

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

November 19, 2019

COPN Request No. VA-8466

Sentara Princess Anne Hospital

Virginia Beach, Virginia

Add one operating room at Sentara Princess Anne Hospital

COPN Request No. VA-8469

Chesapeake Regional Medical Center

Chesapeake, Virginia

Add one general purpose operating room at Chesapeake Regional Medical Center

Applicants

COPN Request No. VA-8466: Sentara Princess Anne Hospital

Sentara Princess Anne Hospital (SPAH) is a 174-bed acute care hospital located in Virginia Beach, Virginia. SPAH is a 501 (c)(3) not-for-profit, Virginia domiciled non-stock corporation. It is an independent corporation, which is jointly owned by Sentara Healthcare and Bon Secours Hampton Roads Health System. Sentara Healthcare is the managing partner of SPAH. SPAH's primary service area includes southern Virginia Beach, Chesapeake and northeastern North Carolina. SPAH is located in Planning District (PD) 20 and Health Planning Region (HPR) V.

COPN Request No. VA-8469: Chesapeake Regional Medical Center

Chesapeake Regional Medical Center ("CRMC") is a general acute care hospital located in the City of Chesapeake, Virginia. The Chesapeake Hospital Authority, chartered by an Act of the Virginia General Assembly in 1966, is the non-taxable parent company of CRMC. CRMC's primary service area includes the city of Chesapeake, the southern part of the city of Virginia Beach, and the city of Norfolk. CRMC opened in 1976. CRMC is located in PD 20, HPR V.

Background

PD 20 General Purpose Operating Rooms

According to Virginia Health Information (VHI) data for 2017, the most recent year for which such data is available, there were 137 General Purpose Operating Rooms (GPORs) located in PD 20 in 2017. Of these 137 GPORS, 101 were located within acute care hospitals and 36 were located within outpatient surgical hospitals (Table 1). In 2017, the 101 GPORS located within acute care hospitals operated at a collective utilization of 100%, while the 36 GPORS located within outpatient surgical hospitals operated at a collective utilization of 77% for the same period. Together, all 137 PD 20 GPORS operated at a collective utilization of 94% in 2017.

DCOPN notes that as of the date of this report, the following changes have occurred within the PD 20 inventory and that there are currently 148 certificate of public need (COPN) recognized GPORs located in PD 20:

- COPN No. VA-04579, issued on December 27, 2017, authorized Sentara Leigh Hospital to add two GPORs, bringing its complement of GPORs to 13. This project is expected to be completed in December 2019.
- Sentara Norfolk General Hospital added two GPORS pursuant to COPN No. VA-04640 issued on January 21, 2019, bringing its complement of GPORs to 24. This project is expected to be completed in 2020.
- COPN No. VA-04576, issued on September 13, 2017, authorized the Center for Visual Surgical Excellence, LLC to establish an outpatient surgical hospital with one OR dedicated to ophthalmic surgery. This project was completed in October 2019.
- Chesapeake Regional Surgery Center at Virginia Beach added one GPOR pursuant to COPN No. VA-04634, issued on December 10, 2018, bringing its complement of GPORs to two. This project was completed in April 2019.
- COPN No. VA-04567, issued on June 13, 2017, authorized Children’s Hospital of the King’s Daughters Health & Surgery Center at Virginia Beach to add one GPOR, bringing its GPOR complement to three. This project was completed in February 2019.
- COPN No. VA-04633, issued on December 10, 2018, authorized Sentara Princess Anne Ambulatory Surgery Center to add two ORs, bringing its total GPOR complement to four. This project is expected to be completed in 2020.
- COPN No. VA-04509, issued on March 25, 2016, authorized Sentara BelleHarbour to establish an ASC with two GPORs. This project was completed in March 2019.

Table 1: PD 20 COPN Authorized GPOR Inventory & 2017 Utilization

Acute Care Hospitals	ORs	Total Hours	Hours/OR	Utilization %
Bon Secours DePaul Medical Center	10	12,675	1,268	79%
Bon Secours Maryview Medical Center	9	6,757	751	47%
Chesapeake Regional Medical Center	13	21,000	1,615	101%
Children's Hospital of The King's Daughters (CHKD)	10	14,570	1,457	91%
Sentara Leigh Hospital	11	20,471	1,861	116%
Sentara Norfolk General Hospital	22	43,016	1,955	122%
Sentara Obici Hospital	6	10,011	1,669	104%

Sentara Princess Anne Hospital	8	13,534	1,692	106%
Sentara Virginia Beach General Hospital	9	17,778	1,975	123%
Southampton Memorial Hospital	3	1,444	481	30%
2017 Total	101	161,256	1,597	100%
2019 Total	105¹			
Outpatient Surgical Hospitals	ORs	Total Hours	Hours/OR	%
Bayview Medical Center	2	637	319	20%
Bon Secours Surgery Center at Harbour View	6	4,644	774	48%
Bon Secours Surgery Center at Virginia Beach	2	3,350	1,675	105%
Chesapeake Regional Surgery Center at Virginia Beach	1	285	285	18%
CHKD Health & Surgery Center at Virginia Beach	2	2,835	1,417	89%
Princess Anne Ambulatory Surgery Center	2	3,761	1,881	118%
Sentara Leigh - Ambulatory Surgery	6	8,784	1,464	92%
Sentara Obici Ambulatory Surgery LLC	2	2,392	1,196	75%
Sentara Virginia Beach ASC	4	4,831	1,208	75%
Surgery Center of Chesapeake	4	4,908	1,227	77%
Virginia Beach Eye Center	1	1,239	1,239	77%
Virginia Center for Eye Surgery	2	4,238	2,119	132%
Virginia Surgery Center, LLC	2	2,643	1,322	83%
2017 Total	36	44,547	1,237	77%
2019 Total	43²			
2017 Grand Total	137	205,803	1,502	94%
2019 Grand Total	148			

Source: VHI (2017) & DCOPN Records

Note: 13 of the GPORs included in the above table are operated by Children's Hospital of the King's Daughter and four are specific to eye surgery centers. Although they are dedicated to a specific set of patients and utilized for a limited number of surgical procedures, they were included in DCOPN's GPOR utilization calculations and the above table.

¹ Though not used in the calculation for overall utilization, the total number of general purpose operating rooms located within acute care hospitals in PD 20 reflects the changes in inventory that occurred as a result of the issuance of COPN No. VA-04579 and COPN No. VA-04640, resulting in the addition of four GPORS located within acute care hospitals.

² Though not used in the calculation for overall utilization, the total number of general purpose operating rooms located within outpatient surgical hospitals in PD 20 reflects the changes in inventory that occurred as a result of the issuance of COPN Nos. VA-04509, VA-04576, VA-04567, VA-04633, VA-04634 and VA-04509.

COPN Request No. VA-8466 Sentara Princess Anne Hospital

SPAH has been in operation since 2011 and offers a full spectrum of inpatient and outpatient services, including medical, surgical, intensive care, obstetrics, newborn care, emergency department, surgery, imaging and radiology. According to VHI data for 2017, the most recent year for which such data is available, SPAH is licensed to operate eight GPORs. For 2017, the eight GPORs at SPAH operated at 106% utilization.

