



COMMONWEALTH of VIRGINIA

Department of Health

Office of Licensure and Certification

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State Health Commissioner

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November 19, 2021

Mr. Mark Duncan
Director of Government Relations
Riverside Health System
701 Town Center Drive, Suite 1000
Newport News, Virginia 23606

RE: **COPN Request No. VA-8578**
Riverside Middle Peninsula Hospital, Inc., Gloucester, Virginia
Add one general purpose operating room

Dear Mr. Duncan:

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

For this reason, before the State Health Commissioner makes his final decision on this project, DCOPN will convene an informal-fact-finding-conference (IFFC) pursuant to Section 2.2 of the Code of Virginia, which is scheduled for Monday, December 6, 2021 beginning at 10:00 a.m. in Training Room 2 of the Perimeter Center located at 9960 Mayland Drive in Henrico, Virginia.

Persons wishing to participate in an IFFC have four days from the date of this letter to submit written notification to the State Health Commissioner and the applicant stating a factual basis for good cause standing. Should you have questions or need further clarification of this report and/or its recommendations, please feel free to call me at (804) 367-1889 or email me at Erik.Bodin@VDH.Virginia.Gov.

Sincerely,

Erik Bodin, Director
Division of Certificate of Public Need

Enclosures

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

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VIRGINIA DEPARTMENT OF HEALTH
Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

November 19, 2021

COPN Request No. VA-8578

Riverside Middle Peninsula Hospital, Inc.

Gloucester, Virginia

Add one general purpose operating room

Applicant

Riverside Middle Peninsula Hospital, Inc. d/b/a Riverside Walter Reed Hospital (RWRH) is a not-for-profit 501(c)(3) Virginia non-stock corporation. RWRH is a wholly owned subsidiary of Riverside Healthcare Association, Inc. (RHA), which is Virginia domiciled, non-stock, not-for-profit corporation. RWRH is located in Gloucester County in Health Planning Region (HPR) V, Planning District (PD) 18.

Background

RWRH is a 76-bed acute care hospital that provides a variety of services including cardiology, oncology, orthopedics, and emergency services. On February 15, 1975, the Virginia Health Commissioner (Commissioner) issued COPN No. VA-00136 authorizing the construction of Walter Reed Memorial Hospital. On December 14, 2004, the Commissioner issued COPN No. VA-03875 authorizing the increase in the number of operating rooms (ORs) at RWRH from two to three. Division of Certificate of Public Need (“DCOPN”) records show that there are currently six COPN authorized ORs in PD 18 (**Table 1**).

Table 1: PD 18 COPN Authorized OR Inventory

Acute Care Hospitals	# of ORs
Riverside Walter Reed Hospital	3
VCU Tappahannock Hospital	3
Acute Care Hospital Total	6
Outpatient Surgical Hospitals	
None	
Outpatient Surgical Hospital Total	0
2021 Grand Total	6

Source: DCOPN

Proposed Project

RWRH seeks to expand its surgical services from three to four ORs through the addition of one general purpose OR. The applicant asserts that there is an institutional need to expand surgical services at RWRH. The total capital and financing costs of this proposed project are estimated to be \$1,355,800 (Table 2). The estimated capital costs would be paid for through the accumulated reserves of RHA. The applicant asserts that the proposed project will not have an effect on costs or charges to patients.

Table 2. COPN Request No. VA-8578 Capital and Financing Costs

Direct Construction Costs	\$597,500
Equipment Not Included in Construction Contract	\$550,000
Architectural and Engineering Fees	\$208,300
TOTAL Capital and Financing Costs	\$1,355,800

Source: COPN Request No. VA-8578

Project Definition

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part, as “[a]n increase in the total number of...operating rooms in an existing medical care facility described in subsection A”. A medical care facility is defined, in part, as “[a]ny facility licensed as a hospital, as defined in § 32.1-123.”

