



COMMONWEALTH of VIRGINIA

Department of Health

Office of Licensure and Certification

M. Norman Oliver, MD, MA
State Health Commissioner

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Henrico, Virginia 23233-1485
FAX: (804) 527-4502

May 19, 2020

Ms. Karen J. Spencer
Chief Executive Officer
Virginia Eye Consultants & Virginia Surgery Center
241 Corporate Boulevard
Norfolk, Virginia 23502

**RE: COPN Request No. VA-8487
Virginia Surgery Center, LLC, Norfolk, Virginia
Relocate an outpatient surgical hospital and add two operating rooms**

Dear Ms. Spencer:

For your consideration, I enclose the Division of Certificate of Public Need (DCOPN) report and recommendation on the above referenced project. DCOPN is recommending **conditional approval** of this application for the reasons listed in the attached staff report.

If Virginia Surgery Center, LLC is willing to accept the recommendation for conditional approval of this project, please provide documentation of this acceptance no later than **May 26, 2020**. If not willing to accept, before the State Health Commissioner makes his decision on this project, the Department will convene an informal-fact-finding conference (IFFC) pursuant to Title 2.2 of the Code of Virginia. This IFFC will be held on a date and time to be determined. A copy of the procedures for conduct at IFFCs may be found at <http://www.vdh.virginia.gov/OLC/copn/>

Persons wishing to participate in an IFFC have four days from the date of this letter to submit written notification to the State Health Commissioner, DCOPN and the applicant stating a factual basis for good cause standing. If no person has submitted written notification stating grounds and providing a factual basis for good cause standing and Virginia Surgery Center, LLC accepts the conditional approval, DCOPN will then notify you of the cancellation of the scheduled IFFC. DCOPN would then anticipate action by the State Health Commissioner within a few weeks of transmission.



DIRECTOR
(804) 367-2102

ACUTE CARE
(804) 367-2104

COPN
(804) 367-2126


COMPLAINTS
1-800-955-1819

LONG TERM CARE
(804) 367-2100

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Should you have questions or need further clarification of this report and/or its recommendations, please feel free to call me at (804) 367-1889 or email me at Erik.Bodin@VDH.Virginia.Gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Erik Bodin', written over a light grey rectangular background.

Erik Bodin, Director
Division of Certificate of Public Need

Enclosures

cc: Douglas R. Harris, J.D., Office of Adjudication, Virginia Department of Health

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

May 19, 2020

COPN Request No. VA-8484

Sentara Virginia Beach General Hospital

Virginia Beach, Virginia

Add one operating room at Sentara Virginia Beach General Hospital

COPN Request No. VA-8487

Virginia Surgery Center, LLC

Norfolk, Virginia

Relocate an outpatient surgical hospital and add two operating rooms

Applicants

COPN Request No. VA-8484 Sentara Virginia Beach General Hospital

Sentara Virginia Beach General Hospital (SVBG) is a division of Sentara Hospitals, which is a wholly owned subsidiary of Sentara Healthcare. Sentara Healthcare is a 501(c)(3) not-for-profit, non-stock corporation headquartered in Norfolk, Virginia. SVBGH is a 273-bed acute care hospital located in Virginia Beach, Virginia, in Planning District (PD) 20 and Health Planning Region (HPR) V.

COPN Request No. VA-8487 Virginia Surgery Center, LLC

Virginia Surgery Center, LLC (VSC) is a for-profit Virginia Limited Liability Company originally organized in 1998 as Ophthalmic Surgeons, LLC and renamed Virginia Surgery Center, LLC in 2005. VSC is located in Norfolk, Virginia in Planning District (PD) 20 and Health Planning Region (HPR) V.

Background

PD 20 General Purpose Operating Rooms

According to Virginia Health Information (VHI) data for 2018, the most recent year for which such data is available, there were 138 General Purpose Operating Rooms (GPORs) located in PD 20 in 2018. Of these 138 GPORS, 102 were located within acute care hospitals and 36 were located within outpatient surgical hospitals (**Table 1**). In 2018, the 102 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 87% for the same period. Together, all 138 PD 20 GPORs operated at a collective utilization of 97% in 2018.

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 151 certificate of public need (COPN) approved 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 August 2020.
- COPN No. VA-04640, issued on January 21, 2019, authorized Sentara Norfolk General Hospital to add two GPORS, bringing its complement of GPORs to 24. This project is expected to be completed in August 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 expected to be completed in October 2019 but DCOPN has not received notification that the project was completed.
- 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.
- Children's Hospital of the King's Daughters Health & Surgery Center at Virginia Beach added one GPOR pursuant to COPN No. VA-04567, issued on June 13, 2017, 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 GPORs, bringing its total GPOR complement to four. This project is expected to be completed in April 2020.
- Sentara BelleHarbour established an ASC with two GPORs pursuant to COPN No. VA-04509, issued on March 25, 2016. This project was completed in March 2019.
- COPN No. VA-04684, issued on December 16, 2019, authorized Sentara Princess Anne Hospital to add one GPOR, bringing its GPOR complement to nine. This project is expected to be completed in January 2021.
- COPN No. VA-04685, issued on December 16, 2019, authorized Chesapeake Regional Medical Center to add one GPOR, bringing its complement of GPORs to 14. This project is expected to be completed in July 2021.