COPN Request No. VA-8469: Chesapeake Regional Medical Center

CRMC has been in operation for over forty-three years and provides a variety of services, including surgery, obstetrics, oncology and radiation therapy, cardiac catheterization, and diagnostic imaging. According to VHI data for 2017, the most recent year for which such data is available, CRMC is licensed to operate 13 GPORs. For 2017, the 13 GPORs at CRMC operated at 101% utilization.

Proposed Projects

COPN Request No. VA-8466 Sentara Princess Anne Hospital

SPAH proposes to expand its general surgical services by adding one general purpose operating room. The project involves the renovation of existing space in SPAH's OR suite and expanding the pre-op/post anesthesia care unit (PACU) and Central Sterile Services. SPAH asserts an institutional need for the expansion of surgical services, citing SPAH's 2017 GPOR utilization of approximately 106%. If approved, SPAH will have a total of nine GPORs.

The total projected capital cost of the proposed project is \$1,479,210, with approximately 64% of the cost attributed to direct construction (Table 2). The applicant proposes to fund construction and equipment costs using accumulated reserves. The applicant anticipates construction to commence in March 2020 and to be complete by January 2021. The applicant anticipates a January 2021 date of opening.

Table 2. SPAH's Projected Capital & Financing Costs

Direct Construction	\$945,000
Equipment Not Included in Contract	\$456,720
Architectural & Engineering Fees	\$77,490
Total Capital Costs	\$1,479,210

Source: COPN Request No. VA-8466

COPN Request No. VA-8469: Chesapeake Regional Medical Center

CRMC proposes to add a new GPOR to its existing 13 GPOR suite in the main hospital. The project involves the addition of a 900 square foot GPOR. CRMC asserts an institutional need for the expansion of surgical services, citing CRMC's 2017 GPOR utilization of 101%. If approved, CRMC will have a total of 14 GPORs.

The total projected capital cost of the proposed project is \$1,741,898, with approximately 79% of the cost attributed to direct construction (Table 3). The applicant proposes to fund construction and

equipment costs using accumulated reserves. The applicant anticipates construction to commence in February 2020 and to be complete by June 2021. The applicant anticipates a July 2021 date of opening.

Table 3. CRMC's Projected Capital & Financing Costs

Direct Construction	\$1,374,947
Equipment Not Included in Contract	\$209,456
Architectural & Engineering Fees	\$157,495
Total Capital Costs	\$1,741,898

Source: COPN Request No. VA-8469

Project Definition:

Section 32.1-102.1 of the Code of Virginia defines a project, in part, as “an increase in the total number of...operating room...in an existing medical care facility”. A medical care facility includes “general hospitals...”

The two COPN requests, COPN Request Nos. VA-8466 and VA-8469, are considered competing requests. Per section 12VAC5-220-220 of the Virginia Medical Care Facilities Certificate of Public Need Rules and Regulations, applications for the same or similar services proposed for the same PD are considered competing applications. The two project requests that are the subject of this review include an increase in surgical capacity in PD 20 and therefore are considered competing with respect to surgical services.

12VAC5-230-160 Required Considerations

In determining whether a public need exists for a proposed project, the following factors shall be taken into account when applicable:

- 1. The extent to which the proposed service or facility will provide or increase access to needed services for residents of the area to be served, and the effects that the proposed service or facility will have on access to needed services in areas having distinct and unique geographic, socioeconomic, cultural, transportation, and other barriers to care;**

Table 4 shows projected population growth in PD 20 through 2030. As depicted in Table 4, at an average annual growth rate of 0.52%, PD 20's population growth rate from 2010-2020 is slightly below the state's average annual growth rate of 0.77%. Overall, the planning district is projected to add an estimated 62,104 people in the 10-year period ending in 2020—an approximate 5% increase with an average increase of 6,210 people annually. In the 10-year period ending in 2030, the planning district is projected to add an estimated 47,742 people – an approximate 4% increase with an average increase of 4,774 people annually.

Regarding the 65+ age group for PD 20, Weldon-Cooper projects a more rapid increase in population growth (an approximate 35% increase from 2010 to 2020 and approximately 33% from 2020 to 2030). This is significant, as this population group typically uses health care resources, including surgical services, at a rate much higher than those individuals under the age of 65. Weldon-Cooper further projects that statewide, the 65+ age cohort population will increase at a rate of approximately 38% from 2010 to 2030 and approximately 27% from 2020 to 2030.

Table 4. Population Projections for PD 20, 2010-2030

Locality	2010	2020	% Change 2010-2020	Avg Ann % Change 2010-2020	2030	% Change 2020-2030	Avg Ann % Change 2020-2030
Isle of Wight	35,270	38,060	7.91%	0.75%	41,823	9.89%	0.95%
Southampton	18,570	17,739	-4.47%	-0.45%	17,711	-0.16%	-0.02%
Chesapeake city	222,209	249,244	12.17%	1.13%	270,506	8.53%	0.82%
Franklin city	8,582	8,268	-3.66%	-0.36%	8,140	-1.55%	-0.16%
Norfolk city	242,803	246,881	1.68%	0.16%	249,889	1.22%	0.12%
Portsmouth city	95,535	95,027	-0.53%	-0.05%	90,715	-4.54%	-0.46%
Suffolk city	84,585	94,733	12.00%	1.11%	109,424	15.51%	1.45%
Virginia Beach city	437,994	457,699	4.50%	0.43%	467,187	2.07%	0.21%
Total PD 20	1,145,548	1,207,652	5.42%	0.52%	1,255,394	3.95%	0.39%
PD 20 65+	124,196	167,891	35.18%	2.98%	222,845	32.73%	2.87%
Virginia	8,001,024	8,655,021	9.30%	0.77%	9,331,666	7.82%	0.76%
Virginia 65+	976,937	1,352,448	38.44%	3.22%	1,723,382	27.43%	2.45%

Source: U.S. Census, Weldon Cooper Center Projections (June 2019) and DCOPN (interpolations)

DCOPN also notes that according to regional and statewide data regularly collected by VHI, for 2017, the most recent year for which such data is available, the average amount of charity care provided by HPR V facilities was 4.6% of all reported total gross patient revenues (Table 5).

Table 5. HPR V 2017 Charity Care Contributions

Health Planning Region V			
2017 Charity Care Contributions at or below 200% of Federal Poverty Level			
Hospital	Gross Patient Revenues	Adjusted Charity Care Contribution	Percent of Gross Patient Revenue:
Riverside Tappahannock Hospital	\$170,161,862	\$14,424,688	8.48%
Riverside Shore Memorial Hospital	\$213,836,867	\$15,554,845	7.27%
Riverside Walter Reed Hospital	\$233,803,068	\$16,337,534	6.99%
Riverside Doctors' Hospital Williamsburg	\$113,798,697	\$7,874,709	6.92%
Sentara Careplex Hospital	\$881,940,507	\$59,719,527	6.77%
Bon Secours DePaul Medical Center	\$727,116,835	\$47,573,800	6.54%
Bon Secours Maryview Medical Center	\$1,270,130,980	\$82,626,281	6.51%
Riverside Regional Medical Center	\$1,724,979,089	\$97,953,743	5.68%
Sentara Obici Hospital	\$825,358,832	\$46,178,990	5.60%
Sentara Virginia Beach General Hospital	\$1,265,410,000	\$58,414,291	4.62%
Sentara Leigh Hospital	\$1,165,281,214	\$53,576,119	4.60%
Sentara Norfolk General Hospital	\$3,069,620,000	\$136,010,038	4.43%
Sentara Princess Anne Hospital	\$932,726,000	\$38,685,082	4.15%
Sentara Williamsburg Regional Medical Center	\$597,649,239	\$23,639,676	3.96%
Bon Secours Rappahannock General Hospital	\$78,684,125	\$2,548,322	3.24%
Bon Secours Mary Immaculate Hospital	\$651,234,139	\$19,170,988	2.94%
Hampton Roads Specialty Hospital	\$11,321,075	\$190,354	1.68%
Southampton Memorial Hospital	\$210,036,877	\$3,066,585	1.46%
Chesapeake Regional Medical Center	\$852,854,961	\$11,283,609	1.32%
Children's Hospital of the King's Daughters	\$953,468,491	\$4,532,724	0.48%
Hospital For Extended Recovery	\$27,317,785	\$0	0.00%
Lake Taylor Transitional Care Hospital	\$45,075,260	\$0	0.00%
Total Facilities Reporting			22
Median			4.5%
Total \$ & Mean %			4.6%