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

The applicant proposes to add one general purpose operating room at RWRH. This would increase the number of operating rooms at RWRH to four. The applicant asserts that RWRH has an institutional need to expand its surgical services. As discussed below, DCOPN determined that there is not an institutional need to expand surgical services at RWRH, both now, and in the immediate future. Moreover, SMFP-mandated calculations performed by both DCOPN and the applicant determined that there is a surplus of operating rooms in PD 18. As there is no need, either institutional or within the planning district, DCOPN concludes that the applicant has not established how the proposed project would meet a need for health care services for people in the area to be served that is not currently being met.

Geographically, RWRH is located on US-17. The applicant asserts that no public transportation is available in Gloucester County. DCOPN did not identify any public

transport that serviced the proposed location. The applicant did not address any benefits or drawbacks to public parking at RWRH.

The most recent Weldon-Cooper data projects a total PD 18 population of 94,802 residents by 2030 (Table 3). This represents an approximate 4.4% increase in total population from 2010 to 2030. Comparatively, Weldon-Cooper projects the total population of Virginia to increase by approximately 16.6% for the same period. With regard to Gloucester County specifically, Weldon-Cooper projects a total population increase of 1,323, or approximately 3.6%, from 2010 to 2030. With regard to the 65 and older age cohort, Weldon-Cooper projects a significantly more rapid increase in Gloucester County than PD 18 as a whole. Specifically, Weldon-Cooper projects an increase of approximately 58.5% in residents age 65 and over for PD 18 as a whole from 2010 to 2030, and an increase of 80.8% is projected among the same age cohort for Gloucester County (Table 4). The 80.8% projected increase amounts to an additional 4,373 residents within the 65 and older age cohort within that twenty year period, or approximately 219 residents per year.

DCOPN did not identify any additional geographic, socioeconomic, cultural, transportation, and other barriers to access to care.

Table 3. PD 18 and Statewide Total Population Projections, 2010-2030

Locality	2010	2020	% Change	2030	% Change	2010-2030 % Change
Essex	11,151	10,725	-3.8%	11,019	2.7%	-1.2%
Gloucester	36,858	37,343	1.3%	38,181	2.2%	3.6%
King and Queen	6,945	6,953	0.1%	7,033	1.1%	1.3%
King William	15,935	17,167	7.7%	19,011	10.7%	19.3%
Mathews	8,978	8,665	-3.5%	8,277	-4.5%	-7.8%
Middlesex	10,959	10,897	-0.6%	11,280	3.5%	2.9%
Total PD 18	90,826	91,751	1.0%	94,802	3.3%	4.4%
Virginia	8,001,024	8,655,021	8.2%	9,331,666	7.8%	16.6%

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

Table 4. PD 18 Population Projections for 65+ Age Cohort, 2010-2030

Locality	2010	2020	% Change	2030	% Change	2010-2030 % Change
Essex	1,936	2,587	33.6%	2,872	11.0%	48.3%
Gloucester	5,410	7,459	37.9%	9,783	31.1%	80.8%
King and Queen	1,203	1,515	25.9%	1,813	19.7%	50.7%
King William	1,970	2,799	42.1%	3,595	28.5%	82.5%
Mathews	2,290	2,541	10.9%	2,677	5.4%	16.9%
Middlesex	2,760	3,459	25.3%	3,928	13.6%	42.3%
Total PD 18	15,569	20,359	30.8%	24,669	21.2%	58.5%
Virginia	976,937	1,352,448	38.4%	1,723,382	27.4%	76.4%

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

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

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

DCOPN received 23 letters of support for the proposed project from Delegate M. Keith Hodges, the Chair of the Gloucester Board of Supervisors, the acting Gloucester County Administrator, the Gloucester County Public School Superintendent, members of the public and medical community, and physicians associated with Riverside Health System. Collectively, these letters articulated the increasing percentage of the population in the area that are reaching the age of 55 and over. The letters additionally articulated that receiving surgery in the area rather than in Richmond would be more convenient, less expensive, and safer.

