VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

October 19, 2021

COPN Request No. VA-8572
Sentara Hospitals d/b/a Sentara Leigh Hospital
Norfolk, Virginia
Add 27 inpatient medical-surgical acute care beds.

COPN Request No. VA-8573
Riverside Hospital, Inc.
Isle of Wight County, Virginia
Establish a new acute care general hospital with 34 medical-surgical beds, 10 intensive care unit (ICU) beds, and six obstetric beds, four general purpose operating rooms (GPOR), one fixed computed tomography (CT) scanner, and one mobile magnetic resonance imaging (MRI).

Applicants

COPN Request No. VA-8572: Sentara Hospitals d/b/a Sentara Leigh Hospital
Sentara Hospitals d/b/a Sentara Leigh Hospital (SLH) is a wholly owned subsidiary of Sentara Healthcare (Sentara). Sentara is a 501(c)(3) not-for-profit, non-stock corporation headquartered in Norfolk, Virginia. SLH is located in Norfolk, Virginia, Health Planning Region (HPR) V, Planning District (PD) 20.

COPN Request No. VA-8573: Riverside Hospital, Inc.
Riverside Hospital, Inc. (Riverside) is a Virginia nonstock 501(c)(3) corporation organized in 1982. Riverside seeks to establish a new acute care hospital, Riverside Smithfield Hospital, in Smithfield, Virginia, which would be located in PD 20, HPR V.

Background

Fixed CT Inventory in PD 20
Division of Certificate of Public Need (DCOPN) records show that there are currently 42 COPN authorized fixed CT scanners in PD 20 (**Table 1**).

Table 1. PD 20 COPN Authorized Fixed CT Units

Facility	Fixed-Site Scanners
Bon Secours Harbour View Hospital	1
Bon Secours Health Center at Harbour View	1
Bon Secours Maryview Medical Center	2
Bon Secours Southampton Medical Center	1
Chesapeake Bay ENT P.C. [add footnote]	2
Chesapeake Regional Imaging - Kempsville	1
Chesapeake Regional Medical Center	4
Children's Hospital of The King's Daughters	2
Children's Hospital of The King's Daughters Health and Surgery Center at Concert Drive	1
Children's Hospital of The King's Daughters Health Center at Fort Norfolk	1
First Meridian d/b/a MRI & CT Diagnostics - Virginia Beach	1
First Meridian d/b/a MRI & CT Diagnostics -Chesapeake	1
Lakeview Medical Center	1
Riverside Diagnostic Center - Smithfield	1
Sentara Advanced Imaging Center - Belleharbour	2
Sentara Advanced Imaging Center - Greenbrier Healthplex	1
Sentara Advanced Imaging Center - Leigh	1
Sentara Advanced Imaging Center - Princess Anne	1
Sentara Advanced Imaging Center at First Colonial	1
Sentara Advanced Imaging Center-Fort Norfolk	1
Sentara Independence	1
Sentara Leigh Hospital	2
Sentara Norfolk General Hospital	4
Sentara Obici Hospital	2
Sentara Princess Anne Hospital	2
Sentara Virginia Beach General Hospital	3
Vann-Virginia Center for Othopaedics, P.C. d/b/a Atlantic Orthopaedic Specialists	1
Total	**42**

Source: DCOPN records

MRI Inventory in PD 20

DCOPN records show that there are currently 30 COPN authorized fixed MRI scanners and five mobile MRI sites in PD 20 (**Table 2)**.

Table 2. PD 20 COPN Authorized Fixed MRI Units and Mobile MRI Sites

Facility	Fixed-Site Scanners	Mobile Sites
Bon Secours Health Center at Harbour View	3	0
Bon Secours Southampton Medical Center	0	1
Chesapeake Regional Imaging - Kempsville	1	0
Chesapeake Regional Imaging - Kingsborough	2	0
Chesapeake Regional Medical Center	3	0
Children's Hospital of The King's Daughters	2	1
First Meridian d/b/a MRI & CT Diagnostics - Chesapeake	2	0
First Meridian d/b/a MRI & CT Diagnostics - Virginia Beach	2	0
Lynnhaven Imaging Center	1	0
Riverside Diagnostic Center - Smithfield	0	1
Sentara Advanced Imaging Center - Belleharbour	1	0
Sentara Advanced Imaging Center - Greenbrier Healthplex	0	1
Sentara Advanced Imaging Center - Leigh	2	0
Sentara Advanced Imaging Center - Princess Anne	1	0
Sentara Advanced Imaging Center - St. Luke's	0	1
Sentara Advanced Imaging Center at First Colonial	1	0
Sentara Independence	1	0
Sentara Leigh Hospital	1	0
Sentara Norfolk General Hospital[1]	4	0
Sentara Obici Hospital	1	0
Sentara Princess Anne Hospital	1	0
Sentara Virginia Beach General Hospital	1	0
Total	**30**	**5**
Grand Total	**35**	

Source: DCOPN records

[1] One MRI unit, authorized pursuant to COPN No. VA-04523 dated August 23, 2016, limited to intraoperative use.

General Purpose Operating Room Services in PD 20

According to DCOPN records, there are 158 COPN authorized GPORs in PD 20. Of these 158 GPORs, 111 are located in acute care hospitals, with the remaining 47 located in outpatient surgical hospitals (**Table 3**).

Table 3: PD 20 COPN Authorized GPOR Inventory

Acute Care Hospital	**Operating Rooms**
Bon Secours Harbor View Hospital	4
Bon Secours Maryview Medical Center	11
Bon Secours Southampton Memorial Hospital	3
Chesapeake Regional Medical Center	14
Children's Hospital of The King's Daughters	11
Sentara Leigh Hospital	13
Sentara Norfolk General Hospital	29
Sentara Obici Hospital	6
Sentara Princess Anne Hospital	9
Sentara Virginia Beach General Hospital	11
Acute Care Hospital Total	**111**
Outpatient Surgical Hospital	**Operating Rooms**
Bayview Physicians	2
Bon Secours Surgery Center at Harbour View	6
Bon Secours Surgery Center at Virginia Beach	2
Center for Visual Surgical Excellence[2]	1
Chesapeake Regional Surgery Center at Virginia Beach	2
CHKD Health & Surgery Center (Virginia Beach)	3
Sentara BelleHarbour Ambulatory Surgical Center	2
Sentara Leigh - Ambulatory Surgery	6
Sentara Obici Ambulatory Surgery LLC	2

[2] Operating room limited to ophthalmic procedures pursuant to COPN No. VA-04576.

Sentara Princess Anne Ambulatory Surgery Center	4
Surgery Center of Chesapeake[3]	4
Virginia Beach Ambulatory Surgery Center	6
Virginia Beach Eye Center[4]	1
Virginia Center for Eye Surgery[5]	2
Virginia Surgery Center, LLC[6]	4
Outpatient Surgical Hospital Total	**47**
Grand Total	**158**

Source: DCOPN Records

Medical-Surgical Bed Inventory in PD 20

DCOPN notes that nearly all acute care hospital beds in Virginia are licensed as "medical-surgical" beds, with the exception of psychiatric, substance abuse treatment, and rehabilitation beds, which are licensed separately. As long as the total licensed bed complement is not exceeded, hospitals may configure and use medical-surgical beds, as circumstances require. For this reason, DCOPN has included obstetric, pediatric, and ICU beds in the total count of licensed medical-surgical beds (**Table 4**). According to DCOPN records, and as demonstrated by **Table 4** below, the medical-surgical bed inventory of PD 20 consists of 2,281 beds.

Table 4. Medical-Surgical Bed Inventory[7] in PD 20

Facility	**Licensed Beds**
Bon Secours Maryview Medical Center	267
Bon Secours Southampton Memorial Hospital	81
Chesapeake Regional Medical Center	310
Children's Hospital of The King's Daughters	198
Hospital for Extended Recovery	35
Lake Taylor Transitional Care Hospital	104
Sentara Leigh Hospital	247

[3] Two operating rooms limited to ophthalmic procedures pursuant to COPN No. VA-04020.
[4] Operating room limited to ophthalmic procedures pursuant to COPN No. VA-03893.
[5] Two operating rooms limited to ophthalmic procedures pursuant to COPN No. VA-04082.
[6] Four operating rooms limited to ophthalmic procedures pursuant to COPN Nos. VA-04708 and 04325.
[7] The Adjudication Officer's case decision for COPN No. VA-04682 held that DCOPN was in error by including obstetric, intensive care and pediatric patient days in its calculations for medical-surgical bed need, despite those beds being fungible and accordingly, able to convert to medical-surgical beds without COPN authorization. However, because obstetric, intensive care and pediatric beds can be easily converted to medical-surgical beds, thereby changing the medical-surgical inventory without first obtaining COPN authorization, DCOPN maintains that obstetric, intensive care and pediatric beds should be included in the medical-surgical inventory and the corresponding patient days used for medical-surgical bed need calculations.

Facility	Licensed Beds
Sentara Norfolk General Hospital	469
Sentara Obici Hospital	155
Sentara Princess Anne Hospital	174
Sentara Virginia Beach General Hospital	241
Total	**2,281**[8]

Source: DCOPN Records

ICU Bed Inventory in PD 20

According to DCOPN records, and as demonstrated by **Table 5** below, the ICU bed inventory of PD 20 consists of 307 beds.

Table 5. Intensive Care Bed Inventory in PD 20: 2019

Facility	Licensed Beds
Bon Secours Maryview Medical Center	26
Chesapeake Regional Medical Center	28
Children's Hospital of The King's Daughters	95
Sentara Leigh Hospital	20
Sentara Norfolk General Hospital	78
Sentara Obici Hospital	12
Sentara Princess Anne Hospital	16
Sentara Virginia Beach General Hospital	24
Southampton Memorial Hospital	8
Total	**307**[9]

Source: VHI (2019)

Proposed Projects

COPN Request No. VA-8572: Sentara Hospitals d/b/a Sentara Leigh Hospital

SLH proposes to expand its inpatient service through the addition of 27 medical-surgical beds, for a total complement of 247 beds. 24 of the 27 proposed beds will be implemented in a space completed as part of the construction of the Fifth Floor West observation bed unit build out in 2018-2019 (Registration No. VA-E-009-21). The three remaining beds will be implemented in rooms that formerly held licensed beds in SLH's Clinical Decision Unit, which were delicensed and relocated to Sentara Princess Anne Hospital in 2018. The applicant reports that all 27 requested

[8] COPN No. VA-04631 authorized Maryview Hospital d/b/a Bon Secours Maryview Medical Center to transfer 18 acute care beds from DePaul to the to-be-constructed Bon Secours Harbour View Hospital.

[9] DCOPN notes that nearly all acute care hospital beds in Virginia are licensed as "medical-surgical" beds, with the exception of psychiatric, substance abuse treatment, and rehabilitation beds, which are licensed separately. As long as the total licensed bed complement is not exceeded, hospitals may configure and use "medical-surgical" beds as circumstances require. For this reason, DCOPN has included all beds listed as ICU in the 2019 VHI data in **Table 5** but this number may change at the facility's discretion, as long as the total licensed bed complement is not exceeded.

beds had been used as incremental acute care beds pursuant to Executive Order 52. The applicant asserts that the project is necessary to address the overutilization of SLH's inpatient beds.

On May 14, 2021, the DCOPN received a registration [10] for a capital expenditure from Sentara Hospitals d/b/a Sentara Leigh Hospital to build out previously shelled space on floor Fifth west of Sentara Leigh Hospital, located at 830 Kempsville Road, Norfolk, Virginia for 24 observation beds. In its registration, SLH stated that all observation beds were built to the standard of medical-surgical acute care beds and equipped with updated amenities (to include private bathrooms with roll in showers, generous family space, and clinical functions). SLH asserted that the build out was motivated by utilization data analysis which at the time indicated that the hospital averaged 24 observation patients daily and led SLH to conclude that the best use of the shelled space would be a build-out to accommodate this need for observation beds. The goal of the build-out was to decrease the need for boarding observation patients in the Emergency Department pending their assessment and a corresponding decision to admit or discharge, thus supporting the efficiency and quality of care and patient safety. The total capital cost for the build out of Fifth Floor West was $7,193,931. SLH further explained that construction for the build out began in July 2018 and was completed in April 2019, but due to administrative oversight, a registration was not filed until 2021.

On March 22, 2020, Governor Ralph Northam (Governor) issued Executive Order 52 (EO 52), which allowed the State Health Commissioner (Commissioner) to authorize the temporary increase in beds at any general hospital or nursing home as determined necessary by the Commissioner to respond to increased demand for beds resulting from the COVID-19 pandemic. On April 23, 2020, SLH submitted a request that the Commissioner authorize the temporary addition of 285 acuity adaptable medical-surgical beds to prepare for a possible increase in COVID-19 cases in PD 20. These 285 beds were to be distributed throughout SLH, including in the Fifth Floor West tower. Between December 2020 and January 2021, SLH placed 95 of the 285 EO 52 authorized beds into service. In May 2021, SLH closed 68 of the opened 95 EO 52 authorized beds. All EO 52 authorized beds expired 30 days after the termination of EO 52. The 30-day period ended on July 30, 2021. Therefore, all EO 52 authorized beds were no longer authorized or licensed as of July 30, 2021

The projected capital costs of the proposed project total $233,192, the entirety of which will be funded using the accumulated reserves of the applicant (**Table 6**). Accordingly, there are no financing costs associated with this project. The applicant maintains that no additional construction is necessary to implement the proposed project, which involves the conversion of existing observation beds and previously licensed medical-surgical beds. The applicant anticipates the permanent conversion of the requested beds to be complete immediately upon COPN approval.