Source: VHI (2017)

COPN Request No. VA-8466: Sentara Princess Anne Hospital

Geographically, SPAH is accessible by public transportation and the major roadways that service the Virginia Beach area. It is located near the intersection of Princess Anne Road and Dam Neck Road, major thoroughfares in Virginia Beach. Additionally, the SPAH campus is served by the area's public transportation service, Hampton Roads Transit.

SPAH asserts that it serves all patients without regard to the ability to pay or the patient's payor source. DCOPN notes that according to VHI data from 2017, the most recent year for which such data is available, SPAH provided charity care of 4.15% of its gross patient revenue. Should the Commissioner approve the proposed project, SPAH would be subject to the 4.8% system-wide charity care condition currently in place for the Sentara Health System (Hampton Roads), most recently cited in COPN No. VA-04632 issued on December 10, 2018.

COPN Request No. VA-8469: Chesapeake Regional Medical Center

Geographically, CRMC is less than half of a mile from Interstate 464 and approximately two miles from Interstate 64. Additionally, CRMC is accessible by Hampton Roads Transit, which provides bus services to and from the hospital campus.

DCOPN notes that according to VHI data from 2017, the most recent year for which such data is available, CRMC provided charity care of 1.32% of its gross patient revenue. Should the Commissioner approve the project, DCOPN recommends a charity care condition of no less than the 4.6% HPR V average.

Finally, DCOPN further notes that Chesapeake city, where the proposed project would be located, is projected to grow at a rate of 1.13% annually from 2010-2020, the largest growth rate in PD 20.

2. The extent to which the project will meet the needs of the residents of the area to be served, as demonstrated by each of the following:

- (i) the level of community support for the project demonstrated by citizens, businesses, and governmental leaders representing the area to be served;**

COPN Request No. VA-8466: Sentara Princess Anne Hospital

DCOPN received 12 letters of support for the proposed project from physicians associated with SPAH, local members of the healthcare community, residents of Virginia Beach, the chapter president of the Virginia Beach chapter of Vietnam Veterans of America and the mayor of Virginia Beach. Collectively these letters addressed:

- The importance of surgery as a component of care at SPAH.
- The growing population and need for surgical services in PD 20.
- The high volume of surgical services currently experienced at SPAH.

- The need for additional operating rooms to allow for greater availability, improved efficiency, decreased patient wait time and increased patient satisfaction at SPAH.
- The growing population of PD 20.
- The need for access to care for the large veteran population of Virginia Beach, including the veterans who will seek care at the veterans care center, which is to open in 2020.

DCOPN received one letter of opposition COPN Request No. VA-8466, dated October 18, 2019, from the applicant's competitor, CRMC. CRMC's letter discusses:

- The existing surplus of GPORs in PD 20.
- The SMFP mandate that if SPAH successfully demonstrates an institutional need to expand, it must first reallocate underutilized GPORs in the hospital system. CRMC suggests that Sentara has potentially underutilized GPORs in locations throughout PD 20, including recently approved GPORs.
- Facilities that are joint ventures and are under common ownership and control of Sentara are "within the same health system."
- CRMC alleges that SPAH is misreporting its surgical hours to VHI by including "turnover time" in its "prep and cleanup time."
- Approval of SPAH's request to add a GPOR would "exacerbate the dominance of the largest health system in the region, adversely affecting all other service providers."

Additionally, at a meeting with DCOPN on October 17, 2019, CRMC presented information regarding:

- Its findings that Sentara claimed in its COPN application and at the public hearing that the Jones and Caboy Veterans Care Center (VCC) will "fuel the need for surgical capacity at SPAH. CRMC further discussed its belief that:
- CRMC notes that Sentara has not provided projections on how the VCC will increase surgical demand at SPAH.
- CRMC asserts that Veterans will not be permitted to use Veterans Administration (VA) benefits at SPAH and that Hampton VA Medical Center and Portsmouth Naval Medical Center are within the designated access standards for veterans in Virginia Beach.

On November 5, 2019, SPAH responded to CRMC's October 18, 2019 letter of opposition and assertions at the October 17, 2019 meeting. SPAH's letter discusses:

- The overutilization of the GPORs at SPAH.
- SPAH explains that it does not include "turnover time" in its reporting of "prep and cleanup time," instead it uses this term colloquially to refer to "prep and cleanup time." SPAH asserts that it does not include idle time between OR cases in its OR utilization reporting.
- SPAH's institutional need to add an additional GPOR, despite the surplus in PD 20.

- If SPAH is found to have an institutional need to expand, there “is no such capacity that would be sensible to relocate.” SPAH asserts that no underutilized GPORs exist in the Sentara Health System in PD 20.
- SPAH asserts that joint venture facilities are not within the system and that even if the joint venture facilities were considered to be within the Sentara Health System, there are no underutilized GPORs at the joint venture facilities.
- Relocation of recently approved GPORs from Sentara Leigh Hospital, Sentara Norfolk General Hospital or Princess Anne ASC would serve to create “a renewed institutional need to expand OR capacity at that facility.”
- PD 20’s patients have access to surgical services operated by five separate health systems and four independent outpatient surgical hospitals.
- SPAH’s need for expansion does not depend on the Jones and Caboy Veterans Care Center, which will be owned and managed by the Commonwealth of Virginia Department of Veteran Services and services will not be limited to those with VA benefits only.

On November 13, 2019, CRMC responded to SPAH’s November 5, 2019 letter. CRMC’s response detailed:

- Its assertion that SPAH is inefficient as compared to CRMC, citing its “prep and cleanup” time as compared to SPAH’s “prep and cleanup” time.
- SPAH’s ownership of SPAASC and the SMFP mandate that if SPAH successfully demonstrates an institutional need to expand, it must first reallocate underutilized GPORs in the hospital system.
- The utilization of the GPORs at SPAASC.
- The conditions required of Sentara Health System under COPN No. VA-04509.

COPN Request No. VA-8469: Chesapeake Regional Medical Center

DCOPN received 18 letters of support for the proposed project from physicians associated with CRMC, local members of the healthcare community, Sen. Lionel Spruill, Sr., Member of the Senate of Virginia, Del. Stephen Heretick, Member of the Virginia House of Delegates, the mayor of the City of Chesapeake and Dwight M. Parker, Councilmember of the City Council of Chesapeake. Collectively these letters addressed:

- CRMC’s history of expanding to meet the needs of the City of Chesapeake.
- As a public hospital, CRMC is mandated by the Virginia General Assembly to serve the area’s specific needs.
- The addition of surgical specialties at CRMC, including neurosurgery and orthopedics.
- The growing population and need for surgical services in PD 20.
- The high utilization of CRMC’s current operating rooms.
- The importance of CRMC’s da Vinci robotic surgery program, which allows physicians to perform minimally invasive surgeries with excellent results with less risk of side effects.

