

**MISSISSIPPI STATE DEPARTMENT OF HEALTH  
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT  
MAY 4, 2023**

**CON REVIEW NUMBER: NH-RLS-0323-004  
MADISON COMMUNITY CARE CENTER, LLC D/B/A HIGHLAND HOME  
RELOCATION OF TWENTY (20) NURSING HOME BEDS  
CAPITAL EXPENDITURE: \$240,000.00  
LOCATION: RIDGELAND, MADISON COUNTY, MISSISSIPPI**

**STAFF ANALYSIS**

**I. PROJECT SUMMARY**

**A. Applicant Information**

Madison Community Care Center, LLC, d/b/a Highland Home (“Highland Home” or the “Applicant”) is a long-term care nursing facility located in Ridgeland, Mississippi. The Applicant is licensed to operate 120 nursing home care beds, consisting of sixty (60) Medicare/Medicaid-certified beds and sixty (60) Medicare/private pay-only beds located at 638 Highland Colony Parkway, Ridgeland, Mississippi. Highland Home is managed/operated by Regional Care, LLC, located at 763 Avery Boulevard North, Ridgeland, Mississippi, with Providence Care, LLC, Manager, and David Stallard, Sole Member.

The application contains a Certificate of Good Standing from the Office of the Secretary of State, Jackson, Mississippi, indicating as of March 17, 2023, Madison Community Care Center, LLC is in good standing with the State of Mississippi.

**B. Project Description**

Highland Home requests Certificate of Need (“CON”) authority for the relocation of twenty (20) Medicaid-certified nursing home care beds from Hillcrest Nursing Center, a 120-bed long-term care nursing facility in Magee, Simpson County, Mississippi, to Highland Home in Ridgeland, Madison County, Mississippi. To accomplish this goal, Highland Home has entered into a Purchase Agreement with Magee Community Care Center, LLC, the licensee, and operator of Hillcrest Nursing Center, for the sale and relocation of the 20 Medicaid-certified nursing home care beds. The Purchase Agreement is included in the application. Highland Home proposes to convert twenty (20) of its existing Medicare/private pay beds to Medicaid-certified beds through the relocation. The Applicant states the converted beds will be placed in existing space (Unit A) within the Highland Home facility, and no new construction or renovation work will be required. The Applicant confirms that Highland Home will have eighty (80) Medicare/Medicaid beds and forty (40) Medicare/private pay beds to serve the community health needs at the completion of the project.

The Applicant asserts that this application complies with the CON criteria and

standards governing the relocation of nursing home beds, as set forth in the FY 2022 *Mississippi State Health, Second Edition ("MSDH")*, as well as the General Review Criteria in the *Mississippi Certificate of Need Review Manual, Revised September 2019*.

The Applicant states the project's final objective is to allocate Medicaid-certified nursing home care beds from a county of lesser need to a county of greater need, to better serve Medicaid beneficiaries in need of long-term care.

The Applicant certifies that Highland Home currently complies and will continue to comply with all state and local building codes, zoning ordinances, and/or appropriate regulatory authority. Further, the Applicant affirms that Highland Home 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.

Highland Home projects nine (9) additional full-time equivalent (FTE) staff will be hired at an annual cost of \$395,434.00. The Applicant projects a total capital expenditure of \$240,000.00, as itemized in *Section IV. Financial Feasibility* of this Staff Analysis. The Applicant proposes to finance the project with related company financing.

Highland Home expects to obligate the capital expenditure upon receipt of CON approval and anticipates the project to be complete by July 1, 2023.

The application contains a letter dated March 24, 2023, documenting the Division of Fire Safety and Construction, Bureau of Health Facilities Licensure and Certification's approval of the site for the facility.

## **II. TYPE OF REVIEW REQUIRED**

The Mississippi State Department of Health ("MSDH") will review applications for a Certificate of Need under the statutory requirements of Sections 41-7-173, 41-7-191, and 41-7-193, Mississippi Code of 1972 Annotated, as amended. MSDH will also review applications for Certificate of Need according to the general criteria listed in the *Mississippi Certificate of Need Review Manual 2019 revision*, all adopted rules, procedures, and plans of MSDH, and the specific criteria and standards listed below.