Public Hearing

DCOPN provided notice to the public regarding this project on September 10, 2021. The public comment period closed on October 25, 2021. Section 32.1-102.6 of the Virginia Code mandates that “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, [DCOPN shall] hold one hearing on each application in a location in the county or city in which the project is proposed or a contiguous county or city.” The proposed project is not competing, and no public hearing was requested by the applicant, the Commissioner, an interested party, or member of the public. As such, no public hearing was held.

(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;

As discussed below, there is a surplus of ORs projected for PD 18 through 2026. Moreover, there is not an institutional need, both now and in the immediate future, to expand surgical services at RWRH. As such, approval of the proposed project would exacerbate the underutilization of existing services at RWRH and in PD 18. For the reasons discussed above, DCOPN concludes that the status quo is a preferable alternative to the proposed project.

(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 18. Therefore, this consideration is not applicable to the review of the proposed project.

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

As demonstrated in **Table 2**, the total capital and financing costs of this proposed project are estimated to be \$1,355,800 (**Table 2**) and would be paid for through the accumulated reserves of RHA. The costs for the project are reasonable and consistent with previously approved projects to add one operating room. For example, COPN No. VA-04747 issued to Inova Ambulatory Surgery Center at Lorton, LLC to add one operating room costing approximately \$1,335,884. As discussed throughout this report, there is a surplus of operating rooms in the planning district. Moreover, there no institutional need, both currently, or in the immediate future, to expand surgical services at RWRH. As such, DCOPN concludes that the applicant has not established how the proposed project would meet a need for health care services for people in the area to be served that is not currently being met.

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

As **Table 5** below demonstrates, RWRH provided 4.60% of its gross patient revenue in the form of charity care in 2019. This is above the equivalent average for charity care contributions in HPR V of 3.5%. 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. Accordingly, should the Commissioner approve the proposed project, VCUHS is expected to provide a level of charity care for total gross patient revenues that is no less than the equivalent average for charity care contributions in HPR V.

Table 5: HPR V 2019 Charity Care Contributions

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 \$ & Mean %	\$17,987,675,315	\$620,972,845	3.5%

Source: 2019 VHI Data

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

DCOPN did not identify any other discretionary factors, not discussed elsewhere in this staff analysis report, to bring to the attention of the Commissioner as may be relevant to determining a public need for the proposed project.

3. The extent to which the proposed project 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, DCOPN will consider the consistency of the proposed project with the predecessor of the SHSP, the State Medical Facilities Plan (“SMFP”).