- The need for additional operating rooms to allow for greater availability, improved efficiency, decreased patient wait time and increased patient satisfaction at CRMC.
- The extensive growth projected for the neuroscience program at CRMC.

Public Hearing

DCOPN conducted the required public hearing on October 15, 2019. A total of 29 individuals signed-in, including 16 who spoke. Several representatives for their respective facilities presented the projects. With respect to the SPAH project, 17 persons in attendance were in support of the project, whereas, five persons were in opposition. With respect to the CRMC project, nine persons in attendance were in support of the project, whereas, four were in opposition.

- (ii) the availability of reasonable alternatives to the proposed service or facility that would meet the needs of the population in a less costly, more efficient, or more effective manner;**

As previously discussed, the VHI data for 2017, the most recent year for which such data is available, reported a 94% collective utilization rate among existing GPORs in PD 20 (Table 1). The same data reported a 77% collective utilization rate among existing GPORs located within PD 20 outpatient surgical hospitals, and a 100% collective utilization rate among existing GPORs located within PD 20 acute care hospitals. Furthermore, as will be discussed in more detail later in this staff analysis report, DCOPN has calculated a net surplus of 14 GPORs in PD 20 for the 2024 planning year.

COPN Request No. VA-8466: Sentara Princess Anne Hospital

The applicant is part of the Sentara Health System, which has facilities providing surgical services and operating 68 GPORs throughout PD 20 (Table 6). A review of the surgical utilization at each of these facilities, according to VHI for 2017, reveals that they are operating at a collective utilization of 111%. More specifically, the eight GPORs located at SPAH operated at a collective utilization rate of 106% in 2017. Because the total population of PD 20, specifically the 65+ cohort, is expected to continue to increase and because the existing PD 20 inventory currently operates at a high utilization rate, DCOPN contends that adding one GPOR to the existing surplus is more reasonable than the status quo. Additionally, DCOPN notes that transferring the requested GPORs from another PD 20 Sentara facility is impractical, as this would result in an immediate institutional need at that facility. As shown in Table 6 below, the Sentara GPORs in PD 20 operated at a low of 75% utilization and a high of 123% utilization in 2017.

Table 6. 2017 PD 20 Sentara Health Care Services System GPOR Utilization

Facility	ORs	Total Hours	Hours/OR	%
Sentara Leigh Hospital	11	20,471	1,861	116%
Sentara Norfolk General Hospital	22	43,016	1,955	122%
Sentara Obici Hospital	6	10,011	1,669	104%
Sentara Princess Anne Hospital	8	13,534	1,692	106%
Sentara Virginia Beach General Hospital	9	17,778	1,975	123%
Sentara Leigh - Ambulatory Surgery	6	8,784	1,464	92%
Sentara Obici Ambulatory Surgery LLC	2	2,392	1,196	75%
Sentara Virginia Beach ASC	4	4,831	1,208	75%
TOTAL	68	120,817	1,777	111%

Source: VHI (2017) and DCOPN records

COPN Request No. VA-8469: Chesapeake Regional Medical Center

CRMC has not identified any reasonable alternatives to the proposed project to add one general-purpose operating room. CRMC's 13 GPORs performed at a 101% rate of utilization in 2017. CRMC provided data revealing a 108% utilization rate in 2018 and projecting a 109% utilization rate in 2019. Given the GPORs' historic utilization, DCOPN finds these projections to be reasonable.

Given that Chesapeake Regional Surgery Center at Virginia Beach (CRSC) falls under the umbrella of the Chesapeake Hospital Authority, a reasonable alternative would be the relocation of a GPOR from that facility to CRMC. However, the applicant has presented evidence that the utilization for 2017 as calculated from the VHI data (18%) should be prorated because one GPOR was only operational for part of 2017. CRMC asserts the prorated utilization is 73%. CRMC further asserts that the utilization rate for 2018 was 127.8% and 103% for 2019. DCOPN therefore concludes that transferring the requested GPORs from CRSC is impractical, as this would result in an immediate institutional need at CRSC.

- (iii) any recommendation or report of the regional health planning agency regarding an application for a certificate of public need that is required to be submitted to the Commissioner pursuant to subsection B of 32.1-102.6;

COPN Request No. VA-8466: Sentara Princess Anne Hospital and COPN Request No. VA-8469: Chesapeake Regional Medical Center

Currently, there is no organization in HPR V designated by the Virginia Department of Health to serve as the Health Planning Agency for Planning District 20. Accordingly, this consideration is not applicable to this review.

(iv) any costs and benefits of the project;

COPN Request No. VA-8466: Sentara Princess Anne Hospital

As demonstrated by **Table 2**, the total projected capital cost of the proposed project is \$1,479,210. The applicant proposes to fund the construction and equipment costs using accumulated reserves. DCOPN concludes that when compared to similar PD 20 projects, these costs are reasonable. For example, COPN No. VA-04567 issued to Children's Hospital of The Kings Daughters to add one operating room, which cost approximately \$814,787 and COPN No. VA-04576 issued to Center for Visual Excellence, LLC, to establish a one-operating room outpatient surgical hospital, which cost approximately \$286,732.18.

Regarding benefits of the proposed project, the applicant stated that the proposed project to add one GPOR would: (1) meet the current and future surgical demand of its growing community; (2) be implemented in a short period of time at a relatively low cost; (3) reduce the utilization of SPAH's eight current GPORs, which operated at approximately 106% in 2017; and (4) enhance efficiency and improve patient flow by reducing the scheduling wait times.

COPN Request No. VA-8469: Chesapeake Regional Medical Center

As demonstrated by **Table 3**, the total projected capital costs of the proposed project total \$1,741,898, the entirety of which will be funded using the accumulated reserves of the applicant. When compared to the costs of similar projects in PD 20 (cited above), DCOPN concludes that the projected costs for this project are reasonable.

Regarding the benefits of the proposed project, the applicant stated that proposed project to add one GPOR would: (1) improve scheduling difficulties by reducing the utilization of CRMC's 13 current GPORs, which operated at 101% in 2017; (2) allow for the accommodation of more urgent and emergent surgeries by offering more open time; (3) increase the availability of early start times, which surgeons and patients prefer; and (4) accommodate a second da Vinci robot to allow for more robotic surgeries.

(v) the financial accessibility of the project to the residents of the area to be served, including indigent residents; and

COPN Request No. VA-8466: Sentara Princess Anne Hospital

SPAH asserts that it serves all patients without regard to the ability to pay or the patient's payor source. In its Pro Forma Income Statement (**Table 7**) the applicant includes a line item stating that 10% of its payor mix is "Medicaid & Self Pay/Charity." This amount is not further broken down among the three payor types (Medicaid, Self-pay and Charity). The applicant explains that it is still evaluating the impact of Medicaid expansion and that it believes that the 10% figure is reasonable. Nonetheless, DCOPN notes that should the proposed project be approved, it would be subject to the 4.8% system-wide charity care condition currently in place for the Sentara Hampton Roads (most recently cited in COPN No. VA-04632 issued on December 10, 2018).

