, City of Pontotoc, Mississippi.
2. Letter of Support from Executive Director of the Mississippi Department of Mental Health.
3. Letter of Support from Rep. Sam Creekmore, IV.

4. Letter of Support from Commissioner of the Mississippi Department of Child Protection Services.
5. Letter of Support from Ricky Ferguson, Pontotoc County Chancery Clerk, on behalf of the Pontotoc County Board of Supervisors.

SHP Need Criterion 5 – Non-Discrimination Provision

The Applicant certifies that within the scope of its available services, neither Millcreek of Pontotoc, nor its participating staff, have policies or procedures which would exclude patients/residents because of race, color, age, sex, ethnicity, or ability to pay.

SHP Need Criterion 6 – Charity/Indigent Care

The Applicant asserts primarily that all of Millcreek of Pontotoc's PRTF residents are covered by Medicaid. Millcreek of Pontotoc has and will continue to provide a reasonable amount of charity/indigent care as provided for in the State Health Plan.

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

SS Need Criterion 1 – Statistical Need for PRTF Beds

The Applicant states Millcreek of Pontotoc acknowledges this criterion, however, this criterion is not applicable to Millcreek of Pontotoc's proposed project, as Millcreek of Pontotoc has maintained an occupancy rate of 98% for the most recent two (2) years, pursuant to Need Criterion 1(c), Section 306.02 of the State Health Plan.

SS Need Criterion 2 – Age Group to be Served

The Applicant proposes to house the age groups as follows:

Age Group	Number of Beds
5 to 13	34
14 to 17	18
18 to 21	2

SS Need Criterion 3 – Structural Design of Facility

The Applicant states each of Millcreek of Pontotoc's three (3) cottages, Dogwood, Magnolia, and Grapevine, is 5,200 square feet. The Applicant's application includes a layout of the structural design of each cottage.

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

The Applicant certifies that Millcreek of Pontotoc's request for a CON to add three (3) additional PRTF beds to its PRTF program will not result in more PRTF beds statewide than specifically authorized by legislation.

SS Need Criterion 5 – Proposed Size of Facility/Unit

The Applicant states Millcreek of Pontotoc currently has fifty-one (51) beds in its PRTF program. Millcreek of Pontotoc proposes to add three (3) PRTF beds. The Applicant states three (3) beds are currently located in Millcreek of Pontotoc's three (3) cottages but are not utilized in its PRTF program. The Applicant further states each cottage is 5,200 square feet and with the addition of three (3) beds, Millcreek of Pontotoc will have a fifty-four (54) bed PRTF program to provide PRTF care and services to children and adolescents.

SS Need Criteria on 6 - Staffing

The Applicant states Millcreek of Pontotoc has a dedicated staff that provides quality services and care to its patients. The Applicant submits the staff at Millcreek of Pontotoc is a team that is dedicated to children and adolescents who reside at the facility. The Applicant further states Millcreek of Pontotoc's staff include doctors, licensed therapists, registered nurses, licensed practical nurses, behavioral health associates, case managers, recreation staff, dieticians, a family nurse practitioner, and education staff, including teachers. The Applicant's application includes an organizational chart for Millcreek Pontotoc.

The Applicant states Millcreek of Pontotoc's proposed project does not provide a new institutional service that is based on physician referrals.

B. General Review (GR) Criteria

Chapter 8 of the *Mississippi Certificate of Need Review Manual, Revised November 11, 2023*, 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 Plan

The Applicant asserts that Millcreek of Pontotoc's proposed project substantially complies and is consistent with the State Health Plan and the Mississippi Department of Health's rules and regulations. The Applicant certifies Millcreek of Pontotoc's proposed project also meets the priority health needs the Mississippi Department of Health has identified in the State Health Plan and complies with the State Health Plan's CON Policies.

