



COMMONWEALTH of VIRGINIA

Department of Health

Office of Licensure and Certification

M. Norman Oliver, MD, MA
State Health Commissioner

TTY 7-1-1 OR
1-800-828-1120

9960 Mayland Drive, Suite 401
Henrico, Virginia 23233-1485
FAX: (804) 527-4502

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-8579**
Doctor's Hospital of Williamsburg, Williamsburg, 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 1:00 p.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

DIRECTOR
(804) 367-2102

ACUTE CARE
(804) 367-2104

COPN
(804) 367-2126

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(804) 367-2100

VIRGINIA DEPARTMENT OF HEALTH
Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

November 19, 2021

COPN Request No. VA-8579

Doctor's Hospital of Williamsburg

Williamsburg, Virginia

Add One General Purpose Operating Room

Applicant

Doctors' Hospital of Williamsburg d/b/a Riverside Doctors' Hospital of Williamsburg (RDHW) is a 501(c)(3) not-for-profit, Virginia domiciled non-stock corporation. RDHW is a wholly owned subsidiary of Riverside Healthcare Association, Inc. (RHA), which is Virginia domiciled, non-stock, not-for-profit corporation. RDHW is located in the eastern part of the City of Williamsburg in Health Planning Region (HPR) V, Planning District (PD) 21.

Background

RDHW is a 40-bed hospital that provides a variety of services including inpatient medical-surgical services, emergency services, diagnostic imaging, and pathology services. RDHW is designated as a Primary Stroke Center by Det Norske Veritas Germanischer Lloyd (DVL GL) Healthcare through certification under a partnership with the American Heart Association and the American Stroke Association. On May 15, 2009, the Virginia State Health Commissioner (Commissioner) issued COPN No. VA-04209 authorizing the construction and establishment of RDHW. RDHW is one of fifteen providers of surgical services in PD 21. Of these fifteen providers, five, including RDHW, provide inpatient surgical services. Division of Certificate of Public Need ("DCOPN") records show that there are currently 59 COPN authorized operating rooms ("OR") in PD 21 (**Table 1**).

Table 1: PD 21 COPN Authorized OR Inventory

Acute Care Hospitals	# of ORs
Bon Secours Mary Immaculate Hospital	8
Riverside Doctors' Hospital Williamsburg	3
Riverside Regional Medical Center	14
Sentara Careplex Hospital	8
Sentara Williamsburg Regional Medical Center	6
Acute Care Hospital Total	39
Outpatient Surgical Hospitals	
Advanced Vision Surgery Center LLC	1
Bon Secours Surgery Center	2
Careplex Orthopaedic Ambulatory Surgery Center	1
CHKD Health & Surgery Center (Newport News)	2
Mary Immaculate Ambulatory Surgery Center	3
Riverside Doctors Surgery Center	2
Riverside Hampton Surgery Center	2
Riverside Peninsula Surgery Center	2
Sentara Port Warwick Surgery Center	2
Sentara Williamsburg Community Ambulatory Surgical	3
Outpatient Surgical Hospital Total	20
2021 Grand Total	59

Source: DCOPN

Proposed Project

RDHW seeks to expand its surgical services through the addition of one general purpose operating room. The applicant asserts that RDHW has an institutional need to expand its surgical services. The total capital and financing costs of this proposed project is estimated to be \$8,240,880 (Table 2). The estimated capital costs would be paid for through the accumulated reserves of RHA. The applicant asserts that no debt servicing will be necessary, but does not address if the proposed project will affect the costs or charges to patients.

Table 2. COPN Request No. VA-8579 Capital and Financing Costs

Direct Construction Costs	\$6,259,014
Equipment Not Included in Construction Contract	\$1,155,000
Site Preparation Costs	\$195,000
Architectural and Engineering Fees	\$631,866
TOTAL Capital and Financing Costs	\$8,240,880

Source: COPN Request No. VA-8579

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 RDHW. This would increase the number of operating rooms at RDHW from three to four. The applicant asserts that RDHW 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 RDHW, both now, and in the immediate future. Moreover, SMFP-mandated calculations performed by both DCOPN and the applicant determined that there is a significant surplus of operating rooms in PD 21. 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, RDHW is located at the intersection of US-60 and VA-199. The applicant asserts that the facility is located on two major routes of Williamsburg Area Transport. DCOPN confirmed that there is a Williamsburg Area Transit Authority bus stop located approximately 0.3 miles from the facility. The applicant did not address any benefits or drawbacks to the location with regards to public parking.

