

PSI Continues to Grow

In May, PSI signed an agreement to acquire Alternative Behavioral Services, Inc. (ABS). ABS' nine inpatient psychiatric facilities contain nearly 1,050 beds, including the 400-bed Pines Residential Treatment Center, one of the largest facilities for behaviorally disordered youth. Headquartered in Norfolk, Va., ABS also has facilities in South Carolina, Tennessee, Kentucky, Puerto Rico and the U.S. Virgin Islands.

In July, PSI completed the purchase of the National Deaf Academy (NDA), an 84-bed residential treatment center in Mt. Dora, Fla. and Hickory Trail, a 76-bed facility in DeSoto, Texas.

NDA is a nationally known institution specializing in mental health services to deaf, hard of hearing, and deaf-blind children, adolescents and adults. NDA also offers individualized services for autistic residents.

Hickory Trail enhances the company's presence in the Dallas/Ft. Worth market, giving PSI a total of 10 facilities with approximately 1,300 beds in Texas.

"All of these facilities extend our record of acquiring high quality inpatient psychiatric facilities that are leaders in their markets and that have significant organic growth potential," says CEO Joey Jacobs.

Cumberland Plans 10-Bed Expansion

An 84-bed hospital in New Kent, Va., Cumberland Hospital for Children and Adolescents is planning a 10-bed expansion to accommodate the increasing demand for the facility's services, which include treatment for brain injury and neurobehavioral rehabilitation.

PSI News continued on page 3



Big Picture

Looking over plans for the new hospital: Leanne Smith, CFO; Nicole Ostrosky, HR Dir.; Karen Urich, Dir. of Nursing; Brenda Bailey, Dir. of Assessment and Referral; Richard Warden, CEO; Georgett Pollino, Dir. of Bus. Dev.

A Blueprint for Growth PSI to construct a new modern facility to replace Windsor Hospital

Windsor Hospital, located just outside of Cleveland, Ohio has had to turn away more than 500 patient referrals over the past year. Demand for inpatient psychiatric services consistently exceeds the hospital's small, 40-bed capacity.

"As a matter of survival, Windsor obviously needs to expand beds," says CEO Rich Warden. However, the options for expansion at the hospital's present site posed challenges. Windsor Hospital is the oldest private psychiatric hospital in Ohio. Parts of the existing site are more than 100 years old. The aging physical plant requires constant upkeep and repair. From a business perspective, that means that expenses constantly increase while revenues remain fixed.

"We were projecting that at some point in

the future, due to the inability to serve more patients, our revenue and expenses lines would intersect," says Warden.

The design of the present building is also dated. "Windsor was built in an era before the advent of modern psychotropic medications. Patients would stay in the hospital for a year or two back in those days," says Warden. "Today, we treat patients who are in acute crisis, and might stay in the hospital for only a few days."

Scott Kardenetz, Division V President, agrees. "With the continuous increase in demand for our services and the chronic capacity constraints at Windsor Hospital, we concluded that in order to grow, new construction was our best option," he explains. PSI has approved a business plan

continued on page 6

cover story

continued from page 1

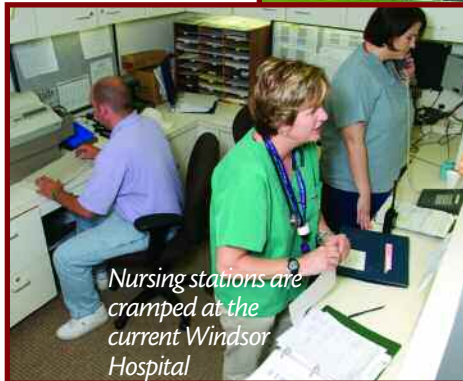
to build a new, modern, 100-bed hospital in the Cleveland market to replace the current facility."

Work is underway to select the final site for the probable \$20 million project. PSI is actively engaging architects, planners and community leaders to turn an idea into reality. "We are working closely with the Ohio Department of Mental Health to plan the transition from the old location to the new one," says Kardenetz.

"Our plans for expanded services reflect the needs of the patients who we have had to turn away in the past. We have analyzed the market and see a strong demand for child and adolescent care, as well as inpatient services for geriatric psychiatric patients."