Table 7. Sentara Princess Ann Hospital's Pro Forma Income Statement

	Year 1	Year 2
Gross Patient Services Revenue	\$326,182,154	\$349,341,087
Deductions from Revenue	\$227,606,738	\$245,164,181
Net Patient Services Revenue	\$98,575,416	\$104,176,906
Total Operating Expenses	\$94,293,367	\$98,576,458
Excess Revenue Over Operating Expenses	\$4,282,048	\$5,600,448

Source: COPN Request No. VA-8466

COPN Request No. VA-8469: Chesapeake Regional Medical Center

The Pro Forma Income Statement (**Table 8**) provided by the applicant proposes the provision of 4.6% charity care (reflected in the "Charity Care" line item) based on gross patient services revenue. However, DCOPN notes that according to VHI data from 2017, the most recent year for which such data is available, CRMC provided charity care in the amount of 1.32% of its gross patient revenue. Therefore, should the Commissioner approve the project, DCOPN recommends a charity care condition of no less than the 4.6% HPR V average.

Table 8. Chesapeake Regional Medical Center Pro Forma Income Statement

	Year 1	Year 2
Gross Patient Services Revenue	\$118,840,107	\$19,782,112
Contractual Allowances	(\$11,750,346)	(\$12,337,863)
Bad Debt Expense	(\$565,203)	(\$593,463)
Charity Care (4.6%)	(\$300,130)	(\$315,136)
Net Revenue	\$6,224,428	\$6,535,649
Total Expenses	\$3,776,106	\$3,959,547
Net Margin	\$2,448,322	\$3,959,547

Source: COPN Request No. VA-8469

(vi) at the discretion of the Commissioner, any other factors as may be relevant to the determination of the public need for a project.

DCOPN did not identify any other factors, not previously discussed in this staff report, to bring to the Commissioner's attention with respect to determining a public need for the proposed project.

3. The extent to which the application is consistent with the State Medical Facilities Plan;

The State Medical Facilities Plan (SMFP) contains criteria and standards for the establishment of outpatient surgical hospitals and for the expansion of surgical services at an existing medical facility. They are as follows:

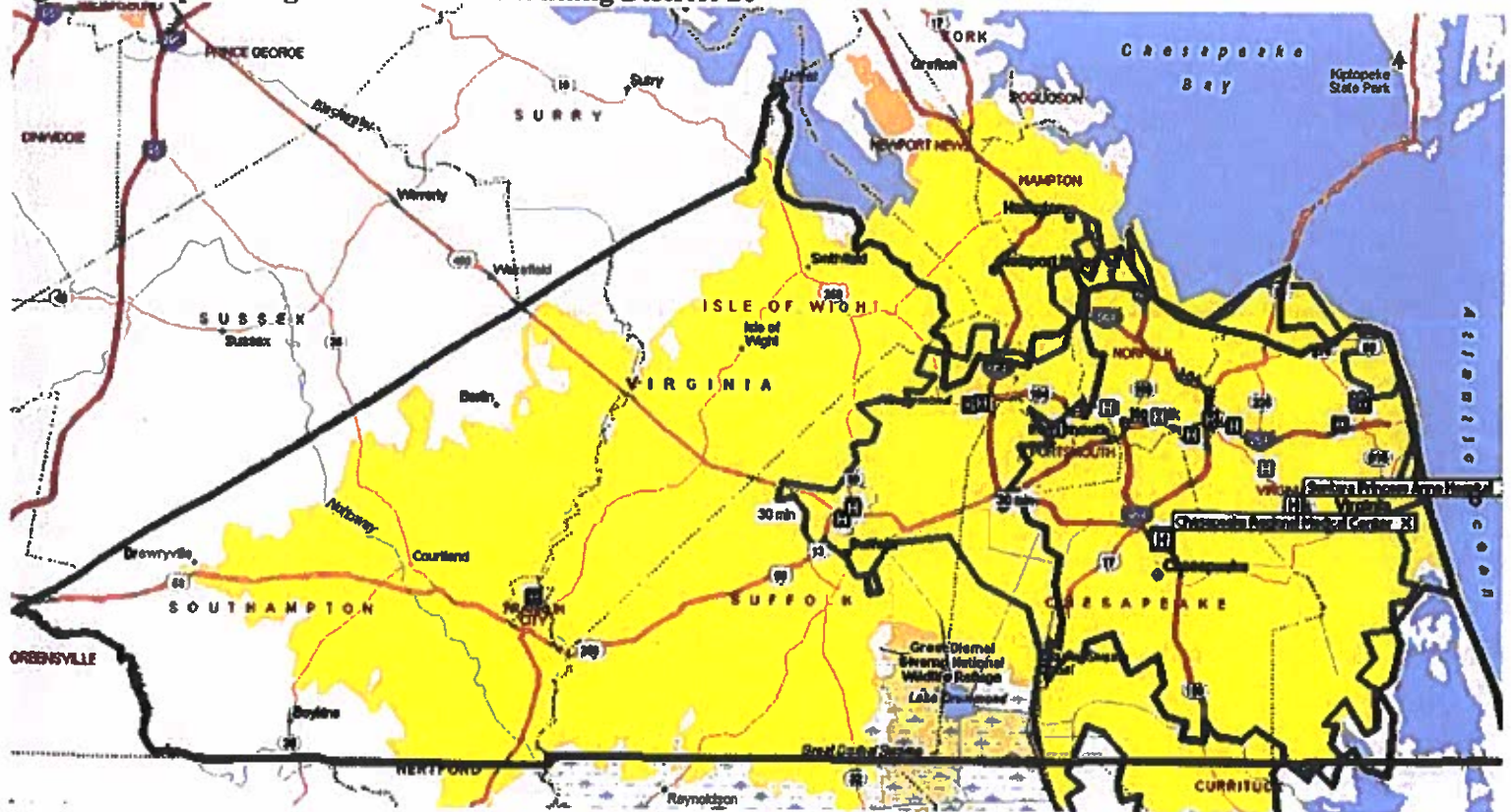
**Part V
General Surgical Services**

12VAC5-230-490. Travel time.

Surgical services should be available within 30 minutes driving time one way under normal conditions for 95% of the population of the health-planning district using mapping software as determined by the Commissioner.

The heavy black line in Figure 1 is the boundary of PD 20. The blue “H” signs mark the locations of the COPN approved surgical services and the white “H” signs mark the locations of SPAH and CRMC. The shaded area includes all locations that are within 30 minutes driving time one way under normal conditions of surgical services in PD 20. The dark blue line marks the 30 minutes driving time one way under normal conditions of SPAH and the green line marks the 30 minutes driving time one way under normal conditions of CRMC.

Figure 1: Map of Surgical Services in Planning District 20



COPN Request No. VA-8466: Sentara Princess Anne Hospital

Based on the shading in **Figure 1**, it appears that surgical services are available within 30 minutes driving time one-way under normal traffic conditions of 95% of the population of PD 20. Consequently, the addition of one GPOR at SPAH will not significantly improve the geographical or driving time access to these services for the residents of PD 20.

COPN Request No. VA-8469: Chesapeake Regional Medical Center

Based on the shading in **Figure 1**, it appears that surgical services are available within 30 minutes driving time one-way under normal traffic conditions of 95% of the population of PD 20. Consequently, the addition of one GPOR at CRMC will not significantly improve the geographical or driving time access to these services for the residents of PD 20.

