

**MISSISSIPPI STATE DEPARTMENT OF HEALTH  
DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT  
JUNE 14, 2019**

**CON REVIEW NUMBER: HP-COB-0419-006  
ALLIANCE HEALTH CENTER, INC.  
D/B/A ALLIANCE HEALTH CENTER  
CONVERSION OF ADOLESCENT PSYCHIATRIC BEDS TO  
ADULT PSYCHIATRIC BEDS  
LOCATION: MERIDIAN, LAUDERDALE COUNTY, MISSISSIPPI  
CAPITAL EXPENDITURE: \$5,000.00**

**STAFF ANALYSIS**

**I. PROJECT SUMMARY**

**A. Applicant Information**

Alliance Health Center, Inc. d/b/a Alliance Health Center (“Alliance”) is a business corporation that owns and operates a 154-bed acute care hospital. The hospital’s bed complement consists of seventy-eight (78) acute care beds, forty-six (46) adult psychiatric beds, and thirty (30) adolescent psychiatric beds. Alliance is located at 5000 Hwy 39 North in Meridian, Lauderdale County, Mississippi 39301. The facility is governed by six officers and directors. As of April 8, 2019, Alliance Health Center is in good standing with the Mississippi Secretary of State.

**B. Project Description**

Alliance Health Center, Inc. d/b/a Alliance Health Center requests Certificate of Need (CON) authority to convert four (4) adolescent psychiatric beds to adult psychiatric beds. The applicant states this will result in fifty (50) adult psychiatric beds and twenty-six (26) adolescent psychiatric beds in the behavioral health units at the hospital.

Alliance affirms that the number of beds at the hospital will not increase. The applicant asserts that the hospital is simply converting adolescent psychiatric beds to meet the demand for adult psychiatric services; therefore, Alliance will utilize existing space at the hospital for this project. The applicant anticipates very minimal renovations will be required to house the additional beds in the adult psychiatric unit.

The applicant further states that in compliance with the *FY 2018 State Health Plan*, the Hospital will maintain appropriate separation of males and females, with no unit over thirty (30) beds.

According to the applicant, 2.6 FTEs (Full-Time Equivalents) are expected to be hired as a result of the project, consisting of a registered nurse and aides at an estimated annual cost of \$120,652.00.

Alliance states that if approved, the proposed project will more efficiently serve a growing demand for adult psychiatric services at Alliance. The applicant believes that an increase in available beds will improve access to adult psychiatric services, which will translate into better patient outcomes to further treat those with psychological disorders in an appropriate setting.

The Bureau of Health Facilities Licensure and Certification has approved the site for the project.

The applicant expects to obligate the capital expenditure upon final CON approval and the proposed project is expected to be completed within six (6) months of CON approval.

## **II. TYPE OF REVIEW REQUESTED**

The Mississippi State Department of Health will review applications for a Certificate of Need (CON) to convert psychiatric beds from one category to another under the 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 CON according to the general criteria listed in the *Mississippi Certificate of Need Review Manual, April 9, 2017, Revision*; all adopted rules, procedures, and plans of the 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 June 24, 2019.

### III. CERTIFICATE OF NEED CRITERIA AND STANDARDS

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

The *FY 2018 Mississippi State Health Plan (MSHP)* contains policy statements, and both general and service specific criteria and standards which the applicant is required to meet before receiving CON authority for acute psychiatric beds and services. This application is in compliance with applicable policy statements and criteria and standards.

#### State Health Plan Policy Statements

##### **SHP Policy Statement 1 –Indigent/ Charity Care**

The applicant submits that Alliance will continue to provide a reasonable amount of charity care.

##### **SHP Policy Statement 2 – Mental Health Planning Areas**

The applicant acknowledges that the state as a whole is used as a planning area for acute psychiatric beds/services. The applicant asserts that Alliance's existing utilization and Need Criterion 1(c) demonstrates the need for the proposed beds.

##### **SHP Policy Statement 3 – Public Sector Beds**

The applicant acknowledges that the Mississippi Department of Mental Health's psychiatric beds are not counted in the State bed inventory for determining need.

##### **SHP Policy Statement 4 – Comments from Department of Mental Health (DMH)**

The applicant states that Alliance currently has and will maintain a cooperative relationship with the Mississippi Department of Mental Health.

