ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS
C = Conforming
CA = Conditional
NC = Nonconforming
NA = Not Applicable

DECISION DATE:	December 20, 2012
PROJECT ANALYST:	Gloria C. Hale
ASSISTANT CHIEF:	Martha J. Frisone
PROJECT I.D. NUMBER:	G-10002-12/ Pioneer Community Hospital of Stokes/ Develop six geriatric inpatient psychiatric beds /Stokes County

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

G.S. 131E-183(a) The Department shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

(1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

C

The applicant, Pioneer Health Services of Stokes County, Inc. d/b/a Pioneer Community Hospital of Stokes, proposes to transfer six inpatient psychiatric beds from Broughton Hospital pursuant to Policy PSY-1 in the 2012 State Medical Facilities Plan (2012 SMFP) to develop a geriatric inpatient psychiatric unit. The applicant leases and operates a 25-bed Critical Access Hospital, previously known as Stokes-Reynolds Memorial Hospital, from Stokes County. The applicant does not propose to develop new inpatient psychiatric beds. Therefore, there are no need determinations in the 2012 SMFP applicable to this review.

There are two policies in the 2012 SMFP which are applicable to the review of this application.
The first of these, Policy MH-1: LINKAGES BETWEEN TREATMENT SETTINGS, states: *"An applicant for a certificate of need for psychiatric, substance abuse, or Intermediate Care Facilities for the Mentally Retarded (ICF/MR) beds shall document that the affected Local Management Entity has been contacted and invited to comment on the proposed services."* Exhibit P, page 130, contains a letter of support for the project

from the CEO/Area Director for the CenterPoint Human Services Local Management Entity (LME). The application is conforming to Policy MH-1.

The second of these, Policy PSY-1: TRANSFER OF BEDS FROM STATE PSYCHIATRIC HOSPITALS TO COMMUNITY FACILITIES, states:

> *"Beds in the state psychiatric hospitals used to serve short-term psychiatric patients may be relocated to community facilities through the certificate of need process. However, before beds are transferred out of the state psychiatric hospitals, services and programs shall be available in the community. State psychiatric hospital beds that are relocated to community facilities shall be closed within 90 days following the date the transferred beds become operational in the community.*
>
> *Facilities proposing to operate transferred beds shall submit an application to the Certificate of Need Section of the North Carolina Department of Health and Human Services and commit to serve the type of short-term patients normally placed at the state psychiatric hospitals. To help ensure that relocated beds will serve those persons who would have been served by the state psychiatric hospitals, a proposal to transfer beds from a state hospital shall include a written memorandum of agreement between the local management entity serving the county where the beds are to be located, the secretary of the North Carolina Department of Health and Human Services, and the person submitting the proposal."*

In supplemental information, the applicant provides a signed memorandum of agreement dated October 19, 2012 between CenterPoint Human Services, which is the LME serving Stokes County, the Department of Health and Human Services, and Pioneer Community Hospital of Stokes, which states:

> *"WHEREAS, the 2011* [sic] *State Medical Facilities Plan ("SMFP") authorizes the transfer of psychiatric inpatient beds from the State psychiatric hospitals to community-based facilities that are willing to care for residents who are normally placed in psychiatric beds at the state facility,*
>
> *WHEREAS, the 2011* [sic] *State Medical Facilities Plan ("SMFP") 'Policy PSY-1: Transfer of Beds from State Psychiatric Hospitals to Community Facilities,' ('SMFP Transfer Policy') requires that an application for a Certificate of Need ('CON') to transfer psychiatric beds from a State psychiatric hospital to a community-based facility must include a written agreement between the Area Mental Health/Developmental Disabilities/Substance Abuse authority serving the county where the beds are to be located, the Secretary of Health and Human Services, and the party submitting the proposal.*
>
> *NOW THEREFORE, the North Carolina Department of Health and Human Services, the Division of Mental Health, Developmental Disabilities and Substance Abuse Services, and Broughton Hospital (collectively, the 'Department'); Centerpoint*

Human Services Local Management Entity and Pioneer Community Hospital of Stokes in Danbury, do hereby agree as follows:

*A. The Department agrees to transfer **eight** (08) geriatric psychiatric inpatient hospital beds from Broughton Hospital to Pioneer Community Hospital of Stokes in Danbury N.C.,*

*B. The Department agrees to close **eight** (08) psychiatric inpatient beds at Broughton Hospital within 90 days following the date the transferred beds become operational at Pioneer Community Hospital of Stokes in Danbury N.C.*

C. Area Mental Health and Pioneer Community Hospital of Stokes in Danbury N.C. agree to comply with the requirements of SMFP Transfer Policy.

D. All parties agree that this MOA is for the expressed purpose of transferring beds from Broughton Hospital to Pioneer Community Hospital of Stokes in Danbury N.C. and that such transfer does not include in nor imply the transfer of any monetary or other resources associated with these beds from the Department to support operations of such beds by Pioneer Community Hospital of Stokes in Danbury N.C.

E. Area Mental Health and Pioneer Community Hospital of Stokes in Danbury N.C. will be developing the criteria, process and procedure for Area Mental Health to approve the admission to Pioneer Community Hospital of Stokes in Danbury, N.C. of patients whose cost of care will be reimbursed by Area Mental Health. Area Mental Health and Pioneer Community Hospital of Stokes in Danbury N.C. have also agreed that Area Mental Health will be an active participant in discharge planning for Area Health [sic] *network area participants."*

The signed agreement and the letter in Exhibit P adequately document the following:

- The Local Management Entity (LME), CenterPoint Human Services, has provided a letter of support for the proposal.
- The Department of Health and Human Services has agreed to close 8 psychiatric beds at Broughton Hospital within 90 days following the transfer of the beds to Pioneer Community Hospital of Stokes.
- Pioneer Community Hospital of Stokes has committed to serve the type of short-term psychiatric patients normally placed at the state psychiatric hospitals.