Table 6. SLH Projected Capital Costs

Equipment Not Included in Construction Contract	$233,192
Total Capital Costs	**$233,192**

Source: COPN Request No. VA-8572

[10] Registration No. VA-E-009-21

COPN Request No. VA-8573: Riverside Hospital, Inc.
Riverside proposes to establish a new general acute care hospital (Riverside Smithfield Hospital) located near the intersection of Route US-258, VA-32 and VA-10 in Isle of Wight County. Riverside Smithfield Hospital will include 50 licensed inpatient beds, including 34 medical-surgical beds, 10 ICU beds and six obstetric beds, as well as four GPORs. Additionally, Riverside proposes to establish fixed CT services and mobile MRI services. Finally, Riverside Smithfield Hospital will also operate emergency department services.

The projected capital costs of the proposed project total $100,000,000, the entirety of which will be funded using the accumulated reserves of the applicant (**Table 7**). Accordingly, there are no financing costs associated with this project.

Table 7. Riverside Projected Capital Costs

Direct Construction	$70,918,785
Equipment Not Included in Construction Contract	$18,636,350
Site Preparation Costs	$3,689,875
Architectural and Engineering Fees	$6,754,990
Total Capital Costs	**$100,000,000**

Source: COPN Request No. VA-8573

Construction for the proposed project is expected to begin by February 2023 and to be completed by February 2025. The applicant anticipates an opening date in September 2025.

Project Definitions

COPN Request No. VA-8572: Sentara Hospitals d/b/a Sentara Leigh Hospital
§32.1-102.1:3 of the Code of Virginia defines a project, in part, as "An increase in the total number of beds…in an existing medical care facility described in subsection A." §32.1-123 defines a medical care facility as "Any facility licensed as a hospital."

COPN Request No. VA-8573: Riverside Hospital, Inc.
§32.1-102.1:3 of the Code of Virginia defines a project, in part, as "Establishment of a medical care facility described in subsection A" and "An increase in the total number of beds or operating rooms in an existing medical care facility described in subsection A" and "The addition by an existing medical care facility described in subsection A of any new medical equipment for the provision of…computed tomographic (CT) scanning… magnetic resonance imaging (MRI)…."

§32.1-123 defines a medical care facility as "Any facility licensed as a hospital."

In its application, submitted June 30, 2021, the applicant proposed to establish obstetrical services at Riverside Smithfield Hospital. DCOPN notes that the addition of obstetrical services is no longer subject to COPN review. However, the six licensed beds devoted to obstetrical services are subject to COPN approval.

Required Considerations -- § 32.1-102.3, of the Code of Virginia

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 project will provide or increase access to health care services for people in the area to be served, and the effects that the proposed project will have on access to health care services in areas having distinct and unique geographic, socioeconomic, cultural, transportation, and other barriers to access to health care;**

As depicted in **Table 8** at an average annual growth rate of 0.52%, PD 20's population growth rate 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 average increase of 6,210 people annually and 47,742 in the 10-year period ending 2030 – 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 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 8. 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	222,209	249,244	12.17%	1.13%	270,506	8.53%	0.82%
Franklin	8,582	8,268	-3.66%	-0.36%	8,140	-1.55%	-0.16%
Norfolk	242,803	246,881	1.68%	0.16%	249,889	1.22%	0.12%
Portsmouth	95,535	95,027	-0.53%	-0.05%	90,715	-4.54%	-0.46%
Suffolk	84,585	94,733	12.00%	1.11%	109,424	15.51%	1.45%
Virginia Beach	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	8.17%	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)

According to regional and statewide data regularly collected by Virginia Health Information (VHI), for 2019, the most recent year for which such data is available, the average amount of charity care provided by HPR V facilities was 3.5% of all reported total gross patient revenues (**Table 9**). Recent changes to § 32.1-102.4B of the Code of Virginia now require DCOPN to

place a charity care condition on every applicant seeking a COPN. DCOPN notes that, if approved, COPN Request No. VA-8572 should be subject to charity care consistent with the Sentara Hampton Roads 4.8% system-wide charity care condition; and COPN Request No. VA-8573 should be subject to a charity care condition no less than the 3.5% HPR V average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

Table 9. HPR V Charity Care Contributions: 2019

2019 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 Doctors' Hospital Williamsburg	$154,484,401	$8,984,653	5.82%
Riverside Tappahannock Hospital	$178,917,096	$10,301,634	5.76%
Riverside Shore Memorial Hospital	$260,969,719	$14,708,470	5.64%
Sentara Careplex Hospital	$957,419,827	$49,854,327	5.21%
Bon Secours DePaul Medical Center	$646,905,565	$33,341,271	5.15%
Riverside Walter Reed Hospital	$256,987,962	$11,824,515	4.60%
Bon Secours Maryview Medical Center	$1,271,861,494	$53,695,556	4.22%
Sentara Obici Hospital	$921,265,904	$37,299,918	4.05%
Sentara Virginia Beach General Hospital	$1,263,503,075	$49,259,329	3.90%
Riverside Regional Medical Center	$2,076,281,863	$72,651,353	3.50%
Sentara Norfolk General Hospital	$3,715,953,612	$128,674,022	3.46%
Sentara Leigh Hospital	$1,318,114,262	$39,689,346	3.01%
Sentara Williamsburg Regional Medical Center	$705,249,390	$21,107,537	2.99%
Sentara Princess Anne Hospital	$1,092,371,655	$31,716,570	2.90%
Bon Secours Mary Immaculate Hospital	$656,379,835	$18,964,605	2.89%
Chesapeake Regional Medical Center	$963,632,536	$26,148,298	2.71%
Hampton Roads Specialty Hospital	$31,270,985	$613,073	1.96%
Bon Secours Southampton Memorial Hospital	$247,313,417	$3,200,565	1.29%
Bon Secours Rappahannock General Hospital	$82,964,493	$1,067,845	1.29%
Children's Hospital of the King's Daughters	$1,116,322,433	$7,869,958	0.70%
Lake Taylor Transitional Care Hospital	$43,115,803	$0	0.00%
Hospital For Extended Recovery	$26,389,988	$0	0.00%
Total Facilities Reporting			22
Median			3.3%
Total $ & Mean %	**$17,987,675,315**	**$620,972,845**	**3.5%**

Source: VHI (2019)

COPN Request No. VA-8572: Sentara Hospitals d/b/a Sentara Leigh Hospital

SLH is located at 830 Kempsville Road, Norfolk, Virginia, near the Virginia Beach city line, and is centrally located within a heavily populated community. The hospital campus is located close to the intersection of Interstates 64 and 264, major thoroughfares in South Hampton Roads. SLH is accessible through public transportation through Hampton Roads Transit, which offers bus services, light rail services and other transportation for individuals with special needs. The light rail service has a station located a short distance from the hospital.

Regarding socioeconomic barriers to access to the applicant's services, according to regional and statewide data regularly collected by VHI, for 2019, the most recent year for which such data is available, the average amount of charity care provided by HPR V facilities was 3.5% of all reported total gross patient revenues (**Table 9**). In that same year, SLH provided 3.01% of its gross patient revenue in the form of charity care. As previously discussed, should the Commissioner approve the proposed project, SLH should be subject to charity care consistent with the Sentara Hampton Roads 4.8% system-wide charity care condition, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

COPN Request No. VA-8573: Riverside Hospital, Inc.
The proposed location of Riverside Smithfield Hospital is near the intersection of Route US-258, VA-32 and VA-10 in Isle of Wight County. The hospital campus will be accessible off Benns Church Boulevard State Route 10 from the east, with planned access roads to the north and west. According to the applicant, "public bus transportation could potentially be available in the future since the Hampton Roads Transit Route 65 travel route is close by."

Regarding socioeconomic barriers to access to the applicant's services, according to regional and statewide data regularly collected by VHI, for 2019, the most recent year for which such data is available, the average amount of charity care provided by HPR V facilities was 3.5% of all reported total gross patient revenues (**Table 9**). Riverside Smithfield Hospital is a to-be-constructed facility and as such, does not have an established charity care history. However, the applicant's nearby facility, Riverside Regional Medical Center, provided 3.5% of its gross patient revenue in the form of charity care in 2019. Pursuant to Section 32.1 – 102.4 of the Code of Virginia, should the Commissioner approve the proposed project, Riverside should be subject to a charity care condition no less than the 3.5% HPR V average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

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

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

COPN Request No. VA-8572: Sentara Hospitals d/b/a Sentara Leigh Hospital
DCOPN received 18 letters of support in support of the proposed project from members of the SLH medical community, the mayor and citizens of Norfolk and patients of SLH. Collectively, these letters articulate numerous benefits of the project, including:

- SLH is a critical provider of medical care to the residents of Norfolk and south Hampton Roads.

- SLH's project is necessary to keep up with the aging and growing population. SLH's medical-surgical beds have been at the SMFP threshold since 2017.

- The burden of chronic diseases exacerbated by behavioral, lifestyle and socioeconomic factors is high in parts of the SLH service area.

- There has been significant growth in emergency room visits at SLH over the last several years and the majority of admissions are sourced from the emergency room. SLH treats more emergency room patients than any other hospital in south Hampton Roads (84,000 in 2020).

- Lack of adequate inpatient bed capacity causes backups in the emergency department, which delays care and impacts patient satisfaction.

- The volume of OB deliveries at SLH significantly grew in 2020, contributing to SLH's overall high bed capacity, and deliveries are expected to grow even more.

- The complexity and length of inpatient stays for key services are increasing at SLH. and

- SLH has- an institutional need to expand medical-surgical beds with high and rising occupancy levels.

DCOPN received one letter of opposition, dated September 24, 2021, from Chesapeake Regional Healthcare (CRH Opposition Letter), which contained the following concerns:

- VHI utilization and Weldon Cooper data show a surplus of medical-surgical beds in Planning District 20.

- Sentara has a significant inventory of underutilized and un-staffed medical-surgical beds at other Sentara hospitals in PD 20 that could be used instead, or, if necessary, transferred to SLH. At present, Sentara already has over 65% of the total current medical-surgical beds in service in PD 20. Addition of the proposed SLH beds will increase Sentara's monopoly over healthcare services, to the detriment of PD 20 patients and their payors.

- Executive Order 52, issued in response to the COVID-19 public health emergency and providing hospitals a waiver to add beds above their licensed capacity to meet the demands of combatting COVID-19, was not intended to act as an avenue allowing hospitals to circumvent the COPN review process and put beds into service without a full analysis of the merits of the proposed project.

    - In its application, Sentara emphasizes that this project will have essentially no capital or staffing cost because the beds, facilities, and employees needed to operationalize these 27 beds are already in place.

    - These beds are already in place and fully operational because SLH reportedly put these beds into service, and apparently staffed them, under Executive Order 52. However, this SLH project should be evaluated as a novel project, with appropriate costs and staffing needs. To not analyze the impacts of capital costs and staffing needs for this project would, in effect, omit significant consideration in the COPN review process.

On October 15, 2021, SLH responded to the CRH Opposition Letter, stating:

- CRH's contentions are unfounded and do not negate the need for Sentara Leigh Hospital's need as outlined in the COPN application.

- A computational surplus of medical-surgical beds in PD 20 does not preclude a finding of need for Sentara Leigh's institutional need-based proposal. Sentara Leigh has a demonstrated need for more medical-surgical beds, having exceeded its medical-surgical bed service capacity every year since 2017.

- Sentara hospitals in PD 20 staff 96.9% of their licensed medical-surgical, ICU, and OB beds. As detailed in Sentara Leigh's application materials, there are no underutilized beds at other Sentara facilities in PD 20 that are appropriate for reallocation.

- Sentara Leigh's proposed project is subject to the full COPN review process; CRH's argument relating to Executive Order 52 is not accurate. Contrary to CRH's assertion, those costs are not subject to COPN review now, but rather were subject to registration, a copy of which Sentara Leigh included with its application.

COPN Request No. VA-8573: Riverside Hospital, Inc.

DCOPN received several hundred letters of support for the proposed project from members of the Riverside medical community, citizens of Riverside's service area, patients of Riverside and elected representatives. Collectively, these letters articulate numerous benefits of the project, including:

- Riverside is a trusted community health provider and Riverside's staff is known for providing top of the line care to the communities they serve.

- Riverside Smithfield Hospital will provide much needed hospital services for people residing in Isle of Wight.

- Citizens in this area have to travel long distances in order to receive access to hospital services and both Isle of Wight and Surry counties have been designated as medically underserved areas and health practitioner shortage areas.

- Riverside's proposed hospital will provide the residents of Isle of Wight with the best care available while also easing the burden placed on other hospitals in the region that are operating at capacity.

- Area hospitals do not have the space or staffing to accept patients, which results in diversions to other facilities.

- Riverside is already serving more than 2,000 patients in the emergency department at Riverside Regional Medical Center from the proposed Riverside Smithfield Hospital primary service area.

- Permitting Riverside to build the Smithfield hospital is an important step to increasing the region's available resources and effectively addressing behavioral health issues in our community.

- There is a significant proportion of minority residents in rural parts of Isle of Wight and Surry counties, meaning minorities are most affected by lack of proximity to a hospital. The new hospital will be a major step in enhancing health care access for minorities in the region.

- Riverside owns the land they intend to build on and the new hospital would add competition to an otherwise uncompetitive health care market.