The most recent Weldon-Cooper data projects a total PD 21 population of 504,939 residents by 2030 (**Table 3**). This represents an approximate 5.9% 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 the City of Williamsburg specifically, Weldon-Cooper projects a total population increase of 2,940, or approximately 20.9%, from 2010 to 2030. With regard to the 65 and older age cohort, Weldon-Cooper projects a much more rapid increase among PD 21 as a whole than for the City of Williamsburg. Specifically, Weldon-Cooper projects an increase of approximately 74.2% in residents age 65 and over for PD 21 as a whole from 2010 to 2030, while an increase of only 59.9% is projected among the same age cohort for the City of Williamsburg (**Table 4**). The 59.9% projected increase amounts to an additional 1,108 residents within the 65 and older age cohort within that twenty year period or approximately 55 residents per year. The majority of this increase is projected to occur between 2010 and 2020. Between 2020 and 2030, the actual number of residents over the age of 65 is only projected to increase by 389 residents

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

Table 3. PD 21 and Statewide Total Population Projections, 2010-2030

Locality	2010	2020	% Change	2030	% Change	2010-2030 % Change
Hampton City	137,436	135,530	-1.4%	127,842	-5.7%	-7.0%
James City	67,009	78,016	16.4%	92,210	18.2%	37.6%
Newport News City	180,719	181,581	0.5%	179,752	-1.0%	-0.5%
Poquoson City	12,150	12,382	1.9%	12,635	2.0%	4.0%
Williamsburg City	14,068	15,463	9.9%	17,008	10.0%	20.9%
York	65,464	69,582	6.3%	75,492	8.5%	15.3%
Total PD 21	476,846	492,554	3.3%	504,939	2.5%	5.9%
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 21 Population Projections for 65+ Age Cohort, 2010-2030

Locality	2010	2020	% Change	2030	% Change	2010-2030 % Change
Hampton City	16,856	20,430	21.2%	25,467	24.7%	51.1%
James City	13,870	23,287	67.9%	31,875	36.9%	129.8%
Newport News City	19,219	22,973	19.5%	28,428	23.7%	47.9%
Poquoson City	1,891	2,451	29.6%	2,919	19.1%	54.3%
Williamsburg City	1,879	2,616	39.2%	3,005	14.8%	59.9%
York	7,934	11,723	47.8%	15,707	34.0%	98.0%
Total PD 21	61,649	83,480	35.4%	107,401	28.7%	74.2%
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 five letters of support for the proposed project from members of RDHW’s physician group. Collectively, these letters discuss the aggressive physician recruitment by the applicant. Moreover, the letters allege a staggering increase in surgical service utilization over the past three years, and predict a sustained incredible growth to continue over the next few years.

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 substantial surplus of ORs projected for PD 21 through 2026. Moreover, there is not an institutional need, both now and in the immediate future, to expand surgical services at RDHW. As such, approval of the proposed project would exacerbate the underutilization of existing services at RDHW and in PD 21. 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 21. 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 \$8,240,880 (**Table 2**) and would be paid for through the accumulated reserves of RHA. The costs for the project are not reasonable or consistent with recently 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; and COPN No. VA-04685 issued to Chesapeake Hospital Authority d/b/a Chesapeake Regional Medical Center to add one operating room costing approximately \$1,741,898. When comparing the proposed project to other projects, the majority of the difference in costs stems from the large direct construction costs. These costs generally exceed even recent projects to establish an outpatient surgical hospital with one operating room. For example, COPN No. VA-04756 issued to Colon And Rectal Endoscopy Specialists And Surgery Center, LLC to establish an outpatient surgical hospital with one special purpose operating room costing approximately \$4,473,060; and COPN No. VA-04542 issued to StoneSprings Surgicenter, LLC to establish an outpatient surgical hospital with one operating room costing approximately \$6,128,128. The details regarding the project are sufficiently sparse that DCOPN was not able to identify any special circumstances surrounding the proposed project that would result in such significantly higher direct construction costs. As such, DCOPN concludes that the costs of the proposed project are not reasonable or consistent with other similar projects. Moreover, as discussed throughout this report, there is a surplus of operating rooms in the planning district, and there is not an institutional need, now or in the immediate future, to expand surgical services at RDHW. 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, RDHW provided 5.82% of its gross patient revenue in the form of charity care in 2019. This percentage was the highest level of charity care provided by all reporting facilities in HPR V in 2019. In accordance with section 32.1-102.4.B of the Code of Virginia, should the proposed project receive approval, RDHW 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 operating rooms. They are as follows:

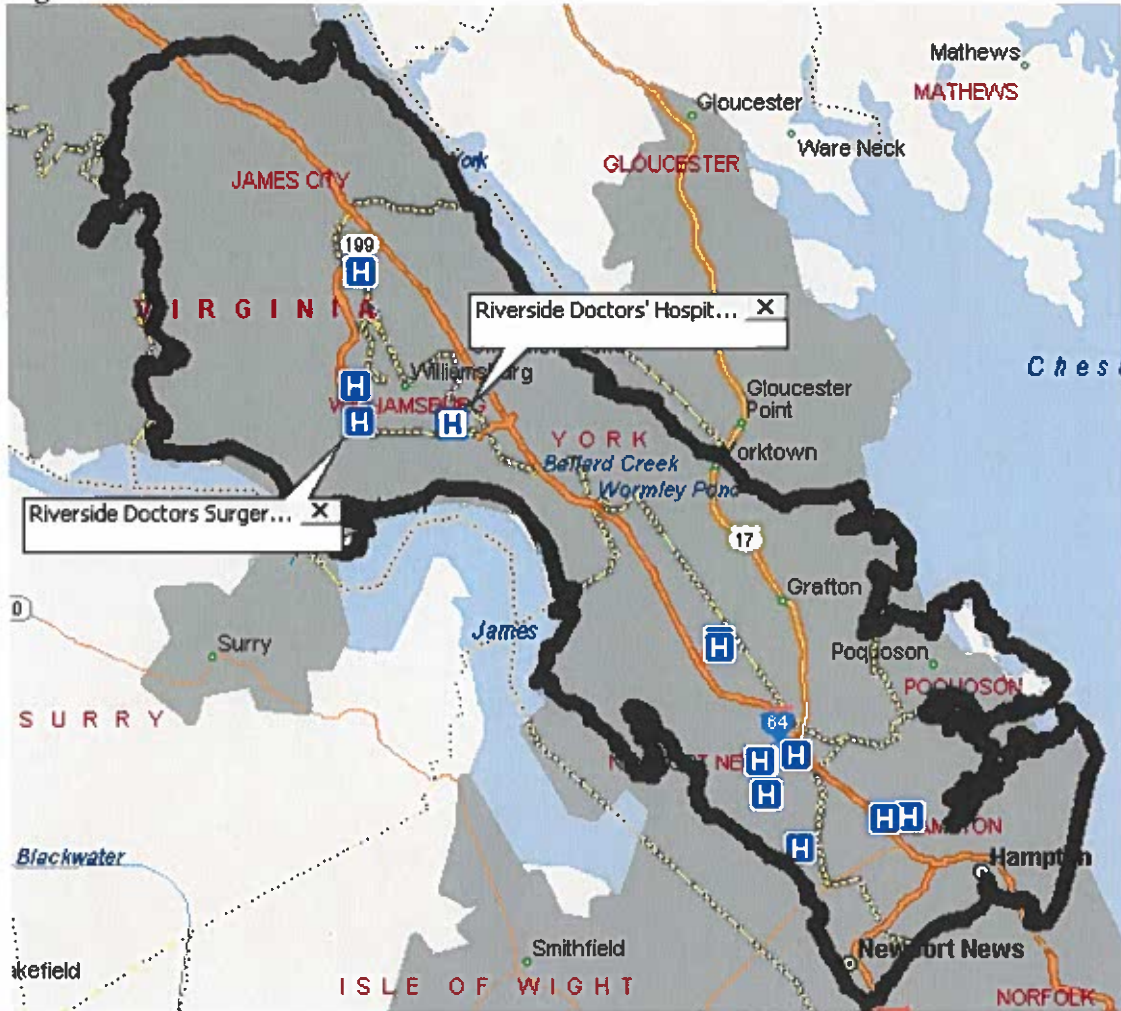
Part V. General Surgical Services

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 21. The dark “H” signs in **Figure 1** mark the locations of COPN recognized ORs that are within 30 minutes of portions of PD 21. The white “H” sign in **Figure 1** marks the location of RDHW. The grey shading illustrates the area that is within a thirty-minute drive under normal driving conditions of all approved surgical service providers in PD 21. As Figure 1 clearly indicates, surgical services are available within 30 minutes driving time one way under normal conditions for 95% of the population of PD 21. As an existing provider of surgical services, approval of the proposed project would not increase access to any individuals in the planning district not currently within 30 minutes driving time one way under normal conditions of surgical services.