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 May 15, 2023, due to May 14, 2023, being a Sunday.

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

#### A. State Health Plan (SHP)

Certificate of Need review is required for the offering of nursing home care services, as defined if the capital expenditure exceeds \$5,000,000.00; if the licensed bed capacity is increased through the conversion or addition of beds; or if nursing home care services have not been provided on a regular basis by the proposed provider of such services within the period of twelve (12) months prior to the time such services would be offered. Certificate of Need review is required for the construction, development, or otherwise establishment of new nursing home care beds regardless of capital expenditure.

The *FY 2022 Mississippi State Health Plan ("MSHP"), Second Edition*, contains CON review criteria and standards for the relocation/transfer of nursing home care beds. The application complies with the CON review criteria and standards stated in the MSHP as follows:

#### **Certificate of Need Criteria and Standards for the Relocation/Transfer of Nursing Home Care Beds**

##### **Need Criterion 1: Relocation and Transfer of Nursing Home Care Beds**

The Applicant confirms that Highland Home is in Madison County and Hillcrest Nursing Center is in Simpson County. Madison and Simpson counties are in Long-Term Care Planning District ("LTCPD") III.

Highland Home submits that the *FY 2022 MSHP* shows a need for 144 additional nursing home beds in Madison County, which is the fourth (4<sup>th</sup>) highest bed need among the 82 counties in the State. The Applicant states, at the same time, the MSHP indicates Simpson County is over-bedded by forty-one (41) nursing home beds. Accordingly, the Applicant states Highland Home will relocate nursing home beds from a county of lesser need to a county of greater need.

The Applicant further submits that the most recent (2019) Report on Long-Term Care Facilities in Mississippi indicates that nursing facilities in Madison County had an average occupancy rate of 93.54%, while nursing facilities in Simpson County experienced an average occupancy rate of 63.09%. The Applicant believes the relocation of beds from Simpson to Madison County will result in a more appropriate geographic distribution of beds based on demand.

Highland Home states the proposed project will also benefit the residents of Madison County and surrounding communities by increasing the number of Medicaid-certified nursing home beds in the area. Currently, there are five (5) nursing home facilities in Madison County: Highland Home in Ridgeland (the

Applicant), Madison County Nursing Home in Canton, The Nichols Center in Madison, St. Catherine's in Madison, and The Arbor in Ridgeland. The Applicant asserts that St. Catherine's and The Arbor are continuing care retirement communities ("CCRCs") that do not participate in the Mississippi Medicaid program. The Applicant submits the addition of twenty (20) Medicaid-certified nursing home beds at Highland Home will serve the healthcare needs of many seniors who rely on Medicaid for long-term nursing home care.

### **Need Criterion 2: Number of Beds to be Relocated/Transferred**

The Applicant proposes the relocation of twenty (20) nursing home care beds through the conversion of twenty (20) Medicare/private pay beds to twenty (20) Medicare/Medicaid-certified beds at Highland Home. The licensed capacity of Hillcrest Nursing Center will decrease by twenty (20) beds.

### **Need Criterion 3: Alzheimer's/Dementia Care Unit**

The Applicant states the proposed project does not involve the relocation or transfer of nursing home beds in an Alzheimer's/Dementia Care Unit.

## **B. General Review (GR) Criteria**

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

### **GR Criterion 1 – State Health Plan**

The project is in substantial compliance with all criteria, standards, and policies of the *FY 2022 Mississippi State Health Plan* applicable to the relocation of nursing home beds. The Applicant asserts that the project fully complies with the CON criteria and standards governing the relocation of nursing home care beds, as set forth in the *FY 2022 State Health Plan, Second Edition*.

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

The Applicant states it is within the long-range plan of Highland Home to provide high-quality facilities and services to patients seeking long-term care. The Applicant believes that the proposal outlined in the application is a critical component of Highland Home's immediate and long-range goals and mission to serve the residents of Madison County and the surrounding area. The Applicant states the proposal, once implemented, will improve access to long-term care services and resources by Medicaid beneficiaries.