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

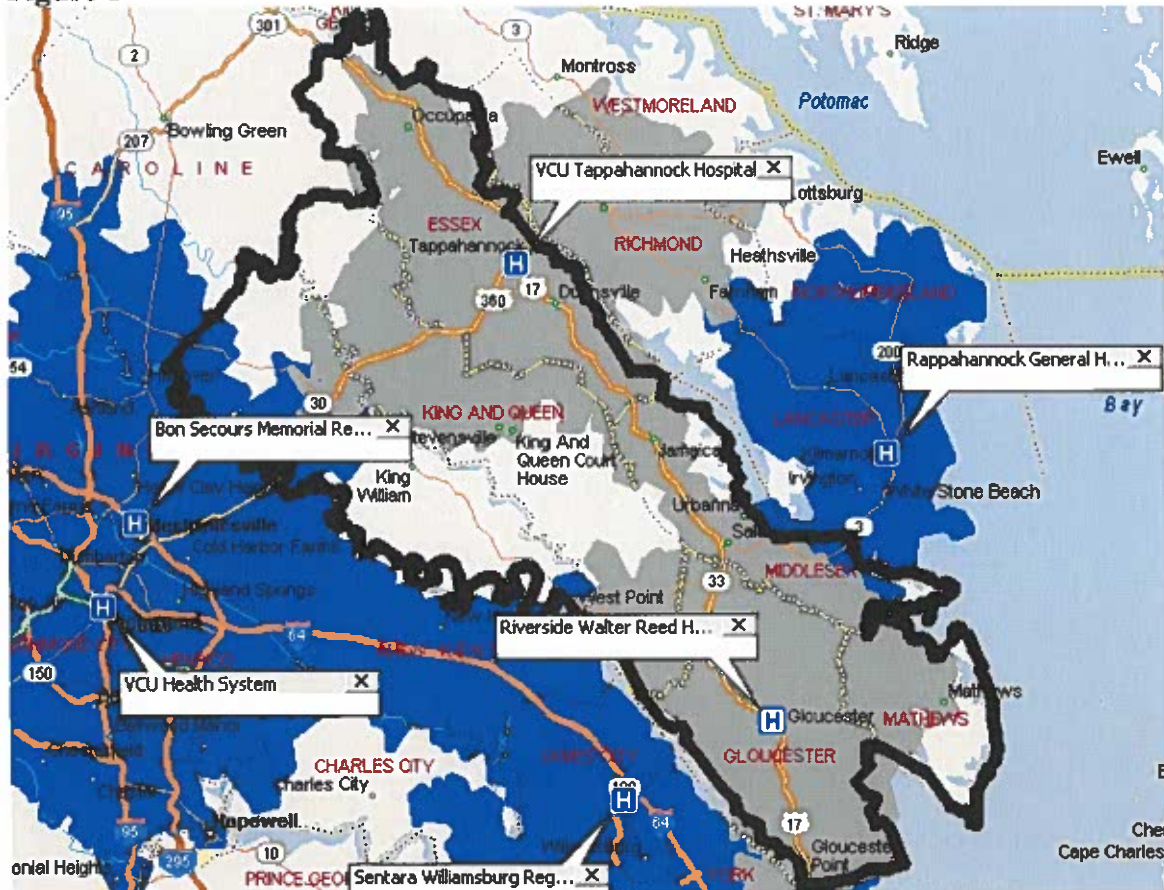
Part V. General Surgical Services

12VAC5-230-490. Travel Time.

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

The black line in Figure 1 identifies the boundary of PD 18. The dark “H” signs in **Figure 1** mark the locations of COPN recognized ORs that are within 30 minutes of portions of PD 18. The grey shading illustrates the area that is within a thirty-minute drive under normal driving conditions of all COPN authorized surgical service providers in PD 18. The blue shading illustrates the area that is within a thirty-minute drive under normal driving conditions of COPN authorized surgical service providers in planning districts outside of PD 18. Given the size of the area that is not shaded, DCOPN concludes that surgical services are likely not currently within 30 minutes driving time one way under normal conditions of 95% of the population of PD 18. However, as the applicant is an existing provider of surgical services, approval of the proposed project will not increase coverage to residents outside of the 30 minutes driving time one way under normal conditions area.

Figure 1



12VAC5-230-500. Need for New Service.

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

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

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 18. The preceding formula can also determine the overall need for ORs within PD 18 five years from the current year, i.e., in the year 2026. The current GPOR inventory for PD 18 is broken down by facility, category, and utilization rate as shown in **Table 1** above.

Based on OR utilization submitted to and compiled by VHI, for the five year period 2015 through 2019, which is the most recent five-year time span for which relevant data is available, the total numbers of reported inpatient and outpatient OR visits to hospital-based and freestanding (i.e., to outpatient surgical hospitals/ambulatory surgical centers) are shown in **Table 6**.

Table 6: Inpatient & Outpatient GPOR Utilization in PD 18: 2015-2019

Year	Total Inpatient & Outpatient OR Visits
2015	5,854
2016	5,222
2017	4,282
2018	4,375
2019	3,824
Total	23,557
Average	4,711

Source: 2015-2019 VHI Data and COPN Records

Based on actual population counts derived as a result of the 2010 U.S. census, and population projections as compiled by Weldon Cooper, **Table 7** presents the U.S. Census' baseline population estimates for Planning District 15 for the five years 2015-2019 as follows:

Table 7: PD 18 Population: 2015-2019 & 2026

Year	Population
2015	90,843
2016	90,944
2017	91,079
2018	91,248
2019	91,450
Total	455,565
Average	91,113
2026	93,315