12VAC5-230-500. Need for new service.

A. The combined number of inpatient and outpatient general purpose surgical operating rooms needed in a health planning district, exclusive of procedure rooms, dedicated cesarean section rooms, operating rooms designated exclusively for cardiac surgery, procedures rooms or VDH-designated trauma services, shall be determined as follows:

$$\text{FOR} = \frac{((\text{ORV}/\text{POP}) \times (\text{PROPOP})) \times \text{AHORV}}{1,600}$$

Where:

ORV = the sum of total inpatient and outpatient general purpose operating room visits in the health planning district in the most recent five years for which general purpose operating room utilization data has been reported by VHI [i.e., for the years 2006 through 2010, inclusive]; and

POP = the sum of total population in the health planning district as reported by a demographic entity as determined by the commissioner, for the same five-year period as used in determining ORV.

PROPOP = the projected population of the health planning district five years from the current year as reported by a demographic program as determined by the commissioner.

AHORV = the average hours per general purpose operating room visit in the health planning district for the most recent year for which average hours per general purpose operating room visits have been calculated as reported by VHI.

FOR = future general purpose operating rooms needed in the health planning district five years from the current year.

1,600 = available service hours per operating room per year based on 80% utilization of an operating room available 40 hours per week, 50 weeks per year.

This standard is applicable to the proposed project in assessing whether there is currently a need or excess of GPORs in PD 20. The preceding formula can also be used to determine the overall need for ORs within PD 20 five years from the current year, i.e., in the year 2024. The current GPOR inventory for PD 20 is broken down by facility and by category as shown in **Table 1**.

Based on operating room utilization submitted to, and compiled by VHI, for the five-year period from 2013 to 2017, which is the most recent five-year period for which relevant data is available, the total number of reported inpatient and outpatient GPOR visits to hospital-based and ambulatory surgical centers are shown in **Table 9**.

Table 9. Inpatient & Outpatient GPOR Visits in PD 20: 2013-2017

Year	Total Inpatient & Outpatient Operating Room Visits
2013	111,538
2014	109,796
2015	111,709
2016	111,703
2017	111,297
Total	556,043
Average	111,209

Source: VHI (2013-2017)

Based on actual population counts derived as a result of the U.S. Census and population projections as compiled by Weldon Cooper, **Table 10** presents the population estimates for PD 20 for the five years from 2013 to 2017 and the projected population estimate for 2024.

Table 10: PD 20 Population 2013-2017 & 2024

Year	Population
2013	1,164,179
2014	1,170,390
2015	1,176,600
2016	1,182,810
2017	1,189,021
5 Year Total	5,883,000
2024 Projected	1,226,749

Source: Weldon Cooper

Note: Straight Line Extrapolation

Based on the above population estimates from Weldon Cooper, and using a straight-line, average annual increase of 6,210.4 from 2010 to 2020, and 4,774.4 from 2020 to 2030, the cumulative total population of PD 20 for the same historical five-year period as referenced above, i.e., 2013-2017, was **5,883,000**, while Weldon Cooper projects the population of PD 20 in the year 2024 (PROPOP-five years from the current year) to be **1,226,749**. These figures are necessary for the application of the preceding formula, as follows:

ORV	÷	POP	=	CSUR
Total PD 20 GPOR Visits 2013 to 2017		PD 20 Historical Population 2013 to 2017:		Calculated GPOR Use Rate 2013 to 2017:
556,043		5,883,000		0.09451

CSUR	X	PROPOP	=	PORV
Calculated GPOR Use Rate 2013 to 2017		PD 20 Projected Population 2024		Projected GPOR Visits 2024:
0.09451		1,226,749		115,940

AHORV is the average hours per operating room visit in the planning district for the most recent year for which average hours per operating room visit has been calculated from information collected by the Virginia Department of Health.

AHORV = 205,803 total inpatient and outpatient operating room hours (Table 1) reported to VHI for 2017, divided by 111,297 total inpatient and outpatient operating room visits reported to VHI for that same year (Table 9);

$$\text{FOR} = \frac{((\text{ORV}/\text{POP}) \times (\text{PROPOP})) \times \text{AHORV}}{1600}$$

$$\text{FOR} = \frac{0.09451 \times 1,226,749 \times 1.8491}{1600}$$

$$\text{FOR} = 214,400 \div 1,600$$

FOR = 134 General Purpose Operating Rooms Needed in PD 20 in 2024

Current PD 20 GPOR inventory: 148

Net Surplus: 14 GPORs for 2024 planning year

Using the above methodologies, the conclusion would be logically reached that there will not be a need to increase the number of general purpose operating rooms in PD 20, as the current inventory of 148 GPORs exceeds this amount.

While there were 137 GPORs in PD 20 reported to VHI in 2017 and the above calculation projects a need for only 134 GPORs in 2024, DCOPN makes note that 13 of the GPORs included in the above calculation are specific to Children’s Hospital of the King’s Daughter and four are specific to eye surgery centers. Although they are dedicated to a specific set of patients and utilized for a limited number of surgical procedures, they were included in DCOPN’s GPOR utilization calculations.

COPN Request No. VA-8466: Sentara Princess Anne Hospital and COPN Request No. VA-8469: Chesapeake Regional Medical Center

Neither of the applicants propose to establish a new service, but rather, each proposes to increase its current GPOR complement by one. Accordingly, DCOPN concludes that this provision is not applicable to the proposed projects. However, DCOPN notes, as will be discussed later in this staff analysis report, that while the proposed projects would each add to the existing PD 20 surplus, SPAH's and CRMS's current capacity demonstrates an institutional need for expansion.

B. Projects involving the relocation of existing operating rooms within a health planning district may be authorized when it can be reasonably documented that such relocation will: (i) improve the distribution of surgical services within a health planning district; (ii) result in the provision of the same surgical services at a lower cost to the surgical patients in the health planning district; or (iii) optimize the number of operations in the health planning district that are performed on an outpatient basis.

COPN Request No. VA-8466: Sentara Princess Anne Hospital and COPN Request No. VA-8469: Chesapeake Regional Medical Center

Not applicable. The proposed projects do not involve the relocation of existing operating rooms.

12VAC5-230-510. Staffing.

Surgical services should be under the direction or supervision of one or more qualified physicians.

COPN Request No. VA-8466: Sentara Princess Anne Hospital

The applicant is an existing provider of surgical services and has provided assurances that the requested operating room would be under the direction or supervision of a Surgery Leadership Team, including surgeons and anesthesiologists. The applicant meets this standard.

COPN Request No. VA-8469: Chesapeake Regional Medical Center

The applicant is an existing provider of surgical services and has provided assurances that the requested operating room would be under the direction or supervision of one or more qualified physicians. The applicant meets this standard.

Part I
Definitions and General Information

12VAC5-230-60. When Competing Applications Received.

In reviewing competing applications, preference may be given to an applicant who:

1. Has an established performance record in completing projects on time and within the authorized operating expenses and capital costs;
2. Has both lower capital costs and operating expenses than his competitors and can demonstrate that his estimates are credible;
3. Can demonstrate a consistent compliance with state licensure and federal certification regulations and a consistent history of few documented complaints, where applicable; or
4. Can demonstrate a commitment to serving his community or service area as evidenced by unreimbursed services to the indigent and providing needed but unprofitable services, taking into account the demands of the particular service area.