##### **SHP Policy Statement 5 – Separation of Adult and Children/Adolescents**

The applicant states that Alliance currently treats adolescent psychiatric patients. Alliance further affirms that the applicant is, and will continue to

be, compliant with this requirement; however, the proposed project will not impact adolescent psychiatric patients.

### **SHP Policy Statement 6 – Separation of Males and Females**

The applicant asserts that Alliance currently separates males and females and will continue to do so.

### **SHP Policy Statement 7 – Patients with Co-Occurring Disorders**

The applicant states that Alliance does not currently treat patients under the “swing bed” allowance and it has no plans to do so. However, the applicant affirms that should Alliance determine a need to utilize twenty-five percent (25%) of its psychiatric beds as swing beds, it will comply with the Departments regulations for licensure and certification before providing such services.

### **SHP Policy Statement 8 – Comprehensive Program of Treatment**

The applicant states that Alliance currently provides a comprehensive program of treatment and will continue to do so with the approval of the proposed project.

### **SHP Policy Statement 9 – Medicaid Participation**

The applicant affirms that Alliance is currently certified to accept Medicaid, and will continue to maintain such certification. Alliance states that they will provide MSDH with information regarding services to Medicaid patients upon request.

### **SHP Policy Statement 10 – Licensing and Certification**

The applicant states that Alliance is currently licensed by the Mississippi State Department of Health. The applicant further states that Alliance will continue to meet all of the applicable licensing and certification regulations of the Division of Health Facilities Licensure and Certification.

### **SHP Policy Statement 11 – Psychiatric Residential Treatment Facility**

Policy Statement 11 is not applicable to the proposed project.

### **SHP Policy Statement 12 – Certified Educational Programs**

Policy Statement 12 is not applicable to the proposed project.

### **SHP Policy Statement 13 – Preference in CON Decisions**

Policy Statement 13 is not applicable to the proposed project.

### **SHP Policy Statement 14 – Dedicated Beds for Children’s Services**

Policy Statement 14 is not applicable to the proposed project.

### **SHP Policy Statement 15 - Addition/Conversion of Beds**

The applicant states it acknowledges the statutory requirement and as a result has filed the proposed application.

### **SHP Policy Statement 16 – Voluntarily Delicensed Beds**

Policy Statement 16 is not applicable as the hospital has not voluntarily delicensed beds.

### **SHP Policy Statement 17 – Cease of Operation**

Policy Statement 17 is not applicable as the hospital has not ceased to operate for sixty (60) months.

### **State Health Plan General Criteria and Standards for Acute Psychiatric, Chemical Dependency and/or Psychiatric Residential Treatment Facility Beds/Services**

#### **SHP General Need Criterion 1- Bed Need Requirement**

- a. **New/Existing Acute Psychiatric, Chemical Dependency, and/or Psychiatric Residential Treatment Facility Beds/Services:** The applicant indicates that it has documented the need for additional adult psychiatric beds by complying with the Need Criterion 1(c) below.

- b. Projects that do not involve the Addition of Acute Psychiatric, Chemical Dependency, and/or Psychiatric Residential Treatment Facility Beds:** This need criterion is not applicable to this project.
- c. Projects that Involve the Addition of Beds:** Alliance states that the project proposed will make four (4) adult psychiatric beds available and will thus enable the hospital to better and more adequately meet the demand for adult psychiatric services due to improved bed flexibility and availability, while not increasing the overall bed complement of the hospital.
- Alliance states that given the high volume of utilization experienced at the hospital, at times they are unable to admit patients in need of adult psychiatric services. The applicant further states that when they are unable to admit a patient in need of adult psychiatric services, that patient has to be transferred to another facility. The applicant expects that the conversion of four (4) beds from adolescent to adult will help to increase the delivery of psychiatric services at Alliance.
- The applicant submits that for the past two years the hospital has maintained an average utilization rate of eighty-eight percent (88%) for adult psychiatric services, with a ninety-two percent (92%) occupancy rate in January and February 2019.
- In addition, Alliance asserts that it traditionally serves a high level of underserved patients and therefore, the approval of this application will benefit the community by increasing access to care for this patient population.
- d. Child Psychiatry Fellowship Program:** This need criterion is not applicable to the proposed project.
- e. Establishment or Addition of Programs for the Exclusive Treatment of Adults for Primary Psychiatric Diagnosis of Post Traumatic Stress Disorder (PTSD):** This need criterion is not applicable to the proposed project.