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

- a. **Advantages and Disadvantages:** The Applicant states Highland has evaluated various alternative approaches to obtain Medicaid-eligible beds as

a means to improve access to nursing facility services in Madison County and has determined that the most cost-effective approach is to relocate twenty (20) Medicaid-eligible beds to an already-constructed nursing facility space at Highland Home. The Applicant believes relocating these beds from Simpson County to a county with a greater demonstrated need will enhance access for the citizens of Madison County and the surrounding area by providing expanded Medicaid-certified nursing facility services.

- b. New Construction Projects:** The Applicant states the proposal does not seek approval for construction or modernization. The nursing facility beds currently exist, and Highland Home is proposing the conversion of twenty (20) Medicare/private beds to twenty (20) Medicaid-eligible beds.
- c. Beneficial Effects to the Health Care System:** The Applicant submits the increasing population growth of Madison County and the surrounding area continues to put pressure on the area nursing facilities to ensure access by the growing elderly population. The Applicant submits, as documented in the MSHP, Madison County needs additional nursing home beds which are accessible to the Medicaid population. The Applicant seeks to fill that need through the conversion of existing Medicare/private pay beds to Medicaid-eligible beds.
- d. Effective and Less Costly Alternatives:**

  - i. Unnecessary Duplication of Services:** The Applicant asserts there is not a more effective and less costly alternative for the proposed project. Due to the statutory moratorium which prohibits the establishment of new nursing home beds, the Applicant states a relocation of beds is the only available option for addressing the need for nursing home beds in certain geographic areas. The Applicant states the project is not an unnecessary duplication of services because both the State Health Plan and nursing home occupancy rates demonstrate that there is a greater need for nursing home beds in Madison County than in Simpson County. The Applicant further states that the five (5) nursing facilities in Madison County currently operate at occupancy rates greater than 90%, which evidences additional beds are needed and will not be an unnecessary duplication of long-term care services.
  - ii. Efficient Solution:** The Applicant submits the project is highly efficient and cost-effective because the twenty (20) nursing home beds will be converted from Medicare/private beds to Medicare/Medicaid certified beds in an existing licensed and certified nursing facility at a nominal cost.
- e. Improvements and Innovations:** The Applicant asserts the proposed relocation will increase the availability of nursing home beds to Medicaid

beneficiaries in one of the most highly populated counties in the State through the cost-effective conversion of existing licensed beds.

- f. **Relevancy:** According to the Applicant, nursing home providers are under pressure to ensure that long-term care services are available to the Medicaid population. The Applicant states the proposed relocation of twenty (20) Medicaid-eligible nursing facility beds to Madison County will enhance access for the medically underserved residents of the area.

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

- a. **Proposed Charge:** The Applicant states Highland Home and its affiliates have extensive experience with Medicare and Medicaid reimbursement of nursing facilities in the state of Mississippi and believe that the proposed charges and financial projections are reasonable and consistent with the experience of comparable facilities.
- b. **Projected Levels of Utilization:** The Applicant states the projected level of utilization of nursing facility services is consistent with the experience of comparable facilities in the service area and State and is consistent with the need level in the service area. The Applicant submits that the current State Health Plan shows that Madison County has a need for 144 additional nursing home beds.
- c. **Financial Feasibility Study:** The capital expenditure for the project is less than \$2,000,000.00; therefore, this item is not applicable.
- d. **Financial Forecasts:** The Applicant affirms Highland Home does not anticipate any significant deviations in the financial statements and the projections based on its extensive experience in the operation of nursing home facilities, including financial and management services.
- e. **Means of Covering Expenses in Event of Failure to Meet Projections:** The Applicant states Highland Homes and its affiliates have working capital and financial resources available to cover any revenue shortfall.
- f. **Impact of Proposed Project on Health Care Cost:** The Applicant asserts the project will not result in an increase in the cost of health care because it involves the relocation of existing, Medicaid-certified beds from one facility to another.