COPN Request No. VA-8466: Sentara Princess Anne Hospital

Based on an analysis of previous COPN requests, SPAH generally has a history of completing projects somewhat later than originally estimated, but within the authorized capital costs. With respect to the proposed project, the capital cost (\$1,479,210) is lower than the CRMC project. SPAH has consistently met state licensure and federal certification regulations and DCOPN is unaware of any ongoing or extraordinary documented complaints. DCOPN has observed that Sentara's contributions overall are generally higher than the average percentage of charity care provided throughout HPR V.

COPN Request No. VA-8469: Chesapeake Regional Medical Center

Based on an analysis of previous DCOPN projects, CRMC generally has a history of completing projects on time and within the authorized capital costs. With respect to the proposed project, the capital cost (\$1,741,898) is somewhat higher than the SPAH project. CRMC has consistently met state licensure and federal certification regulations and DCOPN is unaware of any ongoing or extraordinary documented complaints. DCOPN has observed that CRMC's provision of charity care (1.32%) is well below the average of the 4.6% hospital-wide charity care percentage provided by all reporting facilities in HPR V in 2017.

Conclusion

With respect to preference, SPAH is slightly more favorable for the relatively lower capital costs associated with the project and for Sentara Health System's demonstrated commitment to providing a higher level of charity care. As both of the applicants have a history of on time on budget project delivery, DCOPN does not believe that any of the applicants individually deserves preference regarding completing projects on time and within the approved capital budget or with respect to meeting state licensure and federal certification regulations.

12VAC5-230-80. When Institutional Expansion is Needed.

- A. Notwithstanding any other provisions of this chapter, the commissioner may grant approval for the expansion of services at an existing medical care facility in a health planning district with an excess supply of such services when the proposed expansion can be justified on the basis of a facility's need having exceeded its current service capacity to provide such service or on the geographic remoteness of the facility.**
- B. If a facility with an institutional need to expand is part of a health system, the underutilized services at other facilities within the health system should be reallocated, when appropriate, to the facility with the institutional need to expand before additional services are approved for the applicant. However, underutilized services located at a health system's geographically remote facility may be disregarded when determining institutional need for the proposed project.**
- C. This section is not applicable to nursing facilities pursuant to § 32.1-102.3:1 of the Code of Virginia.**
- D. Applicants shall not use this section to justify a need to establish new services.**

COPN Request No. VA-8466: Sentara Princess Anne Hospital

SPAH proposes to add one GPOR, resulting in a total complement of nine GPORs. With a utilization rate of 106% in 2017, the most recently available data confirms that SPAH's current capacity demonstrates an institutional need for expansion. Consequently, it can be inferred that approval of one additional GPOR at SPAH can be justified based on the facility's need having exceeded its current service capacity. As already discussed, DCOPN further concludes that due to the high utilization of each PD 20 Sentara facility, transferring the requested GPOR from another Sentara facility is not necessarily a reasonable alternative to the proposed project. Therefore, DCOPN contends that although the proposed project would add to the existing PD 20 surplus, the project warrants approval.

COPN Request No. VA-8469: Chesapeake Regional Medical Center

CRMC proposes to add one GPOR, resulting in a total complement of 14 GPORs. With a utilization rate of 101% in 2017, the most recently available data confirms that CRMC's current capacity demonstrates an institutional need for expansion. Consequently, it can be inferred that approval of one additional GPOR at CRMC can be justified based on the facility's need having exceeded its current service capacity. As already discussed, DCOPN further concludes that due to the high utilization of CRSC, transferring the requested GPOR from CRSC is not necessarily a reasonable alternative to the proposed project. Therefore, DCOPN contends that although the proposed project would add to the existing PD 20 surplus, the project warrants approval.

Required Considerations Continued

- 4. The extent to which the proposed service or facility fosters institutional competition that benefits the area to be served while improving access to essential health care services for all persons in the area to be served;**

COPN Request No. VA-8466: Sentara Princess Anne Hospital

The proposed project is not meant to foster institutional competition that benefits the area to be served while improving access to services, but rather to decompress utilization of the eight GPORs at SPAH. As demonstrated by **Figure 1**, the current inventory of operating rooms in PD 20 is sufficient and adequately distributed geographically. Additionally, there is already an existing surplus of GPORs within PD 20. However, if approved, the proposed project would meet a demonstrated institutional need.

COPN Request No. VA-8469: Chesapeake Regional Medical Center

The proposed project is not meant to foster institutional competition that benefits the area to be served while improving access to services, but rather to decompress utilization of the 13 GPORs at CRMC. As demonstrated by **Figure 1**, the current inventory of operating rooms in PD 20 is sufficient and adequately distributed geographically. Additionally, there is already an existing surplus of GPORs within PD 20. However, if approved, the proposed project would meet a demonstrated institutional need.

- 5. The relationship of the project to the existing health care system of the area to be served, including the utilization and efficiency of existing services and facilities;**

COPN Request No. VA-8466: Sentara Princess Anne Hospital

As previously discussed, DCOPN has calculated a net surplus of 14 GPORs in PD 20 for the 2024 planning year. If approved, the proposed project would add to the surplus. However, as already discussed, DCOPN contends that the proposed project warrants approval despite the calculated surplus because SPAH has demonstrated an institutional need to expand. The applicant is part of the Sentara Health System, which has facilities providing surgical services throughout PD 20. As already discussed, DCOPN further concludes that due to the high utilization of each PD 20 Sentara facility, transferring the requested GPOR from another Sentara facility is not necessarily a reasonable alternative to the proposed project. Therefore, DCOPN contends that although the proposed project would add to the existing PD 20 surplus, the project warrants approval.

COPN Request No. VA-8469: Chesapeake Regional Medical Center

The approval of one additional GPOR at CRMC can be justified based on the facility's need having exceeded its current service capacity. As already discussed, DCOPN further concludes that due to the high utilization at CRMC, transferring the requested GPOR from CRMC is not necessarily a reasonable alternative to the proposed project. Therefore, DCOPN contends that although the proposed project would add to the existing PD 20 surplus, the project warrants approval.

6. **The feasibility of the project, including the financial benefits of the project to the applicant, the cost of construction, the availability of financial and human resources, and the cost of capital;**

COPN Request No. VA-8466: Sentara Princess Anne Hospital

As previously discussed, and as demonstrated by **Table 2**, the total projected capital cost of the proposed project is \$1,479,210. SPAH proposes to fund the construction and equipment costs using accumulated reserves. DCOPN concludes that when compared to similar PD 20 projects, these costs are reasonable. For example, COPN No. VA-04567 issued to Children's Hospital of The Kings Daughters to add one operating room, which cost approximately \$814,787 and COPN No. VA-04576 issued to Center for Visual Excellence, LLC, to establish a one-operating room outpatient surgical hospital, which cost approximately \$286,732.18.

COPN Request No. VA-8469: Chesapeake Regional Medical Center

As previously discussed and as demonstrated by **Table 3**, the total projected capital costs of the proposed project total \$1,741,898, the entirety of which will be funded using the accumulated reserves of the applicant. When compared to the costs of similar projects in PD 20 (cited above), DCOPN concludes that the projected costs for this project are reasonable.