A new location and new construction will allow PSI to better serve the needs of the community. The current facility is located in a beautiful but somewhat remote suburb, Chagrin Falls, while many of the referring agencies and potential patients reside closer to Cleveland proper. Constructing a new facility allows PSI to do much more than increase the number of beds and move closer to the community it serves.

"With a brand new building, PSI has the opportunity to create the best possible environment for the needs of future patients," says Kardenetz. "Both current and future patient



Nursing stations are cramped at the current Windsor Hospital



An artist's rendering of the new Windsor Hospital

needs will be designed into the new building. We seek to incorporate safety, flexibility and efficiency into the new building design."

Safety features will abound. All patient rooms will be in direct

line-of-sight of the nursing stations. Each wing will also have an intensive care suite of single-occupancy rooms to allow staff to closely supervise those patients who, by reason of illness, may cause disruption to the general patient population to enjoy an environment that minimizes excessive outside stimuli. A swing wing will allow flexibility in expanding or contracting patient wings as census levels and demand fluctuate. Outpatient services will be located on-site allowing inpatients to receive a seamless transition of care, whereas today they are often required to transfer to other providers due to space constraints. Each room can be adapted to its occupant's needs — able to

house a child, adult or geriatric patient, according to demand. Outside areas with gardens and walkways will allow for privacy. Even details like soothing colors and soft lighting will be incorporated into the new building.

Warden sees no problem with maintaining the high level of customer service and individualized patient care that distinguishes Windsor Hospital, as it moves into larger quarters and treats more patients. "There are ways to preserve some of the advantages that come with being smaller," he says. "We will organize staffing and care to meet the needs of each patient population. For example, children's services can become a unit, and we will be sure that it's run with an intact team who focus on that area. We will still have a dedicated unit staffed by people who work together every day, know each other and work effectively as a team."

Kardenetz points out that the Cleveland market is nationally renowned for superior medical facilities and treatment. Such high demand for Windsor Hospital's psychiatric services is a testimony to its long-term reputation for high quality patient services. "We will be building on the talent and experience of the Windsor team, and giving them more space and a brand new modern facility to do their outstanding work," he explains. "They are in a great position to grow."

Warden agrees. "Our reputation and the need for our services in this area will certainly make the new Windsor Hospital a complete success," he says.

**Toll-Free ValuesLine:
866-708-1022**

PSI Committed to Values

the people in the communities we serve.

To assist and encourage the prompt and full reporting of suspected violations without fear of retaliation, or to seek guidance on a particular ethical issue, you may call the toll-free ValuesLine. The ValuesLine is available 24 hours a day, 365 days a year and is maintained by an independent company. Your anonymity will be protected.

As an employee of our organization, there are certain moral, ethical and legal standards that you are expected to uphold. By adhering to our standards of business ethics and reporting violations of law or company policy, you can ensure that your conduct reflects our values of integrity, honesty and respect. With your commitment to these values, we can fulfill our mission of providing quality healthcare to

Learning Globally, Acting Locally

By Bill Rutherford
Chief Operating Officer

I recently celebrated my four month anniversary with PSI, during which I have traveled to more than 25 facilities and met many talented people.

Each facility has great strengths, largely due to the dedication and caring attitude of the people who work there.

One of my roles as chief operating officer is to leverage the talents of all of

our people so that PSI as a whole benefits.

Our company will flourish by drawing on the expertise of the people that PSI has in the field. Therefore, my top three operational priorities for PSI are to ensure that:

1. We continue to provide high quality services within our facilities.
2. We have focused plans to meet the growing demand for services in terms of volume building and facility expansion plans.
3. We continue to focus on being the employer of choice in the behavioral health field.

Each of these areas lends itself to an effort of documenting best practices and sharing with facilities across the company so we can capitalize on PSI's intellectual capital.

PSI recognizes that the services and care our facilities provide are carried out on a local level. They always will be. But the benefits of being part of an industry-leading company go beyond access to financial capital. We need to use our intellectual capital, as well. Our organization contains the best and brightest people in the behavioral health field, and I am dedicated to discovering success, so that we can all learn from each other.

As I continue to meet the executives, the medical staff and the caregivers who make up PSI, I feel privileged to be part of the company with you and am excited about what the future holds for us.



Vital Stats

Matthew Saylor

Title: Community Liaison II

Years with West Hills Hospital: One

Work Philosophy: "If you can't take pride in what you do, you should find something else to do."