GR Criterion 2 – Long Range Plan

The Applicant submits that Millcreek of Pontotoc's proposed project to add three (3) additional PRTF beds is consistent with its long-range plan to ensure the availability of beds and PRTF services for children and adolescents. The Applicant states Millcreek of Pontotoc receives several requests/referrals for PRTF services for children and adolescents but does not have the bed capacity to meet the need. The Applicant further states, in exploring how to provide continuous services to meet the increased need for PRTF services, Millcreek of Pontotoc evaluated the reasonable cost Millcreek of Pontotoc would incur and still allow Millcreek of Pontotoc to effectively provide PRTF services for children and adolescents' mental, emotional, and physical health needs.

GR Criterion 3 – Availability of Alternatives

- a. **Advantages and Disadvantages:** The Applicant states one (1) of Millcreek of Pontotoc's main goals is to provide qualitative PRTF care and services to children and adolescents. The Applicant submits Millcreek of Pontotoc determined that its proposed project aligns with this goal and helps to provide PRTF services to additional children and adolescents therefore, Millcreek of Pontotoc did not consider any alternative approaches to the proposed project. The Applicant further states Millcreek of Pontotoc 's proposed project will increase the number of children and adolescents who may benefit from these services.
- b. **New Construction Projects:** The Applicant states that Millcreek of Pontotoc's proposed project is not a new construction project.
- c. **Beneficial Effects to the Health Care System:** The Applicant states Millcreek of Pontotoc's proposed project will ensure the availability of PRTF beds for children and adolescents and address a need in our state health system.
- d. **Effective and Less Costly Alternatives:**

The Applicant states Millcreek of Pontotoc currently has three (3) available and unoccupied single beds on site, without the need for new construction or reconstruction, therefore, Millcreek of Pontotoc 's proposed project can be implemented at a very reasonable cost. The Applicant further states Millcreek of Pontotoc does not have a less costly alternative to its proposed project.

- i. **Unnecessary Duplication of Services:** The Applicant states the proposed project is not an unnecessary duplication of services. However, this proposed project will enhance Millcreek of Pontotoc's PRTF program and allow Millcreek of Pontotoc to provide PRTF services to an increased population of children and adolescents.

- ii. **Efficient Solution:** The Applicant asserts that the cost for Millcreek of Pontotoc to add three (3) additional PRTF beds is reasonable, as new construction is not necessary, and Millcreek of Pontotoc currently has the beds available on site. In addition, the Applicant states the proposed project will benefit children and adolescents with high acuity levels, and the proposed plan is congruent with the State Health Plan.

- e. **Improvements and Innovations:** The Applicant asserts the proposed project is cost effective, and it will allow for greater flexibility and availability when considering referrals for placement with the addition of three (3) PRTF beds. The Applicant further states the proposed plan allows for timely placements for children and adolescents rather than being placed on a waiting list and/or turned away for PRTF care and treatment.

- f. **Relevancy.** The Applicant states the proposed project's relevancy is emphasized by the necessity and increased demand for inpatient psychiatric residential treatment and ensures that children and adolescents are in a treatment setting that specifically meets their needs.

GR Criterion 4 - Economic Viability

- a. **Proposed Charge:** The Applicant states Millcreek of Pontotoc's PRTF program is reimbursed on a per patient/day basis and the cost reimbursement rate is determined by Medicaid each year. The Applicant further 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 of Pontotoc's occupancy rate year-to-date 2023 in the PRTF program is ninety-eight percent (98%). The Applicant asserts this facility has historically had rates at or above this percentage for many years. The Applicant submits during COVID, the occupancy rates decreased for a period, but now have returned to historical, high, consistent rates. The Applicant further states the projected utilization levels are consistent with the need in the service area.

- c. **Financial Feasibility Study:** The applicant affirms the capital expenditure for Millcreek of Pontotoc's proposed project is not \$2,000,000.00 or more.

- d. **Financial Forecasts:** The Applicant states there is no significant deviation in the financial forecasts.