- The application includes a written memorandum of agreement between the LME, the Department of Health and Human Services and Pioneer Community Hospital of Stokes.

In supplemental information, the applicant requested an amendment to its application to reduce the number of adult inpatient psychiatric beds to be transferred from Broughton Hospital to Pioneer Community Hospital of Stokes from eight beds to six. The signed memorandum of agreement is sufficient.

In summary, the application is conforming to Policy MH-1 and Policy PSY-1. Therefore, the application is conforming to this criterion.

(2) Repealed effective July 1, 1987.

(3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant states in supplemental information that it proposes to develop a new six-bed geriatric inpatient psychiatric unit at Pioneer Community Hospital of Stokes (PCHS) by relocating six inpatient psychiatric beds from Broughton Hospital pursuant to Policy PSY-1 in the 2012 SMFP. The proposal includes renovating 4,483 square feet of existing space on the 1st floor of the hospital. Upon project completion, PCHS would be licensed for a total of six adult inpatient psychiatric beds and 25 acute care beds. The proposed unit will serve primarily adults 65 years of age and older, however patients 45-64 years of age who may benefit from the services provided by the geriatric unit may also be served.

Population to be Served

The applicant provides, in supplemental information, projected patient origin by county of residence for the first two years of the proposed inpatient psychiatric services:

County	Operating Year One		Operating Year Two	
	# of Patients	% of Total	# of Patients	% of Total
Stokes	104	85%	141	93%
Forsyth	12	10%	8	5%
Surry	6	5%	3	2%
Total	122	100%	152	100%

In Section III.5(b), page 22, the applicant states:

> *"…it is expected that the vast majority of patients will come from Stokes County as community members stop seeking service outside of the county in preference for local healthcare. From October 2009 to September 2010, 207 Stokes County residents sought inpatient mental health services outside Stokes County."*

Moreover, in supplemental information, the applicant provides data that shows the potential need for geriatric inpatient psychiatric services based on the number of patients aged 65 and older, by zip code, who received services from the applicant's five primary care and/or emergency services facilities located in Stokes County and who had mental health diagnoses from August 2011 through November 2012. The applicant's five facilities are located in Danbury, King, and Walnut Cove, North Carolina. A table illustrating the potential need for services is provided below:

Patient Origin Pioneer Community Hospital Health Facilities
Patients aged 65+ with Mental Health Diagnoses
August 2011 – November 2012

Primary Service Area by Zip Code	# of Discharges with Mental Health Diagnoses	Percent of Total Discharges
King - 27021	2,752	27%
Walnut Cove – 27052	1,788	17%
Danbury – 27016	907	9%
Lawsonville – 27022	644	6%
Westfield – 27053	560	5%
Pinnacle – 27043	461	4%
Germanton – 27019	460	4%
Sandy Ridge – 27046	437	4%
Rural Hall – 27045	427	4%
Tobaccoville – 27050	282	3%
Pilot Mtn. – 27041	238	2%
Madison – 27025	207	2%
Winston-Salem – 27105	184	2%
Total	3,401	-

The applicant adequately identified the population to be served.

Demonstration of Need

In Section III.1(a), page 18, the applicant discusses the unmet need for geriatric inpatient psychiatric services as follows:

> "*At present, no inpatient psychiatric beds of any kind exist in Stokes County. From October 2009 to September 2010, Stokes County residents accounted for 1391 psychiatric patient days in facilities outside of Stokes County.*"

In supplemental information, the applicant provides the number of psychiatric inpatient days spent in inpatient psychiatric beds outside Stokes County, by county, based on a North Carolina Health Information Network report detailing patient origin/destination by county by hospital. See the following table:

Psychiatric Inpatient Days Spent in Other Counties
By Stokes County Residents
October 2009 – September 2010

County	# of Inpatient Days
Forsyth	1,014
Catawba	157
Guilford	61
Davidson	59
Wake	33
Cabarrus	30
Pitt	16
Mecklenburg	11
Durham	3
Rockingham	3
Cleveland	2
Iredell	2
Total	**1,391**

In Section III.1(a), page 18, the applicant states,

> *"Elders 65 and older comprise an especially at-risk patient population due to increased likelihood of chronic illnesses which may contribute to development of mental health disorders or exacerbate mental health conditions (which in turn may complicate medical concerns), and the decreased likelihood of accessing mental health services. The nearest facility which offers inpatient geriatric psych services is further than an hour's drive distant."*

In supplemental information, the applicant indicates that the proposed project is primarily intended for,

> *"geriatric patients suffering from mental illness, behavioral disturbances, or Alzheimer's often with medical comorbidities. North Carolina has the third highest rate of death with underlying or contributing cause coded as dementia per 100,000 among our targeted senior population[1]. In crude rates of death with underlying cause coded as Alzheimer's among this population, North Carolina ranks 15th in the nation[2]. More, seniors are the segment of our population that are most likely to go under-diagnosed and under-treated for mental illness."*

The applicant further demonstrates the need for geriatric inpatient psychiatric services through a discussion of the overuse of emergency departments as *"holding zones"* for

[1] "Population Surveillance of Dementia Mortality." International Journal of Environmental Research and Public Health (Apr 20, 2011), found at www.mdpi.com/journal/ijerph. Accessed Nov. 26, 2012.
[2] Ibid.

those in need of inpatient psychiatric care. The applicant quotes a National Alliance on Mental Illness report that suggests a potential solution for addressing the overuse of emergency departments while waiting for available psychiatric beds is to provide specialized services that address "*medical plus psychiatric needs* [and] *dementia,…"*[3]

The applicant states, in supplemental information, that from August 2011 through August 2012, Pioneer Community Hospital of Stokes (PCHS) had 55 involuntary commitments through its emergency department, seven were for persons aged 65 and older, and that *"the average wait time for a psychiatric bed was 25 hours with one patient experiencing a 97 hour wait."*