Recent Achievement: Named Liaison of the Month for Division VI, in recognition of his work on behalf of the Jason Foundation

On weekends: Swimming, vintage car collecting

Community in Crisis

Profile

At West Hills Hospital, Matthew Saylor and his team work to reduce Nevada's alarming teen suicide rate

Matthew Saylor has seen firsthand how the Jason Foundation saves lives. A few months ago, he gave a presentation on the organization at his church, and afterwards, a teen came forward and revealed to his youth advisor that he'd been planning to commit suicide the next morning. "He'd already written the note and practiced holding the shotgun," Saylor says.

Instead, the young man opted that night to check into West Hills Hospital in Reno, Nev., where Saylor works as a Community Liaison, to receive treatment. He's now on the road to recovery.

It's moments like those when Saylor knows he made the right choice in joining West Hills last August. A former substitute teacher and substance abuse counselor, he has always found helping the younger generation immensely rewarding.

"When I see what's going on in the world, and especially here in Nevada, I think, 'what's the point of trying to plan for the future when we have these problems now that are taking our young people's lives?'" he says.

Nevada has the nation's highest rates of both suicide and methamphetamine addiction. One town several hours away has suf-

fered eight suicides in young adults ages 15-24 in the past 90 days. The Jason Foundation, which came to West Hills just over two years ago, aims to drastically reduce those rates by encouraging a peer-to-peer approach to preventing teen suicide, which Saylor says is crucial to success.

"The approach accepts the fact that kids aren't going to go to their parents, and builds upon that," he explains. "It encourages them to be proactive about health – their own and their friends."

Technically, Saylor splits his hours at West Hills between the Jason Foundation and more general community outreach, but with suicide such a pressing concern in the state, he says the two frequently overlap. He also serves on the board of the Nevada Suicide Prevention Coalition and the Washoe County Children's Mental Health Consortium.

For his outstanding work on behalf of the Jason Foundation, Saylor was recently named Liaison of the Month for Division VI. But he's quick to point out how much his supervisors' support has contributed to his success. "Everything I know about my job, I've learned from my management," he says. "Just starting my career, it's been exciting to learn from someone who's willing to teach me."

Tell Us

Share your opinion of this newsletter and news about your facility by writing to *PSI Insight*, 28 White Bridge Road, Suite 209, Nashville, Tenn., 37205. Or e-mail to: psiinsight@pysolutions.com.

continued from page 1

"We've seen a need in the marketplace, and an increase in referrals requiring our services," says Rich Shelton, director of business development.

The expansion will be completed in two phases. First, a building primarily used for storage will be remodeled to serve as office space. That will allow for existing office space to be converted into double occupancy rooms for patients. The expansion is set to begin in October, with a projected completion date of February 2007. Cumberland hopes to open the new rooms to patients in April 2007.



Streamwood's Dave Woods, Cindy Meyer and Jennifer McGowen with Sinnissippi's James Sarver

Streamwood Recognized by Mental Health Agency

When Sinnissippi Centers, a mental health agency in Dixon, Ill., celebrated its 40th anniversary in May, it wanted to share the occasion with the people and organizations that have helped along the way. So the facility invited PSI's Streamwood at St. Mary's in Chicago, Ill., to the special ceremony on May 16 to say thank you for being a valued community partner over the past six years.

Streamwood serves as the primary hospital for Sinnissippi's child and adolescent referrals.

"It was a nice recognition, and shows the commitment we have to meeting community needs," says Dave Woods, director of business development.

The invitation noted that Streamwood has been and continues to be very accommodating to the agency in several ways, including handling an influx of patients due to another facilities' closing, covering for Sinnissippi psychiatrists on vacation and extending visiting hours for families.

Two New Jason Offices Open Openings at Canyon Ridge and Riveredge



Riveredge Hospital celebrates the opening of The Jason Foundation onsite: (Left to Right) John Sheuler, Riveredge; Jason Strickland, Michelle Rey and Clark Flatt, Jason Foundation; Ron Zook, University of Illinois football coach; Steve Quigley, CEO/Riveredge; former Chicago Bears player Dennis McKinnon and Scott Kardenetz, PSI Division V President.