Table 1: PD 20 COPN Authorized GPOR Inventory & 2018 Utilization

Acute Care Hospitals	ORs	Total Hours	Hours/OR	Utilization %
Bon Secours DePaul Medical Center	10	11,546	1,155	72%
Bon Secours Maryview Medical Center	9	7,449	828	52%
Chesapeake Regional Medical Center	13	22,490	1,730	108%
Children's Hospital of The King's Daughters (CHKD)	10	13,909	1,391	87%
Sentara Leigh Hospital	11	20,455	1,860	116%
Sentara Norfolk General Hospital	22	41,967	1,908	119%
Sentara Obici Hospital	7	10,750	1,536	96%
Sentara Princess Anne Hospital	8	15,045	1,881	118%
Sentara Virginia Beach General Hospital	9	17,927	1,992	124%
Southampton Memorial Hospital	3	1,632	544	34%
2018 Total	102	163,170	1,600	100%
2020 Total	108			
Outpatient Surgical Hospitals	ORs	Total Hours	Hours/OR	Utilization %
Bayview Medical Center	2	857	429	27%
Bon Secours Surgery Center at Harbour View	6	4,396	733	46%
Bon Secours Surgery Center at Virginia Beach	2	3,520	1760	110%
Chesapeake Regional Surgery Center at Virginia Beach	1	2,044	2,044	128%
CHKD Health & Surgery Center at Virginia Beach	2	2,577	1289	81%
Princess Anne Ambulatory Surgery Center	2	6,749	3375	211%
Sentara Leigh - Ambulatory Surgery	6	8,727	1455	91%
Sentara Obici Ambulatory Surgery LLC	2	2,155	1078	67%
Sentara Virginia Beach ASC	4	4,921	1230	77%
Surgery Center of Chesapeake	4	5,354	1339	84%
Virginia Beach Eye Center	1	1,097	1097	69%
Virginia Center for Eye Surgery	2	3,702	1851	116%
Virginia Surgery Center, LLC	2	4,282	2141	134%
2018 Total	36	50,381	1,399	87%
2020 Total	43			
2018 Grand Total	138	213,551	1,547	97%
2020 Grand Total	151*			

Source: VHI (2018) & DCOPN Records

*Though not used in the calculation for overall utilization, the total number of general purpose operating rooms located within PD 20 reflects the changes outlined above, resulting in the addition of 13 GPORS to the PD 20 inventory.

COPN Request No. VA-8484 Sentara Virginia Beach General Hospital

SVBGH is an acute care hospital providing a full range of clinical and diagnostic services primarily for the residents of the city of Virginia Beach. According to VHI data for 2018, the most recent year for which such data is available, SVBGH is licensed to operate nine GPORs. For 2018, the nine GPORs at SVBGH operated at 124% utilization.

COPN Request No. VA-8487 Virginia Surgery Center, LLC

VSC provides a comprehensive range of services for the diagnosis, treatment and surgical intervention of diseases of the eye. According to VHI data for 2018, VSC is licensed to operate two GPORs. For 2018, the two GPORs operated at 134% utilization.

Proposed Projects

COPN Request No. VA-8484 Sentara Virginia Beach General Hospital

SVBGH proposes to expand its general surgical services by adding one GPOR on the hospital campus located at 1060 First Colonial Road, Virginia Beach, Virginia. The project involves the conversion of an equipment storage room to a GPOR in the OR suite. SVBGH asserts an institutional need for the expansion of surgical services, citing its 2018 GPOR utilization of 124%. If approved, SVBGH will have a total of 10 GPORs.

The total projected capital cost of the proposed project is \$1,040,753, with approximately 42% of the cost attributed to direct construction (**Table 2**). SVBGH proposes to fund construction and equipment costs using accumulated reserves. Accordingly, there are no financing costs associated with this project.

Table 2. SVBGH's Projected Capital Costs

Direct Construction	\$438,571
Equipment Not Included in Contract	\$548,682
Architectural & Engineering Fees	\$53,500
Total Capital Costs	\$1,040,753

Source: COPN Request No. VA-8484

The applicant anticipates construction to commence in July 2020 and to be completed by February 2021, with a March 2021 date of opening.

COPN Request No. VA-8487 Virginia Surgery Center, LLC

VSC proposes to relocate its ophthalmic surgery center, which operates two GPORs from its current location at 241 Corporate Boulevard, Norfolk, Virginia to 200/220 Corporate Boulevard, Norfolk, Virginia. The location of the proposed new facility is directly across the street from the existing facility and in the same business park. Additionally, VSC proposes to expand its ophthalmic surgical services by adding two GPORs. As will be discussed later in this staff analysis report, VSC has shown an institutional need for the expansion of surgical services, based on its 2018 GPOR utilization of 134%. If approved, VSC will have a total of four GPORs.