- Riverside has a long history of providing charitable care programs for those who can't afford the often high prices of medical care. This financial aid, as well as Riverside's free clinics, are essential for expanding access to care.

- There are currently more than 4,000 new multi-family and single-family residential units under construction in Isle of Wight county, and the expected population growth is 13% by 2030.

- Isle of Wight is known as a "bedroom" community – many of travel outside the county for work. Riverside's hospital has promised to bring hundreds of jobs to the county. The new hospital will bring jobs and economic opportunity to the area.

DCOPN received one letter of opposition, dated September 22, 2021, from Bon Secours Hampton Roads Health System (BSHR Opposition Letter), which contained the following concerns:

- A substantially similar project proposed by Bon Secours Maryview Medical Center (COPN Request No. VA-8520) in the same planning district in neighboring Suffolk, approximately 12 miles from the proposed Riverside Smithfield Hospital, was denied by the State Health Commissioner less than one year ago.

- The Commissioner should deny COPN Request No. VA-8573 for the same reasons he denied COPN Request No. VA-8520.

- The proposed Riverside Smithfield Hospital project would duplicate resources already available in the proposed service area of the Riverside Smithfield Hospital, notwithstanding the applicant's assertion that "approval of Riverside Smithfield Hospital will address an unmet need for improved distribution and geographic access to acute care inpatient beds and hospital services for residents of northwestern PD 20 and Eastern PD 19."

- Disregarding COPN-approved but unbuilt capacity, there currently are five (5) existing and operational hospitals located within a 30-minute drive of the proposed Riverside Smithfield Hospital location.

- No available data suggest that the population Riverside proposes to serve at its Riverside Smithfield Hospital lacks adequate access to hospital care.

- Competition is already robust, with multiple providers, including Bon Secours, Chesapeake Regional Medical Center, Sentara and Riverside already serving the patient population Riverside seeks to serve with its new Smithfield hospital.

On October 15, 2021, Riverside responded to the BSHR Opposition Letter, stating:

- Bon Secours suggests that the Commissioner should deny RSH's Project for the same reasons he denied Maryview's Project, but the reasons for denial of Maryview's Project are not relevant to RSH's Project.

    - RSH's Project is not located in northern Suffolk. In fact, it is located more than a 26-minute drive (in good driving conditions) from the Maryview Project site. Consequently, the service area for the RSH Project does not match that of the Maryview Project.

    - Approval of the RSH Project will improve geographic access to hospital services for many residents of eastern PD 19 and northwestern PD 20 who are currently required to travel more than 30 minutes to access inpatient beds and other hospital services. Due to its location in Suffolk, the Maryview Project did not offer the same improvements in geographic access to hospital care.

    - There is no evidence that the RSH Project will have a negative impact on existing healthcare services in PD 20. It is important to note that the Maryview Project was opposed by both Sentara and Chesapeake Regional Healthcare. In contrast, Chesapeake Regional Healthcare supports RSH's Project.

- Although Bon Secours previously touted the DCOPN's finding that approval of the Maryview Project would foster beneficial competition in PD 20, Bon Secours attempts to downplay this positive aspect of the RSH Project. Bon Secours suggests that "competition is already robust" within RSH's proposed service area. Sentara and Bon Secours control 85% of total inpatient acute care beds in PD 20. The remaining acute care beds are operated by Chesapeake Regional Healthcare.

- DCOPN should disregard Bon Secours' opposition to the RSH project because it lacks credibility and sincerity. In its letter of opposition, Bon Secours argues there is no public need for RSH's project. Bon Secours concludes that residents of PD 20 "are already well served by existing acute care providers." These arguments are inconsistent with arguments made by Bon Secours just earlier this year in the Maryview Project.

Public Hearing

COPN Request No. VA-8572: Sentara Hospitals d/b/a Sentara Leigh Hospital
Section 32.1-102.6 B of the Code of Virginia directs DCOPN to hold one public hearing on each application in a location in the county or city in which the project is proposed or a contiguous

county or city in the case of competing applications; or in response to a written request by an elected local government representative, a member of the General Assembly, the Commissioner, the applicant, or a member of the public. COPN Request No. VA-8572 is competing with COPN Request No. VA-8573 in this batch cycle. DCOPN conducted a public hearing on October 13, 2021 by video conference. A total of 42 individuals attended the video conference, including seven who spoke. 26 individuals expressed support for the proposed project and 16 individuals took no position. The project was presented by representatives of SLH. Members of the public and the SLH medical community spoke in support of the project, discussing:

- SLH's institutional need to expand – detailing the consistently high bed capacity at the hospital.

- SLH saw 84,000 emergency department visits last year. Many patients have to wait in the emergency department until a bed is available.

- The aging and growing population in PD 20.

- Inadequate bed capacity is dangerous and can cause ambulance backups.

COPN Request No. VA-8573: Riverside Hospital, Inc.

Section 32.1-102.6 B of the Code of Virginia directs DCOPN to hold one public hearing on each application in a location in the county or city in which the project is proposed or a contiguous county or city in the case of competing applications; or in response to a written request by an elected local government representative, a member of the General Assembly, the Commissioner, the applicant, or a member of the public. COPN Request No. VA-8573 is competing with COPN Request No. VA-8572 in this batch cycle. DCOPN conducted a public hearing on October 13, 2021 by video conference. Approximately 140 individuals attended the video conference, including 38 who spoke. 73 individuals expressed support for the proposed project, one individual expressed opposition and the remaining individuals took no position. The project was presented by representatives of Riverside. Members of the public and the Riverside medical community spoke in support of the project, discussing:

- The lack of choices for care in the Smithfield area, and the effect that traffic and bridge closures has on accessing hospital services.

- Population growth and aging of community in the proposed Riverside Smithfield Hospital service area.

- Riverside Smithfield Hospital will provide direct care access in Isle of Wight, without the need to travel to Riverside Regional Medical Center.

- Quick access to hospital services is critical for cardiac and stroke care.

- Isle of Wight is designated a medically underserved area.

- A hospital in Isle of Wight would reduce ambulance response and turnaround time.
- The racial disparity of healthcare in Isle of Wight and Surry County.
- Riverside Smithfield Hospital will bring jobs to the community.

(ii) the availability of reasonable alternatives to the proposed project that would meet the needs of the people in the area to be served in a less costly, more efficient, or more effective manner;

COPN Request No. VA-8572: Sentara Hospitals d/b/a Sentara Leigh Hospital
SLH contends that it has adequately demonstrated an institutional need to expand its existing medical-surgical bed inventory and that maintaining the status quo is not a viable alternative to the proposed project. Moreover, Sentara Health System does not have within the PD any other facilities operating underutilized medical-surgical beds appropriate and available for relocation. As will be discussed in more detail later in this staff analysis report, DCOPN concludes that a viable alternative to the proposed project does not exist.

COPN Request No. VA-8573: Riverside Hospital, Inc.
There appear to be more effective and less costly alternatives to the proposed project that do not involve the construction of a new acute care hospital at a cost of $100,000,000, most notably, the status quo. As will be discussed in greater detail throughout this staff analysis report, the requested services are already geographically available to the residents of the Riverside Smithfield Hospital's projected service area.

Regarding the requested fixed CT and mobile MRI services, as shown in **Figure 1** and **Figure 2** below, PD 20 is already well served by CT and MRI services and the proposed relocation of the CT scanner and MRI unit from Riverside Diagnostic Center – Smithfield will have no effect on geographic access to these services for residents of PD 20. Furthermore, there is a surplus of one CT scanner in PD 20, and the four existing mobile MRI sites in PD 20 were grossly underutilized at only 36.34% in 2019 (**Table 13**). With this level of unused capacity in the new hospital's service area, there is no need for a new acute care hospital.

As shown in **Figure 3,** 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 project will not significantly improve the geographic access to surgical services for the residents of PD 20. Furthermore, DCOPN has calculated a surplus of 16 GPORs in PD 20 for the 2026 planning year and approval of the proposed project would add four GPORs to this surplus.

Finally, as shown in **Figure 4**, inpatient bed services currently exist within a 30-minute drive for a least 95% of the population of PD 20 and approval of the proposed project would not improve geographic access to inpatient bed services for persons in PD 20 in any meaningful way. Additionally, as shown in **Table 17**, the medical-surgical beds in PD 20 operated at a collective utilization of 66.00% in 2019, well below the SMFP standard of 80% required for the establishment

of new inpatient beds. Lastly, DCOPN has calculated a surplus of 229 medical-surgical beds in PD 20 for the five year planning horizon.

For these reasons, the status quo is a preferable alternative to the proposed project and approval of the proposed project unnecessarily duplicates existing services already available in surplus in PD 20.

(iii) any recommendation or report of the regional health planning agency regarding an application for a certificate 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 PD 20. Therefore, this consideration is not applicable to the review of the proposed project.

(iv) any costs and benefits of the proposed project;

COPN Request No. VA-8572: Sentara Hospitals d/b/a Sentara Leigh Hospital
As demonstrated by **Table 6**, the projected capital costs of the proposed project are $233,192, the entirety of which will be funded using the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project. The costs for the project are significantly less than previously approved projects to add new acute care beds. The applicant asserts that this is because the location for the proposed beds was constructed to medical-surgical bed standards and was used as incremental inventory pursuant to Executive Order 52, or was previously used for previously licensed medical-surgical beds. Furthermore, it appears that the bulk of the capital costs were incurred as part of the construction of the Fifth Floor West tower pursuant to Registration No. VA-E-009-21. As such, DCOPN finds the costs associated with the proposed project cannot be accurately compared to other projects where beds are added to a hospital.

The applicant identified numerous benefits of the proposed project, including:

- The proposed project allows SLH to better meet the current and projected health care needs of the residents of its service area.

- The proposed project is necessary to ensure access for SLH's existing patients in need of admission and inpatient care and to ensure that overutilization of SLH's inpatient beds does not impair to access to the emergency department, where patients frequently wait for an available inpatient bed.

- The proposed beds will be located in space built out a few year ago as observation space and in rooms that previously housed licensed medical-surgical beds, so no additional construction costs will be incurred and only minimal other costs will be required.

- Given the high and continually increasing number of inpatients (including well before COVID-19 pandemic-related demands arose) and the growing acuity of patients at SLH,

SLH believes the most clinically appropriate, effective, and efficient use of the space at issue is as fully and permanently licensed medical-surgical capacity.

- The straightforward project addresses SLH's institutional need to expand its medical-surgical bed capacity and better meet its patient's growing inpatient needs.

COPN Request No. VA-8573: Riverside Hospital, Inc.

As demonstrated by **Table 7**, the projected capital costs of the proposed project are $100,000,000 approximately 71% of which are attributed to direct construction costs, the entirety of which will be funded using the accumulated reserves of the applicant (**Table 7**). Accordingly, there are no financing costs associated with this project. DCOPN concludes that when compared to similar projects these costs are reasonable. For example, COPN No. VA-04602 issued to Valley Health System – Warren Memorial Hospital to build a replacement hospital including 36 inpatient beds is anticipated to cost approximately $97,700,000.

The applicant identified numerous benefits of the proposed project, including:

- The current geographic distribution of licensed PD 20 inpatient beds, surgical services and emergency department services creates an access barrier to inpatient acute care and other hospital services for residents of northwestern PD 20 and Surry and Sussex Counties in PD 19.

- Riverside Smithfield Hospital's service area is largely rural with few nearby hospitals and limited healthcare resources.

- Approval of Riverside Smithfield Hospital will improve geographic access to hospital services for many residents of eastern PD 19 and northwestern PD 20 who are currently required to travel more than 30 minutes to access inpatient beds and other hospital services.

- With the exception of Sentara Obici Hospital, all other hospitals in PD 20 are located more than 30-minutes away from the project's site.

- If Riverside Smithfield Hospital is approved, Riverside patients residing in northwestern PD 20 and eastern PD 19 will no longer be required to travel more than 30 minutes to access essential healthcare services. They will have access to these services at their own Riverside Health System community hospital.

- It is important to note that this project serves as Riverside Health System's long-range plan to strengthen the system's infrastructure to respond more efficiently and effectively to future public health emergencies.

- For regions already facing healthcare shortages, the aging population's growing disease burden will continue to exponentially increase the need for healthcare services. This is especially true for Riverside Smithfield Hospital's primary service area that not only faces healthcare shortages, but has a larger proportion of elderly individuals than the state or country.

- If Riverside Smithfield Hospital is approved, a fourth health system will operate inpatient acute care beds and other hospital services in the PD 20 market. Approval of Riverside Health System's project will provide patients with a new health system choice for hospital services in PD 20. The existing lack of competition in PD 20 could lead to loss of innovation, negative impact on wages, a potential increase in healthcare prices and insurance premiums.

- Because this project involves relocating existing diagnostic services such a short distance, other existing diagnostic services providers will not be impacted by approval of this project.