In April, two PSI facilities celebrated the opening of a Jason Foundation office. At Canyon Ridge Hospital in Chino, Calif., 50 guests gathered for the grand opening on April 18, including CEO Peggy Minnick, Director of Business Development Kevin Nolan, Chief Operating Officer Jeff McDonald and Jason Foundation President and Founder Clark Flatt.

On April 27, Riveredge Hospital welcomed some special guests to the Allerton Hotel in Chicago to help with their Jason Foundation ribbon cutting, including former Chicago

Bears wide receiver Dennis McKinnon and University of Illinois football coach Ron Zook, who serve on the advisory board. The day before the ceremony, the Jason Foundation's Clark Flatt, Michelle Rey and Jason Strickland met with Chicago Mayor Richard Daley to discuss the organization and its purpose.

"It's an honor to have the Jason Foundation be a part of Riveredge and PSI," says Michael Rudolph, director of business development. "It will help promote education and prevention of youth suicide in the Chicagoland area."

PSI Research Activities Highlighted at National Scientific Conference

PSI facilities are playing an increasingly integral part in the development of new pharmaceutical products. At this year's New Clinical Drug Evaluation Unit meeting of the National Institute of Mental Health, protocols that were in part conducted by PSI facilities were selected as highlights in advancements in the treatment of the mentally ill. Participating hospitals were BHC Alhambra, Brentwood of Louisiana, Fort Lauderdale, Holly Hill, Sierra Vista, Valle Vista, West Hills and

Windsor. "We are pleased at our efforts in contributing good, clean data while protecting the rights and well-being of the volunteers who have been a part of these advancements," states David Vulcano, PSI's chief research officer. "Our hospitals' dedication to this process not only educates our staff and physicians about these drugs years before they are available on the market, but also assists in writing the drug label."

For more information on clinical trials, contact Vulcano at (615) 312-5880.

Step by Step

Valle Vista keeps a steady pace in its successful journey



Success led to renovations, such as this new lobby.

The statistics are dramatic. In the past five years, Valle Vista Health System has doubled its staff and its revenue. In late 2000, the residential center had seven of its 40 beds occupied. Now all of the available beds are regularly filled. The hospital has also added 10 beds to its acute care unit to meet demand, and has consistently been at or near capacity in that unit as well.

While some might think it took an extraordinary action to make such a remarkable turnaround, the change actually came from sticking to a simple business plan, according to CEO David Bell.

"By sticking to annual business plans, and budgets that mirrored those plans, Valle Vista has consistently exceeded our annual goals," Bell says. "But most importantly, our success is a testament to our staff. When I look at the hospital, I see a professional management team and a dedicated workforce. They have been our most important resource in accomplishing these goals. The fanciest plans will go nowhere without the people to make it happen."

The turning point for the facility

emerged by building a strong relationship with key decision makers in Marion County. The county encompasses the entire city of Indianapolis, a major source of referrals to behavioral health facilities. Previously the hospital saw its work with the county as a simple business transaction: "We offer this, please use our services." By changing the approach, and engaging in a dialogue with the county, Valle Vista met the needs of the county.

"Our staff developed individualized tracks, such as specialized programs for pregnant teens and juvenile sex offenders, that met the needs of Marion county and we continue to adjust our programming to meet their needs," Bell explains.

Today, Valle Vista is the county's preferred provider for residential care. The facility now has a waiting list for Marion County referrals, and is adding two more beds to the residential center.

At the same time, Valle Vista looked towards increasing capacity in its acute care unit, which was turning away patients for admission. Fortunately, finding the room to

expand was easy. The facility was leasing part of its campus to another hospital, which wasn't using it. By canceling a portion of the lease, renovating the space, and getting approval from the state, Valle Vista was able to add 10 beds to the unit, and has been filling them consistently.