PCHS does not currently have any licensed psychiatric beds, nor does Pioneer Health Services, Inc., the parent company, operate any inpatient psychiatric services in North Carolina. Therefore, the applicant is not able to provide historical utilization for geriatric inpatient psychiatric services provided at PCHS. However, the applicant provides, in Section III.4, pages 20-21, acute care patient origin by county of residence for PCHS, as illustrated in the following table:

PCHS Patient Origin by County of Residence
FFY October 1, 2010 – September 30, 2011

County	Federal Fiscal Year Oct. 2010 – Sept. 2011	
	# of Patients	% of Total
Stokes	7690	70.80
Forsyth	1616	14.88
Surry	933	8.59
Rockingham	343	3.16
Yadkin	114	1.05
Other*	166	1.53
Total	**10,862**	**100**

*Note: Other includes patients from all other NC counties with each accounting for less than 1.05% of patients

The applicant states, in Section III.1(a), page 18, that PCHS *"has observed a need for geriatric psychiatric services in its service area and acknowledges ongoing demographic changes indicating a growing need among the elderly population for treatment of mental health disorders."* In supplemental information, the applicant states that this "*relates primarily to the surge in elder population who make up the Baby Boomer generation."* In 2010, persons aged 60 and over accounted for 22.6% of Stokes County's population. In 2030, this same age group is projected to represent 28.7% of the county's population, according to the supplemental information provided by the applicant and obtained from

[3] National Alliance on Mental Illness (NAMI). Report II: State Psychiatric Hospital Admission Delays in North Carolina. (Jan. 17, 1010 [sic])

the North Carolina Division of Aging and Adult Services. In addition, in supplemental information, the applicant states,

> *"The senior population of Stokes County, 65 and older will grow by an expected an* [sic] *average of 2.9% percent* [sic] *annually from an estimated 2012 population of 8,267 to a projected 2020 population of 10,381. By 2030, the senior population is projected to be nearing 13,000. The Centers for Disease Control estimates that 20 percent of persons 55 years and older will suffer from mental illness."*

Projected Utilization

In supplemental information, the applicant provides the assumptions used to project utilization, as follows,

> *"Assumptions used to develop these utilization rates include operating at 75% of capacity by the end of the second full year of operation per North Carolina regulations. One hundred percent of capacity is operationalized as 365 days per calendar year in operation during which all requested beds are fully available for proposed use. Full capacity would therefore be 2190 patient days (6 beds*365 days of patient use = 2,190)."*

In supplemental information, the applicant provides the methodology used to project admissions through the second full year of operation. The applicant states it anticipates drawing patients from the following three facilities: Pioneer Community Hospital of Stokes, Pioneer Community Hospital of Patrick in adjacent Patrick County, Virginia, and Stokes County Nursing Home. The applicant also anticipates serving Medicare Disabled Beneficiaries aged 45-64. The applicant utilizes local population numbers, average mental health hospitalization discharge rates derived from the North Carolina County Health Data Book 2012, Stokes County Profile, North Carolina Division of Public Health, and projected readmissions to estimate admissions. The projected number of disabled Medicare beneficiaries who would be appropriate for admission were based on information from Medpac.[4]

In addition, the applicant states in supplemental information,

> *"The applicant observes an experience-based best practice of providing on average 12-14 days treatment for the specialized needs of the target population. An average length of stay of 12 days has been applied in the present utilization calculations. This length of stay is in line with other state facilities operating adult inpatient psychiatric beds.[5] A readmission rate of 6.2%, as experienced in other facilities operated by the applicant and*

[4]Medpac. "Healthcare Spending and the Medicare Program. June 2010. http://www.medpac.gov/documents/jun10databookentirereport.pdf.

[5] CMC-Randolph (11.56 ALOS projected for FY 2012-2016); CON Application Project ID F-8703-11.

in local non-state facilities in North Carolina (Readmission rates at local community hospitals are better than for state hospitals: 30-day readmission rate local = 6.2% [;] *State = 10%; 180-day readmission rate local = 11.2%* [;] *State = 20%).*[6]*"*

The applicant provides, in supplemental information, the projected quarterly utilization of the proposed geriatric inpatient psychiatric beds for the first two quarters of the interim period, (July 2013 – December 2013), and for the first two full calendar years of the project through December 2015 as follows. No historical utilization data are provided since the proposed project is for a new psychiatric unit.

PCHS Geriatric Inpatient Psychiatric Unit
Projected Utilization

Interim Utilization	First Quarter	Second Quarter	Third Quarter 7/2013 - 9/2013	Fourth Quarter 10/2013 - 12/2013	Total
Total # Patients Admitted	N/A	N/A	30	30	60
Total # Patient Days of Care	N/A	N/A	360	360	720
Average Length of Stay	N/A	N/A	12	12	12
# of Licensed Beds	N/A	N/A	6	6	6
% Occupancy*	N/A	N/A	66.7%	66.7%	66.7%
Total # Discharged Patients Readmitted at Later Date	N/A	N/A			4

* % occupancy calculated by CON Analyst.

[6]North Carolina DMH/DD/SAD Strategic Plan 2010-2013 Draft May 20, 2010 http://www.ncdhhs.gov/mhddsas/CommunicationBulletins/commbulletin110/strategic_plan2010-13_5-20-1-.pdf

Projected Utilization First Full Fiscal Year	First Quarter 1/2014 – 3/2014	Second Quarter 4/2014 – 6/2014	Third Quarter 7/2014 – 9/2014	Fourth Quarter 10/2014 – 12/2014	Total
Total # Patients Admitted	30.4	30.4	30.4	30.4	122
Total # Patient Days of Care	365	365	365	365	1459
Average Length of Stay	12	12	12	12	12
# of Licensed Beds	6	6	6	6	6
% Occupancy*	67.6%	67.6%	67.6%	67.6%	67.6%
Total # Discharged Patients Readmitted at Later Date					8

* % occupancy calculated by Project Analyst.