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

- a. **Access by Population Served:** The Applicant submits that the current State Health Plan documents a need for 144 additional nursing home care beds in Madison County. The Applicant states with an increasing elderly population in Madison County and the surrounding area, the relocation of

twenty (20) beds within the service area will expand the extent to which Medicaid beneficiaries have access to nursing facility services.

- b. Relocation of Services:** The Applicant confirms that the twenty (20) nursing facility beds to be relocated will be taken out of service at Hillcrest Nursing Center. Hillcrest Nursing Center's bed complement will decrease by twenty (20) beds.
- c. Current and Projected Utilization of Comparable Facilities:** The Applicant submits according to the most recent (2019) Report on Long-Term Care Facilities, the five existing and licensed nursing facilities in Madison County maintained an annual occupancy rate of 93.54%, which demonstrates that the existing facilities are operating close to capacity. The Applicant further submits that the MSHP reflects a need for 144 additional nursing home beds in Madison County. The Applicant expects that the proposed project will serve a continuing community need by the addition of twenty (20) Medicaid-eligible nursing home care beds in the county, as well as enhance the existing health care system within the county by responding to a recognized need.
- d. Probable Effect on Existing Facilities in the Area:** The Applicant asserts the population growth in Madison County is projected to increase demand for nursing home beds in the area. The Applicant states this project responds to a recognized need and will not have an adverse impact on other nursing facilities.
- e. Community Reaction:** The application contains two (2) letters of support for the project from the administrator and a representative of Highland Home.

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

- a. Access to Services.** The Applicant certifies that all residents of the health planning service area, hospital service area, or patient service area, including Medicaid recipients, charity/medically indigent patients, racial and ethnic minorities, women, disabled persons, and the elderly will have access to the services proposed.

The following table shows the projected percentage of gross patient revenue and the actual dollar amount of health care proposed to be provided to medically indigent patients and/or charity patients.\* The Applicate notes that in a nursing home setting, indigent residents typically qualify for Medicaid, and, as a result, charity care utilization is nominal. The twenty (20) relocated beds will be Medicaid certified.

	Medically* Indigent (%)	Medically Indigent (\$)	Charity Care (%)	Charity Care (\$)
Historical Year 2020	N/A	N/A	N/A	N/A
Historical Year 2021	NA	NA	NA	NA
Projected Year 1	NA	NA	NA	NA
Projected Year 2	NA	NA	NA	NA

- b. **Existing Obligations:** The Applicant certifies the facility has no existing obligations under any federal regulation.
- c. **Unmet Needs of Medicare/Medicaid and Medically Indigent Patients:** The Applicant submits the relocation of twenty (20) nursing home care beds will provide greatly needed additional Medicaid-eligible nursing facility resources to the population of Madison County and the surrounding service area.
- d. **Access to Proposed Facility:** The Applicant submits Highland Home is certified for Medicare and Medicaid participation; therefore, the proposal will expand the accessibility of its services by providing additional Medicaid-eligible nursing facility beds.
- e. **Access Issues**
  - i. **Transportation and Travel:** The Applicant submits Highland Home is located on Highland Colony Parkway in Ridgeland and is easily accessible via Interstate 55 and Interstate 220.
  - ii. **Restrictive Admissions Policy:** The Applicant submits Highland Home does not have a restrictive admissions policy. A copy of the Admissions Policy is included in the CON application.
  - iii. **Access to Care by Medically Indigent Patients:** The Applicant submits Highland Home is certified for Medicare and Medicaid participation. As a result, the facility can meet the needs of Medicare and Medicaid beneficiaries by offering long-term care services.
  - iv. **Operational Hours of Service:** The Applicant certifies Highland Home operates twenty-four (24) hours a day, seven (7) days a week.

**GR Criterion 7 - Information Requirement**

The Applicant affirms Highland Home will record and maintain, at a minimum, the



required information regarding charity care, care to the medically indigent, and Medicaid populations and make it available to the Department within fifteen (15) business days of request.

