

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

December 21, 2021

COPN Request No. VA-8586

Virginia Hospital Center
Arlington, Virginia
Add 16 psychiatric beds

COPN Request No. VA-8588

Inova Mount Vernon Hospital
Alexandria, Virginia
Add 20 psychiatric beds

Applicants

Virginia Hospital Center

Virginia Hospital Center (VHC) is a 501(c)(3) Virginia non-stock corporation. Virginia Hospital Center Arlington Health System, a 501(c)(3) non-profit corporation, is the sole owner of VHC. VHC is located in Arlington, Virginia, Planning District (PD) 8, within Health Planning Region (HPR) II.

Inova Mount Vernon Hospital

Inova Health Care Services d/b/a Mount Vernon Hospital (IMVH) is a 501(c)(3) Virginia non-stock corporation. Inova Health System Foundation, a 501(c)(3) Virginia non-stock corporation, is the sole owner of IMVH. IMVH is located in Alexandria, Virginia, Planning District (PD) 8, Health Planning Region (HPR) II.

Background

Virginia Hospital Center

VHC is a 437-bed acute care hospital. VHC provides a variety of services, including surgical, obstetric, pediatric, adult and neonatal intensive care, open heart surgical, psychiatric, and medical rehabilitation services. VHC currently operates 40 inpatient psychiatric beds (**Table 1**). In 2019, the last year for which the Division of Certificate of Public Need (“DCOPN”) has data available from Virginia Health Information (VHI), VHC’s inpatient psychiatric beds operated at an 80.01% occupancy rate (**Table 8**).

Inova Mount Vernon Hospital

IMVH is a 237-bed acute care hospital. IMVH has been in operation for over forty-five years and provides a variety of services. IMVH is home to the Inova Joint Replacement Center and

the Inova Rehabilitation Center. The applicant states that both are ranked among the top orthopedic and rehabilitation programs in the country. IMVH currently operates 30 inpatient psychiatric beds (**Table 1**). In 2019, the last year for which DCOPN has data available from VHI, IMVH’s inpatient psychiatric beds operated at an 80.41% occupancy rate (**Table 8**).

PD 8 Background

DCOPN records show that there are currently eight COPN authorized providers of inpatient psychiatric services in PD 8 (**Table 1**). DCOPN records show that there are currently 378 licensed psychiatric and substance abuse beds in PD 8. The Health Systems Agency of Northern Virginia’s (HSANV) records shows 353 licensed psychiatric beds. DCOPN notes that this discrepancy is the result of HSANV’s exclusion of 25 substance abuse treatment beds at Inova Fairfax Hospital.

Table 1. PD 8 Inpatient Psychiatric & Substance Abuse Treatment Beds

Facility Name	Licensed Beds
Dominion Hospital	116
Inova Fairfax Medical Campus	81
Inova Loudoun Hospital	22
Inova Mount Vernon Hospital	30
North Spring Behavioral Healthcare	40
Prince William Medical Center	32
StoneSprings Hospital Center	17
Virginia Hospital Center	40
TOTAL	378

Source: DCOPN records

Proposed Projects

Virginia Hospital Center

VHC proposes to expand its psychiatric services through the addition of 16 inpatient psychiatric beds. VHC is currently in the process of relocating all outpatient services to its Outpatient Pavilion located on VHC’s campus. The applicant anticipates that the relocation of outpatient services would be completed in the fourth quarter of 2022. Should the proposed project be approved, VHC would place the psychiatric beds in a portion of the free space left by the relocated outpatient services. Currently, all inpatient psychiatric beds at VHC are located in semi-private rooms. The total capital and financing costs for the project are \$12,663,650 (**Table 2**). The project would be paid for by the use of VHC’s accumulated reserves.

Table 2. Capital and Financing Costs

Direct Construction Costs	\$8,373,750
Equipment Not Included in Construction Contract	\$2,905,100
Site Preparation Costs	\$450,000
Architectural & Engineering Fees	\$934,800
Total Capital Costs	\$12,663,650

Source: COPN Request No. VA-8586

Inova Mount Vernon Hospital

IMVH proposes to expand its psychiatric services through the addition of 20 inpatient psychiatric beds. Should the proposed project be approved, shell space located adjacent to the existing 30-bed inpatient psychiatric unit would be built out to accommodate these new beds. The existing 30-bed inpatient psychiatric unit consists of five private rooms, eleven semi-private rooms, and one triple bed room. All 20 proposed beds would be placed in private rooms. The total capital and financing costs for the project are \$8,190,693 (**Table 3**). The project would be paid for by the use of IMVH’s accumulated reserves. The applicant states that it does not expect that the proposed project will have an impact on the cost of providing care to IMVH’s patients.