Source: Weldon Cooper

Based on the above population estimates from the 2010 U.S. Census and extrapolating, DCOPN calculates an average annual increase of 192 from 2010 to 2020 and 242 from 2020 to 2030, the cumulative total population of PD 18 for the same historical five-year period as referenced above, 2015-2019, was 455,565, while the population of PD 18 in the year 2026 (PROPOP – five years from the current year) is projected to be 93,315. These figures are necessary for the application of the preceding formula, as follows:

ORV	÷	POP	=	CSUR
Total PD 18 GPOR Visits 2015 to 2019:		PD 18 Historical Population 2015 to 2019:		Calculated GPOR Use Rate 2015 to 2019:
23,557		455,565		0.0517

CSUR	*	PROPOP	=	PORV
Calculated GPOR Use Rate 2015 to 2019:		PD 18 Projected Population 2026:		Projected GPOR Visits 2026:
0.0517		93,315		4,824

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

AHORV = 5,206 total inpatient and outpatient OR hours (Table 8) reported to VHI for 2019, divided by 3,824 total inpatient and outpatient OR visits reported to VHI for that same year (Table 6);

Table 8: PD 18 Total OR Room Hours: 2019

Facility	Inpatient OR Hours	Outpatient OR Hours	Total Hours
Riverside Tappahannock Hospital	730	1,395	2,125
Riverside Walter Reed Hospital	710	2,371	3,081
Grand Total	1,440	3,766	5,206

Source: VHI 2019 Data

$$\text{AHORV} = 1.3614$$

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

$$\text{FOR} = \frac{(0.0517 \times 93,315) \times 1.3614}{1600}$$

$$\text{FOR} = 6,567.92 \div 1,600$$

$$\text{FOR} = 4.1 (5)$$

Current PD 18 GPOR inventory: 6

Net Surplus: 1 GPORs for 2026 planning year

Using the above methodologies, there is a predicted need for 5 GPORs in PD 18 by 2026. As such, the conclusion would be logically reached there will be a surplus of 1 OR in the planning district by the year 2026. The applicant's calculations for this section concur with DCOPN's analysis. However, the applicant asserts that RWRH has an institutional need to expand that justifies the addition of one operating room despite the surplus in the planning district. DCOPN will address RWRH's institutional need arguments in the relevant sections below.

- 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 ORs.

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 the proposed surgical services will be under the direction of one or more of the qualified physicians.

**Part 1.
Definitions and General Information**

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.**

RWRH asserts that it has an institutional need for the proposed expansion of its surgical services. In support of this, the applicant states that RWRH has experienced a 15% increase in 2020 and 2021 and submitted surgical hours for 2020 and 2021 (**Table 11**). The 2021 numbers represent expected volumes base on surgical volumes for January through June 2021. These surgical hours actually represent significantly more than the 15% increase alleged by RWRH. As the applicant notes, the 2020 numbers are a substantial increase in spite of the Governor's suspension of elective surgeries in March and April of 2020 in response to the COVID-19 pandemic. This reported increase, a full 10% more than the largest annual increase in DCOPN's analysis, is highly questionable, as it falls significantly outside the reported effect the suspension had on most hospitals in Virginia. This is additionally inconsistent with RWRH's historic utilization, which has been trending, overall, downward since 2016 and reached its lowest total hours of operation in five years in 2019 (**Table 10**).