The total projected capital cost of the proposed project is \$2,298,725 (Table 3). The applicant proposes to fund construction and equipment costs using the internal resources of its partners. Accordingly, there are no financing costs associated with this project. The applicant anticipates construction to commence in June 2020 and to be complete by June 2021. The applicant anticipates a July 2021 date of opening.

Table 3. VSC's Projected Capital Costs

Tenant Improvements	\$1,100,000
New Equipment	\$950,350
Architectural & Engineering Fees	\$248,375
Total Capital Costs	\$2,298,725

Source: COPN Request No. VA-8487

Project Definitions:

COPN Request No. VA-8484 Sentara Virginia Beach General Hospital

Section 32.1-102.1 of the Code of Virginia (the Code) defines a project, in part, as “an increase in the total number of...operating rooms in an existing medical care facility.” Medical care facilities are defined, in part, as “general hospitals.”

COPN Request No. VA-8487 Virginia Surgery Center, LLC

Section 32.1-102.1 of the Code of Virginia defines a project, in the relevant parts, as the “establishment of a medical care facility.” A medical care facility is defined, in part, as “specialized centers or clinics...developed for the provision of outpatient or ambulatory surgery...”

The two COPN requests, COPN Request Nos. VA-8484 and VA-8487, are defined as 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 2018, the most recent year for which such data is available, the average amount of charity care provided by HPR V facilities was 5.1% of all reported total gross patient revenues (Table 5).

Table 5. HPR V 2018 Charity Care Contributions

Health Planning Region V			
2018 Charity Care Contributions at or below 200% of Federal Poverty Level			
Hospital	Gross Patient Revenues	Adjusted Charity Care Contribution	Percent of Gross Patient Revenue:
Bon Secours DePaul Medical Center	\$698,996,618	\$53,230,518	7.62%
Sentara Careplex Hospital	\$889,460,665	\$64,660,889	7.27%
Riverside Tappahannock Hospital	\$162,491,011	\$11,307,825	6.96%
Riverside Regional Medical Center	\$1,861,151,990	\$126,769,911	6.81%
Bon Secours Maryview Medical Center	\$1,273,955,832	\$85,038,667	6.68%
Sentara Obici Hospital	\$825,126,790	\$54,851,619	6.65%
Riverside Walter Reed Hospital	\$252,673,741	\$16,571,599	6.56%
Sentara Virginia Beach General Hospital	\$1,210,282,480	\$67,107,518	5.54%
Riverside Doctors' Hospital Williamsburg	\$124,258,743	\$6,791,596	5.47%
Sentara Norfolk General Hospital	\$3,313,578,465	\$168,093,514	5.07%
Riverside Shore Memorial Hospital	\$235,708,877	\$11,934,270	5.06%
Sentara Leigh Hospital	\$1,182,257,169	\$55,810,160	4.72%
Bon Secours Mary Immaculate Hospital	\$675,071,989	\$29,896,497	4.43%
Sentara Princess Anne Hospital	\$967,617,447	\$38,069,270	3.93%
Sentara Williamsburg Regional Medical Center	\$659,049,590	\$24,789,255	3.76%
Chesapeake Regional Medical Center	\$900,598,911	\$15,330,992	1.70%
Hampton Roads Specialty Hospital	\$25,627,019	\$433,771	1.69%
Southampton Memorial Hospital	\$209,949,572	\$3,282,979	1.56%
Bon Secours Rappahannock General Hospital	\$71,220,177	\$1,107,592	1.56%
Children's Hospital of the King's Daughters	\$1,009,437,096	\$6,094,726	0.60%
Lake Taylor Transitional Care Hospital	\$46,761,019	\$0	0.00%
Hospital For Extended Recovery	\$25,515,975	-\$252,369	-0.99%
Total Facilities Reporting			22
Median			4.9%
Total \$ & Mean %	\$16,620,791,176	\$840,920,799	5.1%

Source: VHI (2018)

COPN Request No. VA-8484 Sentara Virginia Beach General Hospital

Geographically, SVBGH is located on First Colonial Road, a major roadway in Virginia Beach and is easily accessible by highway. Additionally, the SVBGH campus is served by the area's public bus transportation service.

DCOPN notes that according to VHI data from 2018, the most recent year for which such data is available, SVBGH provided charity care of 5.54% of its gross patient revenue. Should the Commissioner approve the proposed project, SVBGH 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-8487 Virginia Surgery Center, LLC

Geographically, VSC is accessible by Interstate – 64, Interstate – 264 and Military Highway, a major thoroughfare in Norfolk. Additionally, there is a public bus stop next to the VSC property and the Tide public transportation train is within a short walk. Approval of the relocation of VSC's outpatient ophthalmic surgical hospital is unlikely to decrease geographic access to surgical services because the location of the proposed new facility is directly across the street from the existing facility and in the same business park

According to DCOPN records, for 2018, VSC was compliant with its 3.9% charity care condition pursuant to COPN No. VA-04325. Should the Commissioner approve the project, DCOPN recommends a charity care condition of no less than the 5.1% HPR V average.