Projected Utilization Second Full Fiscal Year	First Quarter 1/2015 – 3/2015	Second Quarter 4/2015 – 6/2015	Third Quarter 7/2015 – 9/2015	Fourth Quarter 10/2015 – 12/2015	Total
Total # Patients Admitted	38	38	38	38	152
Total # Patient Days of Care	456	456	456	456	1824
Average Length of Stay	12	12	12	12	12
# of Licensed Beds	6	6	6	6	6
% Occupancy*	84.5%	84.5%	84.5%	84.5%	84.5%
Total # Discharged Patients Readmitted at Later Date					9

* % occupancy calculated by Project Analyst.

As shown in the table above, in the second quarter of the second full fiscal year of operation (8th quarter of operation following completion of the project), occupancy is projected to be 84.5%, which exceeds the 75% required by 10A NCAC 14C .2603(b). Projected utilization is based on reasonable, credible and supported assumptions. Therefore, the applicant adequately demonstrates the need to relocate six inpatient psychiatric beds from Broughton pursuant to Policy PSY-1 in the 2012 SMFP.

In summary, the applicant adequately identified the population to be served and adequately demonstrated the need the population has for the proposed six geriatric inpatient psychiatric beds. Therefore, the application is conforming to this criterion.

(3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

NA

(4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.

CA

In Section III.3, page 19, the applicant discusses the alternatives considered prior to the submission of this application, which include:

1) Maintain the Status Quo – The applicant states that patients needing geriatric inpatient psychiatric services would continue to be transferred to other facilities specializing in the elderly population. This is not considered to be cost effective due to the distance of the closest geriatric psychiatric inpatient unit. The closest geriatric psychiatric inpatient unit is Thomasville Medical Center which is noted to be an hour and a half drive from PCHS. In addition, the applicant states that when a patient is transferred they are taken away from his or her community and their home environment.

2) Continue to serve patients in emergency departments – The applicant states that for this alternative emergency rooms would continue to serve as *"overflow departments for patients with mental health disorders."* This is described as being inadequate for the care of the patient and could *"possibly compromise the treatment of other patients seeking emergency medical attention."*

3) Increase the use of outpatient mental health services - The applicant states that these services *"would be inadequate to meeting more comprehensive needs including patient stabilization."*

The applicant states in Section III. 2 (a), page 19, that establishing a six bed geriatric inpatient psychiatric unit in a critical access hospital *"maximizes resources in terms of staff and capital, includes the geriatric unit in the quality initiatives of the facility at large, and ensures access to scarce services to vulnerable populations residing in a rural community distant from the convenience and broad array of services available in more urban areas."*

Furthermore, the application is conforming to all other statutory and regulatory review criteria, and thus, is approvable. A project that cannot be approved cannot be an effective alternative.

In summary, the applicant adequately demonstrates that its proposal is the least costly or most effective alternative to meet the need. Therefore, the application is conforming to this criterion and approved subject to the following conditions.

1. **Pioneer Health Services of Stokes, Inc. d/b/a Pioneer Community Hospital of Stokes shall materially comply with all representations made in the certificate of need application and supplemental information provided. In those instances where representations conflict, Pioneer Health Services of Stokes, Inc. d/b/a Pioneer Community Hospital of Stokes shall materially comply with the last made representation.**

2. **Pioneer Health Services of Stokes, Inc. d/b/a Pioneer Community Hospital of Stokes shall relocate no more than six geriatric inpatient psychiatric beds from Broughton Hospital pursuant to Policy PSY-1 for a total licensed bed complement of no more than six geriatric inpatient psychiatric beds and 25 acute care beds.**

3. **Pioneer Health Services of Stokes, Inc. d/b/a Pioneer Community Hospital of Stokes shall accept patients requiring involuntary admission for inpatient psychiatric services.**

4. **Pioneer Health Services of Stokes, Inc. d/b/a Pioneer Community Hospital of Stokes shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.**

(5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

In Section VIII.1, page 40, the applicant projects the total capital cost of the project to be $578,423, as shown in the following table.

Item	Projected Cost
Construction Contract	$475,678
Fixed and Moveable Equipment	$40,964
Furniture	$39,280
Architect/Engineering/Consultant Fees	$22,500
Total*	**$578,423**

*Total is $1 higher due to rounding based on additional information provided by applicant.

In Section VIII.2, page 41, the applicant states that financing for the proposed project in the amount of $578,423 will be funded from owner's equity provided by Pioneer Health Services, Inc., the applicant's parent company. The amount of owner's equity as of June 30, 2012 was $684,850. Exhibit JJ contains a letter from the Chief Financial Officer for Pioneer Health Services, Inc., which states:

> *"Pioneer Health Services of Stokes County, LLC will finance the proposed renovation of existing hospital space and other relevant costs for the purpose of establishing a new inpatient geriatric psych service with owner's equity."*

In Section IX.2, page 43, the applicant states that the parent organization's accounting staff anticipates *"no significant initial operating expenses or start-up costs not already accounted for elsewhere or that are specific to start-up and not recurrent in later operations."*

Exhibit KK contains an unaudited statement of financial condition for Pioneer Health Services of Stokes County, LLC. This statement reflects all activity from August 1, 2011 through June 30, 2012 based on information provided by the applicant. Pioneer Health Services of Stokes County, LLC had total assets of $4,402,433 and total liabilities of 3,716,582. Total stockholder's equity was $685,852 (total assets minus total liabilities.) Total stockholder's equity included $1,000 of common stock. Retained earnings, which do not include the $1,000 of common stock, and are to be used to finance the proposed project, were $684,850. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

The applicant provided pro forma financial statements for the first four operating years of the project in supplemental information. The applicant projects revenues will exceed operating expenses in each of the first four operating years of the project, as illustrated in the table as follows:

PCHS Geriatric Inpatient Psychiatric Unit	Project Year 1*	Project Year 2	Project Year 3	Project Year 4
Projected # of days	720	1,459	1,824	1,824
Projected Average Charge (Gross Patient Revenue / Projected # of days)	$1,050	$1,295	$1,281	$1,319
Gross Patient Revenue	$756,000	$1,890,000	$2,336,040	$2,406,121
Deductions from Gross Patient Revenue	$180,000	$708,344	$816,403	$840,895
Net Patient Revenue	$576,000	$1,181,656	$1,519,637	$1,565,226
Total Expenses	$367,350	$843,375	$971,612	$991,760
Net Income	$208,650	$338,281	$548,026	$573,467

*Note: Project Year 1 is for 6 months only.