Table 3. Capital and Financing Costs

Direct Construction Costs	\$5,408,300
Equipment Not Included in Construction Contract	\$2,017,294
Architectural & Engineering Fees	\$627,569
Other Consultant Fees	\$137,530
Total Capital Costs	\$8,190,693

Source: COPN Request No. VA-8588

Project Definition

Virginia Hospital Center

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 beds... in an existing medical care facility”. A medical care facility is defined, in part, as “[a]ny facility licensed as a hospital, as defined in § 32.1-123.”

Inova Mount Vernon Hospital

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 beds... in an existing medical care facility”. A medical care facility is defined, in part, as “[a]ny facility licensed as a hospital, as defined in § 32.1-123.”

Required Considerations

Pursuant to Section 32.1-102.3 of the Code of Virginia, in determining whether a public need for a project exists, the following factors shall be considered:

- 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.**

Virginia Hospital Center

VHC proposes to expand its psychiatric services through the addition of 16 inpatient psychiatric beds. The applicant asserts that they have an institutional need to expand inpatient psychiatric services at VHC. As shown in DCOPN’s analysis of section

12VAC5-230-80 of the State Medical Facilities Plan (SMFP) below, DCOPN concurs with the applicant's assertion that approval of the proposed project would reduce the overutilization of the existing psychiatric beds at VHC. Additionally, the applicant asserts that VHC has been forced to turn away over 500 psychiatric patients in the past year because it lacked appropriate beds to place the patients. This is particularly significant as the proposed project would add the first private rooms with inpatient psychiatric beds at VHC. Private rooms, unlike the semi-private rooms currently available at VHC, can place patients without any barrier presented by gender or age. As such, the addition of private rooms to VHC would facilitate the placement of individuals in need of care and allow VHC to better utilize existing capacity as well.

Geographically, VHC is located approximately 0.4 miles from SR-120, less than one mile from US-29 and approximately one mile I-66. Additionally, the applicant asserts that there are two bus stops adjacent to the hospital campus, one located at the hospital's main entrance at North George Mason Drive and the other stop is at the hospital's entrance off 16th Street. The applicant does not address the availability or sufficiency of public parking at VHC.

DCOPN is not aware of any geographic, socioeconomic, cultural, or transportation barriers to access to care.

Inova Mount Vernon Hospital

IMVH proposes to expand its psychiatric services through the addition of 20 inpatient psychiatric beds. The applicant asserts that they have an institutional need to expand inpatient psychiatric services at IMVH. As shown in DCOPN's analysis of section 12VAC5-230-80 of the SMFP below, DCOPN concurs with the applicant's assertion. As such, approval of the proposed project would reduce the overutilization of the existing beds at IMVH. Moreover, the applicant asserts that 908 individuals under temporary detention orders (TDO) were placed in hospitals outside of its region in 2021 due to lack of inpatient capacity at hospitals in PD 8, including IMVH. The applicant additionally asserts that the majority of the psychiatric beds at IMVH are located in semi-private rooms. The 20 inpatient psychiatric beds requested by IMVH would be located solely in private rooms. Private rooms, unlike the semi-private rooms currently available at IMVH, can place patients without any barrier presented by gender or age. As such, the significant increase in the number of private rooms at IMVH would facilitate the placement of individuals in need of care and allow IMVH to better utilize existing capacity as well.

Geographically, IMVH is located approximately 5 miles from I-495 and approximately 8.5 miles from I-95. Additionally, the applicant asserts that public bus transportation is available at the main patient entrance to IMVH, and metro rail is available at the Huntington Station via the Fairfax Connector bus service. The applicant does not address the availability or sufficiency of public parking at IMVH.

DCOPN is not aware of any geographic, socioeconomic, cultural, or transportation barriers to access to care.