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

COPN Request No. VA-8572: Sentara Hospitals d/b/a Sentara Leigh Hospital
The Pro Forma Income Statement provided by the applicant acknowledges that the proposed project would be subject to the Sentara Hampton Roads system-wide charity care condition. DCOPN notes that, according to regional and statewide data regularly collected by VHI, for 2019, the most recent year for which such data is available, the average amount of charity care provided by HPR V facilities was 3.5% of all reported total gross patient revenues (**Table 9**). As previously discussed, recent changes to § 32.1-102.4B of the Code of Virginia now require DCOPN to place a charity care condition on every applicant seeking a COPN. DCOPN notes that, if approved, the proposed project should be subject to charity care consistent with the Sentara Hampton Roads 4.8% system-wide charity care condition, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

Table 10. SLH Pro Forma Income Statement

	Year 1	**Year 2**
Total Gross Revenue	**$68,013,337**	**$68,667,966**
Uncompensated Care	($2,720,533)	($2,746,719)
Contractual Deductions	($46,929,203)	($47,380,896)
Net Revenue	**$18,363,61**	**$18,540,351**
Total Operating Expenses	$10,911,422	$11,516,821
Excess of Revenue Over Expenses	**$7,452,180**	**$7,023,530**

Source: COPN Request No. VA-8572

COPN Request No. VA-8573: Riverside Hospital, Inc.
The Pro Forma Income Statement provided by the applicant includes the provision of charity care in the amount of 3.56 in Year 1 and 3.89% in Year 2 (**Table 11**). DCOPN notes that, according to regional and statewide data regularly collected by VHI, for 2019, the most recent year for which such data is available, the average amount of charity care provided by HPR V facilities was 3.5% of all reported total gross patient revenues (**Table 9**). As previously discussed, recent changes to § 32.1-102.4B of the Code of Virginia now require DCOPN to place a charity care condition on every applicant seeking a COPN. DCOPN notes that, if approved, the proposed project should be subject to a charity care condition no less than the 3.5% HPR V average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

Table 11. Riverside Pro Forma Income Statement

	Year 1	Year 2
Total Gross Revenue	**$175,221,700**	**$216,227,644**
Charity Care	($6,253,449)	($8,420,939)
Bad Debt	($4,073,156)	($4,809.070)
Contractual Allowances	($114,648,609)	($141,495,937)
Other Operating Revenue	$959,248	$969,058
Net Operating Revenue	**$51,205,734**	**$62,470,756**
Total Operating Expenses	$56,102,061	$63,640,043
Net Operating Gain (loss)	**($4,896,327)**	**($1,169,287)**

Source: COPN Request No. VA-8573

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

Riverside's original application, submitted June 30, 2021, proposed to establish a new acute care general hospital with 34 medical-surgical beds, 10 ICU beds, and six obstetric beds, general and intermediate newborn services, four general purpose operating rooms, one fixed CT scanner, one fixed MRI scanner, and one mobile PET scanner.

DCOPN notes that the addition of obstetrical services is no longer subject to COPN review. However, the six licensed beds devoted to obstetrical services are subject to COPN approval.

On September 15, 2021, Riverside amended its application with the following changes:

- Riverside previously sought approval to establish fixed MRI services at Riverside Smithfield Hospital. Riverside now seeks COPN approval to establish mobile MRI services at Riverside Smithfield Hospital.

- Riverside previously proposed to establish new fixed CT, fixed MRI and mobile PET services at Riverside Smithfield Hospital. Riverside now proposes to establish fixed CT, mobile MRI and mobile PET services at Riverside Smithfield Hospital through the relocation of existing and already COPN authorized fixed CT, mobile MRI and mobile PET services from Riverside Diagnostic Center – Smithfield. Upon licensure of Riverside Smithfield Hospital, all diagnostic services will be closed at Riverside Diagnostic Center – Smithfield, relocated, and operated out of Riverside Smithfield Hospital.

On October 1, 2021, Riverside reduced the scope of its application to indicate, "[i]t is not Riverside's intent to establish a Level II newborn service (intermediate level care)." Accordingly, DCOPN discontinued the review of the requested Level II newborn services.

On October 15, 2021, Riverside again reduced the scope of its application to indicate, "Riverside Hospital, Inc. no longer seeks COPN approval to operate mobile positron emission tomography (PET) services at Riverside Smithfield Hospital." Accordingly, DCOPN discontinued the review of the requested mobile PET services.

3. The extent to which the application is consistent with the State Health Services Plan;

Section 32.1-102.2:1 of the Code of Virginia calls for the State Health Services Plan Task Force to develop, by November 1, 2022, recommendations for a comprehensive State Health Services Plan (SHSP). In the interim, these regulations provide the best available criteria and DCOPN will consider the consistency of the proposed project with the predecessor of the SHSP, the State Medical Facilities Plan (SMFP).

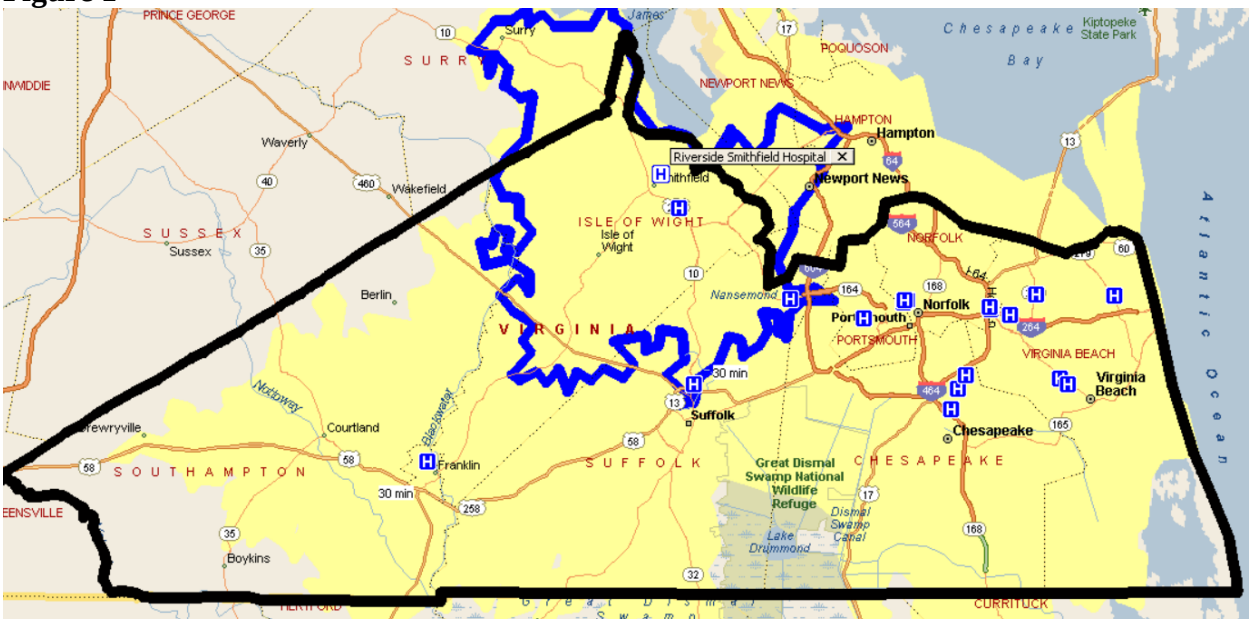
The SMFP contains criteria/standards for the establishment or expansion of CT and MRI services. They are as follows:

Part II
Diagnostic Imaging Services
Article 1
Criteria and Standards for Computed Tomography

12VAC5-230-90. Travel time.
CT services should be available within 30 minutes driving time one way under normal conditions of 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" symbols mark the locations of existing CT providers in PD 20. The white "H" symbol marks the location of the proposed project (COPN Request No. VA-8573). The blue outline represent the area that is within a 30 minutes driving time one-way under normal conditions of the location of the proposed project (COPN Request No. VA-8573). The yellow shaded area includes the area that is within 30 minutes driving time one-way under normal conditions of existing CT services in PD 20. **Figure 1** clearly illustrates that CT services are already well within a 30 minute drive under normal conditions of 95% of the residents of PD 20 and approval of the proposed project will not increase geographic access to CT services in PD 20.

Figure 1



12VAC5-230-100. Need for new fixed site or mobile service.

A. No new fixed site or mobile CT service should be approved unless fixed site CT services in the health planning district performed an average of 7,400 procedures per existing and approved CT scanner during the relevant reporting period and the proposed new service would not significantly reduce the utilization of existing providers in the health planning district. The utilization of existing scanners operated by a hospital and serving an area distinct from the proposed new service site may be disregarded in computing the average utilization of CT scanners in such health planning district.

As noted in **Table 12** below, the utilization of existing CT scanners in the planning district was 110.2% of the 7,400 procedures per scanner SMFP standard necessary to introduce CT scanning services in 2019. Using 2019 VHI data, based on 37 COPN authorized fixed CT scanners in PD 20 (**Table 12**) and reported CT volume of 301,731 procedures, there is a need for 40.7 (41) CT scanners in PD 20.

According to DCOPN records, there are currently 42 COPN authorized fixed CT scanners in PD 20, after considering changes to the PD 20 CT inventory since 2019 (**Table 1**). Therefore, at present, there is a surplus of one CT scanner in PD 20. DCOPN notes that although the applicant proposes to relocate the proposed CT scanner from Riverside Diagnostic Center – Smithfield, as shown in **Figure 1**, PD 20 is already well served by CT services and the proposed relocation of the CT scanner will have no effect on geographic access for residents of PD 20. Furthermore, as previously discussed, DCOPN finds that the status quo is a reasonable alternative to the proposed project and that there is no need for a new acute care hospital in PD 20.

2019 COPN authorized CT scanners = 37
Calculated Need = 301,731 total scans in 2019 ÷ 7,400 (scans/SMFP CT standard) = 40.7 (41) CT scanners needed

2021 COPN authorized CT scanners = 42
PD 20 Calculated Surplus = 1 CT scanner

Table 12: PD 20 COPN Authorized Fixed CT Units and Utilization: 2019

Facility	Number of Scanners	Number of Scans	Utilization Rate
Bon Secours DePaul Medical Center	2	13,377	90.39%
Bon Secours Maryview Medical Center	4	25,425	85.90%
Chesapeake Regional Imaging - Kempsville	1	1,666	22.51%
Chesapeake Regional Medical Center	4	32,035	108.23%
Children's Hospital of The King's Daughters	1	4,436	59.95%
First Meridian d/b/a MRI & CT Diagnostics - Virginia Beach	1	4,497	60.77%
First Meridian d/b/a MRI & CT Diagnostics - Chesapeake	1	3,529	47.69%
Riverside Diagnostic Center - Smithfield	1	582	7.86%
Sentara Advanced Imaging Center - Belleharbour	1	9,058	122.41%
Sentara Advanced Imaging Center - Greenbrier Healthplex	1	3,368	45.51%
Sentara Advanced Imaging Center - Leigh	1	5,041	68.12%
Sentara Advanced Imaging Center - Princess Anne	1	4,121	55.69%
Sentara Advanced Imaging Center at First Colonial	1	4,902	66.24%
Sentara Advanced Imaging Center-Fort Norfolk	1	1,756	23.73%
Sentara Independence	1	8,964	121.14%
Sentara Leigh Hospital	2	35,320	238.65%
Sentara Norfolk General Hospital	5	51,507	139.21%
Sentara Obici Hospital	2	24,813	167.66%
Sentara Princess Anne Hospital	2	30,599	206.75%
Sentara Virginia Beach General Hospital	3	31,912	143.75%
Southampton Memorial Hospital	1	4,823	65.18%
2019 Total and Average	**37**	**301,731**	**110.20%**

Source: VHI (2019)

B. Existing CT scanners used solely for simulation with radiation therapy treatment shall be exempt from the utilization criteria of this article when applying for a COPN. In addition, existing CT scanners used solely for simulation with radiation therapy treatment may be disregarded in computing the average utilization of CT scanners in such health planning district.

DCOPN has excluded existing CT scanners used solely for simulation prior to the initiation of radiation therapy from its inventory and average utilization of diagnostic CT scanners in PD 20 with respect to the proposed project.

12VAC5-230-110. Expansion of fixed site service.
Proposals to expand an existing medical care facility's CT service through the addition of a CT scanner should be approved when the existing services performed an average of 7,400 procedures per scanner for the relevant reporting period. The commissioner may authorize placement of a new unit at the applicant's existing medical care facility or at a separate location within the applicant's primary service area for CT services, provided the proposed expansion is not likely to significantly reduce the utilization of existing providers in the health planning district.

Not applicable. The applicant is not seeking to expand fixed site CT services.

12VAC5-230-120. Adding or expanding mobile CT services.
A. Proposals for mobile CT scanners shall demonstrate that, for the relevant reporting period, at least 4,800 procedures were performed and that the proposed mobile unit will not significantly reduce the utilization of existing CT providers in the health planning district.

B. Proposals to convert authorized mobile CT scanners to fixed site scanners shall demonstrate that, for the relevant reporting period, at least 6,000 procedures were performed by the mobile CT scanner and that the proposed conversion will not significantly reduce the utilization of existing CT providers in the health planning district.

Not applicable. The applicant is not seeking to add or expand mobile CT services or to convert authorized mobile CT scanners to fixed site scanners.

12VAC5-230-130. Staffing.
CT services should be under the direction or supervision of one or more qualified physicians.

The applicant has provided assurances that all CT services will be under the direction and supervision of qualified physicians on the medical staff.