- e. Means of Covering Expenses in Event of Failure to Meet Projections:**
The Applicant asserts if the proposed project fails to meet projected revenues, Rehabilitation Centers, LLC and Acadia Healthcare can cover the full amount of expenses incurred by the proposed project.
- f. Impact of Proposed Project on Health Care Cost: The Applicant states** the impact of the proposed project is not significant on the cost of healthcare or Medicaid. The Applicant affirms the current per diem rate per patient per day for Millcreek of Pontotoc's PRTF program is \$517.69. The Applicant states at this rate, the impact per patient per day considering 100% occupancy would be \$1,553.07.

GR Criterion 5 - Need for the Project

- a. Access by Population Served:** The Applicant asserts Millcreek of Pontotoc's PRTF program provides residential psychiatric services for children six (6) to twenty (20) years old, who have significant impairment in behavioral, cognitive, emotional, family, and social functioning. The Applicant states admission to Millcreek of Pontotoc is based on approval from Medicaid. The Applicant submits all patients have a psychiatric disorder and have failed in other levels of mental health services/care. The Applicant further states, Millcreek of Pontotoc provides psychiatric, medical, psychological, social, nursing, and recreation activities and educational services of an intensive nature to persons regardless of sex, race, ethnicity, educational or social background, therefore Millcreek of Pontotoc certifies it will continue to ensure that residents of the area, throughout the state, low-income persons, racial and ethnic minorities, women, disabled persons, other underserved groups, and the elder will continue to have access to these services.
- b. Relocation of Services:** This criterion does not apply to Millcreek of Pontotoc's proposed project.
- c. Current and Projected Utilization of Comparable Facilities:** The Applicant asserts Millcreek of Pontotoc specializes in treating severely emotionally and behaviorally disordered children and adolescents. The Applicant states Millcreek of Pontotoc often admits patients denied by other providers in the state. The Applicant submits patients seeking admittance to Millcreek of Pontotoc often have histories of elopement, suicide ideation and gestures, and sexually inappropriate behaviors. The Applicant states Post COVID, there has been an increase in children and adolescents presenting with mental health issues, therefore, the three (3) additional PRTF beds will provide much needed services for children and adolescents and allow flexibility to admit and treat children and adolescents more quickly.
- d. Probable Effect on Existing Facilities in the Area:** The Applicant states

that there are no other existing facilities in or near Pontotoc Mississippi where PRTF services are located. Furthermore, the Applicant asserts the closest facility is in DeSoto County and Winston County; therefore, the addition of three (3) beds at Millcreek Pontotoc should not impact on other existing facilities or services.

- e. **Community Reaction:** The application contains Letters of Support from Mayor Bob Peeples, City of Pontotoc, Mississippi; Executive Director of the Mississippi Department of Mental Health; Rep. Sam Creekmore; Commissioner of the Mississippi Department of Child Protection Services. And Ricky Ferguson, Pontotoc County Chancery Clerk, on behalf of the Pontotoc County Board of Supervisors

GR Criterion 6 - Access to the Facility or Service

- a. **Access to Services.** The Applicant states primarily all of Millcreek of Pontotoc's patients are recipients of Medicaid benefits.
 1. The Applicant submits Millcreek of Pontotoc provides and will continue to provide PRTF services to all children ages six (6) to twenty (20) 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 of Pontotoc.
 3. The Applicant shows no percentage of gross patient revenue and actual dollar amount of health care provided to medically indigent and charity care patients for the last two (2) years as well as the projected amount for the two (2) years following the completion of the proposed project

Gross Patient Revenue				
	Medically Indigent (%)	Charity Care (%)	Medically Indigent (\$)	Charity Care (\$)
Historical Year 2023	100%	NA	\$16,472,700.00	NA
Historical Year 2024	100%	NA	\$20,075,000.00	NA