## **SHP General Need Criterion 2 – Data Requirements**

Alliance affirmed that it will record and maintain, at a minimum, information regarding charity care and care to the medically indigent as required and make such information available to MSDH within fifteen (15) business days of the request.

## **SHP General Need Criterion 3 – Referral/Admission of Charity/Indigent Patients:**

The application contains a signed agreement between Laurelwood Center, Inc. d/b/a Alliance Health Center, Meridian, and Brentwood Behavioral Healthcare of MS, Flowood, MS.

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

The application contains letters of comment from community mental health centers, physicians, political leaders, other health care facilities and patients.

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

The applicant affirmed that neither Alliance nor its staff have policies or procedures that would exclude patients because of race, color, age, sex, ethnicity, or ability to pay. In addition, the applicant affirmed that it will provide a reasonable amount of charity/indigent care.

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

The applicant states that Alliance traditionally serves a large medically indigent population and affirmed that it will continue to do so.

## **Service Specific (SS) Criteria and Standards for Acute Psychiatric, Chemical Dependency and/or Psychiatric Resident Treatment Facility Beds/Services**

### **SHP SS Need Criterion 1 – Statistical Bed Need**

This criterion is not applicable as the applicant currently provides adult psychiatric services and proposes to convert four (4) adolescent psychiatric beds to adult psychiatric beds. Furthermore, the applicant is in compliance with SHP General Need Criterion 1(c), which permits an increase in beds based on the Hospital's utilization rate for those beds.

### **SHP SS Need Criterion 2 – Proposed Size of Facility/Unit**

The applicant states that upon approval of the proposed project, the converted beds will be placed on the 5<sup>th</sup> floor of Alliance Health Center.

### **SHP SS Need Criterion 3- Staffing**

Alliance submits that unit staff has experience and training for the provision of psychiatric services which includes psychiatrists that treat patients on the units. The applicant projects the addition of a registered nurse and an aide for the proposed project. In addition, the applicant states that the hospital has psychiatrists and psychologists on active medical staff available to treat psychiatric patients.

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

Chapter 8 of the *Mississippi Certificate of Need Review Manual, April 9, 2017, Revision*, addresses general criteria by which all CON applications are reviewed. This application is in substantial compliance with general review criteria.

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

The application is in compliance with the policy statements, service specific and general criteria and standards contained in the *FY 2018 State Health Plan* as discussed above.

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

The applicant submits that Alliance has been a long-time provider of adult psychiatric services and their goal is to continue to provide these services to the community. If approved, the project will provide four (4) additional adult psychiatric beds, increasing the capacity to fifty (50) adult psychiatric beds. The applicant states that this increase in available beds will decrease the need for the unit to go on diversion status and hopefully improve the accessibility of services.

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

- a. Advantages and Disadvantages of alternatives:** Alliance states that it considered continuing to provide services with its current bed complement. However, in light of the high utilization of adult psychiatric services, the applicant affirms that the current size



would not help the hospital reach its long-term goals. Therefore, the applicant decided that the most efficient and reasonable alternative was to convert four (4) adolescent psychiatric beds to adult psychiatric beds.

- b. New Construction Projects:** The applicant affirmed that this project will not require construction.
- c. Beneficial Effects to the Health Care System:** According to the applicant, this option meets the goal of increasing the availability of adult psychiatric beds at the hospital in the most cost-effective manner. The applicant suggests the addition of beds at Alliance will benefit the Health Care System.
- d. Effective and Less Costly Alternatives:** The applicant states there is no less costly alternative that will result in effective health planning.
  - i. Unnecessary Duplication of Services:** The applicant states that Alliance is already a provider of adult psychiatric services. The applicant further states that the project will result in more adult psychiatric beds being available; however, this increase will be accomplished by converting four (4) of its existing adolescent psychiatric beds to adult psychiatric beds.
  - ii. Efficient:** The applicant states that the high utilization numbers for adult psychiatric services at Alliance support the need for additional capacity for such services at the hospital; therefore, the alternative – to do nothing and maintain the status quo – would not meet the hospital’s need for increased availability of services or the public’s need for increased access to these mental health services.
- e. Improvements and Innovations:** The applicant asserts that increasing the accessibility to adult psychiatric services at the hospital through the proposed conversion will promote the hospital’s goal to continue providing quality health care and further promote the Plan’s goal of cost containment.
- f. Relevancy:** The applicant submits that Alliance has experienced high utilization with its adult psychiatric services. Alliance further states that in 2017, the applicant was authorized to reinstitute three

(3) adult psychiatric beds and in 2018, the applicant was awarded CON approval to convert five (5) chemical dependency unit beds to adult psychiatric beds due to the demand for adult psychiatric services – a demand that continues to grow. Alliance believes that the increase in access to psychiatric services will help to better meet the current and future community and state demands.