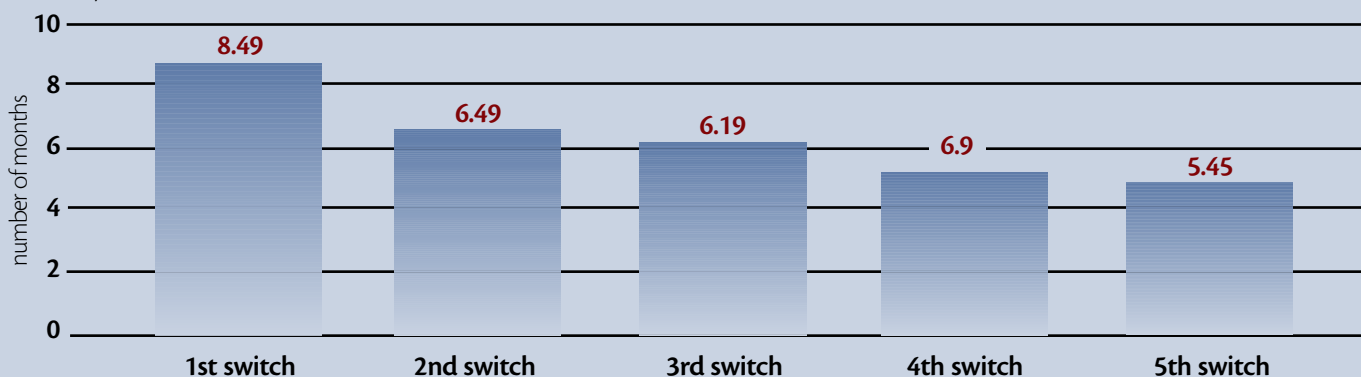
Most importantly, Bell points to the support that PSI provides in allowing Valle Vista to blossom. During a site visit from CEO Joey Jacobs, the staff shared their long-term strategies for improvement. His belief in the facility, and response to its successes have given them the tools to continue improving. This summer the facility's child acute unit is undergoing its first significant renovation since it was first built in 1983. "This gives us a tremendous opportunity," says Bell. "It's an important step in the overall improvement in our child service line."

Over the past five years, the staff at Valle Vista proved that each step makes an impact on their ultimate success. That's their story, and their sticking with it.

Fast Facts

Treatment-Resistant Depression

As patients with treatment-resistant depression continue to switch or augment medications, the time between these switch events decreases. Average healthcare expenditures increased with the number of switches.



Source: Medstat.

Kinder, Gentler Care

Streamwood at St. Mary's Aims to Eliminate Coercion Tactics

Streamwood at St. Mary's strives to provide dignified care throughout the treatment process.

Streamwood at St. Mary's in Chicago, Ill., rarely utilizes mechanical restraints to contain an intense situation. And if Executive Director Carey Carlock and her staff have their way, the adolescent and child inpatient facility will soon be completely coercion-free.

"We are always striving to provide the most dignified care possible," Carlock says. "We understand the complexities of our patients' issues and we want to meet the kids where they are."

A 30-bed unit within St. Mary of Nazareth Hospital, Streamwood has completely eliminated the use of mechanical restraints in the children's unit, and is working towards doing so in the adolescent unit as well. Carlock and nurse manager Elaine Shemroske have attended training at a nearby facility that has a federal grant to explore coercion-free tactics. In addition, a counselor on staff at St. Mary's, Jasonni Washington, has been designated a "Coercion-Free

Advocate" charged with serving as a liaison between patients and staff.

When patients are admitted to Streamwood at St. Mary's, they're asked to describe some of the things that typically help calm them down when they're upset. Their caregivers are then able to draw on those responses to help reassure them when issues arise, and to help remind the patients

that they have the tools to cope with the situation. "Washington and other staff members will ask the children to partner with us, asking them how their current acting out behaviors will aid in their recovery," Carlock says. "Most of our kids are fragile and traumatized, and need guidance about how they can self-soothe."

The facility's success in moving toward a coercion-free model is the result of a relaxing atmosphere in the unit, which is made up exclusively of single occupancy rooms, and a determined staff who dig deep to find out what's behind patient and staff struggles before they reach a breaking point.

Mechanical restraints have not been utilized this year to date, but in the rare circumstance when necessary, the staff is proactive in taking steps to analyze the incident and determine what went wrong.

"It is a paradigm shift. Instead of viewing this type of intervention as treatment, we consider this a treatment failure," Carlock says. "So we discuss what happened and how it happened, what we can do differently next time."

Streamwood at St. Mary's history of compassionate care and its location near downtown Chicago keep the facility extremely busy — in May, Streamwood at St. Mary's turned away more than a hundred referrals. As a result, two new beds will be added shortly to help meet the community's needs. St. Mary's also works closely with other PSI facilities in the Chicago area to ensure that deflected patients receive quality care.

"We are really proud of our facility," Carlock says. "And we love what we do."