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 21. The preceding formula can also determine the overall need for ORs within PD 21 five years from the current year, i.e., in the year 2026. The current GPOR inventory for PD 21 is broken down by facility 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 number of reported inpatient and outpatient OR visits to hospital-based and outpatient surgical hospitals are shown in **Table 6**.

**Table 6: Inpatient & Outpatient GPOR
Utilization in PD 21: 2015-2019**

Year	Total Inpatient & Outpatient OR Visits
2015	46,919
2016	48,443
2017	48,395
2018	47,286
2019	51,236
Total	242,279
Average	48,456

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 21 Population: 2015-2019 & 2026

Year	Population
2015	482,272
2016	483,863
2017	485,626
2018	487,560
2019	489,670
Total	2,428,991
Average	485,798
2026	498,263

Source: Weldon Cooper

Based on the above population estimates from the 2010 U.S. Census and extrapolating, DCOPN calculates an average annual increase of 1,664 from 2010 to 2020 and 1,055 from 2020 to 2030, the cumulative total population of PD 21 for the same historical five-year period as referenced above, 2015-2019, was 2,428,991, while the population of PD 21 in the year 2026 (PROPOP – five years from the current year) is projected to be 498,263. These figures are necessary for the application of the preceding formula, as follows:

ORV	÷	POP	=	CSUR
Total PD 21 GPOR Visits 2015 to 2019:		PD 21 Historical Population 2015 to 2019:		Calculated GPOR Use Rate 2015 to 2019:
242,279		2,428,991		0.0997

CSUR	*	PROPOP	=	PORV
Calculated GPOR Use Rate 2015 to 2019:		PD 21 Projected Population 2026:		Projected GPOR Visits 2026:
0.0997		498,263		49,677

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 = 81,282 total inpatient and outpatient OR hours (Table 8) reported to VHI for 2019, divided by 51,236 total inpatient and outpatient OR visits reported to VHI for that same year (Table 6);

Table 8: PD 21 Total OR Room Hours: 2019

Facility	Inpatient OR Hours	Outpatient OR Hours	Total Hours
Advanced Vision Surgery Center LLC	0	2,700	2,700
Bon Secours Mary Immaculate Hospital	6,360	7,027	13,387
Careplex Orthopaedic Ambulatory Surgery Center	0	4,133	4,133
CHKD Health & Surgery Center (Newport News)	0	1,958	1,958
Mary Immaculate Ambulatory Surgery Center	0	3,524	3,524
Riverside Doctors Surgery Center	0	1,192	1,192
Riverside Doctors' Hospital Williamsburg	1,068	2,324	3,392
Riverside Hampton Surgery Center	0	2,456	2,456
Riverside Peninsula Surgery Center	0	2,583	2,583
Riverside Regional Medical Center	12,666	7,638	20,304
Sentara Careplex Hospital	7,331	6,037	13,368
Sentara Port Warwick Surgery Center	0	236	236
Sentara Williamsburg Community Ambulatory Surgical	0	671	671
Sentara Williamsburg Regional Medical Center	4,547	6,831	11,378
Grand Total	31,972	49,310	81,282

Source: VHI 2019 Data

$$\text{AHORV} = 1.5864$$

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

$$\text{FOR} = \frac{0.0997 \times 498,263 \times 1.5864}{1600}$$

$$\text{FOR} = 78,807.31 \div 1,600$$

$$\text{FOR} = 49.25 (50)$$

Current PD 21 GPOR inventory: 59

Net Surplus: 9 GPORs for 2026 planning year

Using the above methodologies, there is a predicted need for 50 GPORs in PD 21 by 2026. As such, the conclusion would be logically reached there will be a surplus of 9 ORs in the planning district by the year 2026. The applicant predicts a surplus of 10.67, rounded up to 11, GPORs by 2026. The applicant references an included SMFP GPOR need calculation sheet but did not provide this document with their application. While DCOPN cannot reconcile this discrepancy as a result of this omission, the agreement of all parties on a substantial calculated surplus is sufficient to conclude that the applicant is not able to expand its surgical services under this section of the SMFP. The applicant asserts that RDHW has an institutional need to expand its surgical services. The applicant's assertions and DCOPN's analysis of their argument is addressed in the relevant section 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.**