#### **GR Criterion 8 - Relationship to Existing Health Care System**

- a. **Comparable Services:** The Applicant states the proposal will serve a continuing community need by adding twenty (20) Medicaid-eligible nursing home care beds in Madison County. Additionally, the Applicant states the proposed project will enhance the existing healthcare system within the county and will not adversely impact any other provider.
- b. **Effect on Existing Health Services**
  - i. **Complement Existing Services:** The application proposes the relocation of twenty (20) nursing home care beds to Highland Home. The Applicant states the proposed project will enhance the existing healthcare system by offering twenty (20) additional Medicaid-eligible beds in Madison County.
  - ii. **Provide Alternative or Unique Service:** The Applicant states the relocation proposed will offer additional Medicaid-eligible beds in Madison County, an area with a documented need for the resources.
  - iii. **Provide a service for a specified target population:** The Applicant asserts the proposed relocation of the twenty (20) beds will provide greatly needed long-term care services to the elderly and Medicaid population of Madison County and the surrounding service area.
  - iv. **Provide services for which there is an unmet need:** The Applicant submits the current State Health Plan indicates there is a need for an additional 144 nursing facility beds in Madison County.
- c. **Adverse Impact:** The Applicant states if this project is not implemented, the result will be an adverse impact on the community due to the documented need for additional nursing home care beds in Madison County, particularly those that are Medicaid-eligible.
- d. **Transfer/Referral/Affiliation Agreements:** The Applicant submits Highland Home has a transfer agreement with the University of Mississippi Medical Center, and a Host Agreement with Copiah Living Center for the purpose of housing residents in the event of a disaster.

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

- a. **New Personnel:** The Applicant asserts the proposed project will not require additional staffing; however, the facility will hire nine (9) additional aides.

- b. Contractual Services:** The Applicant states this criterion is not applicable.
- c. Existing Facilities or Services:** The Applicant states Highland Home and its affiliate facilities have demonstrated a satisfactory staffing history through their State licensure and Medicare/Medicaid certification.
- d. Alternative Uses of Resources:** The Applicant states this criterion is not applicable.

#### **GR Criterion 10 – Relationship to Ancillary or Support Services**

- a. Support and Ancillary Services:** The Applicant affirms that all necessary support and ancillary services for the proposed project are available.
- b. Changes in Costs or Charges:** The Applicant asserts no changes in costs or charges are proposed as a direct result of the project.
- c. Accommodation of Changes in Cost or Charges:** The Applicant states this criterion is not applicable.

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

The Applicant states Highland Home will continue to coordinate with any health professional schools in the area with respect to access to its services for training purposes.

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

The Applicant states Highland Home is accessible to health professional schools for training purposes.

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

The Applicant states this criterion is not applicable.

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

The Applicant confirms this criterion is not applicable.

#### **GR Criterion 15 – Competing Applications**

There are no competing applications on file with the Mississippi State Department of Health for the relocation of twenty (20) skilled nursing home beds.

#### **GR Criterion 16 - Quality of Care**

- a. **Past Quality of Care:** The Applicant asserts Highland Home has a long history of providing a high standard of quality care and will continue to do so in the future.
- b. **Improvement of Quality of Care:** The Applicant asserts the relocation of twenty (20) Medicaid-eligible beds will allow Highland Home’s services to be available to additional Medicaid beneficiaries.
- c. **Accreditations and/or Certifications:** The Applicant states Highland Home is certified to participate in the Medicare and Medicaid programs.

**IV. FINANCIAL FEASIBILITY**

**A. Capital Expenditure Summary**

Cost Item	Projected Cost	Percentage of Cost (%)
Construction – New	\$ 0.00	0.00%
Construction (Renovation)	0.00	0.00%
Capital Improvement	0.00	0.00%
Fixed Equipment	0.00	0.00%
Non-fixed Equipment	0.00	0.00%
Land Cost	0.00	0.00%
Site Preparation	0.00	0.00%
Fees (Architectural)	0.00	0.00%
Capitalized Interest	0.00	0.00%
Contingency Reserve	0.00	0.00%
Other Building Cost	0.00	0.00%
Other Project (Purchase of CON)	240,000.00	100.00%
<b>Total Capital Expenditure</b>	<b>\$240,000.00</b>	<b>100.00%</b>

**B. Method of Financing**

The Applicant proposes to finance the project with related company financing.