The applicant, in their SMFP analysis, provides no specific reason or supporting evidence for the projected massive increase in utilization that they allege has occurred over the last two years. In the application, RWRH more generally asserts that the growth is a result of recruitment and an aging population. With regards to the recruitment, the applicant briefly discusses the addition of five surgeons that were recruited in 2021. This explanation does not explain the alleged significant growth in 2020. Moreover, the applicant does not discuss the predicted surgical volumes of any of these surgeons or any data showing a need for surgeries performed by the new physicians that are not currently being met in the planning district. As such, DCOPN cannot consider the addition of these physicians a significant factor in the significant growth of surgical volumes at RWRH. The applicant additionally cites an aging population in the planning district. While there is anticipated to be a significant increase in the percentage growth of the 65 and older population cohort, this factor is highly unlikely to be a major factor in the alleged growth in utilization. While the percentage growth of this

cohort is high, the actual population numbers associated with this growth are relatively small annually. In PD 18, between 2020 and 2030, the population cohort ages 65 and older are predicted to grow by approximately 431 residents a year. To achieve the level of utilization alleged by the applicant, every resident of the entire planning district that joined this population cohort would need to receive approximately 2.28 hours of surgical time in both 2019 and 2020. The residents new to the cohort in 2020 would need to start receiving approximately 2.5 hours of surgical time each to account for the increase in this year. Given the extremely low likelihood of this occurring, DCOPN cannot consider the relatively small population growth in the 65 and over population cohort to be a significant factor in the alleged and anticipated utilization at RWRH

As the applicant has not provided sufficient data and evidence to support the alleged increases in 2020 and 2021, DCOPN cannot rely on the utilization numbers presented by the applicant. Based on the available data from VHI and the reasons discussed above, DCOPN finds that the applicant does not have an institutional need to expand its surgical services and is not anticipated to have an institutional need to expand in the foreseeable future.

Table 9: PD 18 GPOR Room Utilization: 2019

Facility	# of ORs	Total Hours	Hours per OR	Utilization Rate
Riverside Tappahannock Hospital	3	2,125	708.3	44.3%
Riverside Walter Reed Hospital	3	3,081	1,027.0	64.2%
TOTAL	6	5,206	867.7	54.2%

Source: VHI 2019 Data

Table 10. RWRH Surgical Utilization Changes (2015-2019)

	# of ORs	Total Hours	Hours per OR	Utilization	Total Hour Change from Prior Year
2015	3	4,185	1,395.00	87.2%	N/A
2016	3	4,327	1,442.33	90.1%	3.39%
2017	3	3,455	1,151.67	72.0%	-20.15%
2018	3	4,195	1,398.33	87.4%	21.42%
2019	3	3,081	1,027.00	64.2%	-26.56%

Source: VHI (2015-2019) and DCOPN interpolations

Table 11. RWRH Surgical Utilization Provided by Applicant (2019-2021)

	# of ORs	Total Hours	Hours per OR	Utilization	Total Hour Change from Prior Year
2019	3	3,081	1,027.00	64.2%	-26.56%
2020	3	4,063	1,354.33	84.6%	31.87%
2021	3	5,137	1,712.33	107.0%	26.43%

Source: COPN Request No. VA-8578 and DCOPN interpolations

- 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.**

RWRH is the sole provider of surgical services in PD 18 in the Riverside health system. With regards to Riverside health system surgical services outside of PD 18, DCOPN identified one Riverside health system location with sufficiently low utilization based on the 2019 VHI data. This location, Riverside Doctors Surgery Center, operated at 37.3% of the SMFP threshold in 2019. While DCOPN would generally recommend that relocation in these circumstances, as mandated under this section of the SMFP, analysis of utilization in recent years shows significant oscillation in usage. While utilization in 2019 is very low, the prior year showed the two operating rooms at this location operating at 71.5% of the SMFP threshold (Table 12). In three of the past five years, relocation of one of the two operating rooms would result in an immediate institutional need. As such, DCOPN cannot recommend relocation of one of the two operating rooms at Riverside Doctors Surgery Center when such wildly oscillating utilization rates could easily result in the creation of an institutional need at the source location.

Table 12. Riverside Doctors Surgery Center Surgical Utilization (2015-2019)

	# of ORs	Total Hours	Hours per OR	Utilization
2015	2	2,915	1,457.50	91.1%
2016	2	1,440	720.00	45.0%
2017	2	1,609	804.50	50.3%
2018	2	2,288	1,144.00	71.5%
2019	2	1,192	596.00	37.3%

Source: VHI

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

The proposed project does not involve nursing facilities.

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

The applicant is not using this section to justify a need to establish a new service. RWRH is an existing provider of surgical services.

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;**

As the applicant performed 59.1% of all surgeries in the planning district in 2019, the last year for which DCOPN has data available from VHI, and all data indicates that there is not a need for a fourth operating room at RWRH, approval of the proposed project would not foster 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;**

As discussed above, the applicant has not established a need for the fourth operating room at RWRH. The addition of another operating room when the existing operating rooms are operating well below the SMFP mandated threshold to expand would exacerbate the underutilization of surgical services at RWRH. Moreover, approval of the project would exacerbate the surplus of operating rooms in the planning district. As such, DCOPN concludes that approval of the proposed project would be detrimental to the utilization and efficiency of existing services or facilities

- 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;**

As demonstrated in **Table 2**, the total capital and financing cost of this proposed project is estimated to be \$1,355,800 (**Table 2**), which would be funded by the accumulated reserves of RHA. Accordingly, there are no financing costs associated with this project. As such, DCOPN concludes that the proposed project is financially feasible. As discussed above, the costs of the project are consistent with similar previously approved projects. However, because of the lack of benefit provided by the proposed project, DCOPN concludes that the costs associated with the project are not reasonable.

With regards to the availability of human resources, RWRH anticipates the need for an additional 6.0 Registered Nurse FTEs. The applicant asserts that RRMC provides a wide variety of training programs in health professions. RRMC's accredited School of Health and Medical Sciences trains radiologic technologists, surgical technologists, registered nurses, licensed practical nurses, certified nursing assistants, renal dialysis technicians, medical assistants, and unit secretaries. For the current 2021 year, 227 students are enrolled in the registered nursing program. The applicant additionally asserts that RRMC receives numerous employment applications daily, of which many are from Registered Nurses. Based on the assertions made by the applicant above, as well as the modest number of necessary staff, DCOPN concludes that the applicant will successfully be able to staff the proposed

project and that doing so will not have a significant negative impact on existing providers of this service in the area.

- 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**

The proposed project would not provide improvements or innovations in the financing and delivery of health services as demonstrated by the introduction of new technology that promotes quality, cost effectiveness, or both in the delivery of health care services, nor does it provide for the provision of services on an outpatient basis. Additionally, the proposed project would not provide improvements or innovations in the financing and delivery of health care services as demonstrated by any cooperative efforts to meet regional health care needs. DCOPN did not identify any other relevant factors to bring to the Commissioner's attention.

- 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. (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.**

Not applicable. The applicant is not a teaching hospital associated with a public institution of higher education or a medical school in the area to be served.

DCOPN Findings and Conclusions

DCOPN finds that the proposed project to add a fourth operating room at RWRH is inconsistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. There is a surplus of operating rooms within the planning district. Moreover, RWRH does not currently have an institutional need to expand nor is it anticipated to have an institutional need to expand in the foreseeable future. Absent a need to expand services, DCOPN finds that approval of the proposed project would exacerbate the underutilization of existing services at RWRH and in PD 18. As such, DCOPN finds that the preferable alternative to the proposed project is the maintenance of the status quo.

Finally, DCOPN finds that the total capital and financing cost of this proposed project are \$1,355,800 (Table 2), which would be funded by the accumulated reserves of RHA. The costs for the project are reasonable and consistent with previously approved projects to establish an

outpatient surgical hospital. For example, COPN No. VA-04747 issued to Inova Ambulatory Surgery Center at Lorton, LLC to add one operating room costing approximately \$1,335,884.

DCOPN Staff Recommendation

The Division of Certificate of Public Need recommends **denial** of Riverside Middle Peninsula Hospital, Inc.'s proposed project to add one general purpose operating room. DCOPN's recommendation is based on the following findings:

1. The proposed project is inconsistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia
2. The status quo is a preferable alternative to the proposed project.
3. There is an existing surplus of general purpose operating rooms in PD 18.