The applicant also projects a positive net income for the entire facility in each of the first four operating years of the project. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. All assumptions for the pro formas are provided in supplemental information. See Criterion (3) for discussion regarding projected utilization which is incorporated hereby as if fully set forth herein. The applicant adequately demonstrates that the financial feasibility of the proposal is based upon reasonable projections of costs and charges, and therefore, the application is conforming to this criterion.

(6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C

Pursuant to Policy PSY-1 in the 2012 SMFP, the applicant proposes to relocate six adult inpatient psychiatric beds from Broughton Hospital. Upon completion of the proposed project, PCHS would be licensed for six adult inpatient psychiatric beds and 25 acute care beds. There are no inpatient psychiatric beds located in Stokes County. Stokes County is located in the CenterPoint LME along with Forsyth, Davie and Rockingham Counties. There are no inpatient psychiatric beds located in Davie or Rockingham Counties. There are 220 inpatient psychiatric beds located in Forsyth County. Of those, 154 serve adults (18+). There are no dedicated geriatric inpatient psychiatric beds located in the CenterPoint LME. The applicant adequately demonstrated the need for six geriatric inpatient psychiatric beds. See Criterion (3) for discussion which is incorporated hereby as if set forth fully herein. Therefore, the applicant adequately demonstrates that the proposed project will not result in unnecessary duplication of existing or approved geriatric inpatient psychiatric beds. Consequently, the application is conforming to this criterion.

(7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

C

The following table illustrates the proposed staffing as shown in Section VII.1, page 35.

PCHS Proposed Geriatric Inpatient Psychiatric Unit Staffing

Position	Proposed FTEs
Program Director (contracted)	1.0
Psychiatrists licensed to practice medicine in NC	1.0
Practicing Psychologists licensed to practice in NC	0.2
Psychiatric Social Workers	1.0
Psychiatric Registered Nurses	4.2
Nursing Assistants/Aides/Orderlies	8.4
Other*	5.83
Total	**21.63**

*Other includes administrative, clerical, and other ancillary support positions.

In Section VII.1, page 36, the applicant states,

> *"Staff will be recruited through advertisement, word of mouth, and in-house promotion. If staff are unable to be recruited through advertisement, word of mouth, and in-house promotion, the parent company will provide the staff until staff is hired. All staff will be credentialed in the state of North Carolina and will be eligible to work in the state as required by the position to be filled."*

In addition, Dr. Victoria Morrow, a psychiatrist certified by the American Board of Psychiatry and Neurology (ABPN) to provide psychiatry services, has indicated a commitment to serve as Medical Director of the proposed unit until December 2015, as indicated in her letter of acceptance included in Exhibit N. Dr. Morrow's proof of ABPN certification and curriculum vitae are included in Exhibits HH and II, respectively. The applicant adequately demonstrates the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided. Therefore, the application is conforming to this criterion.

(8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary

and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

C

In Section II.3, page 7, the applicant lists the support services that will be provided by PCHS for the proposed geriatric inpatient psychiatric unit, demonstrating that the necessary ancillary and support services will be made available. In Sections V.2, V.3, and V.4, pages 25-27, the applicant identifies two area hospitals, local health care providers, and physicians with whom they have relationships who have indicated support for the proposed project, and have indicated a willingness to refer patients for the intended services. Transfer agreements with North Carolina Baptist Hospital and Forsyth Medical Center are included in Exhibits H and I, pages 110 and 116, respectively. Letters of support from two LME Area Directors are provided in Exhibits P and U, pages 130 and 150, respectively. Letters of support from other local healthcare providers are provided in Exhibits V-Z, pages 151 – 157. The applicant adequately demonstrates that the necessary ancillary and support services will be made available and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

(9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA

(10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:

(i) would be available under a contract of at least 5 years duration;
(ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
(iii) would cost no more than if the services were provided by the HMO; and
(iv) would be available in a manner which is administratively feasible to the HMO.

NA

(11) Repealed effective July 1, 1987.

(12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

NA

(13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:

(a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

C

In Section VI.11, page 34, the applicants provide the payor mix for acute care services provided at PCHS from July 1, 2009 to June 30, 2010, the last full fiscal year data was available, as illustrated in the table below.

Payor Mix
Acute Care Licensed Beds
Patient Days as Percent of Total Patient Days
FY 2010

Payor Category	Acute Care Beds
Self Pay/ Indigent/ Charity	5.0%
Medicare/ Medicare Managed Care	61.0%
Medicaid	8.0%
Commercial Insurance	1.0%
Managed Care	9.0%
Other: Hospice	16.0%
Total	**100%**

The Division of Medical Assistance (DMA) maintains a website which offers information regarding the number of persons eligible for Medicaid assistance and estimates of the percentage of uninsured for each county in North Carolina, as

shown in the following table. More current data, particularly with regard to the estimated uninsured percentages, was not available.

County	Total # of Medicaid Eligibles as % of Total Population June 2010	Total # of Medicaid Eligibles Age 21 and older as % of Total Population June 2010	% Uninsured CY 2008-2009 (Estimate by Cecil G. Sheps Center)
Stokes	14.0%	6.3%	16.6%
Forsyth	16.0%	5.7%	19.5%
Surry	20.0%	9.0%	19.1%
Statewide	17.0%	6.7%	19.7%

The majority of Medicaid eligibles are children under the age of 21. This age group does not utilize the same health services at the same rate as older segments of the population, particularly the services to be offered in the proposed geriatric inpatient psychiatric unit.