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

- a. Proposed Charge:** The applicant states that the expected charges and profitability for the proposed beds are the same as the current beds operated by Alliance.
- b. Projected Levels of Utilization:** According to Alliance, the proposed levels of utilization are consistent with the utilization experienced by the hospital.
- c. Financial Feasibility Study.** Because the capital expenditure does not exceed \$2,000,000.00, this criterion is not applicable.
- d. Financial Forecasts:** The applicant affirms that this criterion is not applicable to this project.
- e. Covered Expenses:** The applicant states that Universal Health Services will support Alliance if the allocated projections are not met.
- f. Impact of Proposed Project on Health Care Cost:** The applicant expects that the project should not negatively impact the cost of health care, as the proposed revenues and expenses per patient day for the project are based on existing services at the hospital.

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

- a. Population Needs for Service:** The applicant submits that the proposed project meets the Need Criterion outlined in SHP Need Criterion 1(c), as the hospital has experienced over eighty-eight percent (88%) occupancy rate for adult psychiatric services the past two (2) years. The applicant further asserts that the need for increased access to care at the hospital is evidenced by the high occupancy rates and diversions, a trend Alliance anticipates will continue. Alliance states that it has traditionally served the

underserved groups as required by this criterion and submits that it intends to continue to do so.

- b. Relocation of facility or service:** This criterion is not applicable as the applicant does not propose to relocate services.
  - i. Replacement Facility:** The applicant affirms replacement is not applicable for the proposed project.
  - ii. Utilization of Relocated Space:** The applicant affirms relocation of services is not applicable for the proposed project.
- c. Current and Projected Utilization of Comparable Facilities:** The applicant submits that Alliance is the only provider of adult psychiatric services in Lauderdale County, with the closest provider of similar services being located approximately fifty-two (52) miles away. Alliance asserts that the hospital's utilization rate exceeds the utilization required to increase the number of adult psychiatric beds through conversion. It further states that in 2017, the hospital was authorized to reinstate three (3) adult psychiatric beds and in 2018 it was granted a CON to convert five (5) chemical dependency unit beds to adult psychiatric beds; however, the demand for increased access to psychiatric treatment continues to exist. Alliance submits that the demand for these services may only be alleviated by the increased availability of adult psychiatric beds in the area.
- d. Probable Effect:** Alliance asserts that because of the hospital's actual utilization and demand, the proposed project should not have a negative impact on other facilities.
- e. Community Reaction to Service:** The application contained twelve (12) letters of support for the proposed project.

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

- a. Access to Services for Medically Underserved:** Alliance submits that it currently provides services to traditionally underserved populations and will continue to do so. Alliance expects that the increase in the number of available beds will help ensure that Medicare, Medicaid and medically indigent patients have access to

adult psychiatric services offered by Alliance.

The percentage of gross patient revenue and actual dollar amount of healthcare provided to medically indigent and charity care patients for the last two years are presented below:

**Gross Patient Revenue**

	<b>Medically Indigent</b>	<b>Charity Care</b>
Historical Year 2017	N/A	\$1,442,575.00 (2.0%)
Historical Year 2018	N/A	\$2,217,155.00 (3.0%)
Projected Year 1	N/A	\$2,151,007.00 (3.0%)
Projected Year 2	N/A	\$2,215,537.00 (3.0%)

**b. Existing Obligations:** The applicant indicates that it has no existing obligations under federal regulation requiring provision of uncompensated care, community service, or access by minority handicapped persons.

**i. Remaining Obligations:** The applicant affirms, that there are no remaining obligations. Therefore, this Criterion is not applicable to the proposed project.

**c. Unmet Needs of Medicare, Medicaid, and Medically Indigent Patients:** The applicant asserts that the increase in the number of available beds at the hospital will help ensure that Medicare, Medicaid and medically indigent patients have access to the adult psychiatric services offered by the hospital.

**d. Access to the Proposed Facility:** The applicant submits that the hospital is open twenty-four (24) hours a day, 365 days a year.

**e. Access Issues:**

**i. Transportation and Travel:** The applicant states that Alliance Health Care facility is conveniently located off Highway 39.

**ii. Restrictive Admission Policy:** The application included a

copy of the current admissions policy for Alliance Health Center.

**iii. Access to Care by Medically Indigent Patients:** The applicant confirms the Hospital treats medically indigent patients.

**iv. Operational Hours of Service:** The applicant states that its regular and emergency operating hours are 24 hours a day, 365 days a year.

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

Alliance Health Center affirms that it will record and maintain the information required by this criterion and shall make the data available to the Mississippi State Department of Health within fifteen (15) business days of request.

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

**a. Comparable Services:** The applicant submits that given the state as a whole is the planning district for mental health services, there are other hospital-based providers of adult psychiatric services. The applicant indicates that given the high utilization numbers (and rate of diversion) for Alliance, and the proximity to similar providers, the increased access will help the hospital better serve its patient population by decreasing the need to transfer or divert patients seeking mental health services.

**b. Effects on Existing Health Services:**

**i. Complement Existing Services:** The applicant indicates that given the high utilization numbers (and rate of diversion) for Alliance, and the proximity to similar providers, the increased access will help the hospital better serve its patient population by decreasing the need to transfer or divert patients seeking mental health services.

**ii. Provide Alternative or Unique Services:** The applicant states that Alliance currently provides adult psychiatric services and that it is simply seeking to improve access to this service through the conversion of existing beds.

- iii. **Provide a Service for a Specific Target Population:** Alliance submits that all adults in need of adult psychiatric services will have access to the hospital's services.
  - iv. **Provide Services for Which There is an Unmet Need:** Alliance asserts that the hospital has maintained an average occupancy rate of eighty-eight percent (88%) for the past two years, with a ninety-two percent (92%) occupancy rate in January and February 2019 in adult psychiatric services. The applicant further states that the conversion of beds provides additional capacity to help ensure the hospital is able to accept patients in need of adult psychiatric services without increasing the overall bed count.
- c. **Adverse Impact:** The applicant states it will be required to continue to divert patients in need of adult psychiatric services or Alliance will be unable to take transfers from other healthcare facilities.
  - d. **Transfer/Referral/Affiliation Agreements:** The applicant indicates that this criterion is not applicable for this project.

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

- a. **New Personnel:** The applicant states that Alliance currently has the personnel and physicians necessary to provide services to its seventy-six (76) psychiatric beds. However, two (2) FTEs are expected to be hired as a result of the project. Alliance does not anticipate any problems with hiring additional personnel and states it will recruit additional staff through traditional advertising methods, such as word of mouth.
- b. **Contractual Services:** The applicant states that this criterion is not applicable for this project.
- c. **Existing Facilities or Services:** Alliance states that it currently has the personnel and physicians necessary to provide services to its seventy-six (76) psychiatric beds.
- d. **Alternative Uses of Resources:** Alliance states that this criterion is not applicable for this project.

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

- a. **Support and Ancillary Services:** The applicant asserts that Alliance currently provides adult psychiatric services and has all necessary support and ancillary services for that service and will continue to do so.
- b. **Changes in Costs or Charges:** Alliance states that the hospital has based its costs and charges on the current costs and charges.
- c. **Accommodation Costs or Charges:** Alliance states that the hospital has based its costs and charges on the current costs and charges.

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

The applicant states that Alliance has worked with health professional training programs to meet their clinical needs in the past and will continue to do so.

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

The applicant states they will cooperate with the clinical needs of health professional training programs in the area.

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

Alliance states that this criterion is not applicable for the proposed project.

### **GR Criterion 14– Construction Projects**

The applicant states that the project does not involve any construction; therefore, Criterion 14 is not applicable.

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

There are no competing applications on file with the Mississippi State Department of Health for the conversion of adolescent beds to adult psychiatric beds.

## GR Criterion 16 - Quality of Care

- a. **Past Quality of Care:** Alliance asserts that the applicant's high utilization demonstrates that patients seek services at Alliance in high volumes, which evidences its quality of care.
- b. **Improvement of Quality of Care:** Alliance believes that the increase in bed capacity will help ensure that the hospital can continue to provide quality of care to patients in need of adult psychiatric services.
- c. **Accreditation and/or Certificates:** The applicant affirms that Alliance holds Joint Commission Accreditation and Joint Commission Deemed Status.

## IV. FINANCIAL FEASIBILITY

### A. Capital Expenditure Summary

The proposed capital expenditure for this project is \$5,000.00 for unexpected expenditures.

### B. Method of Financing

The applicant proposes the project will be financed from cash reserves.

### C. Effect on Operating Cost

The applicant's projections of gross revenues for the first, second, and third years of operation, expenses and net income are shown in Attachment 1. Utilization, cost, and charges are also included in the applicant's Three-Year Projected Operating Statement (see Attachment 1).



**D. Cost to Medicaid/Medicare**

The applicant's projections of gross patient revenue percentage and actual dollar amount to Medicaid and Medicare payor sources for the first year of operation is presented below (Project Only):

<b>Payor Mix</b>	<b>Utilization Percentage (%)</b>	<b>First Year Revenue (\$)</b>
<b>Medicare</b>	22.00%	\$ 285,677.00
<b>Medicaid</b>	8.00%	106,433.00
<b>Commercial</b>	60.0 %	794,283.00
<b>Self Pay</b>	1.00%	11,312.00
<b>Charity Care</b>	3.00%	40,273.00
<b>Other</b>	6.00%	76,022.00
<b>Total</b>	<b>100.00%</b>	<b>\$1,314,000.00</b>

**V. RECOMMENDATION OF OTHER AFFECTED AGENCIES**

The Division of Medicaid was provided a copy of this application for review and comment. In a letter dated May 20, 2019, the Division stated that due to a change in reimbursement methodology, the estimated increase in cost outlier payment resulting from this CON cannot be determined at this time; therefore, the Division of Medicaid opposes this project.

**VI. CONCLUSION AND RECOMMENDATION**

This project is in substantial compliance with the criteria and standards for the expansion of adult psychiatric beds/services as contained in the *FY 2018 Mississippi State Health Plan*; Chapter 8 of the *Mississippi Certificate of Need Review Manual, April 9, 2017, Revised*, and all adopted rules, procedures, and plans of the Mississippi Department of Health.

The Division of Health Planning and Resource Development recommends approval of this application submitted by Alliance Health Center, Inc., d/b/a Alliance Health Center for the conversion of four (4) adolescent psychiatric beds to adult psychiatric beds.

**ATTACHMENT 1**  
**Alliance Health Center, Inc., d/b/a Alliance Health Center**  
**Conversion of Adolescent Psychiatric Beds to Adult Psychiatric Beds**  
**Three-Year Projected Operating Statement**  
**(Project Only)**

	Year 1	Year 2	Year 3
<b>Revenue</b>			
<b>Patient Revenue:</b>			
Inpatient	\$1,314,000	\$1,353,419	\$1,394,021
Outpatient	-	-	-
Gross Patient Revenue	1,314,000	1,353,419	1,394,021
Charity Care	36,878	37,984	39,124
Deductions from Revenue	<u>755,173</u>	<u>777,829</u>	<u>801,163</u>
<b>Net Patient Revenue</b>	<b>\$ 521,949</b>	<b>\$ 537,606</b>	<b>\$ 553,734</b>
<b>Expenses</b>			
<b>Operating Expenses:</b>			
Salaries	\$ 120,652	\$ 124,272	\$ 128,000
Benefits	25,874	26,650	27,450
Supplies	24,549	25,286	26,044
Services	43,349	44,649	45,988
Lease			
Depreciation			
Interest			
Other	<u>57,894</u>	<u>59,631</u>	<u>\$ 61,420</u>
<b>Total Expenses</b>	<b>\$ 272,318</b>	<b>280,488</b>	<b>288,902</b>
<b>Net Income (Loss)</b>	<b>\$ 249,631</b>	<b>\$ 257,118</b>	<b>\$ 264,832</b>
<b>Assumptions</b>			
Inpatient days	730	752	775
Outpatient days	0	0	0
Procedures	0	0	0
Charge per outpatient day	0	0	0
Charge per inpatient day	\$1,800	\$1,800	\$1,799
Charge per procedure	NA	NA	NA
Cost per inpatient day	\$ 373	\$ 373	\$ 373
Cost per outpatient day	NA	NA	NA
Cost per procedure	NA	NA	NA