Projected Year 1	100%	NA	\$21,423,500.00	NA
Projected Year 2	100%	NA	\$22,030,070.00	NA

- b. Existing Obligations:** The Applicant states Millcreek of Pontotoc 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 that primarily all of Millcreek of Pontotoc's PRTF services are provided to children and adolescents who are covered by Medicaid.
- d. Access to Proposed Facility:** The Applicant states Millcreek of Pontotoc provides PRTF treatment and care to children and adolescents, including Medicaid recipients, charity/medically indigent patients, racial and ethnic minorities, and handicapped/disabled persons.
- e. Access Issues:**
 - i. Transportation and Travel:** The Applicant submits Millcreek of Pontotoc is located three (3) hours northeast of the State Capitol in Jackson, Mississippi. The Applicant states Millcreek of Pontotoc is easily accessible from any direction via the interstate or highways.
 - ii. Restrictive Admissions Policy:** The Applicant state Millcreek of Pontotoc does not restrict admissions. The Applicant's application includes a copy of the admission's policy for Millcreek of Pontotoc.
 - iii. Access to Care by Medically Indigent Patients:** The Applicant states Millcreek of Pontotoc will continue to provide treatment to medically indigent patients. The Applicant asserts primarily all of Millcreek of Pontotoc's patients are covered by Medicaid. The Applicant further states Medicaid reimburses Millcreek of Pontotoc for primarily all of the treatment provided to children and adolescents in need of PRTF services.
 - iv. Operational Hours of Service:** The Applicant affirms Millcreek of Pontotoc's hours of regular operation are twenty-four (24) hours a day, seven (7) days a week.

GR Criterion 7 - Information Requirement

Millcreek of Pontotoc affirms that it will record and maintain all information required under Criterion 7 regarding charity care, care to the medically indigent, and Medicaid populations. Millcreek of Pontotoc affirms it will make this information available to the Mississippi Department of Health 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 PRTF's in close proximity to Millcreek of Pontotoc. The Applicant submits the target population currently accesses PRTF services through Millcreek of Pontotoc's PRTF program. The Applicant further states the ability to add three (3) additional PRTF beds will assist Millcreek of Pontotoc in expanding its PRTF program to provide much needed healthcare and treatment in the service area.
- b. Effect on Existing Health Services**
 - i. Complement Existing Services:** The Applicant states the proposed project will complement existing PRTF health services at the facility. The Applicant submits Millcreek of Pontotoc provides PRTF services to children and adolescents across the state. The Applicant further states, Millcreek of Pontotoc's proposed project will not have any adverse effect on existing services; however, it will afford Millcreek of Pontotoc the opportunity to provide PRTF services to more children and adolescents.
 - ii. Provide Alternative or Unique Service:** The Applicant submits Millcreek of Pontotoc specializes in treating emotionally and behaviorally disordered children and adolescents. The Applicant further states. Millcreek of Pontotoc often receives placement requests to accommodate children and adolescents in need of PRTF services; however, without additional PRTF beds, Millcreek of Pontotoc cannot provide treatment and care to this most vulnerable population.
 - iii. Provide a service for a specified target population:** The Applicant states the proposed project will provide services for children and adolescents with high acuity to receive psychiatric residential 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 affords frequent and more effective treatment. The Applicant further states, Millcreek of Pontotoc's proposed project will provide services for children and adolescents who are often denied treatment and care

because of lack of available beds, which demonstrates an unmet need.

- c. **Adverse Impact.** The Applicant states due to the increase in the number of children and adolescents in need of PRTF services, failure to implement Millcreek of Pontotoc's proposed project will result in children and adolescents being denied PRTF care and services due to lack of available beds.
- d. **Transfer/Referral/Affiliation Agreements.** The Applicant states Millcreek of Pontotoc has transfer agreements with North Mississippi Medical Center-Pontotoc Hospital for emergency services and Parkwood Behavioral System in Olive Branch for Acute Psych Services. The Applicant's application included the agreements. .