7. **The extent to which the project provides improvements or innovations in the financing and delivery of health services, as demonstrated by: (i) the introduction of new technology that promotes quality, cost effectiveness, or both in the delivery of health care services; (ii) the potential for provision of services on an outpatient basis; (iii) any cooperative efforts to meet regional health care needs; (iv) at the discretion of the Commissioner, any other factors as may be appropriate; and**

COPN Request No. VA-8466: Sentara Princess Anne Hospital

The proposed project would not provide improvements or innovations in the financing and delivery of health services, as demonstrated by the introduction of new technology that promotes quality, cost effectiveness, or both in the delivery of health care services. DCOPN did not identify any other factors that have not been discussed elsewhere in this staff analysis report to bring to the attention of the Commissioner.

COPN Request No. VA-8469: Chesapeake Regional Medical Center

The proposed project would not provide improvements or innovations in the financing and delivery of health services, as demonstrated by the introduction of new technology that promotes quality, cost effectiveness, or both in the delivery of health care services. However, while the proposed project does not introduce a new technology, it will enable the hospital to optimize utilization of its second da Vinci robot. Presently CRMC has two da Vinci robots, but only one dedicated da Vinci operating room. The addition of a 900 square foot GPOR will accommodate a second dedicated da Vinci GPOR. DCOPN did not identify any other factors that have not been discussed elsewhere in this staff analysis report to bring to the attention of the Commissioner.

8. In the case of a project proposed by or affecting a teaching hospital associated with a public institution of higher education or a medical school in the area to be served, (i) the unique research, training, and clinical mission of the teaching hospital or medical school, and (ii) any contribution the teaching hospital or medical school may provide in the delivery, innovation, and improvement of health care for citizens of the Commonwealth, including indigent or underserved populations.

COPN Request No. VA-8466: Sentara Princess Anne Hospital

Sentara Healthcare utilizes the Sentara College of Health Sciences, which has a surgical technology program, and a bachelor of science in nursing program – these students have access to Sentara’s state-of-the-art facilities as well as doctors and mentors with expertise in their fields. SPAH asserts that many of these graduates are hired throughout the Sentara health system.

COPN Request No. VA-8469: Chesapeake Regional Medical Center

CRMC is not a teaching hospital or affiliated with a public institution of higher education or medical school in the area to be served. Approval of the proposed project would not contribute to the unique research, training or clinical mission of a teaching hospital or medical school.

DCOPN Staff Findings and Conclusions

COPN Request No. VA-8466: Sentara Princess Anne Hospital

DCOPN finds that the proposed project to expand SPAH’s general surgical services by adding one general purpose operating room is generally consistent with the applicable criteria and standards of the State Medical Facilities Plan and the eight Required Considerations of the Code of Virginia. Although the proposed project would add one GPOR to the existing PD 20 inventory, DCOPN contends that the project warrants approval despite the calculated surplus of 14 GPORs for the 2024 planning year because SPAH has demonstrated an institutional need to expand. Review of VHI data from 2017 shows a 106% utilization rate for SPAH’s eight GPORs.

Furthermore, the proposed project is more advantageous than maintaining the status quo, as the existing PD 20 inventory of 137 GPORs operated at a high utilization rate in 2017 (94%). Additionally, transferring one GPOR from Sentara’s existing PD 20 facilities would likely result in the immediate institutional need for additional capacity at that facility. Accordingly, DCOPN concludes that a reasonable, more efficient alternative to the proposed project does not exist.

COPN Request No. VA-8469: Chesapeake Regional Medical Center

DCOPN finds that the proposed project to expand CRMC’s general surgical services by adding one general purpose operating room is generally consistent with the applicable criteria and standards of the State Medical Facilities Plan and the eight Required Considerations of the Code of Virginia. Although the proposed project would add one GPOR to the existing PD 20 inventory, DCOPN contends that the project warrants approval despite the calculated surplus of

14 GPORs for the 2024 planning year because CRMC has demonstrated an institutional need to expand. Review of VHI data from 2017 shows a 101% utilization rate for CRMC's 13 GPORs.

The proposed project is more advantageous than maintaining the status quo, as the existing PD 20 inventory of 137 GPORs operated at a high utilization rate in 2017 (94%). Accordingly, DCOPN concludes that a reasonable, more efficient alternative to the proposed project does not exist. Finally, DCOPN notes that there is no known opposition to the proposed project

DCOPN Staff Recommendation

The Division of Certificate of Public Need recommends **conditional approval** of Sentara Princess Anne Hospital's request to add one operating room at Sentara Princess Anne Hospital for the following reasons:

COPN Request No. VA-8466: Sentara Princess Anne Hospital

1. The project is generally consistent with the applicable criteria and standards of the State Medical Facilities Plan and the eight Required Considerations of the Code of Virginia.
2. A reasonable, less costly, more efficient alternative to the proposed project does not exist.
3. The applicant has adequately demonstrated an institutional need to increase capacity at Sentara Princess Anne Hospital.

DCOPN's recommendation is contingent upon Sentara Princess Anne Hospital's agreement to the following charity care condition:

Sentara Princess Anne Hospital must provide charity care consistent with the 4.8% system-wide condition placed on the previously conditioned COPN No. VA-04632 issued on December 10, 2018. Sentara Princess Anne Hospital will provide surgical services to all persons in need of this service, regardless of their ability to pay, and will provide as charity care to all indigent persons free services or rate reductions in services and facilitate surgical services to medically underserved persons in an aggregate amount equal to at least 4.8% of Sentara Princess Anne Hospital's total patient services revenue derived from surgical services provided at Sentara Princess Anne Hospital as valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. Compliance with this condition will be documented to the Division of Certificate of Public Need annually by providing audited or otherwise appropriately certified financial statements documenting compliance with the preceding requirement. Sentara Princess Anne Hospital will accept a revised percentage based on the regional average after such time regional charity care data valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. is available from Virginia Health Information. The value of charity care provided to individuals pursuant to this condition shall be based on the

provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq.

COPN Request No. VA-8469: Chesapeake Regional Medical Center

The Division of Certificate of Public Need recommends **conditional approval** of Chesapeake Regional Medical Center's request to add one general purpose operating room at Chesapeake Regional Medical Center for the following reasons:

1. The project is generally consistent with the applicable criteria and standards of the State Medical Facilities Plan and the eight Required Considerations of the Code of Virginia.
2. A reasonable, less costly, more efficient alternative to the proposed project does not exist.
3. There is no known opposition to the project.
4. The applicant has adequately demonstrated an institutional need to increase capacity at Chesapeake Regional Medical Center.

DCOPN's recommendation is contingent upon Chesapeake Regional Medical Center's agreement to the following charity care condition:

Chesapeake Regional Medical Center will provide surgical services to all persons in need of this service, regardless of their ability to pay, and will provide as charity care to all indigent persons free services or rate reductions in services and facilitate surgical services to medically underserved persons in an aggregate amount equal to at least 4.6% of Chesapeake Regional Medical Center's total patient services revenue derived from surgical services provided at Chesapeake Regional Medical Center as valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. Compliance with this condition will be documented to the Division of Certificate of Public Need annually by providing audited or otherwise appropriately certified financial statements documenting compliance with the preceding requirement. Chesapeake Regional Medical Center will accept a revised percentage based on the regional average after such time regional charity care data valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. is available from Virginia Health Information. The value of charity care provided to individuals pursuant to this condition shall be based on the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq.