



STATE OF TENNESSEE  
DEPARTMENT of MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES  
ANDREW JACKSON BUILDING  
500 DEADERICK ST  
NASHVILLE, TN 37243

October 7, 2019

**Keystone Memphis, LLC dba Compass Intervention Center Certificate of Need CN1906-022**

The Department of Mental Health and Substance Abuse Services staff has reviewed the Keystone Memphis, LLC dba Compass Intervention Center Certificate of Need application for the addition of 40-beds to its campus which will include a 24-bed child/adolescent inpatient psychiatric hospital and 16 RTC replacement beds which will total 108 licensed RTC beds. The proposed addition of 40-beds will be located on its current campus located at 7900 Lowrance Road in Memphis (Shelby County), TN. The project's primary service area includes Shelby, Fayette and Tipton Counties located in the southwestern corner of Tennessee. The secondary service area includes eight (8) Tennessee counties, three (3) northwestern Mississippi counties and six (6) easternmost Arkansas counties. The secondary service area within Tennessee include: Dyer, Hardeman, Haywood, Lauderdale, McNairy, Obion, Lake, and Hardin Counties. The secondary service area also includes three (3) northwestern Mississippi counties (DeSoto, Tate and Tunica Counties) and six (6) easternmost Arkansas counties (Craighead, Crittenden, Cross, Mississippi, Poinsett and Saint Francis Counties). Individuals from a wider geographic area will be accepted if appropriate for admission. The review focused on the need for child/adolescent psychiatric beds in this part of the state, economic feasibility, quality measures, and the contribution the addition of these beds could have on the orderly development of healthcare.

**Scope of Project**

The project overview will address the need for a 40-bed addition to the campus that will include a 24-bed child/adolescent inpatient acute psychiatric hospital. The building will be situated to the east of the existing Compass Intervention campus, connecting to the existing structure by a pedestrian walkway. The addition will include 21,209 square feet of new construction and 3,331 square feet of renovated and refurbished space. The hospital wing will have 24 beds in 12 semi-private rooms and the RTC wing will have 16 beds in 8 semi-private rooms. The estimated project cost is \$12,622,001 with a projected occupancy of November 2021. The cost of the 24-bed inpatient child/adolescent acute psychiatric hospital is \$7,917,306. The proposed project cost is between the 2<sup>nd</sup> and 3<sup>rd</sup> quartile of previously approved hospital projects from 2016 -2018. The cost of the project will be funded by cash reserves available to the applicant.

## Service Area

The project's primary service area includes Shelby, Fayette and Tipton Counties located in the southwestern corner of Tennessee. The secondary service area includes eight (8) Tennessee counties, three (3) northwestern Mississippi counties and six (6) easternmost Arkansas counties. The secondary service area within Tennessee include: Dyer, Hardeman, Haywood, Lauderdale, McNairy, Obion, Lake, and Hardin Counties. The secondary service area also includes three (3) northwestern Mississippi counties (DeSoto, Tate and Tunica Counties) and six (6) easternmost Arkansas counties (Craighead, Crittenden, Cross, Mississippi, Poinsett and Saint Francis Counties).

## **Analysis**

### Need

Tennessee's State Health Plan sets the population-based estimate for the total need for psychiatric inpatient services at 30 beds per 100,000 general population. The application of the formula can result in an underestimation of the number of inpatient psychiatric beds needed due to a number of factors: bed utilization, willingness of provider to accept emergency involuntary admissions, the extent to which the provider serves the TennCare population and/or the indigent population as well as for specialty populations, depending on how the beds are distributed. Other influencing factors include the number of existing beds in the proposed service area, bed utilization and available community services for people to increase family involvement, utilization of the person's community support system and access to aftercare.

### **Bed Need**

Based on the population data provided by Tennessee Department of Health (TDOH) of the proposed service area, the need for inpatient psychiatric services is provided below. The current licensed bed count was extracted from the 2017 Joint Annual Report of Hospitals and in reviewing approved CON applications.