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-8484 Sentara Virginia Beach General Hospital

DCOPN received 37 letters of support for the proposed project from physicians associated with SVBGH, local members of the healthcare community and residents of Virginia Beach. Collectively these letters addressed:

- The importance of surgery as a component of care at SVBGH.
- The aging and growing population of PD 20 and the increased need for surgical services in PD 20.
- The high volume of surgical services currently experienced at SVBGH.
- The need for additional operating rooms to allow for greater availability, improved efficiency, decreased patient wait time and increased patient satisfaction at SVBGH.
- Expanded capacity will allow SVBGH to meet its mission of access for the community and to continue its role as a robust community hospital and designated trauma center.

DCOPN received a Letter of Concern, dated May 13, 2020, regarding the proposed project from Chesapeake Regional Medical Center (CRMC), which addressed CRMC's concerns regarding:

- Use of a Non-COPN Approved GPOR in PD 20: CRMC is concerned that Sentara is operating an additional GPOR in PD 20 without complying with COPN No. VA-04509, which required it to decommission two GPORs from the Sentara Health System for transfer to Sentara BelleHarbour.

- Use of “Turnover Time” in Reported Surgical Hours: CRMC expressed further concern that Sentara’s notation on its VHI data includes a footnote that indicates its surgical hours “Include turnover time” and “Turnover time is Actual Time Cut to Suture + Preparation and Clean Up Time.” CRMC explains that these notations appear to state that Sentara is double counting its GPOR hours, which would significantly inflate the reported surgical hours and utilization of Sentara facilities.

On May 15, 2020, Sentara responded to CRMC’s letter of concern. Sentara’s response explained:

- It relocated the GPORs at Sentara BelleHarbour from Sentara Obici Hospital and Geddy ASC (Sentara Williamsburg Community ASC).
- SVBGH utilization correctly reflects “prep and clean up” and “cut to end of suture” time in accordance with VHI definitions and accepted reporting practice.

COPN Request No. VA-8487 Virginia Surgery Center, LLC

DCOPN received three letters of support for the proposed project from physicians associated with VSC and local members of the healthcare community. Collectively these letters addressed:

- The new facility will be larger, modern and more efficient.
- The need for additional GPORs to allow for greater accessibility at VSC.
- The lower of cost of the surgical services at VSC, as compared to a hospital-based setting.

DCOPN did not receive any letters in opposition to the proposed project.

Public Hearing

DCOPN conducted the required public hearing on May 8, 2020. A total of 18 individuals participated, including nine who spoke. Several representatives for their respective facilities presented the projects. With respect to the SVBGH project, six persons in attendance spoke in support of the project. With respect to the VSC project, three persons in attendance spoke in support of the project. There was no opposition to either project.

- (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 2018, the most recent year for which such data is available, reported a 97% collective utilization rate among existing GPORs in PD 20 (Table 1). The same data reported an 87% 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 2025 planning year.

COPN Request No. VA-8484 Sentara Virginia Beach General Hospital

The applicant is part of the Sentara Health System, which has facilities providing surgical services and operating 69 GPORs throughout PD 20 (Table 6). A review of the surgical utilization at each of these facilities, according to VHI for 2018, reveals that they are operating at a collective utilization of 110%. More specifically, the eight GPORs located at SVBGH operated at a collective utilization rate of 124% in 2018. 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 GPOR 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 67% utilization and a high of 124% utilization in 2018.

Table 6. 2018 PD 20 Sentara Health Care System GPOR Utilization

Facility	ORs	Total Hours	Hours/OR	%
Sentara Leigh Hospital	11	20,455	1,860	116%
Sentara Norfolk General Hospital	22	41,967	1,908	119%
Sentara Obici Hospital	7	10,750	1,536	96%
Sentara Princess Anne Hospital	8	15,045	1,881	118%
Sentara Virginia Beach General Hospital	9	17,927	1,992	124%
Sentara Leigh - Ambulatory Surgery	6	8,727	1455	91%
Sentara Obici Ambulatory Surgery LLC	2	2,155	1078	67%
Sentara Virginia Beach ASC	4	4,921	1230	77%
TOTAL	69	121,947	1,767	110%

Source: VHI (2018) and DCOPN records

COPN Request No. VA-8487 Virginia Surgery Center, LLC

Currently there are three COPN authorized ophthalmic surgical hospitals that are operating in PD 20, with a total of five operating rooms (Table 7). In 2018, these facilities reported a cumulative utilization of 114%, with VSC operating at 134% utilization. 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 concludes that adding two GPORs to the existing surplus is more reasonable than the status quo.

Table 7. 2018 PD 20 Ophthalmology GPOR Utilization

Facility	ORs	Total Hours	Hours/OR	Utilization %
Virginia Beach Eye Center	1	1,097	1097	69%
Virginia Center for Eye Surgery	2	3,702	1851	116%
Virginia Surgery Center, LLC	2	4,282	2141	134%
TOTAL	5	9081	5089	114%

Source: VHI (2018) and DCOPN records

Note: 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. The Center for Visual Surgical Excellence project was expected to be completed in October 2019 but DCOPN has not received notification that the project was completed.

VSC explains that it currently performs, and plans to continue to perform, certain eye surgeries at acute care hospitals in PD 20, including Sentara Norfolk General Hospital, Bon Secours De Paul Medical Center, Bon Secours Maryview Medical Center, HarbourView ASC and Surgery Center of Chesapeake. However, the applicant asserts that these surgeries are performed on a limited basis because of time slots available for eye surgeries. The proposed project will eliminate this barrier by providing access to a highly specialized, efficient state of the art facility dedicated to surgical eye care. As such, DCOPN again concludes that adding two GPORs is more advantageous than the status quo.

(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;

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-8484 Sentara Virginia Beach General Hospital

As demonstrated by **Table 2**, the total projected capital cost of the proposed project is \$1,040,753. 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 was expected to cost approximately \$3,713,792.

Regarding the 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 SVBGH's nine current GPORs, which operated at approximately 124% in 2018; (4) enhance efficiency and improve patient flow by reducing the scheduling wait times; and (5) facilitate the dedication of another operating room to robotics.

COPN Request No. VA-8487 Virginia Surgery Center, LLC

As demonstrated by **Table 3**, the total projected capital costs of the proposed project total \$2,298,725, the entirety of which will be funded using the internal resources 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 relocate the ophthalmic surgery center and add two GPORs would: (1) create a new state of the art, energy and workflow efficient facility; (2) accommodate the tremendous growth the applicant has experienced and expects to continue to experience; (3) increase access to timely elective eye

surgery; and (4) allowing the space necessary to reduce the overutilization of the current two GPORs and allow for anticipated growth while decreasing wait times for patients.

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

COPN Request No. VA-8484 Sentara Virginia Beach General Hospital

In its Pro Forma Income Statement (**Table 8**) SVBGH includes a line item stating that 13% 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). 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 8. SVBGH’s Pro Forma Income Statement

	Year 1	Year 2
Gross Patient Services Revenue	\$414,499,204	\$317,234,009
Deductions from Revenue	(\$309,470,650)	(\$328,318,419)
Net Patient Services Revenue	\$105,028,554	\$109,081,753
Total Operating Expenses	\$101,468,986	\$104,520,789
Excess Revenue Over Operating Expenses	\$3,559,568	\$4,560,963

Source: COPN Request No. VA-8484

COPN Request No. VA-8487 Virginia Surgery Center, LLC

The Pro Forma Income Statement (**Table 9**) provided by the applicant does not address the provision of charity care. However, DCOPN notes that in 2018, VSC was compliant with its 3.9% charity care condition pursuant to COPN No. VA-04325. Should the Commissioner approve the project, DCOPN recommends a charity care condition of no less than the 5.1% HPR V average.

Table 9. VSC’s Pro Forma Income Statement

	Year 1	Year 2
Incremental Gross Revenue	\$2,176,625	\$4,186,438
Cost of Sales	(\$1,029,903.61)	(\$1,767,953)
Incremental Net Revenue	\$1,146,721.39	\$2,418,485.00
Incremental Operating Expenses	(\$726,234)	(\$918,682)
Add Back Non-Cash Items	\$426,000	\$426,000
Incremental Cash Flow	\$846,486.99	\$1,925,802.17

Source: COPN Request No. VA-8487

(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 expansion of surgical services at an existing medical facility. They are as follows:

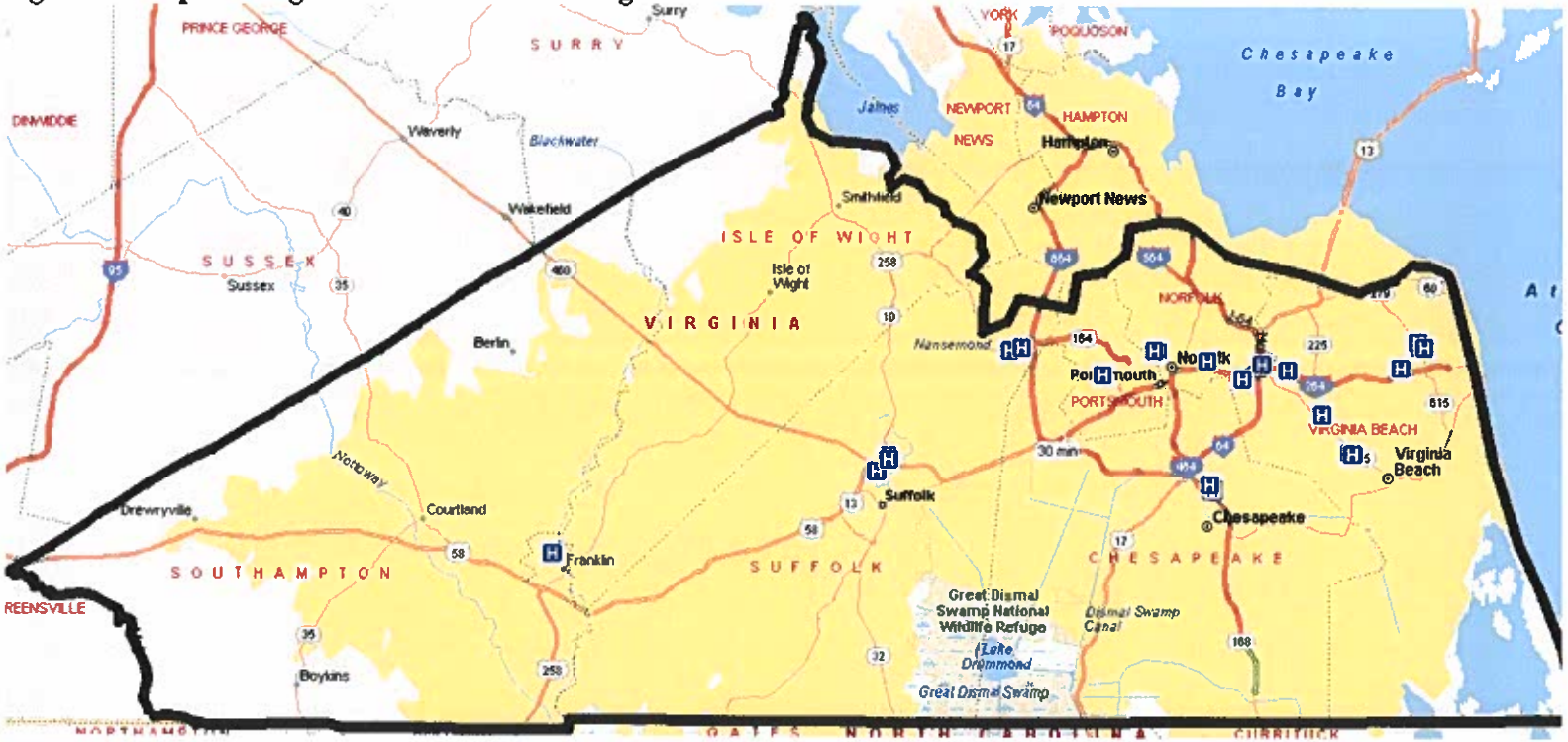
**Part V
General Surgical Services**

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. The shaded area includes all locations that are within 30 minutes driving time one way under normal conditions of surgical services in PD 20. 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, approval of the proposed projects will not significantly improve the geographical distribution or driving time access to surgical services for the residents of PD 20.

Figure 1: Map of Surgical Services in Planning District 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 projects 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 2025. 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 2014 to 2018, 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 10**.

Table 10. Inpatient & Outpatient GPOR Visits in PD 20: 2014-2018

Year	Total Inpatient & Outpatient Operating Room Visits
2014	109,796
2015	111,709
2016	111,703
2017	111,297
2018	112,859
Total	557,364
Average	111,473

Source: VHI (2014-2018)

Based on actual population counts derived as a result of the U.S. Census and population projections as compiled by Weldon Cooper, **Table 11** presents the population estimates for PD 20 for the five years from 2014 to 2018 and the projected population estimate for 2025.

Table 11: PD 20 Population 2014-2018 & 2025

Year	Population
2014	1,170,390
2015	1,176,600
2016	1,182,810
2017	1,189,021
2018	1,195,231
Total	5,914,052
Average	1,182,810

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., 2014-

2018, was **5,914,052**, while Weldon Cooper projects the population of PD 20 in the year 2025 (PROPOP-five years from the current year) to be **1,231,523**. These figures are necessary for the application of the preceding formula, as follows:

ORV	÷	POP	=	CSUR
Total PD 20 GPOR Visits 2014 to 2018		PD 20 Historical Population 2014 to 2018:		Calculated GPOR Use Rate 2014 to 2018:
557,364		5,914,052		0.09424

CSUR	X	PROPOP	=	PORV
Calculated GPOR Use Rate 2014 to 2018		PD 20 Projected Population 2025		Projected GPOR Visits 2025:
0.09424		1,231,523		116,064

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 = 213,551 total inpatient and outpatient operating room hours (Table 1) reported to VHI for 2018, divided by 112,859 total inpatient and outpatient operating room visits reported to VHI for that same year (Table 10) **AHORV = 1.8922**

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

$$\text{FOR} = \frac{0.09424 \times 1,231,523 \times 1.8922}{1600}$$

$$\text{FOR} = 219,606 \div 1,600$$

FOR = 137 General Purpose Operating Rooms Needed in PD 20 in 2025

Current PD 20 GPOR inventory: 151

Net Surplus: 14 GPORs for 2025 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 151 GPORs exceeds 137 GPORs.

COPN Request No. VA-8484 Sentara Virginia Beach General Hospital

The applicant is not proposing to establish a new service, but rather, proposes to increase its current GPOR complement. Accordingly, DCOPN concludes that this provision is not applicable to the proposed project. However, DCOPN notes, as will be discussed later in this staff analysis report,

that while the proposed project would add to the existing PD 20 surplus, SVBGH's current capacity demonstrates an institutional need for expansion.

COPN Request No. VA-8487 Virginia Surgery Center, LLC

As will be discussed later in this staff analysis report, while the proposed project would add to the existing PD 20 surplus, VSC's current capacity demonstrates an institutional need for expansion. Furthermore, DCOPN notes, that the requested operating rooms will be limited use operating rooms utilized exclusively for ophthalmic surgical procedures. Therefore, although the addition of the two requested GPORs would add to the existing PD 20 surplus, DCOPN finds that the project warrants approval.

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-8484 Sentara Virginia Beach General Hospital

Not applicable. The proposed project does not involve the relocation of existing operating rooms.

COPN Request No. VA-8487 Virginia Surgery Center, LLC

Approval of the relocation of VSC's outpatient ophthalmic surgical hospital is unlikely to improve the geographic distribution of surgical services in PD 20 because the location of the proposed new facility is directly across the street from the existing facility and in the same business park. However, the proposed project does increase the potential for provision of services on an outpatient basis, which would likely be lower cost than if performed in a hospital setting.

12VAC5-230-510. Staffing.

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

COPN Request No. VA-8484 Sentara Virginia Beach General 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 the Surgery Leadership Team, including surgeons and anesthesiologists. The applicant meets this standard.

COPN Request No. VA-8487 Virginia Surgery Center, LLC

The applicant is an existing provider of surgical services and has asserted that the surgical services are performed by qualified surgeons and all patient care is monitored by the Director of Nursing in cooperation with the Medical Director and/or the operating surgeons of the day. 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-8484 Sentara Virginia Beach General Hospital

Based on an analysis of previous COPN projects, SVBGH generally has a history of completing projects on time and within the authorized capital costs. With respect to the proposed project, the capital cost (\$1,040,753) is lower than the VSC project. SVBGH has an established history of meeting state licensure and federal certification regulations. DCOPN has observed that SVBGH's charity care contributions are higher than the average percentage of charity care provided throughout HPR V.

COPN Request No. VA-8487 Virginia Surgery Center, LLC

Based on an analysis of previous DCOPN projects, VSC generally has a history of completing projects on time and within the authorized capital costs. With respect to the proposed project, the capital cost (\$2,298,725) is somewhat higher than the SVBGH project. VSC has an established history of meeting state licensure and federal certification regulations.

Conclusion

With respect to preference, SVBGH 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 finds that neither 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-8484 Sentara Virginia Beach General Hospital

SVBGH proposes to add one GPOR, resulting in a total complement of 10 GPORs. With a utilization rate of 124% in 2018, the most recently available data confirms that SVBGH's current capacity demonstrates an institutional need for expansion. Consequently, it can be inferred that approval of one additional GPOR at SVBGH 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-8487 Virginia Surgery Center, LLC

VSC proposes to add two GPORs, resulting in a total complement of 4 GPORs. With a utilization rate of 134% in 2018, the most recently available data confirms that VSC's current capacity demonstrates an institutional need for expansion. Consequently, it can be inferred that approval of two additional GPORs at VSC can be justified based on the facility's need having exceeded its current service capacity. DCOPN notes that while an applicant may not utilize institutional need to establish a new service, VSC is proposing the relocation of existing surgical services. 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-8484 Sentara Virginia Beach General Hospital

SVBGH has cited an institutional specific need to expand its surgical services in an effort to decompress the overutilization of the nine GPORs on the hospital campus. As a result, the

primary patient population the proposed project is intended to serve is patients who have already chosen SVBGH as their care provider. 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. For these reasons, DCOPN concludes that the proposed project is not intended to, and is unlikely to, foster institutional competition that would benefit the area to be served.

COPN Request No. VA-8487 Virginia Surgery Center, LLC

VSC has shown an institutional need to expand its surgical services and the proposed project is intended to decompress utilization of the two GPORs at VSC. 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. Furthermore, as an outpatient surgical facility, the proposed project would provide residents of PD 20 with an alternative means of receiving ophthalmic surgical services at a lower cost than at a hospital, which could foster institutional competition.

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-8484 Sentara Virginia Beach General Hospital

As previously discussed, DCOPN has calculated a net surplus of 14 GPORs in PD 20 for the 2025 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 SVBGH 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-8487 Virginia Surgery Center, LLC

The approval of two additional GPORs at VSC can be justified based on the facility's need having exceeded its current service capacity. As already discussed, there are three COPN authorized ophthalmic surgical hospitals that are operating in PD 20, with a total of five operating rooms (**Table 7**). In 2018, these facilities reported a cumulative utilization of 114%, with VSC operating at 134% utilization. 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-8484 Sentara Virginia Beach General Hospital

The Pro Forma Income Statement (**Table 8**) provided by SVBGH projects a net profit of \$3,559,568 by the end of the first year of operation and a net profit of \$4,560,963 by the end of year two, indicating that the proposed project is financially feasible both in the immediate and in the long-term. As previously discussed, and as demonstrated by **Table 2**, the total projected capital cost of the proposed project is \$1,040,753, which will be funded through the internal resources of the applicant. Accordingly, there are no financing costs associated with the proposed project.

SVBGH anticipates the need to hire four full time equivalent employees (FTEs) to staff the proposed project, including one Registered Nurse, two Surgical Assistants and one Surgical Technician. The applicant is an established provider of surgical services, and will implement Sentara's multi-faceted approach to recruiting the additional staff required for the proposed project. As such, DCOPN concludes that the applicant will not have difficulty filling the required positions.

COPN Request No. VA-8487 Virginia Surgery Center, LLC

The Pro Forma Income Statement (**Table 9**) provided by VSC projects a net profit of \$846,486.99 by the end of the first year of operation and a net profit of \$1,925,802.17 by the end of year two, indicating that the proposed project is financially feasible both in the immediate and in the long-term. As previously discussed, and as demonstrated by **Table 3**, the total projected capital cost of the proposed project \$2,298,725, which will be funded through the internal resources of the applicant. Accordingly, there are no financing costs associated with the proposed project.

VSC anticipates the need to hire 21 FTEs to staff the proposed project. These FTEs are as follows:

- 2 Administration - Front Desk
- 12 Registered Nurses
- 3 Licensed Practical Nurses
- 4 Surgical Technician

The applicant is an established provider of surgical services, and intends to use multiple resources to recruit the required personnel, including: (1) seeking out new graduates from the RN programs in the Hampton Roads area; (2) promoting job openings to military families; (3) working with its sister facility, Virginia Eye Consultants, to allow growth for current employees; and (4) using traditional recruitment methods, such as employee referrals, social media advertisements, job postings on internet databases and job fairs. As such, DCOPN concludes that the applicant will not have difficulty filling the required positions.

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-8484 Sentara Virginia Beach General Hospital and COPN Request No. VA-8487 Virginia Surgery Center, LLC

Neither proposed project would 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, or any cooperative efforts to meet regional health care needs. However, the VSC project does increase the potential for provision of surgical services on an outpatient basis.

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-8484 Sentara Virginia Beach General 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. SVBGH asserts that many of these graduates are hired throughout the Sentara health system.

COPN Request No. VA-8487 Virginia Surgery Center, LLC

VSC 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-8484 Sentara Virginia Beach General Hospital

DCOPN finds that the proposed project to expand SVBGH’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 2025 planning year because SVBGH has demonstrated an institutional need to expand. Review of VHI data from 2018 shows a 124% utilization rate for its nine GPORs.

Furthermore, the proposed project is more advantageous than maintaining the status quo, as the existing PD 20 inventory of 138 GPORs operated at a high utilization rate in 2018 (97%). 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-8487 Virginia Surgery Center, LLC

DCOPN finds that the proposed project to relocate VSC's ophthalmic surgery center, which operates two GPORs and expand its general surgical services by adding two general purpose operating rooms 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 two GPORs to the existing PD 20 inventory, DCOPN contends that the project warrants approval despite the calculated surplus of 14 GPORs for the 2025 planning year because VSC has demonstrated an institutional need to expand. Review of VHI data from 2018 shows a 134% utilization rate for VSC's two GPORs.

The proposed project is more advantageous than maintaining the status quo, as the existing PD 20 inventory of ophthalmic outpatient surgical hospital GPORs operated at a high utilization rate in 2018 (114%). 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

COPN Request No. VA-8484 Sentara Virginia Beach General Hospital

The Division of Certificate of Public Need recommends **conditional approval** of Sentara Virginia Beach General Hospital's request to add one operating room at Sentara Virginia Beach General Hospital 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 Sentara Virginia Beach General Hospital.

DCOPN's recommendation is contingent upon Sentara Virginia Beach General Hospital's agreement to the following charity care condition:

Sentara Virginia Beach General 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 Virginia Beach General 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 Virginia Beach General 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-8487 Virginia Surgery Center, LLC

The Division of Certificate of Public Need recommends **conditional approval** of Virginia Surgery Center, LLC's request to relocate its outpatient ophthalmic surgery center and add two general purpose operating rooms at Virginia Surgery 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.
5. The applicant has adequately demonstrated an institutional need to increase capacity at Virginia Surgery Center.

DCOPN's recommendation is contingent upon Virginia Surgery Center, LLC's agreement to the following charity care condition:

Virginia Surgery Center, LLC 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 5.1% of Virginia Surgery Center, LLC's total patient services revenue derived from surgical services provided at Virginia Surgery Center, LLC 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. Virginia Surgery Center, LLC 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.