Moreover, the number of persons eligible for Medicaid assistance may be greater than the number of Medicaid eligibles who actually utilize health services. The DMA website includes information regarding dental services which illustrates this point. For dental services only, DMA provides a comparison of the number of persons eligible for dental services with the number actually receiving services. The statewide percentage of those persons aged 21 and older who actually received services was 31.6%. Similar information is not provided on the website for other types of services covered by Medicaid. However, it is reasonable to assume that the percentage of those actually receiving other types of health services covered by Medicaid is less than the percentage that is eligible for those services.

The Office of State Budget & Management (OSBM) maintains a website which provides historical and projected population data for each county in North Carolina. As of July 1, 2012, 17.3% of Stokes County's population was projected to be ages 65 and older. Of these, 57% were females. American Indians and Alaskan Natives made up 0.4% of the total population of the county, whereas 0.3% were Asian or Pacific Islander, 4.0% were Black or African American, 1.2% were two or more races, and 94.1% were White. A direct comparison to the applicant's current payor mix cannot be made, however, since the population data by age, race or gender does not include information on the number of elderly, minorities or women utilizing health services. Furthermore, OSBM's website does not include information on the number of handicapped persons.

The applicant demonstrates that medically underserved populations currently have adequate access to services available at PCHS. Therefore, the application is conforming to this criterion.

(b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and handicapped persons to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicants;

C

In Section VI.2, page 29, the applicant addresses accessibility for all patients, including its commitment to non-discrimination, as follows:

> *"The applicant abides by Medicare Certification Non-discrimination Policies and informs patients in financial policy and notices of the facility's commitment to non-discrimination based on race, gender, disability, age or ability to pay. It is the policy of Pioneer Community Hospital of Stokes to provide essential medical services regardless of a patient's ability to pay."*

The applicant further states, in Section VI.5, page 31, that financial assistance is provided to those who are underinsured or are otherwise unable to pay for health services, per the hospital's financial assistance policy. A copy of PCHS' Financial Assistance Guidelines is included in Exhibit CC, page 160.

In regard to civil rights complaints, the applicant states,

> *"No civil rights equal access complaints have been filed against the applicant or any facilities under ownership, management, or operation of the parent company in North Carolina in the last five years."*

The application is conforming to this criterion.

(c) That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant's proposed services and the extent to which each of these groups is expected to utilize the proposed services; and

C

In Section VI.5, page 31, the applicant states that PCHS serves all patients, regardless of race, gender, disability, age or ability to pay. Primarily, persons aged 65 and older are expected to utilize the proposed geriatric inpatient psychiatric services due to the specialized nature of the services provided as

described in Section III.5(b), page 22. In supplemental information, the applicant provides projections of utilization by payor, including Medicare and Medicaid, for the proposed services as follows:

PCHS Projected Payor Mix
Proposed Inpatient Psychiatric Beds
Second Full Fiscal Year (7/1/2014 – 6/30/2015)

Self Pay/Indigent/Charity	2.5%
Medicare/Medicare Managed Care	93.0%
Medicaid	2%
Commercial Insurance	2.5%
Managed Care	0%
Other (Specify)	0%
Total	**100%**

The applicant states, in supplemental information, that the projected payor mix is based on historic trends in units operated by the parent organization and industry standards. The projected payor mix is expected to reflect a high percentage of Medicare/ Medicare Managed Care recipients due to the specialized nature of the unit which is focused on addressing the unique needs of the elderly population. The applicant demonstrates that medically underserved populations would have adequate access to geriatric inpatient psychiatric services offered at PCHS.

(d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians.

C

In Section VI.8, page 32, the applicant states,

> *"patients may be admitted voluntarily or involuntarily by the following means: physician referral, self-referral, community referral (clergy, social organization), judicial referral, and facility referral (home health agency, nursing homes, etc.)"*

In addition, several hospitals, home health agencies, nursing homes, assisted living facilities, and rest homes are listed as having historically referred patients to PCHS.

The applicant adequately demonstrates that the facility will offer a range of means by which patients will have access to inpatient psychiatric services. Therefore, the application is conforming to this criterion.

(14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

C

In Section V.1(a), page 25, the applicant lists several schools that the hospital has agreements with that use PCHS as a training site. The training programs include nursing programs, applied health sciences, respiratory care, and physical therapy. The applicant adequately demonstrates that PCHS will accommodate the clinical needs of area health professional training programs. The application is conforming with this criterion.

(15) Repealed effective July 1, 1987.
(16) Repealed effective July 1, 1987.
(17) Repealed effective July 1, 1987.
(18) Repealed effective July 1, 1987.

(18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

C

The applicant proposes to transfer six geriatric inpatient psychiatric beds from Broughton Hospital to PCHS to provide specialized inpatient psychiatric services primarily to persons aged 65 and older. PCHS is located in Stokes County which is part of the CenterPoint LME consisting of Stokes, Forsyth, Davie and Rockingham Counties. There are currently 220 certified psychiatric inpatient beds in the CenterPoint LME, all of which are in Forsyth County. One hundred and fifty-four of these beds are adult inpatient psychiatric beds. There are no geriatric inpatient psychiatric beds. There is no need determination in the SMFP 2012 for any additional psychiatric inpatient beds in this LME. However, PCHS has applied to transfer geriatric inpatient psychiatric beds from a state facility pursuant to SMFP 2012 Policy PSY-1: TRANSFER OF BEDS FROM STATE PSYCHIATRIC HOSPITALS TO COMMUNITY FACILITIES.

In Section V.6(a)(b), page 27, the applicant discusses the impact of the proposed project on competition in the service area as it relates to promoting cost-effectiveness, quality and access. The applicant states that no other geriatric inpatient psychiatric services exist within the service area and that the proposed service will *"broaden access to a growing demographic with a well-documented increase in mental health disorders."* In addition, patients will be cared for close to home, easing the burden on families. See also Sections II,

III, V, VI and VII where the applicant discusses the impact of the project on cost-effectiveness, quality and access.