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

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

Virginia Hospital Center

DCOPN received four letters of support for the proposed project from the Arlington Community Service Board (CSB), the Executive Director of Loudoun County Mental Health & Substance Abuse Services, the interim CEO of NAMI Northern Virginia, and an anonymous member of the public residing in Arlington. Collectively, these letters asserted that there is a significant unmet need for additional psychiatric beds in the area. Moreover, the letters discussed the declining TDO acceptance rates in the private sector. Finally, one letter discussed the individual's very personal and painful experience with a family member attempting to receive treatment while struggling with mental illness. DCOPN received no letters opposing the proposed project.

Inova Mount Vernon Hospital

DCOPN received 22 letters of support for the proposed project, including letters from Virginia Senator Scott A. Surovell, Virginia Delegate Paul E. Krizek, the mayor of the City of Alexandria, the Sheriff of Fairfax County, the acting chief of police of Alexandria, the Alexandria CSB's Director of Clinical and Emergency Services, several members of local government, the Executive Director of Loudoun County Mental Health & Substance Abuse Services, the interim CEO of NAMI Northern Virginia, and several physicians affiliated with IMVH and Inova Health System Foundation. Collectively, these letters asserted there is a significant unmet need for additional psychiatric beds in the area. Moreover, these letters state that this need has led to psychiatric patients being held in the emergency room for extended periods, which can place a strain on emergency room resources and on local law enforcement, who must remain with the patients until they can be placed.

Public Hearing

DCOPN provided notice to the public regarding this project on October 13, 2021. The public comment period closed on November 27, 2021. On November 15, 2021, HSNV held a public hearing for both projects. VHC's project was presented by three representatives. Three members of the public additionally spoke in support of the proposed project. The VHC project did not have any members of the public speak in opposition of the project. IMVH's project was presented by three representatives. The IMVH project did not have any members of the public speak in support or opposition to the proposed project at the public hearing.

(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;

Virginia Hospital Center

The proposed project offers several benefits over the alternative of the status quo. Under the status quo, the overutilization of existing psychiatric beds at VHC, which is addressed fully below, would continue. This is especially troubling, as the applicant reports that they have had to turn away over 500 patients in the past year because they lacked appropriate beds to place the patients. Moreover, as all inpatient psychiatric beds located at VHC are currently semi-private rooms, the proposed project would represent the first private rooms housing psychiatric beds at VHC. As discussed above, these private rooms would facilitate the placement of patients by removing the gender and age barriers of semi-private rooms, and allowing for greater flexibility in the placement of patients. For the reasons discussed above, DCOPN concludes that the status quo is not a viable alternative to the proposed project.

Inova Mount Vernon Hospital

The proposed project offers several benefits over the alternative of the status quo. Under the status quo, the overutilization of existing psychiatric beds at IMVH, which is addressed fully below, would continue. This is especially troubling, as the applicant reports significant increases in TDO requests over the past two years. Moreover, as the majority of the existing inpatient psychiatric beds at IMVH are located in semi-private rooms, the proposed project would significantly expand the number of private rooms at IMVH. These private rooms would facilitate the placement of patients by removing the gender and age barriers of semi-private rooms. For the reasons discussed above, DCOPN concludes that the status quo is not a viable 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;

Virginia Hospital Center

HSANV considered this proposed project at its November 15, 2021 meeting. The Board voted ten in favor and none opposed to recommend that the application be approved. HSANV stated that their recommendation was based on its review of the application, on the HSANV staff report on the proposal, on the testimony and other evidence presented at the November 15, 2021 public hearing, and board of directors meeting held on the application, and on several findings and conclusions, including:

1. Inpatient psychiatric service volumes at VHC are high, substantially above the Virginia State Medical Facilities Plan (SMFP) average annual occupancy standard of 75%, and are increasing.
2. Unused psychiatric service beds elsewhere in the region, principally in the western quadrant of the planning region, have had no measurable effect in reducing demand at Virginia Hospital Center.