As discussed throughout this report, RDHW asserts that it has an institutional need to expand its surgical services. In support of this the applicant asserts that by the end of 2021 it is anticipated that the 3 existing operating rooms will be operating at 72% of the SMFP threshold (**Table 9**). This is a net increase of 1.3% from 2019, the last year for which DCOPN has data from VHI. The applicant further states that, because of an aging population and RDHW's successful recruitment efforts, they anticipate an average increase of 15% annually for the next five years. Outside of these blanket statements, the applicant does not provide any specific data or factors that would cause such a prolonged significant increase. Absent solid and significant data supporting such a large sustained increase, DCOPN cannot accept the applicant's projections. As such, based on the available population data and historical utilization data, as well as growth identified by the applicant over the past two years, DCOPN concludes that RDHW does not currently have an institutional need to expand nor is it anticipated to have an institutional need to expand in the foreseeable future.

Table 9: PD 21 GPOR Room Utilization: 2019

Facility	# of ORs	Total Hours	Hours per OR	Utilization Rate
Advanced Vision Surgery Center LLC	1	2,700	2,700.0	168.8%
Bon Secours Mary Immaculate Hospital	10	13,387	1,338.7	83.7%
Careplex Orthopaedic Ambulatory Surgery Center	1	4,133	4,133.0	258.3%
CHKD Health & Surgery Center (Newport News)	2	1,958	979.0	61.2%
Mary Immaculate Ambulatory Surgery Center	3	3,524	1,174.7	73.4%
Riverside Doctors Surgery Center	2	1,192	596.0	37.3%
Riverside Doctors' Hospital Williamsburg	3	3,392	1,130.7	70.7%
Riverside Hampton Surgery Center	2	2,456	1,228.0	76.8%
Riverside Peninsula Surgery Center	2	2,583	1,291.5	80.7%
Riverside Regional Medical Center	13	20,304	1,561.8	97.6%
Sentara Careplex Hospital	8	13,368	1,671.0	104.4%
Sentara Port Warwick Surgery Center	2	236	118.0	7.4%
Sentara Williamsburg Community Ambulatory Surgical	2	671	335.5	21.0%
Sentara Williamsburg Regional Medical Center	6	11,378	1,896.3	118.5%
Grand Total	57	81,282	1,426.0	89.1%

Source: VHI 2019 Data

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

	# of ORs	Total Hours	Hours per OR	Utilization	Total Hour Change from Prior Year
2015	2	2,753	1,376.50	86.0%	N/A
2016	2	2,932	1,466.00	91.6%	6.50%
2017	2	1,615	807.50	50.5%	-44.92%
2018	2	2,917	1,458.50	91.2%	80.62%
2019	3	3,392	1,130.67	70.7%	16.28%

Source: VHI (2015-2019) 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.

Riverside Health System has four other facilities within PD 21. Of those facilities, relocation of an operating room from three of these locations would result in an immediate institutional need at those locations based on the 2019 VHI data. The remaining 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 11**). 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 11. 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. RDHW 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;

The applicant is an existing provider of surgical services in a planning district with ample available capacity, both within Riverside health system and with other providers. Moreover, as discussed above, all data indicates that there is not a need for a fourth operating room at RDHW. As such, DCOPN concludes that 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 RDHW. 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 RDHW. Moreover, approval of the project would exacerbate the significant 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 costs of this proposed project are estimated to be \$8,240,880 (**Table 2**), which would be paid for through 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. However, as discussed above, the cost of the project is significantly higher than other recent projects that seek to add on operating room. Moreover, DCOPN concludes that, because of the high costs and the lack of benefit provided by the proposed project, the costs associated with the project are not reasonable.

With regards to the availability of human resources, RDHW anticipates the need for an additional 4.0 Registered Nurse FTEs. The applicant asserts that RRMC provides a wide variety of training programs in health professions. Its 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 asserts that many of these students are from the Williamsburg/James City area. 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 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 RDHW is inconsistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. There is a substantial surplus of operating rooms within the planning district. Moreover, RDHW 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 RDHW and in PD 21. 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 \$8,240,880 (**Table 2**) and would be paid for through the accumulated reserves of RHA. The costs for the project are not 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; and COPN No. VA-04685 issued to Chesapeake Hospital Authority d/b/a Chesapeake Regional Medical Center to add one operating room costing approximately \$1,741,898.

DCOPN Staff Recommendation

The Division of Certificate of Public Need recommends **denial** of Doctor's Hospital of Williamsburg'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. The costs of the proposed project are neither reasonable nor consistent with similar previously approved projects.