**C. Effect on Operating Cost**

The three-year projected operating statement for Highland Home is presented in Attachment 1.

**D. Cost to Medicaid/Medicare**

Highland Home projects cost to third-party payors as follows, based on gross patient revenue in the first year (Project Only):

Payor Mix	Utilization Percentage (%)	First Year Revenue (\$)
Medicare	0.00%	\$ 0.00
Medicaid	100.00%	1,292,371.00
Commercial	0.00%	0.00
Self-Pay	0.00%	0.00
Charity Care	0.00%	0.00
Other	0.00%	0.00
<b>Total</b>	<b>100.00%</b>	<b>\$ 1,292,371.00</b>

**V. RECOMMENDATIONS OF OTHER AFFECTED AGENCIES**

The Division of Medicaid was provided with a copy of this application for review and comment. In a letter received on April 5, 2023, the Division of Medicaid indicated that the Division has no opinion on this request.

**VI. CONCLUSION AND RECOMMENDATION**

This project substantially complies with the policy statements, service-specific criteria, and standards for the relocation of nursing home care beds stated in the *FY 2022 Mississippi State Health Plan, Second Edition*; the *Mississippi Certificate of Need Review Manual, September 1, 2019, 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 Madison Community Care Center, LLC, d/b/a Highland Home, for the relocation of twenty (20) nursing home care beds.

**Attachment 1**

<b>Madison Community Care Center, LLC Relocation of Twenty (20) Nursing Home Care Beds Three-Year Operating Statement (With Project)</b>			
	Year 1	Year 2	Year 3
<b>Revenue</b>			
Patient Revenue:			
Inpatient	\$ 1,293,370.00	\$ 1,305,295.00	\$ 1,344,454.00
Outpatient	0.00	0.00	0.00
<b>Gross Patient Revenue</b>	<b>\$ 1,293,370.00</b>	<b>\$ 1,305,295.00</b>	<b>\$ 1,344,454.00</b>
Charity Care	0.00	0.00	0.00
Deductions from Rev.	0.00	0.00	0.00
<b>Net Patient Revenue</b>	<b>\$ 1,293,370.00</b>	<b>\$ 1,305,295.00</b>	<b>\$ 1,344,454.00</b>
Other Operating Revenue	0.00	0.00	0.00
<b>Total Operating Revenue</b>	<b>\$ 1,293,370.00</b>	<b>\$ 1,305,295.00</b>	<b>\$ 1,344,454.00</b>
<b>Expenses</b>			
Operating Expenses:			
Salaries	\$ 316,347.00	\$ 325,838.00	\$ 335,613.00
Benefits	79,087.00	81,459.00	83,903.00
Supplies	92,713.00	115,891.00	144,864.00
Service	87,665.00	109,581.00	136,977.00
Lease	0.00	0.00	0.00
Depreciation	12,000.00	12,000.00	12,000.00
Interest	0.00	0.00	0.00
Other	177,363.00	221,704.00	277,130.00
<b>Total Expenses</b>	<b>\$ 765,175.00</b>	<b>\$ 866,473.00</b>	<b>\$ * 990,487.00</b>
<b>Net Income (Loss)</b>	<b>\$ 528,195.00</b>	<b>\$ * 438,822.00</b>	<b>\$ 353,967.00</b>
<b>Assumptions</b>			
Inpatient days	5,110	5,110	5,110
Outpatient days			
Procedures			
Charge/inpatient day	\$ 253.00	\$ 255.00	\$ 263.00
Charge per outpatient			
Charge per procedure			
Cost per inpatient day	\$ 150.00	\$ 170.00	\$ 194.00
Cost per outpatient day			
Cost per procedure			

**\*Staff's calculation differs from Applicant's by \$1.00.**