Executive Director Carey Carlock (far right) is working toward a coercion-free model with the help of her team: (from left) Ralph Romero, program director; Virginia Guico, R.N.; Rachel Greenspan, A&R Coordinator; Louis Jackson, M.H.C.; and Angella Tassin, Charge R.N.

cover story

continued from page 1

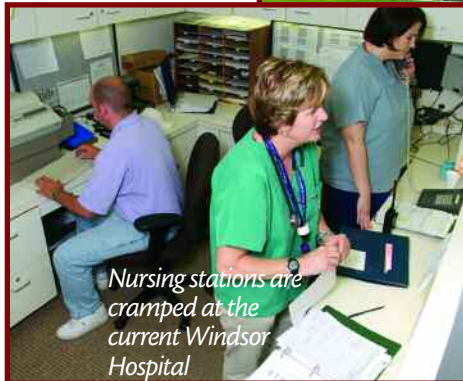
to build a new, modern, 100-bed hospital in the Cleveland market to replace the current facility."

Work is underway to select the final site for the probable \$20 million project. PSI is actively engaging architects, planners and community leaders to turn an idea into reality. "We are working closely with the Ohio Department of Mental Health to plan the transition from the old location to the new one," says Kardenetz.

"Our plans for expanded services reflect the needs of the patients who we have had to turn away in the past. We have analyzed the market and see a strong demand for child and adolescent care, as well as inpatient services for geriatric psychiatric patients."

A new location and new construction will allow PSI to better serve the needs of the community. The current facility is located in a beautiful but somewhat remote suburb, Chagrin Falls, while many of the referring agencies and potential patients reside closer to Cleveland proper. Constructing a new facility allows PSI to do much more than increase the number of beds and move closer to the community it serves.

"With a brand new building, PSI has the opportunity to create the best possible environment for the needs of future patients," says Kardenetz. "Both current and future patient



Nursing stations are cramped at the current Windsor Hospital



An artist's rendering of the new Windsor Hospital

needs will be designed into the new building. We seek to incorporate safety, flexibility and efficiency into the new building design."

Safety features will abound. All patient rooms will be in direct

line-of-sight of the nursing stations. Each wing will also have an intensive care suite of single-occupancy rooms to allow staff to closely supervise those patients who, by reason of illness, may cause disruption to the general patient population to enjoy an environment that minimizes excessive outside stimuli. A swing wing will allow flexibility in expanding or contracting patient wings as census levels and demand fluctuate. Outpatient services will be located on-site allowing inpatients to receive a seamless transition of care, whereas today they are often required to transfer to other providers due to space constraints. Each room can be adapted to its occupant's needs — able to

house a child, adult or geriatric patient, according to demand. Outside areas with gardens and walkways will allow for privacy. Even details like soothing colors and soft lighting will be incorporated into the new building.

Warden sees no problem with maintaining the high level of customer service and individualized patient care that distinguishes Windsor Hospital, as it moves into larger quarters and treats more patients. "There are ways to preserve some of the advantages that come with being smaller," he says. "We will organize staffing and care to meet the needs of each patient population. For example, children's services can become a unit, and we will be sure that it's run with an intact team who focus on that area. We will still have a dedicated unit staffed by people who work together every day, know each other and work effectively as a team."

Kardenetz points out that the Cleveland market is nationally renowned for superior medical facilities and treatment. Such high demand for Windsor Hospital's psychiatric services is a testimony to its long-term reputation for high quality patient services. "We will be building on the talent and experience of the Windsor team, and giving them more space and a brand new modern facility to do their outstanding work," he explains. "They are in a great position to grow."

Warden agrees. "Our reputation and the need for our services in this area will certainly make the new Windsor Hospital a complete success," he says.

**Toll-Free ValuesLine:
866-708-1022**

PSI Committed to Values

the people in the communities we serve.

To assist and encourage the prompt and full reporting of suspected violations without fear of retaliation, or to seek guidance on a particular ethical issue, you may call the toll-free ValuesLine. The ValuesLine is available 24 hours a day, 365 days a year and is maintained by an independent company. Your anonymity will be protected.

As an employee of our organization, there are certain moral, ethical and legal standards that you are expected to uphold. By adhering to our standards of business ethics and reporting violations of law or company policy, you can ensure that your conduct reflects our values of integrity, honesty and respect. With your commitment to these values, we can fulfill our mission of providing quality healthcare to