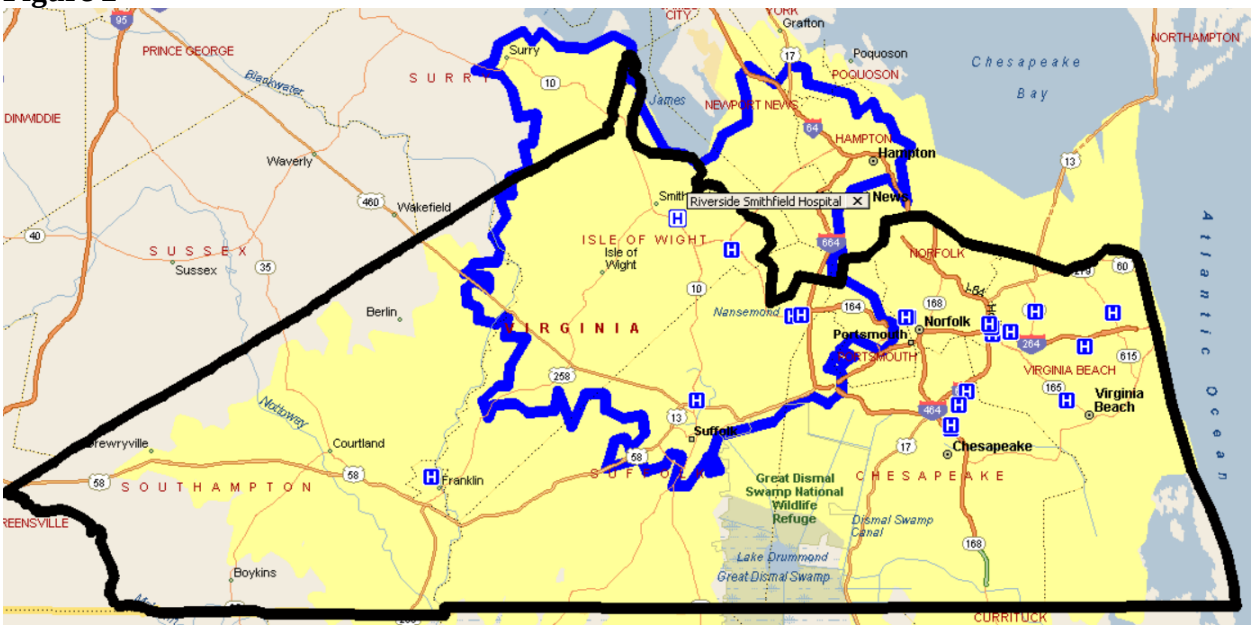
Article 2
Criteria and Standards for Magnetic Resonance Imaging

12VAC5-230-140. Travel time.
MRI services should be within 30 minutes driving time one way under normal conditions of 95% of the population of the health planning district using mapping software as determined by the commissioner.

The heavy black line in **Figure 2** is the boundary of PD 20. The blue "H" symbols mark the locations of existing MRI providers in PD 20. The white "H" symbol marks the location of the proposed project (COPN Request No. VA-8573). The blue outline represent the area that is within a 30 minutes driving time one-way under normal conditions of the location of the proposed project (COPN Request No. VA-8573). The yellow shaded area includes the area that

is within 30 minutes driving time one-way under normal conditions of existing MRI services in PD 20. **Figure 2** clearly illustrates that MRI services are already well within a 30 minute drive under normal conditions of 95% of the residents of PD 20 and approval of the proposed project will not increase geographic access to MRI services in PD 20.

Figure 2



12VAC5-230-150. Need for new fixed site service.
No new fixed site MRI service should be approved unless fixed site MRI services in the health planning district performed an average of 5,000 procedures per existing and approved fixed site MRI scanner during the relevant reporting period and the proposed new service would not significantly reduce the utilization of existing fixed site MRI providers in the health planning district. The utilization of existing scanners operated by a hospital and serving an area distinct from the proposed new service may be disregarded in computing average utilization of MRI scanners in such planning district.

Not applicable. The applicant is not proposing to establish a fixed site service.

12VAC5-230-160. Expansion of fixed site service.
Proposals to expand an existing medical care facility's MRI services through the addition of an MRI scanner may be approved when the existing service performed an average of 5,000 MRI procedures per scanner during the relevant reporting period. The commissioner may authorize placement of the new unit at the applicant's existing medical care facility, or at a separate location within the applicant's primary service area for MRI services, provided the proposed expansion is not likely to significantly reduce the utilization of existing providers in the health-planning district.

Not applicable. The applicant is not proposing to expand an existing fixed site service.

12VAC5-230-170. Adding or expanding mobile MRI services.

A. Proposals for mobile MRI scanners shall demonstrate that, for the relevant reporting period, at least 2,400 procedures were performed and that the proposed mobile unit will not significantly reduce the utilization of existing MRI providers in the health-planning district.

B. Proposals to convert authorized mobile MRI scanners to fixed site scanners shall demonstrate that, for the relevant reporting period, 3,000 procedures were performed by the mobile scanner and that the proposed conversion will not significantly reduce the utilization of existing MRI providers in the health-planning district.

As displayed in **Table 13** below, the utilization of existing MRI units in the planning district was 36.34% of the 2,400 procedures per scanner SMFP standard necessary to introduce mobile MRI services in 2019, demonstrating ample MRI capacity in PD 20. DCOPN notes that although the applicant proposes to relocate the proposed MRI unit from Riverside Diagnostic Center – Smithfield, as shown in **Figure 2**, PD 20 is already well served by MRI services and the proposed relocation of the MRI unit will have no effect on geographic access for residents of PD 20. Furthermore, as previously discussed, DCOPN finds that the status quo is a reasonable alternative to the proposed project and that there is no need for a new acute care hospital in PD 20.

Table 13. PD 20 COPN Authorized Fixed and Mobile MRI Units and Utilization: 2019

Facility	Mobile Sites	Mobile MRI Procedures	Mobile MRI Utilization
Children's Hospital of The King's Daughters	1	593	24.71%
Riverside Diagnostic Center - Smithfield	1	218	9.08%
Sentara Advanced Imaging Center - Greenbrier Healthplex	1	2,570	107.08%
Sentara Advanced Imaging Center - St. Luke's	1	108	4.50%
Total	**4**	**3,489**	**36.34%**

Source: VHI (2019)

12VAC5-230-180. Staffing.
MRI services should be under the direct supervision of one or more qualified physicians.

The applicant has provided assurances that all MRI services will be under the direction and supervision of qualified physicians on the medical staff.

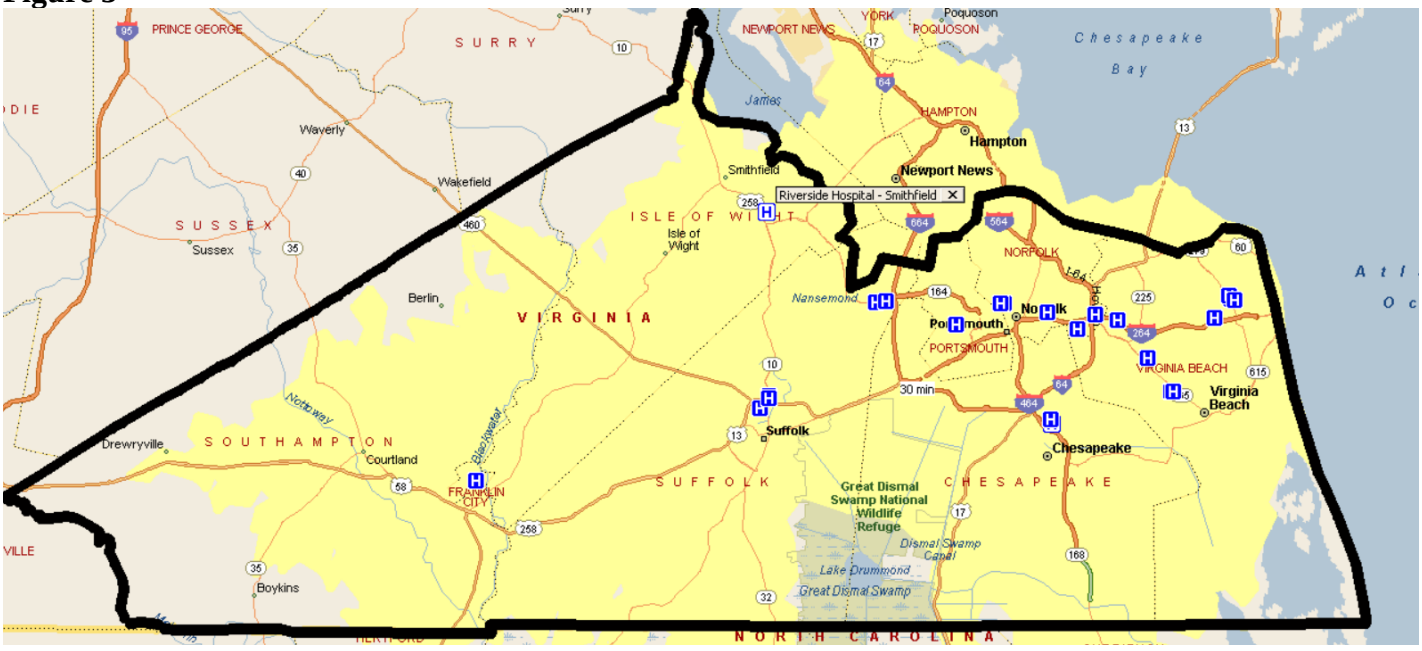
The State Medical Facilities Plan (SMFP) contains criteria/standards for the addition of general-purpose operating rooms. They are as follows:

Part V
General Surgical Services
Criteria and Standards for 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 3** is the boundary of PD 20. The blue "H" signs mark the locations of the COPN approved surgical services. The white "H" sign marks the location of the proposed project. The shaded area includes all locations that are within 30 minutes driving time one way under normal conditions of existing surgical services in PD 20. Based on the shading in **Figure 3**, 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 project will not significantly improve the geographic access to surgical services for the residents of PD 20.

Figure 3



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:

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

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; 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.

1600 = 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.

The preceding formula can be used to affirm whether there is currently an excess of GPORs in PD 20. The preceding formula can also determine the overall need for operating rooms within PD 20 five years from the current year, i.e., in the year 2026. The current GPOR inventory for PD 20 is shown in **Table 3** above.

Based on operating room utilization submitted to and compiled by VHI, for the five year period 2015 through 20189 which is the most recent five-year time span for which relevant data is available, the total numbers of reported inpatient and outpatient operating room visits to hospital-based and freestanding (i.e., to outpatient surgical hospitals/ambulatory surgical centers) are shown in **Table 14**.

Table 14: Inpatient & Outpatient GPOR Utilization in PD 20: 2015-2019

Year	Total Inpatient & Outpatient Operating Room Visits
2015	120,016
2016	112,948
2017	112,880
2018	112,859
2019	112,273
Total	**570,976**
Average	**114,195**

Source: VHI (2015-2019) and COPN Records

Based on actual population counts derived as a result of the U.S. Census and population projections as compiled by Weldon Cooper, **Table 15** presents the population estimates for PD 20 for the five years from 2015 to 2019 and the projected population estimate for 2026.

Table 15: PD 20 Population: 2015-2019 & 2026

Year	Population
2015	1,171,053
2016	1,177,214
2017	1,183,747
2018	1,190,659
2019	1,197,962
Total	**5,920,635**
Average	**1,184,127**
2026	**1,232,767**

Source: Weldon Cooper

Based on the above population estimates from Weldon Cooper and using the average annual increase of 5,931 from 2010 to 2020, and 4,190 from 2020 to 2030, the cumulative total population of PD 20 for the same historical five-year period as referenced above, i.e., 2015-2019, was **5,920,6351**, while Weldon Cooper projects the population of PD 20 in the year 2026 (PROPOP-five years from the current year) to be **1,232,767**. These figures are necessary for the application of the preceding formula, as follows:

ORV	**÷**	**POP**	**=**	**CSUR**
Total PD 20 GPOR Visits 2015 to 2019		PD 20 Historical Population 2015 to 2019:		Calculated GPOR Use Rate 2015 to 2019:
570,976		**5,920,635**		**0.0964**

CSUR	**X**	**PROPOP**	**=**	**PORV**
Calculated GPOR Use Rate 2015 to 2019:		PD 20 Projected Population 2026		Projected GPOR Visits 2026:
0.0964		**1,232,767**		**118,839**

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.

According to VHI data from 2019, the most recent year for which such data is available, there were 213,359 inpatient and outpatient operating room hours for that year (**Table 16**). AHORV = 213,359 total inpatient and outpatient operating room hours reported to VHI for 2019, divided by 112,273 total inpatient and outpatient operating room visits reported to VHI for that same year.