GR Criterion 9 - Availability of Resources

- a. **New Personnel.** The Applicant indicates it will hire additional new personnel to operate the three (3) additional beds as needed. The Applicant states Millcreek of Pontotoc has not incurred any issues hiring new staff/personnel and does not anticipate issues hiring additional staff. The Applicant asserts the hiring of additional staff is overseen by Millcreek of Pontotoc's Human Resources Department. The Applicant further states, the Human Resources Department fills open positions with traditional hiring/recruiting methods such as staffing agencies, job fairs, placing ads in local and surrounding newspapers, and online job announcements.
- b. **Contractual Services.** The Applicant's application includes clinically related contractual services purchased by type of service, name of contractor and term of contract are as follows; Medical Director / Psychiatrist- Dr. Anthony Jackson 7/24-7/25 Annual Renewal; Family Medicine - Dr. Denise Sojourner 4/24-4/25 Annual Renewal; Psychologist - Dr. Vickie Robbins 4/24-4/25 Annual Renewal; Registered Dietician - Christy Frazier 1/24-1/25 Annual Renewal; Pharmacist - Paul Lewis 9/24-9/25 Annual Renewal.
 - 1. **Existing Facilities or Services.** The Applicant states Millcreek of Pontotoc's staffing history is firm and stable. The Applicant further states, Millcreek of Pontotoc has high rates of retention for its employees, which aids in the treatment of patients at the facility. In addition, the Applicant states Millcreek of Pontotoc does not anticipate any issues with hiring additional staff.
 - 2. **Alternative Uses of Resources.** The Applicant states that the best use of Millcreek of Pontotoc's resources is to provide

psychiatric residential treatment services and care for children and adolescents.

GR Criterion 10 – Relationship to Ancillary or Support Services

- a. **Support and Ancillary Services.** The Applicant affirms all necessary support and ancillary services are available for the proposed project.
- b. **Changes in Costs or Charges.** The Applicant states Millcreek of Pontotoc does not anticipate any change in costs or charges as a result of this proposed project
- c. **Accommodation of Changes in Cost or Charges.** The Applicant states Millcreek of Pontotoc does not anticipate any change in costs or charges to ancillary services as a result of this proposed project.

GR Criterion 11 – Health Professional Training Programs

The Applicant affirms Millcreek of Pontotoc has previously served the clinical needs of health professional training programs in the service area. The Applicant states Millcreek of Pontotoc will continue to give consideration to each request made by professional training programs.

GR Criterion 12 – Access by Health Professional Schools

The Applicant states Millcreek of Pontotoc will give consideration to requests made by health professional training programs.

GR Criterion 13 – Access by Individuals Outside Service Area

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

GR Criterion 14 - Construction Projects

The Applicant states This criterion is not applicable to Millcreek of Pontotoc's proposed project. The Applicant further states, Millcreek of Pontotoc calculated its cost estimate for the proposed project utilizing its current operations budget.

GR Criterion 15 – Competing Applications

There are no competing applications on file with the Mississippi State Department of Health for the addition of PRTF beds in Pontotoc.

GR Criterion 16 - Quality of Care

- a. **Past Quality of Care.** The Applicant submits that for over twenty (20) years, Millcreek of Pontotoc has provided quality PRTF services to children and adolescents. The Applicant states Millcreek of Pontotoc regularly analyzes its delivery of services and employee performance to ensure the quality and continuum of care for children and adolescents.
- b. **Improvement of Quality of Care.** The Applicant asserts that Millcreek of Pontotoc seeks to add three (3) additional PRTF beds. The Applicant states the beds are single occupancy, which will expand the PRTF program, so children and adolescents can be treated effectively and more often.
- c. **Accreditations and/or Certifications.** The Applicant submits Millcreek of Pontotoc is certified by the Mississippi Department of Health, and Millcreek is an approved Medicaid provider. Additionally, the Applicant states Millcreek of Pontotoc's PRTF program is licensed by the Mississippi Department of Mental Health, and Millcreek of Pontotoc's education program is accredited by the Mississippi Department of Education.

