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ARTICLE: by Brian Brown

Forest Institute lands partner Burrell to assume up to \$2M debt load in deal seeking approval by June

A deal 10 years in the making was inked this month when the boards for The School of Professional Psychology at Forest Institute and Burrell Behavioral Health agreed to merge.

Officials say the move creates research and educational opportunities and should keep teachers invested in the school, and it comes three months after Forest Institute ceased merger talks with Missouri State University.

Forest Institute President Mark Skrade said he first approached the nonprofit behavioral health care organization about a possible merger in 2003. He said overlapping missions in areas such as clinical services, training and research was reason enough to join forces, but the school wasn't ready to pull the trigger at the time. However, the weight of need in an increasingly collaborative health care environment has drawn the entities back together.

"Burrell is the best fit. As we did three months of due diligence, conversations and meetings between executives, it just became more and more apparent to me this was the right partner at a very critical and right time in the history of Forest and in the history of our nation's health care and education systems," Skrade said.

Should the Higher Learning Commission accrediting agency approve the deal - a decision is expected by June - Forest would effectively become a division of Burrell, which would assume the school's debt load of less than \$2 million, Skrade said. He said there were no specific conditions of the merger other than Burrell agreeing to retire the school's debt. Citing laws regulating nonprofits, Burrell Behavioral Health President Todd Schaible said no money would change hands in the merger.

Founded in 1977, Springfield-based Burrell comprises a staff of nearly 900, operating from 27 sites, mostly clinics, in a 17-county service area in southwest and central Missouri. It provides clinical, educational and consultative services to about 30,000 clients annually.

Forest, founded in 1979 is an accredited not-for-profit independent graduate school with a staff of 56 and nearly 300 masters and doctoral students training to be psychologists, counselors, marriage and family therapists, and applied behavior analysts. Forest's revenue in fiscal 2011 was \$7.2 million, and its expenses were \$7.1 million, according to nonprofit tracking site GuideStar.org. Skrade said the school posted a positive operating cash flow of \$144,731 in the fiscal year ending Sept. 30, 2012.

Through its Robert J. Murney Clinic on South Campbell Avenue, which would remain in operation, Forest provides more than 10,000 annual hours of client services, many of which are to undeserved or indigent populations. Schaible said the move gives Burrell avenues for deeper research and access to specialized talent.

"Forest is aggressively pursuing integration of health and behavioral health in its training. We will increase the viability of that. We will have opportunities for both post-doc interns and pre-doc interns just like you would have at Johns Hopkins or the Mayo Clinic or Cleveland Clinic. You would have opportunities for those who are learning their trade to engage in their trade," Schaible said. "Through our diversity, they will have opportunities to do work that they haven't had before."

Board implications

Cox Health President and CEO Steve Edwards knows a thing or two about mergers. A five-year board member for Forest Institute, Edwards is managing the transition of Branson's Skaggs Regional Medical Center into the CoxHealth fold. CoxHealth's merger, brought on by Skaggs' recent financial hardships, became official Jan. 1.

Edwards is familiar with both Burrell and Forest, as Burrell is the exclusive provider of outpatient psychiatry and behavioral health services for CoxHealth. While acknowledging Forest's finances were a motivating factor, he said Burrell would shore up the concerns of Forest's seven-member governing board.

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Forest Institute lands partner

"Burrell is an excellent mental health care provider in our area. Forest Institute provides that doctorate-level Psy.D program. Without that program, our future workforce for behavioral health becomes compromised," Edwards said, adding an analogy: "Our College of Nursing at Cox will always be strong because we will always need it. If it ever got into financial trouble, we would always support it because we need the future workforce."

Burrell's Schaible said there could be crossover opportunities between the staffs, with those working at Burrell having a chance to teach and Forest teachers or students having a chance for employment. Even so, he said Forest would operate as an independent body. "There will be a single board of directors. And in order for that board to fulfill its fiduciary duty, it has to have that oversight, but you exercise that in a way that it protects the integrity of the educational arm," Schaible said.

Forest Institute's trustee board Chairman Kent Ragan, a Missouri State University finance professor and department head, referred questions to Skrade.

Collaborative landscape

Skrade said since he became president in 1999, he has looked for opportunities to collaborate with other institutions that could offer a real-world learning environment for students. By 2003, the school had launched a curriculum that emphasized the integration of training for doctoral-level psychologists in a clinical setting. This movement led Skrade to begin to discuss a merger with Burrell, though he said the school backed away from plans.

"I just don't think we were ready that early in my term or in Forest's development," Skrade said.

Skrade said the pull for a strategic partnership has grown in recent years with the integration of mental health services and general health care, leading to the discussion to join forces with MSU. Those plans were scuttled in October, Skrade said, because it appeared the merger would take years and the uncertainty of the end result led to the resignation of a couple of staff members.

At the request of the Forest board, Skrade renewed talks with Burrell. "A merger was logical. It didn't have to happen, but it was the next logical step," Skrade said.

Skrade said the school, which recorded spring 2012 enrollment of 291, down from 325 the year earlier, still has its 58-acre campus at 2885 W. Battlefield Road for sale through R.B. Murray Co. The school put the property - which includes a 43,290-square-foot academic building and student housing comprising 20,205 square feet - on the market in July for \$6.4 million as it planned to merge with MSU. He said there would have been no need for the facilities if an MSU merger had occurred. Skrade said Forest hasn't fielded any full-priced offers for the campus, and Burrell officials have expressed an interest in keeping the property should it not sell before Forest's 12-month contract with R.B. Murray concludes.