<b>Child/Adolescent Beds As of February 2019</b>			
<b>Facility</b>	<b>County</b>	<b>Licensed Beds</b>	<b>Staffed Beds</b>
Lakeside Behavioral	Shelby	61	61
St. Francis Hospital	Shelby	40	28
Crestwyn Behavioral Health	Shelby	32	32
<b>Primary Service Area</b>		<b>133</b>	<b>121</b>
Woodridge Behavioral Center	Crittenden, AR	18	18
Parkwood Behavioral – Olive Branch	DeSoto, MS	52	52
<b>Secondary Service Area</b>		<b>70</b>	<b>70</b>
<b>Total</b>		<b>203</b>	<b>191</b>

### Mental Health Hospital Child and Adolescent Inpatient Psychiatric Beds

	Population 2021	Gross Need Pop. X (30 beds/100,000)	Inpatient Psychiatric Beds	Net/Surplus
	C & A 0-17	C & A 0-17	C & A 0-17	C & A 0-17
Primary Service Area	261,820	78.5	133	(54.5) surplus
Secondary Service Area	159,618	47.8	70	(22.2) surplus
Total	421,488	126.4	203	(76.6) surplus

There is currently not a child/adolescent crisis stabilization unit (CSU) in the proposed primary service area of the Applicant.

#### Existing Similar Service Providers

There are three (3) behavioral health facilities in the primary service area and two (2) in the secondary service area that provide inpatient acute services to children and adolescents. These facilities have a combined two hundred and three (203) licensed beds. Of the two hundred and three (203) licensed beds, one hundred and thirty three (133) beds in the primary service area are dispersed across three (3) facilities and the remaining seventy (70) in the secondary service area within Mississippi and Arkansas.

#### Physical Plant

The project consists of 21,209 feet of new construction and 3,331 feet of renovated and refurbished space. The addition will be comprised of:

Bed Type	Number of Proposed Beds	Number of Existing Beds	Number of Beds if CON is Approved
Child/Adolescent Acute Inpatient Beds	24	0	24
RTC Beds	16	92	108
<b>Project Total</b>	<b>40</b>		

\*Facility is already licensed for 108 RTC beds.

All beds are designed with semi-private rooms, which will allow for single occupancy as needed for patients.

#### Individuals Served

#### **Proposed Child/Adolescent Acute Inpatient Psychiatric Service**

The child/adolescent acute inpatient psychiatric program will involve a multi-level continuum of care that includes group and individual therapy, medication management, parent education program, introduction to the Seven Challenges Model and therapeutic groups for suicide prevention, alcohol and drugs, mood and eating disorders, psychological trauma, self injurious behavior and anger management.

Children will be separated from adolescents. The program specifically for children will be focused on children 12 or younger or students in seventh grade or below to address a range of behavioral health issues. The adolescent program will focus on individuals 13-17 years of age with behavioral health issues or general psychiatric disorders. The inpatient program will address the needs of patients experiencing:

- Major Depressive Disorders
- Urges to commit suicide/suicide attempts
- Self harming behaviors
- Aggressive/impulsive behaviors
- ADHD
- Anxiety Disorder
- Bipolar Disorder
- Eating Disorders
- Oppositional Defiant Disorders
- Panic Disorders
- Personality Disorders
- Post Traumatic Stress Disorder
- Substance Use
- Thought Disorders/Paranoia

The Applicant will accept emergency involuntary admissions for children and adolescents.

#### Outstanding CONs Impacting Supply in Service Area

There are no outstanding Certificate of Need Applications that are approved, but not yet in service in the proposed primary service area (Shelby, Fayette, Tipton Counties).

#### **Economic Feasibility**

##### Ownership and Management

Keystone Memphis, LLC, d/b/a Compass Intervention Center is a Tennessee Limited Liability Company wholly owned by Keystone Education and Youth Services LLC, a Tennessee Limited Liability Company. Keystone Education and Youth Services LLC is wholly owned by Keys Group Holdings LLC, a Delaware Limited Liability Company, which is wholly owned by UHS Children's Services, Inc. a Delaware corporation. UHS Children's Services, Inc. is a wholly subsidiary of Universal Health Services, Inc., a Delaware corporation; UHS is the ultimate parent corporation of the Applicant.

Two of the five hospitals in the service area are UHS owned and operated, and sister facilities to Compass Intervention Center, Lakeside Behavioral in Memphis and Parkwood Behavioral Health System in Olive Branch.

#### **Expected Revenue**

##### Applicant's Projected Payor Mix, Year 1

The Applicant anticipates the occupancy rates for the first two years following the completion of the addition of 24-beds for the child/adolescent acute inpatient psychiatric hospital as follows: 38.3% in Year 1, and 55.0% in Year 2.

**Total Facility Projected Year 1**

<b>Payor Source</b>	<b>Projected Gross Operating Revenue (\$)</b>	<b>As a % of Total</b>
Medicare/Medicare Managed Care	\$0	0%
TennCare/Medicaid	\$1,006,486	30%
Commercial/Other Managed Care	\$1,174,236	35%
Medicaid (out of state)	\$503,244	15%
DCS	\$167,748	5%
TriCare	\$335,496	10%
Champ VA	\$167,748	5%
Self-Pay		
Charity Care		
Other		
<b>Total</b>	<b>\$3,354,958</b>	<b>100%</b>

\*Charity Care is listed as bed debt.

The Applicant is contracted with all four TennCare plans, including TennCare Select, Amerigroup, BlueCare and United Healthcare Community Plan. The Applicant states it is willing to join the rotation with other facilities on admissions of indigent patients.

**Quality Standards**

The Applicant states that it utilizes an internal system to track incidents and trends and the data is regularly documented and reviewed on a monthly basis. If the application is approved, the following licensure, certification, and accreditation standards will be applied for:

Licensure: Tennessee Department of Mental Health and Substance Abuse Services

Certification: Centers for Medicare and Medicaid Services (CMS) and TennCare

Accreditation: Joint Commission

**Contribution to the Orderly Development of Health Care**

Staffing/Recruitment/Salaries

The proposed direct patient care positions include charge nurses, child/adolescent psych (blend of registered nurses and psychiatric technicians), activity therapist, social services, and intake. Listed salaries for position classifications are within local hiring practices. The Applicant states if the CON is approved it will start the recruitment of a hospital Medical Director who will be a psychiatrist

specializing in child/adolescent psychiatric medicine. The Medical Director position was not listed in the position classifications in the application nor salary. Additional medical or psychiatric staff along with potential salary was also not listed (psychiatrist, physicians, nurse practitioners, physician assistants).

The Applicant will recruit for positions both internally and externally. Internal recruitment will include those associates from other UHS related facilities. External recruitment activities will include job fairs within the service area and state, job fairs at colleges and universities through the region, and networking through existing UHS staff members.

The Applicant notes that they have an ongoing onboarding and retention plan for nursing. The Applicant provides employee referral stipends for recruitment purposes. Additionally, there is a retention incentive in place for quarterly merit raises based on retention and performance.

### Letters of Support/Opposition

Letters of support for the Applicant are summarized below:

- Paul D. Clein, MD, Medical Director, Compass Intervention Center's RTC Program & Lakeside Behavioral Health's Child/Adolescent Program
- Anna Joy Golden, MSN, RN, Chief Executive Officer, Lakeside Behavioral Health System
- Brittay Farrar, Director of Specialized Crisis Services of Youth Villages
- Michael LaBonte, Executive Director, Memphis Crisis Center
- Altha J. Stewart, M.D., Associate Professor in Psychiatry, Director, Center for Health in Justice Involved Youth, University of Tennessee Health Science Center
- Audrey Elion, PhD, Supervisor, Evaluation and Referral Section, Juvenile Court of Memphis and Shelby County
- Scott Ridgway, MS, Executive Director, Tennessee Suicide Prevention Network
- Keith Fussell, M.A., LPC-MHSP, LMFT, Christian Counseling Center of Bartlett
- Pamela A. Cogdal, PhD, Supervisor, LCP-HSP, ACS, Director of Counseling Programs, The University of Memphis
- Katrina Robinson, Tennessee State Senator, District 33
- Jesse Chism, Representative, Tennessee General Assembly, District 85
- Leslee Graces, Shelby County Schools, Federal Programs, Grants, and Compliance
- Beverly Robertson, Interim President and Chief Executive Officer, Greater Memphis Chamber
- Nicole Hood, MSHS, Program Director, Concordia Career College-Memphis, TN
- Robin Nobling, Executive Director, NAMI Davidson County

There were no letters of opposition noted in the application.

### Access

The addition of twenty-four (24) inpatient psychiatric beds to Shelby County will provide local accessible psychiatric treatment for the child and adolescent population. Proposed beds will allow services that are close to home, family, outpatient service providers, medical specialists, and other supports.

### Working Relationship with Existing Providers

The Applicant has current relationships through direct linkages with their respective health systems and with community partners. The Applicant proposes to provide a continuum of care that includes: inpatient hospitalization, residential treatment, and partial hospitalization/intensive outpatient programming.

### Positive Effects

Positive effects of the proposed application include the addition of inpatient psychiatric services for children and adolescents in the proposed primary and secondary service area.

### Negative Effects

A potential negative effect from the project is brought on by competitive forces for qualified staff.

### Transfer Agreements

The Applicant has transfer agreements with Saint Francis Hospital for patients in need of general acute or medical treatment (7.4 miles away).

### Training

Compass has existing affiliation agreements with universities across the State of Tennessee and in bordering states (Mississippi and Arkansas) to provide educational training opportunities for nursing, psychology, psychiatry, counseling, occupational therapy and recreational therapy students. The universities, colleges and training programs include:

- Baptist College of Health Sciences
- Concorde
- Harding University
- UT Health Science Center College of Nursing
- Christian Brothers University
- Union University
- University of Memphis
- University of Mississippi
- University of Tennessee at Knoxville

### **Conclusions**

1. Under the guidelines of 30 beds per 100,000 persons, the addition of twenty-four (24) child/adolescent acute inpatient psychiatric beds would exceed the number of beds per

guidelines for the primary service area (Shelby, Fayette and Tipton Counties). Due to the special population (ages 5-17) that is to be served it is prudent to have too many beds than too few.

2. The proposed project appears to be economically feasible. Costs for program development and budgeting appear reasonable and documentation supports the availability of needed capital for start-up. The project involves the addition of 40 beds which will consist of a 24-bed child/adolescent acute inpatient psychiatric hospital and 16 RTC beds.
3. The application for the addition of 40-beds which would consist of 24 child/adolescent acute inpatient psychiatric and 16 RTC beds would contribute to the orderly development of health care in the state of Tennessee. Inpatient psychiatry services are reserved for circumstances in which no less restrictive alternative adequately provides for the safety of the patient or others.
4. The addition of twenty-four acute inpatient psychiatric beds to provide treatment to the child and adolescent populations would provide health care that meets appropriate quality standards. The applicant will seek licensure by TDMHSAS, Joint Commission accreditation and CMS certification.

TDMHSAS has reviewed and supports the application for the addition of a 24-bed acute inpatient psychiatric hospital serving the child and adolescent population. Keystone Memphis, LLC dba Compass Intervention Center will be accessible to low income patients, increase service availability which will decrease admission time, accepts involuntary admissions, and will serve TennCare and DCS patients.

*Laura Young*

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