AHORV = 1.9004

Table 16: PD 20 Total OR Room Hours: 2019

Acute Care Hospital	**Operating Rooms**	**Total Hours**	**Use Per OR**	**Utilization Rate**
Bon Secours DePaul Medical Center	10	10,041	1,004.1	62.8%
Bon Secours Maryview Medical Center	9	7,695	855.0	53.4%
Bon Secours Southampton Memorial Hospital	3	2,260	753.3	47.1%
Chesapeake Regional Medical Center	13	24,045	1,849.6	115.6%
Children's Hospital of The King's Daughters	10	14,293	1,429.3	89.3%
Sentara Leigh Hospital	11	21,909	1,991.7	124.5%
Sentara Norfolk General Hospital	22	40,309	1,832.2	114.5%
Sentara Obici Hospital	5	11,199	2,239.8	140.0%
Sentara Princess Anne Hospital	8	16,298	2,037.3	127.3%
Sentara Virginia Beach General Hospital	9	18,404	2,044.9	127.8%
Total	**100**	**166,453**	**1,665**	**104.0%**
Outpatient Surgical Hospital				
Bayview Medical Center, Inc	2	979	489.5	30.6%
Bon Secours Surgery Center at Harbour View	6	4,319	719.8	45.0%
Bon Secours Surgery Center at Virginia Beach	2	3,732	1,866.0	116.6%
CHKD Health & Surgery Center (Virginia Beach)	3	3,024	1,008.0	63.0%
Sentara BelleHarbour Ambulatory Surgery Center	2	484	242.0	15.1%
Sentara Leigh - Ambulatory Surgery	6	9,537	1,589.5	99.3%
Sentara Obici Ambulatory Surgery LLC	2	4,065	2,032.5	127.0%
Sentara Princess Anne ASC	2	4,447	2,223.5	139.0%
Surgery Center of Chesapeake	4	4,989	1,247.3	78.0%
Virginia Beach Ambulatory Surgery Center	4	5,435	1,358.8	84.9%
Virginia Beach Eye Center	1	988	988.0	61.8%
Virginia Surgery Center, LLC	2	4,907	2,453.5	153.3%
Total	**36**	**46,906**	**1,303**	**81.4%**
Combined Total	**136**	**213,359**	**1,568.8**	**98.1%**

Source: VHI (2019)

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

$$\text{FOR} = \frac{0.0964 \times 1{,}232{,}767 \times 1.9004}{1600}$$

FOR = 225,841.14 ÷ 1,600

FOR = 141.15 (142) General Purpose Operating Rooms Needed in PD 20 in 2026
Current PD 20 GPOR inventory: 158
Calculated Net Surplus: 16 GPORs for 2026 planning year

DCOPN notes that Bon Secours – DePaul Medial Center (DePaul) in Norfolk, Virginia ceased operation as an acute care hospital and surrendered its hospital license on April 1, 2021. Prior to the closure, DePaul operated six GPORs and pursuant to COPN No. VA-04631, Bon Secours Hampton Roads received approval to transfer four of these GPORs to the to-be-constructed Harbour View Hospital. Furthermore, in 2019, DePaul reported 10 GPORs to VHI. As such, the 2019 VHI utilization data includes 10 GPORs at DePaul. 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 158 GPORs, which includes changes to the PD 20 GPOR inventory since 2019, exceeds the number of GPORs needed for the 2026 planning year (142) by 16 GPORs. Approval of the proposed project would add four GPORs to this surplus.

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 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.

Not applicable. The applicant is not seeking to relocate existing operating rooms.

12VAC5-230-510. Staffing.
Surgical services should be under the direction or supervision of one or more qualified physicians.

The applicant has provided assurances that all surgical services will be under the direction and supervision of qualified physicians on the medical staff.

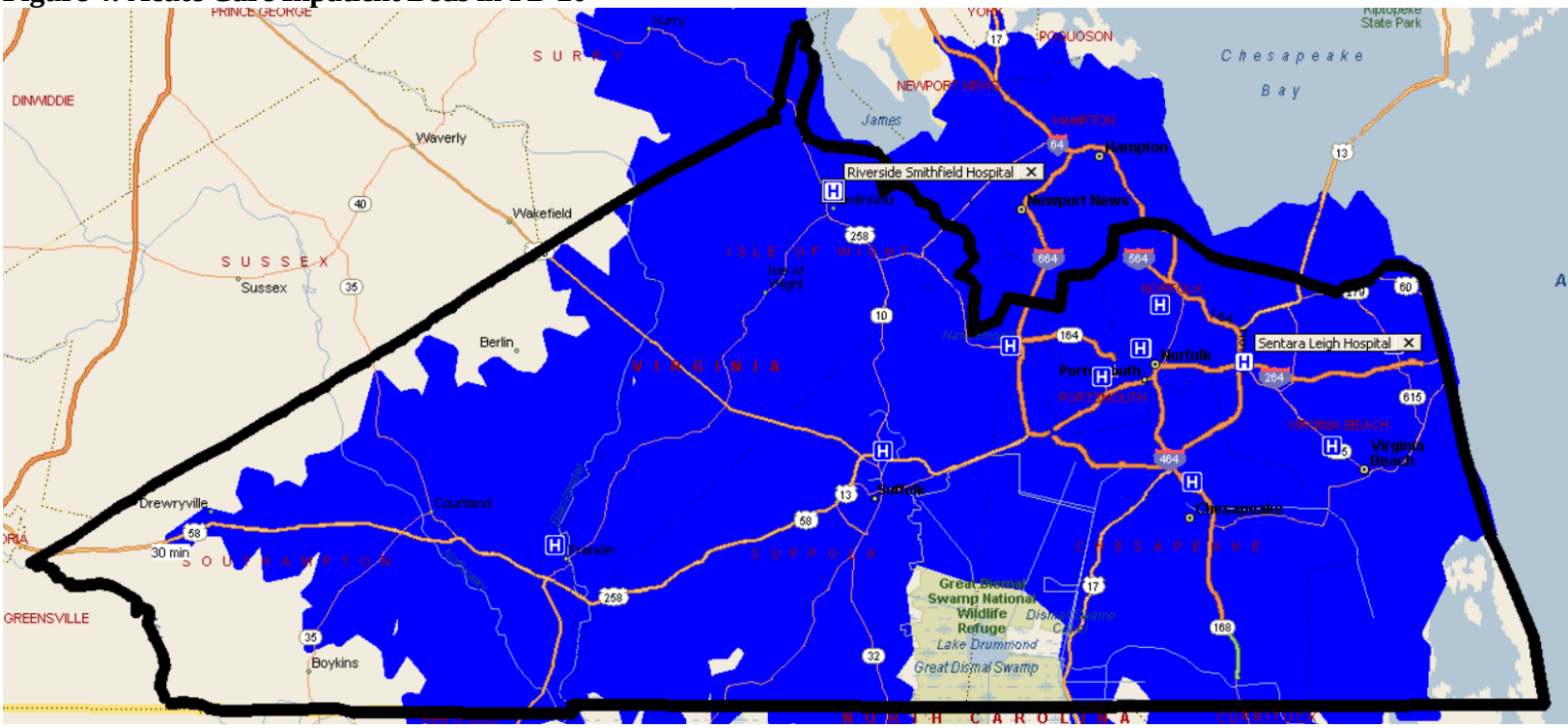
The SMFP contains criteria/standards for the addition of medical-surgical beds. They are as follows:

Part VI
Inpatient Bed Requirements

12VAC5-230-520. Travel Time.
Inpatient beds should be available within 30 minutes driving time one way under normal conditions of 95% of the population of a health planning district using mapping software as determined by the commissioner.

The heavy black line in **Figure 4** represents the boundary of PD 20. The white "H" symbol marks the locations of the proposed projects. The blue "H" symbols mark the locations of all other existing inpatient bed services in PD 20. The blue shaded area represents the area of PD 20 that is within 30 minutes' drive time of existing inpatient bed services. Given the amount of shaded area, it is evident that inpatient bed services currently exist within a 30-minute drive for a least 95% of the population of PD 20. Accordingly, DCOPN concludes that approval of the proposed projects would not improve geographic access to inpatient bed services for persons in PD 20 in any meaningful way.

Figure 4: Acute Care Inpatient Beds in PD 20



12VAC5-230-530. Need for New Service.
No new inpatient beds should be approved in any health planning district unless:

1. **The resulting number of beds for each bed category contained in this article does not exceed the number of beds to be needed for that health planning district for the fifth planning horizon year; and**
2. **The average annual occupancy based on the number of beds in the health planning district for the relevant reporting period is:**
   a. **80% at midnight census for medical-surgical and pediatric beds;**
   b. **65% at midnight census for intensive care beds.**

B. For proposals to convert under-utilized beds that require a capital expenditure of $15 million or more, consideration may be given to such proposals if:

1. **There is a projected need in the applicable category of inpatient beds; and**
2. **The applicant can demonstrate that the average annual occupancy of the converted beds would meet the utilization standard for the applicable bed category by the first year of operation.**

For purposes of this part, "utilization" means less than 80% average annual occupancy for medical-surgical or pediatric beds, when the relocation involves such beds and less than 65% average annual occupancy for intensive care beds when the relocation involves such beds.

C. The capital expenditure threshold referenced in subsection B of this section shall be adjusted annually using the percentage increase listed in the Consumer Price Index for All Urban Consumers (CPI-U) for the most recent year as follows:

$$A \times (1 + B)$$

Where:

A = the capital expenditure threshold amount for the previous year; and
B = the percent increase for the expense category "Medical Care" listed in the most recent year available of the CPI-U of the U.S. Bureau of Labor Statistics.

According to VHI data for 2019, the most recent year for which such data is available, and as demonstrated by **Table 17** below, the medical-surgical bed inventory of PD 20 consisted of 2,444 beds in 2019. For 2019, the PD 20 medical-surgical bed inventory operated at a collective occupancy of 66%. The current medical-surgical bed inventory for PD 20 is shown in **Table 4** above.

Table 17. Medical-Surgical Bed Inventory and Utilization[11] in PD 20: 2019

Facility	Licensed Beds	Staffed Beds	Available Days	Patient Days	Occupancy %
Bon Secours DePaul Medical Center	175	120	63,875	20,311	31.80%
Bon Secours Maryview Medical Center	267	171	97,455	35,939	36.88%
Chesapeake Regional Medical Center	310	208	113,150	69,520	61.44%
Children's Hospital of The King's Daughters	198	177	72,270	46,771	64.72%
Hospital for Extended Recovery	35	35	12,775	5,255	41.14%
Lake Taylor Transitional Care Hospital	104	104	37,960	23,672	62.36%
Sentara Leigh Hospital	247	247	90,155	75,268	83.49%
Sentara Norfolk General Hospital	469	452	171,185	145,070	84.74%
Sentara Obici Hospital	155	155	56,575	43,374	76.67%
Sentara Princess Anne Hospital	174	174	63,510	54,411	85.67%
Sentara Virginia Beach General Hospital	241	217	87,965	64,560	73.39%
Southampton Memorial Hospital	69	69	25,185	4,586	18.21%
Total/Average	**2,444**	**2,129**	**892,060**	**588,737**	**66.00%**

Source: VHI (2019) and DCOPN Interpolations

COPN Request No. VA-8572: Sentara Hospitals d/b/a Sentara Leigh Hospital

The calculation below demonstrates that there is a projected surplus of 229 medical-surgical beds in PD 20 for the five-year planning horizon. The applicant is proposing to expand its existing service through the addition of 27 medical-surgical beds. DCOPN again notes that for 2019, the 247 medical-surgical beds at SLH operated at a collective occupancy of 83.49%, above the 80% SMFP threshold for expansion (**Table 17**). Moreover, DCOPN notes that no additional medical-surgical beds are available for reallocation within the health system. Accordingly, DCOPN concludes that

[11] The Adjudication Officer's case decision for COPN No. VA-04682 held that DCOPN was in error by including obstetric, intensive care and pediatric patient days in its calculations for medical-surgical bed need, despite those beds being fungible and accordingly, able to convert to medical-surgical beds without COPN authorization. However, because obstetric, intensive care and pediatric beds can be easily converted to medical-surgical beds, thereby changing the medical-surgical inventory without first obtaining COPN authorization, DCOPN maintains that obstetric, intensive care and pediatric beds should be included in the medical-surgical inventory and the corresponding patient days used for medical-surgical bed need calculations.

the addition of medical-surgical beds at SLH is warranted based on an institutional need, despite the existing surplus in PD 20. DCOPN concludes that the applicant satisfies this standard.

COPN Request No. VA-8573: Riverside Hospital, Inc.

The calculation below demonstrates that there is a projected surplus of 229 medical-surgical beds in PD 20 for the five-year planning horizon. According to VHI data (**Table 17**), the average occupancy for PD 20 inpatient medical-surgical beds from 2015-2019 was 66%. This is well below the SMFP standard of 80% required for the establishment of new inpatient beds. Therefore, approval of the proposed project is not warranted as it would add 50 medical surgical beds (34 medical-surgical, 10 ICU beds and six obstetric beds) to the surplus.

12VAC5-230-540. Need for Medical-surgical Beds.

The number of medical-surgical beds projected to be needed in a health planning district shall be computed as follows:

1. **Determine the use rate for medical-surgical beds for the health planning district using the formula:**

BUR = (IPD/PoP)

Where:

BUR = the bed use rate for the health planning district.

IPD = the sum of the total inpatient days in the health planning district for the most recent five years for which inpatient day data has been reported to VHI; and

PoP= the sum of the total population 18 years of age and older in the health planning district for the same five years used to determine IPD as reported by a demographic program as determined by the commissioner.

Step 1. PD 20 – SMFP Medical-Surgical Bed Use Rate

IPD 2015-2019 Sum Patient Days Last 5 Years	PoP 2015-2019 Sum Population Age 15+ Last 5 Years	BUR 201-2019 Bed Use Rate
2,888,689	4,787,109	0.6034

Table 18: PD 20 Medical-Surgical Inpatient Beds Occupancy (2015-2019)

Year	Licensed Beds	Staffed Beds	Available Days	Patient Days	Occupancy Rate
2015	2,565	2,410	936,225	571,380	61.0%
2016	2,465	2,418	902,190	571,112	63.3%
2017	2,465	2,418	899725	575,474	64.0%
2018	2463	2155	898995	581986	64.7%
2019	2,444	2,129	892,060	588,737	66.0%
Total and Average	**12,402**	**11,530**	**4,529,195**	**2,888,689**	**63.8%**

Source: VHI (2015-2019) and DCOPN Interpolations

Table 19. PD 20 Historical and Projected Population (Ages 18+)

	2015	2016	2017	2018	2019	TOTAL 2015-2019	2026 (Projected)
Population	944,894	950,782	957,042	963,681	970,709	4,787,109	1,001,688

Source: Weldon Cooper
Note: While the SMFP requires population data for ages 18+, Weldon Cooper data is broken into age groups by 5-year increments. As such, the calculations above include data for persons aged 15-17 years of age.

The medical-surgical bed use rate for 2015-2019 in PD 20 was 0.6034 per capita for the population age 15[12] and over.

2. Determine the total number of medical-surgical beds needed for the health planning district in five years from the current year using the formula:

$$\textbf{ProBed} = \frac{\textbf{((BUR x ProPop) / 365}}{\textbf{0.80}}$$

Where:

ProBed = the projected number of medical-surgical beds needed in the health planning district for five years from the current year.

BUR = the bed use rate for the health planning district determined in subdivision 1 of this section.

ProPop = the projected population 18 years of age and older of the health planning district five years from the current year as reported by a demographic program as determined by the commissioner.

$$\text{ProBed} = \frac{((0.6034 \times 1{,}001{,}688) / 365)}{0.80}$$

ProBed = 2,070.0

At a medical-surgical average utilization of 80%, there is a need for 2,070 medical-surgical beds in PD 20 for five years from the current year.

3. Determine the number of medical-surgical beds that are needed in the health planning district for the five year planning horizon year as follows:

$$\textbf{NewBed} = \textbf{ProBed} - \textbf{CurrentBed}$$

Where:

NewBed = the number of new medical-surgical beds that can be established in a Health planning district, if the number is positive. If NewBed is negative, No additional medical-surgical beds should be authorized in the health Planning district.

[12] The Weldon Cooper Center for Public Service projects Virginia population on an annual basis by county/city broken down by age in 5-year increments. As such, the calculations above include data for those persons aged 15 - 17.

ProBed = the projected number of medical-surgical beds needed in the health Planning district for five years from the current year as determined in Subdivision 2 of this section.
CurrentBed = the current inventory of licensed and authorized medical-surgical Beds in the health planning district.

New Bed = 2,070 – 2,281 (**Table 4** Current Medical-Surgical Bed Inventory in PD 20)
New Bed = --211 (surplus)

At a medical-surgical average utilization of 66%, there is a current calculated surplus of 211 medical-surgical beds in PD 20. DCOPN notes that DePaul in Norfolk, Virginia ceased operation as an acute care hospital and surrendered its hospital license on April 1, 2021. Prior to the closure, DePaul operated 175 medical-surgical beds. The surplus of medical-surgical beds in PD 20 takes into account the delicensed medical-surgical beds from DePaul. DCOPN further notes that Bon Secours Hampton Roads received COPN approval pursuant to COPN No. VA-04631 to transfer 18 of the beds from DePaul to the to-be-constructed Harbour View Hospital, bringing the surplus of medical-surgical beds in PD 20 to 229, based on the calculated need less the current inventory of medical-surgical beds in PD 20. Therefore, the conclusion can be logically reached that there will not be a need to increase the number of medical-surgical beds in PD 20, as there exists a surplus of 229 medical surgical beds in the PD.

12VAC5-230-550. Need for Pediatric Beds.

In the interest of brevity, this calculation has been omitted from this DCOPN staff analysis report as the applicant is not proposing to add pediatric beds.

12VAC5-230-560. Need for Intensive Care Beds.
The projected need for intensive care beds in a health planning district shall be computed as follows:

1. Determine the use rate for ICU beds for the health planning district using the formula:

ICUBUR = (ICUPD/Pop)

Where:

ICUBUR = The ICU bed use rate for the health planning district.

ICUPD = The sum of total ICU inpatient days in the health planning district for the most recent five years for which inpatient day data has been reported by VHI; and

Pop = The sum of population 18 years of age or older for adults or under 18 for pediatric patients in the health planning district for the same five years used to determine ICUPD as reported by a demographic program as determined by the commissioner.

According to VHI data for 2019, the most recent year for which such data is available, and as demonstrated by **Table 20** below, the ICU inventory of PD 20 consisted of 331 beds in 2019. For 2019, the PD 20 ICU bed inventory operated at a collective occupancy of 73.57%. DCOPN notes that nearly all acute care hospital beds in Virginia are licensed as medical-surgical beds, with the exception of psychiatric, substance abuse treatment, and rehabilitation beds, which are licensed separately. As long as the total licensed bed complement is not exceeded, hospitals may configure and use medical-surgical beds as circumstances require. For this reason, DCOPN has included all beds listed as ICU in the 2019 VHI data in **Table 20** but this number may change at the facility's discretion, as long as the total licensed bed complement is not exceeded.

Table 20. ICU Inventory and Utilization in PD 20: 2019

Facility	Licensed Beds	Staffed Beds	Licensed Bed Available Days	Patient Days	Occupancy Rate per Licensed Bed
Bon Secours DePaul Medical Center	24	24	8,760	3,751	42.82%
Bon Secours Maryview Medical Center	26	22	9,490	5,544	58.42%
Chesapeake Regional Medical Center	28	24	10,220	8,606	84.21%
Children's Hospital of The King's Daughters	95	95	34,675	27,864	80.36%
Sentara Leigh Hospital	20	20	7,300	5,910	80.96%
Sentara Norfolk General Hospital	78	78	28,470	22,431	78.79%
Sentara Obici Hospital	12	12	4,380	3,827	87.37%
Sentara Princess Anne Hospital	16	16	5,840	4,291	73.48%
Sentara Virginia Beach General Hospital	24	24	8,760	6,211	70.90%
Southampton Memorial Hospital	8	8	2,920	448	15.34%
Total	**331**	**323**	**120,815**	**88,883**	**73.57%**

Source: VHI (2019) and DCOPN Interpolations

Step 1. PD 20—SMFP ICU Use Rate

ICUPD 2015-2019 Sum of Patient Days Last 5 Years	Pop 2015-2019 Sum Population Age 15+ Last 5 Years	ICUBUR 2015-2019 Bed Use Rate
447,500	4,787,109	0.0935

Note: While the SMFP requires population data for ages 18+, Weldon Cooper data is broken into age groups by 5-year increments. As such, the calculations above include data for persons aged 15-17 years of age.

Table 21: PD 20 ICU Beds Occupancy (2015-2019)

Year	Licensed Beds	Staffed Beds	Available Days	Patient Days	Occupancy Rate
2015	321	318	117,165	83,560	71.32%
2016	329	326	120,414	85,255	70.80%
2017	340	340	124,100	94,393	76.06%
2018	343	329	125,195	95,409	76.21%
2019	331	323	120,815	88,883	73.57%
Total	**1,664**	**1,636**	**607,689**	**447,500**	**73.64%**

Source: VHI (2015-2019) and DCOPN Interpolations

The ICU bed use rate for 2015-2019 in PD 20 was 0.0935 per capita for the population age 15 and over.[13]

2. Determine the total number of ICU beds needed for the health planning district, including bed availability for unscheduled admissions, five years from the current year using the formula:

ProICUBed = ((ICUBUR x ProPop)/365)/0.65

Where:

ProICUBed = The projected number of ICU beds needed in the health planning district for five years from the current year;

ICUBUR = The ICU bed use rate for the health planning district as determine in subdivision 1 of this section;

ProPop = The projected population 18 years of age or older for adults or under 18 for pediatric patients of the health planning district five years from the current year as reported by a demographic program as determined by the commissioner.

$$\text{ProICUBed} = \frac{((0.0935 \times 1{,}001{,}688) / 365)}{0.65}$$

ProICUBed = 394.7 (395)

There is a calculated need for 395 ICU beds in PD 20 for five years from the current year.

3. Determine the number of ICU beds that may be established or relocated within the health planning district for the fifth planning horizon planning year as follows:

NewICUB = ProICUBed – CurrentICUBed

Where:

[13] The Weldon Cooper Center for Public Service projects Virginia population on an annual basis by county/city broken down by five-year increments. As such, the calculations above include data for those persons aged 15-17.

NewICUBed = The number of new ICU beds that can be established in a health planning district, if the number is positive. If NewICUBed is a negative number, no additional ICU beds should be authorized for the health planning district.

ProICUBed = The projected number of ICU beds needed in the health planning district for five years from the current year as determined in subdivision 2 of this section.

CurrentICUBed = The current inventory of licensed and authorized ICU beds in the health planning district.

NewICUBed = 395-307 (**Table 5**)
NewICUBed = 88 (need)

There is a need for 88 new ICU beds in PD 20. DCOPN notes that DePaul in Norfolk, Virginia ceased operation as an acute care hospital and surrendered its hospital license on April 1, 2021. Prior to the closure, according to 2019 VHI data, DePaul operated 24 ICU beds. The surplus of medical-surgical beds in PD 20 takes into account the 24 delicensed ICU beds from DePaul. Approval of the proposed project would add 10 ICU beds to the PD 20 inventory. DCOPN notes as previously discussed, any hospital can convert existing medical-surgical beds to ICU beds without COPN authorization.

12VAC5-230-570. Expansion or Relocation of Services.

A. Proposals to relocate beds to a location not contiguous to the existing site should be approved only when:
   1. Off-site replacement is necessary to correct life safety or building code deficiencies;
   2. The population currently served by the beds to be moved will have reasonable access to the beds at the new site, or to neighboring inpatient facilities;
   3. The number of beds to be moved off-site is taken out of service at the existing facility;
   4. The off-site replacement of beds results in:
      a. A decrease in the licensed bed capacity;
      b. A substantial cost savings; cost avoidance, or consolidation of underutilized facilities; or
      c. Generally improved efficiency in the applicant's facility or facilities; and
   5. The relocation results in improved distribution of existing resources to meet community needs.

B. Proposals to relocate beds within a health planning district where underutilized beds are within 30 minutes driving time one way under normal conditions of the proposed relocation should be approved only when the applicant can demonstrate that the proposed relocation will not materially harm existing providers.

COPN Request No. VA-8572: Sentara Hospitals d/b/a Sentara Leigh Hospital
Not applicable. The applicant is not proposing to transfer or relocate the requested beds.

COPN Request No. VA-8573: Riverside Hospital, Inc.
Not applicable. The applicant is not proposing to transfer or relocate the requested beds.

12VAC5-230-580. Long-Term Acute Care Hospitals (LTACHs)

In the interest of brevity, this standard has been omitted from this DCOPN staff analysis report, as the applicants are not proposing to add LTACH beds or to convert existing beds to LTACH beds.

12VAC5-230-590. Staffing.
Inpatient beds should be under the direction of one or more qualified physicians.

COPN Request No. VA-8572: Sentara Hospitals d/b/a Sentara Leigh Hospital
The applicant is an established provider of inpatient care beds and services and the applicant provided assurances that the existing and proposed inpatient beds will be under the direction of one or more qualified physicians.

COPN Request No. VA-8573: Riverside Hospital, Inc.
The applicant is an established provider of inpatient care beds and services and the applicant provided assurances that the existing and proposed inpatient beds will be under the direction of one or more qualified physicians.

The SMFP also contains criteria/standards for when competing applications are received and when institutional expansion is needed. They are as follows:

Part 1
Definitions and General Information

12VAC5-230-30. 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 regulation 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 demand of the particular service area.**

COPN Request No. VA-8572: Sentara Hospitals d/b/a Sentara Leigh Hospital
Based on an analysis of previous COPN projects, SLH has a consistent history of completing projects on time and within the authorized capital costs. With respect to the proposed project, the projected capital cost is $233,192. The applicant has an established history of meeting state licensure and federal certification regulations. Finally, in 2019, SLH provided 3.01% of its gross patient revenue in the form of charity care.

COPN Request No. VA-8573: Riverside Hospital, Inc.
Based on an analysis of previous COPN projects, Riverside has a consistent history of completing projects on time and within the authorized capital costs. With respect to the proposed project, the projected capital cost is $100,000,000. The applicant has an established history of meeting state licensure and federal certification regulations. Finally, in 2019, Riverside Regional Medical Center provided 3.5% of its gross patient revenue in the form of charity care.

Conclusion
As both applicants have similar histories of on time, on budget delivery, DCOPN concludes that neither applicant warrants preference regarding completing projects on time and within the approved capital expenditure or for having lower capital costs. For the same reason, DCOPN does not believe that any applicant warrants preference with respect to meeting state licensure and federal certification regulations or displaying a commitment to charity care.

12VAC5-230-80. When Institutional Expansion 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.

COPN Request No. VA-8572: Sentara Hospitals d/b/a Sentara Leigh Hospital
As already discussed, the applicant's existing medical-surgical beds operated at a collective occupancy of 83.49% in 2019, above the 80% SMFP threshold for expansion. Furthermore, data provided by the applicant states that for 2019, the existing inpatient medical-surgical beds operated at a collective occupancy of 88.4%. As will be discussed in greater detail below, no underutilized medical-surgical beds are available for reallocation within the Sentara health system. Accordingly, DCOPN concludes that the applicant as adequately demonstrated an institutional need for additional medical-surgical bed capacity.

COPN Request No. VA-8573: Riverside Hospital, Inc.
Not applicable. The applicant is not asserting an institutional need to expand.

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.

COPN Request No. VA-8572: Sentara Hospitals d/b/a Sentara Leigh Hospital
The applicant is part of the Sentara Hospitals Health System, which operates 1,286 licensed medical surgical beds in PD 20. As can be seen in **Table 22** below, three of the five Sentara Hospitals Health System facilities in PD 20 displayed medical-surgical bed occupancy above the 80% SMFP threshold for expansion in 2019. One facility, Sentara Obici Hospital displayed medical-surgical bed occupancy slightly below the 80% SMFP threshold for expansion, at 76.67% in 2019. Finally,

Sentara Virginia Beach General Hospital displayed a 2019 occupancy rate of 73.39% in 2019. Transferring the requested medical-surgical beds from Sentara Virginia Beach General Hospital is impractical, as that would cause the occupancy rate at that facility to increase above the 80% SMFP threshold for expansion. In conclusion, DCOPN finds that no underutilized medical-surgical beds are available for reallocation within the health system

Table 22. Sentara Hospitals Medical-Surgical Bed Inventory and Utilization: 2019

Facility	Licensed Beds	Staffed Beds	Available Days	Patient Days	Occupancy %
Sentara Leigh Hospital	247	247	90,155	75,268	83.49%
Sentara Norfolk General Hospital	469	452	171,185	145,070	84.74%
Sentara Obici Hospital	155	155	56,575	43,374	76.67%
Sentara Princess Anne Hospital	174	174	63,510	54,411	85.67%
Sentara Virginia Beach General Hospital	241	217	87,965	64,560	73.39%
Total/Average	1,286	1,245	469,390	382,683	81.53%

Source: VHI (2019) and DCOPN Records

COPN Request No. VA-8573: Riverside Hospital, Inc.
Not applicable. The applicant is not asserting an institutional need to expand.

C. This section is not applicable to nursing facilities pursuant to § 32.1-102.3:2 of the Code of Virginia.

Not applicable. The applicants are not using institutional need to add nursing beds.

D. Applicants shall not use this section to justify a need to establish new services.

Not applicable. The applicants are not using this section to justify a need to establish a new service.

Required Considerations Continued

4. The extent to which the proposed project fosters institutional competition that benefits the area to be served while improving access to essential health care services for all people in the area to be served;

COPN Request No. VA-8572: Sentara Hospitals d/b/a Sentara Leigh Hospital
Of the 2,281 beds detailed in **Table 4**, 1,286 beds, or 56% of the medical- surgical bed inventory in PD 20, are located at a facility within the Sentara Hospitals Health System. As such, DCOPN concludes that approval of the project will not foster institutional competition that benefits the area to be served.

COPN Request No. VA-8573: Riverside Hospital, Inc.
Bon Secours Hampton Roads Health System and Sentara Hospitals Health System operate the majority of services in PD 20. For example, of the 2,281 medical surgical beds detailed in **Table 4**, 348 beds, or 15% are located at a facility within the Bon Secours Hampton Roads Health System and 1,286 beds, or 56% are located at a facility within the Sentara Hospitals Health System, for a combined 71% of medical-surgical beds. Similarly, of the 158 GPORs detailed in **Table 3**, 26 GPORs, or 16% are located at a facility within the Bon Secours Hampton Roads Health System and 82 GPORs or 52% are located at a facility within the Sentara Hospitals Health System, for a combined 68% of GPORs. Therefore, DCOPN concludes that approval of the proposed project would introduce institutional competition.

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

COPN Request No. VA-8572: Sentara Hospitals d/b/a Sentara Leigh Hospital
With regard to the requested medical-surgical beds, approval of the proposed project would add to the existing PD 20 surplus, but, as discussed above, SLH has established that it has exceeded its current service capacity and that no beds within the Sentara Hospitals Health System could be transferred to alleviate this burden without causing a deficit at that facility. Accordingly, DCOPN contends that the applicant has adequately demonstrated an institutional need to increase its medical-surgical inventory to properly care for its patient population.

COPN Request No. VA-8573: Riverside Hospital, Inc.
As previously discussed, the status quo is a preferable alternative to the proposed project and approval of the proposed project would unnecessarily duplicate existing services already available in surplus in PD 20.

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

COPN Request No. VA-8572: Sentara Hospitals d/b/a Sentara Leigh Hospital
As already discussed, DCOPN contends the costs of $233,192 are significantly less than previously approved projects to add new acute care beds. The applicant asserts that this is because the location for the proposed beds was constructed to medical-surgical bed standards and has been used as incremental inventory pursuant to Executive Order 52 or was previously used for previously licensed medical-surgical beds. Furthermore, it appears that the bulk of the capital costs were incurred as part of the construction of the Fifth Floor West tower pursuant to Registration No. VA-E-009-21. As such, DCOPN finds the costs associated with the proposed project cannot be accurately compared to other projects where beds are added to a hospital. The applicant will fund the proposed project through its accumulated reserves. Accordingly, there are no financing costs associated with this project. Furthermore, the Pro Forma Income Statement provided by the applicant projects a net profit of $7,452,180 from in the first year of operation and of $7,023,530 in the second year of operation.

With regard to staffing, the applicant asserts that no additional staff are required for the conversion of the beds to licensed beds. According to the applicant, "[a[s already discussed, the proposed project involves the conversion of existing observation beds and previously licensed medical-surgical beds in existing patient areas of SLH to licensed medical surgical beds. These areas have been used as incremental inventory pursuant to Executive Order 52 since 2020 and are already staffed."

DCOPN notes that the applicant is an established provider of inpatient bed services. Regarding staffing the applicant asserts:

> Sentara Healthcare's Employment Center utilizes a variety of methods to recruit additional personnel by placing employment opportunities online, in newspaper advertisements, and by hosting career fairs. SLH has strong relationships with the Sentara College of Health Sciences, in addition to other colleges, universities, and medical programs. The Sentara College of Health Sciences has a surgical technology program and a bachelor of science in nursing program. The Sentara College of Health Sciences holds many accreditations and is a pipeline for hiring qualified candidates for Sentara's positions. Leaders at SLH work closely with Sentara recruiters for hiring necessary personnel to ensure optimal staffing. Sentara Healthcare has been recognized as one of the best employers in the nation by Forbes. This recognition is a testament to the work and commitment of everyone within the Sentara community and a direct reflection on how we value our members of the team.

COPN Request No. VA-8573: Riverside Hospital, Inc.

As already discussed, DCOPN contends that the projected costs of $100,000,000 are reasonable when compared to previously authorized projects similar in scope. For example, COPN No. VA-04602 issued to Valley Health System – Warren Memorial Hospital to build a replacement hospital including 36 inpatient beds is anticipated to cost approximately $97,700,000. The entirety of the capital costs will be funded using the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project. The Pro Forma Income Statement provided by the applicant projects a net loss of $4,896,327 from in the first year of operation and net loss of $1,169,287 in the second year of operation.

With regard to staffing, in its application the applicant anticipates the need to hire a total of 204.8 full time employees (FTEs) to staff the proposed Riverside Smithfield Hospital. These FTEs breakdown as follows:

- 2 administrative/business office
- 65.2 registered nurses
- 1.1 licensed practical nurses
- 6.3 nurses aides/orderlies and attendants
- 2.2 registered pharmacists
- 12.3 laboratory medical technologists
- 1 ADA dietician
- 22.45 radiologic technologists
- 1 physical therapist

- 3.3 Inhalation therapist
- 87.95 all other personnel

With regard to this standard, the applicant provided the following:

> Riverside Regional Medical Center (RRMC) provides a wide variety of training programs in health professions. Through its accredited School of Health and Medical Sciences, RRMC trains radiologic technologists, surgical technologists, registered nurses, licensed practical nurses, certified nursing assistant, renal dialysis technicians, medical assistants and unit secretaries. For the current school year, there are a total of 481 students enrolled in the various programs:
>
> - Registered Nurses 227
> - RN to BSN 57
> - Licensed Practical Nurses 52
> - Radiological Technologists 70
> - Surgical Technologists 20
> - Physical Therapy Aides 55
>
> This list does not include Nursing Assistants since that program converted to an Employee Student only program due to COVID-19 constraints.
>
> Many if these students are from the Williamsburg/James City County area.
>
> Additionally Riverside receives numerous employment applications daily, of which a significant portion are professionals certified/licensed in the specialties needed for this project. Recruitment will not be an issue.

7. The extent to which the proposed project provides improvements or innovations in the financing and delivery of health care 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 health care services on an outpatient basis; (iii) any cooperative efforts to meet regional health care needs; and (iv) at the discretion of the Commissioner, any other factors as may be appropriate; and

Neither proposal would introduce new technology that would promote quality or cost effectiveness in the delivery of inpatient acute care. Nor does either project increase the potential for provision of services on an outpatient basis.

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.

Neither applicant is 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 projects would not contribute to the unique research, training or clinical mission of a teaching hospital or medical school.

DCOPN Findings and Conclusions

COPN Request No. VA-8572: Sentara Hospitals d/b/a Sentara Leigh Hospital
SLH proposes to expand its current inpatient service through the addition of 27 medical-surgical beds, for a total complement of 247 beds. 24 of the 27 proposed beds will be implemented in a space competed as part of the construction of the Fifth Floor West observation bed unit build out in 2018-2019 (Registration No. VA-E-009-21). The three remaining beds will be implemented in rooms that formerly held licensed beds in SLH's Clinical Decision Unit, which were delicensed and relocated to Sentara Princess Anne Hospital in 2018. The applicant reports that all 27 requested beds have been used as incremental acute care beds pursuant to Executive Order 52. The applicant asserts that the project is necessary to address the overutilization of SLH's inpatient beds.
The projected capital costs of the proposed project total $233,192, the entirety of which will be funded using the accumulated reserves of the applicant (**Table 6**). Accordingly, there are no financing costs associated with this project. The applicant maintains that no additional construction is necessary to implement the proposed project, which involves the conversion of existing observation beds and previously licensed medical-surgical beds. The applicant anticipates the permanent conversion of the requested beds to be complete immediately upon COPN approval.

Although approval of the proposed project would ultimately add to the existing PD 20 surplus of medical-surgical beds, DCOPN concludes that the applicant has adequately demonstrated an institutional need to expand its existing medical-surgical inventory. DCOPN notes that beds occupancy utilization data does not reflect the impact on utilization incurred during the COVID-19 pandemic, and therefore does not reflect the short-term impact of the state of emergency. DCOPN further concludes that no reasonable alternative to the proposed project exists. Moreover, DCOPN finds that the proposed project will prove financially feasible both in the immediate and in the long-term. However, should the Commissioner approve the proposed project, DCOPN recommends a charity care condition which is consistent with the Sentara Hampton Roads 4.8% system-wide charity care condition.

COPN Request No. VA-8573: Riverside Hospital, Inc.
DCOPN finds that the proposed project to establish a new acute care general hospital with 34 medical-surgical beds, 10 ICU beds, and six obstetric beds, four GPORs, one CT scanner, and one MRI scanner, is generally inconsistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia.

DCOPN finds that the total projected capital cost of $100,000,000 are reasonable when compared to previously approved projects similar in scope and that the project would introduce beneficial competition among the Bon Secours Hampton Roads and Sentara Health Systems facilities, which hold the market share of inpatient services in the planning district.

However, DCOPN further finds that the status quo is preferable to the proposed project and the proposed project is an unnecessary duplication of existing services in PD 20. Regarding the requested fixed CT and mobile MRI services, as previously discussed, PD 20 is already well served by CT and MRI services and the proposed relocation of the CT scanner and MRI unit from Riverside Diagnostic Center – Smithfield will have no effect on geographic access to these services for residents of PD 20. Furthermore, there is a surplus of one CT scanner in PD 20, and the four existing mobile MRI sites in PD 20 were grossly underutilized at only 36.34% in 2019.

Moreover, DCOPN has calculated a surplus of 16 GPORs in PD 20 for the 2026 planning year and approval of the proposed project would add four GPORs to this surplus. Finally, DCOPN has calculated a surplus of 229 medical-surgical beds in PD 20 for the five year planning horizon and the proposed project would add 50 medical surgical beds (34 medical-surgical, 10 ICU beds and six obstetric beds) to the surplus.

DCOPN Staff Recommendation

COPN Request No. VA-8572: Sentara Hospitals d/b/a Sentara Leigh Hospital
The Division of Certificate of Public Need recommends **conditional approval** of the proposed project to expand inpatient bed services by adding 27 medical-surgical beds at Sentara Leigh 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. The applicant has demonstrated an institutional need to expand.

3. The project is more favorable than the alternative of the status quo.

4. The project is financially feasible.

5. Approval of the proposed project is not likely have a significant negative impact on existing providers of inpatient bed services.

Recommended Condition
This project shall be subject to the 4.8% system-wide charity care condition applicable to Sentara Hospitals Hampton Roads, as reflected in COPN No. VA – 04534 (Sentara Hospitals Hampton Roads system-wide condition). Provided, however, that charity care provided under the Sentara Hospitals Hampton Roads system-wide condition shall be 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.

Sentara Hospitals d/b/a Sentara Leigh 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. In addition to any right to petition the Commissioner contained in the Sentara Hospitals Hampton Roads system-wide condition, to the extent Sentara Hospitals d/b/a Sentara Leigh Hospital expects its system-wide condition 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. or any revised percentage to materially alter the value of its charity care commitment thereunder, it may petition the Commissioner for a modification to the Sentara Hospitals Hampton Roads system-wide condition to resolve the expected discrepancy.

COPN Request No. VA-8573: Riverside Hospital, Inc.

The Division of Certificate of Public Need recommends **denial** of Riverside Hospital, Inc's request to establish a new acute care general hospital with 34 medical-surgical beds, 10 intensive care unit beds, and six obstetric beds, four general purpose operating rooms, one fixed computed tomography scanner, and one mobile magnetic resonance imaging scanner.

1. The proposed project is not consistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.

2. There are less costly and more efficient alternatives to proposed project, including maintenance of the status quo.

3. The proposed project unnecessarily duplicates existing services already available in surplus in PD 20.

4. There is a calculated surplus of general purpose operating rooms and medical-surgical beds in PD 20.