The information provided by the applicant in those sections is reasonable and credible and adequately demonstrates that the expected effects of the proposal on competition in the service area include a positive impact on cost-effectiveness, quality and access to the proposed services. This determination is based on the information in the application and the following analysis:

- The applicant adequately demonstrates the need to develop six geriatric inpatient psychiatric beds and that it is a cost-effective alternative;
- The applicant has and will continue to provide quality services; and
- The applicant has and will continue to provide adequate access to medically underserved populations.

The application is conforming to this criterion.

(19) Repealed effective July 1, 1987.

(20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C

In Section VI, page 29, the applicant states that PCHS is certified for Medicare and Medicaid participation and is accredited by Det Norske Veritas (DNV) Healthcare, Inc. Exhibit L, page 126, contains a copy of the DNV accreditation. The facility is also accredited by the Joint Commission as indicated from the files in the Acute and Home Care Licensure and Certification Section, DHSR. Also according to the files in the Acute and Home Care Licensure and Certification Section, DHSR, no incidents occurred within the eighteen months immediately preceding the date of this decision for which any sanctions or penalties related to quality of care were imposed by the State on the hospital. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

(b) The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

C

The application is conforming to all applicable Criteria and Standards for Psychiatric Beds, which are promulgated in 10A NCAC 14C .2600. The specific criteria are discussed below.

10A NCAC 14C .2602 INFORMATION REQUIRED OF APPLICANT

(a) An applicant proposing to establish new psychiatric beds shall project resident origin by percentage by county of residence. All assumptions and the methodology for projecting occupancy shall be stated.

-C- In supplemental information, the applicant provides projected patient origin by county of residence for the proposed geriatric inpatient psychiatric services for the first two years of operation following completion of the project. See Criterion (3) for discussion regarding the reasonableness of the applicant's projected utilization, including projected patient origin.

(b) An applicant proposing to establish new psychiatric beds shall project an occupancy level for the entire facility for the first eight calendar quarters following the completion of the proposed project, including average length of stay. All assumptions and the methodology for projecting occupancy shall be stated.

-C- In supplemental information, the applicant projects an occupancy level for the entire facility for the first eight calendar quarters following the completion of the proposed project, including the average length of stay. Assumptions and the methodology used are provided.

(c) The applicant shall provide documentation of the percentage of patients discharged from the facility that are readmitted to the facility at a later date.

-C- In Section IV, page 24, the applicant states that no historical utilization data is available since the proposed project is for a new psychiatric inpatient unit. However, in supplemental information, the applicant provides the projected number of discharged patients readmitted at a later date for the first six months of operation, the first full fiscal year, and the second full fiscal year. The respective percentages are 6.7%, 6.6%, and 5.9%, as calculated by the Project Analyst.

(d) An applicant proposing to establish new psychiatric beds shall describe the general treatment plan that is anticipated to be used by the facility and the support services to be provided, including provisions that will be made to obtain services for patients with a dual diagnosis of psychiatric and chemical dependency problems.

-C- The applicant adequately discusses the treatment plan in Sections II.2, 3 and Section 4, pages 6-8, and states that dually-diagnosed patients will be referred to appropriate services.

(e) The applicant shall document the attempts made to establish working relationships with the health care providers and others that are anticipated to refer clients to the proposed psychiatric beds.

-C- Section VI.8(d) addresses efforts to "*foster ongoing working relationships and referrals.*" Numerous letters of support are provided in Exhibits U-BB.

(f) The applicant shall provide copies of any current or proposed contracts or agreements or letters of intent to develop contracts or agreements for the provision of any services to the clients served in the psychiatric facility.

-C- The applicant states in Section II.9, page 10, that no contracted services are expected.

(g) The applicant shall document that the following items are currently available or will be made available following completion of the project:
(1) admission criteria for clinical admissions to the facility or unit;

-C- The applicant provides admission criteria in Section II.7.

(2) emergency screening services for the targeted population which shall include services for handling emergencies on a 24-hour basis or through formalized transfer agreements;

-C-Section VII.4 contains a statement indicating that Emergency Room staff will be available for involuntary admissions at all times. Exhibit J contains a Policies and Procedures document that states, "*Admissions of patients to the Unit will be accepted 24 hours a day 7 days a week.*"

(3) client evaluation procedures, including preliminary evaluation and establishment of an individual treatment plan;

-C- The applicant states in Section II.7, page 8, that pre-admission screening is done, followed by an assessment by each discipline, and then by the development of a treatment plan to meet individual needs.

(4) procedures for referral and follow-up of clients to necessary outside services;

-C- The applicant discusses follow-up and referral in Section II.2, page 6.

(5) procedures for involvement of family in counseling process;

-C- In Section II.7, page 8, the applicant states that patient and family input is included in the patient's plan of care, when appropriate.

(6) comprehensive services which shall include individual, group and family therapy; medication therapy; and activities therapy including recreation;

-C- In Section II.3, pages 6 - 7, the applicant states that psychotropic medications will be administered, individual, group and family therapy will be provided, and recreational therapists may also be included on the interdisciplinary team. In Section II.12, page 14, the applicant states that activity therapy will be included in the general treatment plan.

(7) educational components if the application is for child or adolescent beds;

-NA-The proposed project is for a geriatric inpatient psychiatric unit. No services are proposed for children or adolescents.

(8) provision of an aftercare plan; and

-C- In Section II(g), page 14, the applicant states "*Licensed Social Workers and therapists develop an aftercare plan as appropriate for each patient upon treatment and discharge.*"

(9) quality assurance/utilization review plan.

-C- The applicant describes the Quality Leadership Council and process used to improve patient outcomes in Section II.11, page 12. In addition, PCHS' Quality Policy and Quality Measure/Scorecard can be found in Exhibits F and G, respectively.

(h) An applicant proposing to establish new psychiatric beds shall specify the primary site on which the facility will be located. If such site is neither owned by nor under option by the applicant, the applicant shall provide a written commitment to pursue acquiring the site if and when a certificate of need application is approved, shall specify at least one alternate site on which the facility could be located should acquisition efforts relative to the primary site ultimately fail, and shall demonstrate that the primary site and alternate sites are available for acquisition.