3. Virginia Hospital Center qualifies for consideration to add capacity in accordance with the institutional need provision of the Virginia SMFP (12VAC5-230-80).
4. The sixteen additional beds proposed is a reasonable number given current VHC service volumes and projected demand over the near term, the next three to five years.
5. Though there is no general regional need for additional psychiatric beds within the next five years, it is likely that the additional capacity requested by VHC would be used efficiently.
6. Given local inpatient psychiatric use rates, established medical trade patterns, and intra-region service volume trends, there is no indication that adding the capacity requested at VHC would affect negatively other hospital psychiatric services.
7. There is strong community support for the project, and no known opposition to it.
8. Projected capital costs are acceptable. Unit capital costs (e.g., cost per bed) are lower than those of projects that involve new construction.
9. Virginia Hospital Center has acceptable charity care policies and practices.

Inova Mount Vernon Hospital

HSANV considered this proposed project at its November 15, 2021 meeting. The Board voted ten in favor and none opposed to recommend that the application be approved. HSANV stated that their recommendation was based on its review of the application, on the HSANV staff report on the proposal, on the testimony and other evidence presented at the November 15, 2021 public hearing, and board of directors meeting held on the application, and on several findings and conclusions, including:

1. Inpatient psychiatric service volumes at IMVH are high, substantially above the Virginia State Medical Facilities Plan (SMFP) average annual occupancy standard of 75%, and are increasing.
2. Unused psychiatric service beds elsewhere in the region, principally in the western quadrant of the planning region, have had no measurable effect in reducing demand at Inova Mount Vernon Hospital.
3. Inova Mount Vernon Hospital qualifies for consideration to add capacity in accordance with the institutional need provision of the Virginia SMFP (12VAC5-230-80).
4. The twenty additional beds proposed is a reasonable number given current IMVH service volumes and projected demand over the near term, the next three to five years.

5. Though there is no general regional need for additional psychiatric beds within the next five years, it is likely that the additional capacity requested by IMVH would be used efficiently.
6. Given local inpatient psychiatric use rates, established medical trade patterns, and intra-region service volume trends, there is no indication that adding the capacity requested at IMVH would affect negatively other hospital psychiatric services.
7. There is strong community support for the project, and no known opposition to it.
8. Projected capital costs are acceptable. Unit capital costs (e.g., cost per bed) are lower than those of projects that involve new construction.
9. IMVH, and Inova Health System generally, have acceptable charity care policies and practices.

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

Virginia Hospital Center

The total capital and financing cost for the project is \$12,663,650 (**Table 2**), which would be paid for using VHC's accumulated reserves. The costs for the project are significantly greater than recent similar projects to add psychiatric beds. This is due, in part, to the majority of recent projects adding beds through the conversion of existing medical/surgical beds to psychiatric beds. For example, COPN No. VA-04712's cost per bed was approximately \$151,211.83, COPN No. VA-04711's cost per bed was approximately \$161,062.50, and COPN No. VA-04722's cost per bed was approximately \$180,428.57. Comparatively, the cost per bed of the current project would be approximately \$791,478.13. Even in the less common instances where new beds were added rather than converted from existing medical/surgical beds, these costs are still significantly higher than recent projects. For example, COPN No. VA-04732's cost per bed was approximately \$306,957.10. Despite its high cost per bed, DCOPN nonetheless finds that the costs of the proposed project are reasonable. Unlike the projects listed above, the proposed project involves the extensive conversion of existing space rather than merely converting existing beds to another purpose. Additionally, the proposed project, despite these additional factors, remains less expensive than some recent approved projects to add psychiatric beds. For example, COPN No. VA-04609 issued to Children's Hospital of the King's Daughters to add 60 inpatient psychiatric beds, which cost approximately \$1,012,120.42 per bed. The proposed project offers several benefits over the status quo. As shown in DCOPN's analysis of section 12VAC5-230-80 of the SMFP below, DCOPN concurs with the applicant's assertion that VHC has an institutional need to expand. As such, approval of the proposed project would reduce the overutilization of existing psychiatric beds at VHC. Moreover, all 16 proposed psychiatric beds would be placed in private rooms. As discussed above, private rooms, unlike the semi-private rooms currently available at VHC, can place patients without any barrier presented by gender or age. As such, the addition of

private rooms to VHC would facilitate the placement of individuals in need of care and allow VHC to better utilize existing capacity as well.