IV. FINANCIAL FEASIBILITY

A. Capital Expenditure Summary

Cost Item	Projected Cost	Percentage of Cost (%)
Construction – New	\$0.00	0.00%
Construction (Renovation)	25,000.00	40.06%
Capital Improvement	0.00	0.00%
Fixed Equipment	12,000.00	19.22%
Non-fixed Equipment	0.00	0.00%
Land Cost	0.00	0.00%
Contingency Reserve	10,400.00	16.66%
Fees (Architectural)	15,000.00	24.06%
Capitalized Interest	0.00	0.00%
Contingency Reserve	0.00	0.00%
Other Building Costs	0.00	0.00%
Total Capital Expenditure	\$ 62,400.00	100.00%

B. Method of Financing

The Applicant states Millcreek of Pontotoc will be financing this project. If Millcreek of Pontotoc is not able to finance the project, Acadia Health Care Company, Inc. will finance the project.

C. Effect on Operating Cost

Millcreek of Pontotoc'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	100.00%	1,204,500.00
Commercial	0.00%	0.00
Self-Pay	0.00%	0.00
Charity Care	0.00%	0.00
Other	0.00%	0.00
Total	100.00%	\$1,204,504.00

V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES

The Division of Medicaid provided a review and comment on December 16, 2024

VI. CONCLUSION AND RECOMMENDATION

This project is in substantial compliance with the policy statements, criteria, and standards for psychiatric residential treatment facility beds/services as contained in the *FY 2022 Mississippi State Health Plan, Third Edition*, the *Mississippi Certificate of Need Review Manual, November 11, 2023, 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

Rehabilitation Centers, LLC d/b/a Millcreek Addition of Three PRTF Beds Three-Year Operating Statement (Project Only)			
	Year 1	Year 2	Year 3
Revenue			
Patient Revenue:			
Inpatient	\$ 1,204,500.00	\$ 1,204,500.00	\$ 1,204,500.00
Outpatient	0.00	0.00	0.00
Gross Patient Revenue	\$ 1,204,500.00	\$ 1,204,500.00	\$ 1,204,500.00
Charity Care	0.00	0.00	0.00
Deductions from Revenue	637,629.00	620,624.00	603,104.00
Net Patient Revenue	\$ 566,871.00	\$583,876.00	\$601,396.00
Other Operating Revenue	0.00	0.00	0.00
Total Operating Revenue	\$ 566,871.00	\$583,876.00	\$601,396.00
Expenses			
Operating Expenses:			
Salaries	\$81,120.00	\$ 83,554.00	\$ 86,060.00
Benefits	17,035.00	17,546.00	18,073.00
Supplies	13,140.00	13,140.00	13,534.00
Services	0.00	0.00	0.00
Lease	0.00	0.00	0.00
Depreciation	0.00	0.00	0.00
Interest	0.00	0.00	0.00
Other	1,800.00	1,854.00	1,910.00
Total Expenses	\$ 113,095.00	\$116,094.00	\$ 119,577.00
Net Income (Loss)	\$ 453,775.00	\$ 467,782.00	\$ 481,819.00
Assumptions			
Inpatient days	1,095	1,095	1,095
Outpatient days	0.00	0.00	0.00
Procedures	0.00	0.00	0.00
Charge/inpatient day	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00
Charge per outpatient	\$ 0.00	\$ 0.00	\$ 0.00

Charge per procedure	\$	0.00	\$	0.00	\$	0.00
Cost per inpatient day	\$	103.00	\$	106.00	\$	109.00
Cost per outpatient day	\$	0.00	\$	0.00	\$	0.00
Cost per procedure		N/A		N/A		N/A