-C- Pioneer Community Hospital of Stokes is an existing acute care hospital. The applicant is leasing the facility from Stokes County for a period of ten years. The lease agreement commenced on August 1, 2011. A copy of the lease agreement is included in Exhibit B.

(i) An applicant proposing to establish new psychiatric beds shall provide documentation to show that the services will be provided in a physical environment that conforms with the requirements in 10A NCAC 27G .0300.

-C- In Section II(i), page 15, the applicant states that it conforms to the requirements in 10A NCAC 27G .0300 by its certification by Det Norske Veritas (DNV) Healthcare, Inc. Exhibit L includes documentation of this certification.

(j) An applicant proposing to establish new adult or child/adolescent psychiatric beds shall provide:

(1) documentation that adult or child/adolescent inpatient psychiatric beds designated for involuntary admissions in the licensed hospitals that serve the proposed mental health planning area were utilized at less than 70 percent for facilities with 20 or more beds, less than 65 percent for facilities with 10 to 19 beds, and less than 60 percent for facilities with one to nine beds in the most recent 12 month period prior to submittal of the application; or

(2) a written commitment that the applicant will accept involuntary admissions and will meet the requirements of 10A NCAC 26C .0103 for designation of the facility, in which the new psychiatric beds will be located, for the custody and treatment of involuntary clients, pursuant to G.S. 122C-252.

-C- The applicant states that it will accept involuntary admissions in Section II, page 16. Exhibit J contains PCHS' Admissions Policies.

.2603 PERFORMANCE STANDARDS

(a) An applicant proposing to add psychiatric beds in an existing facility shall not be approved unless the average occupancy over the six months immediately preceding the submittal of the application of the total number of licensed psychiatric beds within the facility in which the beds are to be operated was at least 75 percent.

-NA- PCHS does not currently offer inpatient psychiatric services.

(b) An applicant proposing to establish new psychiatric beds shall not be approved unless occupancy is projected to be 75% for the total number of licensed psychiatric beds proposed to be operated in the facility no later than the fourth quarter of the second operating year following completion of the project.

-C- In supplemental information, the applicant provides projected quarterly utilization data through the second full fiscal year. This includes the number of licensed inpatient psychiatric beds, the total number of patients admitted, the average length of stay and the total number of discharged patients readmitted at a later date. The occupancy rate for the fourth quarter of the second operating year is 84.5%, as calculated by the project analyst from data provided by the applicant.

.2605 STAFFING AND STAFF TRAINING

(a) A proposal to provide new or expanded psychiatric beds must provide a listing of disciplines and a staffing pattern covering seven days per week and 24 hours per day.

-C- In Section II.2, page 7, the applicant indicates that the geriatric inpatient psychiatric beds will be staffed 24 hours a day. In Section II.2, page 16, the applicant discusses all of the staff positions and staffing patterns, including having at least one registered nurse and one licensed practical nurse on each shift.

(b) A proposal to provide new psychiatric beds must identify the number of physicians licensed to practice medicine in North Carolina with a specialty in psychiatry who practice in the primary service area. Proposals specifically for or including child or adolescent psychiatric beds must provide documentation to show the availability of a psychiatrist specializing in the treatment of children or adolescents.

-C- In Section II.2, page 16, the applicant states that there are currently two physicians licensed to practice psychiatry in the primary service area and that one additional psychiatrist will join the staff as Medical Director in the fall of 2012. The applicant's proposed project does not include serving children or adolescents.

(c) A proposal to provide additional psychiatric beds in an existing facility shall indicate the number of psychiatrists who have privileges and practice at the facility proposing expansion. Proposals specifically for or including child or adolescent psychiatric beds must provide documentation to show the availability of a psychiatrist specializing in the treatment of children or adolescents.

-NA- PCHS does not currently provide inpatient psychiatric services.

(d) A proposal to provide new or expanded psychiatric beds must demonstrate that it will be able to retain the services of a psychiatrist who is eligible to be certified or is certified by the American Board of Psychiatry and Neurology to serve as medical director of the facility or department chairman of the unit of a general hospital.

-C- In Section II.2, page 16, the applicant states that a psychiatrist who is certified by the American Board of Psychiatry and Neurology will be joining the staff at PCHS, a general hospital, to serve as Medical Director of the geriatric inpatient psychiatric unit in the fall of 2012. A letter from this psychiatrist documenting her intent to join the staff is provided in Exhibit N.

(e) A proposal to provide new or expanded psychiatric beds must provide documentation to show the availability of staff to serve involuntary admissions, if applicable.

-C- In Section II.5, page 8, the applicant states that it will accept involuntary patients. In addition, the applicant provides its Admission Policy in Exhibit J, page 123, which states that involuntary admissions will be handled through the emergency department where patients will be stabilized, if needed, prior to being brought to the unit. In addition, the

policy states that admissions to the unit will be accepted 24 hours a day, seven days a week.

(f) A proposal to provide new or expanded psychiatric beds must describe the procedures which have been developed to admit and treat patients not referred by private physicians.

-C- The applicant describes these procedures in Section II.12, page 16. Referrals from a mental health entity, another hospital, or a health service will be sent to the Intake Coordinator who will than contact the unit for bed availability. If a bed is available, the psychiatrist will be contacted and admission orders will be received. If a patient is self-referred or is referred by a community entity or other facility, he/she will be screened for medical necessity and the psychiatrist will be contacted regarding admission and admission orders.

(g) A proposal to provide new or expanded psychiatric beds shall indicate the availability of training or continuing education opportunities for the professional staff.

-C- In Section II.12, page 17, the applicant states that all staff will be trained and will need to meet all competency requirements. They will be oriented to all hospital policies and procedures, and will need to participate in *"mandatory training"* which will include infection control/bloodbourne [sic] pathogens and body mechanics/employee safety among many others.