Inova Mount Vernon Hospital

The total capital and financing cost for the project is \$8,190,693 (**Table 3**), which would be paid for using IMVH's accumulated reserves. The costs for the project are significantly greater than recent similar projects to add psychiatric beds. This is due, in part, to the majority of recent projects adding beds through the conversion of existing medical/surgical beds to psychiatric beds. For example, COPN No. VA-04712's cost per bed was approximately \$151,211.83, COPN No. VA-04711's cost per bed was approximately \$161,062.50, and COPN No. VA-04722's cost per bed was approximately \$180,428.57. Comparatively, the cost per bed of the current project would be approximately \$409,534.65. Even in the less common instances where new beds were added rather than converted from existing medical/surgical beds, these costs are still significantly higher than recent projects. For example, COPN No. VA-04732's cost per bed was approximately \$306,957.10. This project, however, still involves the conversion, albeit more extensive, of an existing bed ward rather than the building out of shell space, as is proposed in this project. As such, despite its high cost per bed, DCOPN nonetheless finds that the costs of the proposed project are reasonable. Moreover, the proposed project remains less expensive than some recent approved projects to add psychiatric beds. For example, COPN No. VA-04609 issued to Children's Hospital of the King's Daughters to add 60 inpatient psychiatric beds, which cost approximately \$1,012,120.42 per bed. The proposed project offers several benefits over the status quo. As shown in DCOPN's analysis of section 12VAC5-230-80 of the SMFP below, DCOPN concurs with the applicant's assertion that IMVH has an institutional need to expand. As such, the proposed project would reduce the overutilization of existing psychiatric beds at IMVH. Moreover, all 20 proposed psychiatric beds would be placed in private rooms. As discussed above, private rooms, unlike the semi-private rooms that represent the majority of psychiatric beds available at IMVH, can place patients without any barrier presented by gender or age. As such, the significant increase in the number of private rooms available at IMVH would facilitate the placement of individuals in need of care and allow IMVH to better utilize existing capacity as well.

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

Virginia Hospital Center

The applicant asserts that their mission is to provide high-quality care to all patients regardless of their ability to pay for services or the payment source. As **Table 4** below demonstrates, VHC provided 2.21% of its gross patient revenue in the form of charity care in 2019. In accordance with section 32.1-102.4.B of the Code of Virginia, should the proposed project be approved, CRMC is expected to provide a level of charity care for total gross patient revenues derived from psychiatric services that is no less than the equivalent average for charity care contributions in HPR II.

Inova Mount Vernon Hospital

The applicant asserts that they will provide acute psychiatric services to patients regardless of their ability to pay. As **Table 4** below demonstrates, IMVH provided 7.21% of its gross patient revenue in the form of charity care in 2019. Based on this data, IMVH was the largest provider of charity care in PD 8 in 2019. In accordance with section 32.1-102.4.B of the Code of Virginia, should the proposed project be approved, CRMC is expected to provide a level of charity care for total gross patient revenues derived from psychiatric services that is no less than the equivalent average for charity care contributions in HPR II.

Table 4: HPR II 2019 Charity Care Contributions

Hospital	Gross Patient Revenues	Adjusted Charity Care Contribution	Percent of Gross Patient Revenue:
Inova Mount Vernon Hospital	\$522,179,824	\$37,645,405	7.21%
Inova Alexandria Hospital	\$1,024,263,648	\$64,990,632	6.35%
Sentara Northern Virginia Medical Center	\$843,370,034	\$52,990,724	6.28%
Novant Health UVA Health System Prince William Medical Center	\$538,358,330	\$26,511,528	4.92%
Inova Loudoun Hospital	\$833,003,930	\$39,556,258	4.75%
Inova Fairfax Hospital	\$3,871,812,346	\$156,045,238	4.03%
Inova Fair Oaks Hospital	\$726,706,638	\$27,651,318	3.81%
Virginia Hospital Center	\$1,571,698,958	\$34,673,062	2.21%
Novant Health UVA Health System Haymarket Medical Center	\$289,627,681	\$5,624,171	1.94%
Reston Hospital Center	\$1,491,147,173	\$19,004,683	1.27%
StoneSprings Hospital Center	\$231,498,142	\$1,337,917	0.58%
Total \$ & Mean %	\$11,943,666,704	\$466,030,936	3.9%

Source: VHI

(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 factors that may be relevant to the determination of public need for a proposed project that are not addressed elsewhere in this report.

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 SMFP.

The SMFP contains the following relevant standards and criteria for the addition of psychiatric beds. They are as follows:

Part XII. Mental Health Services

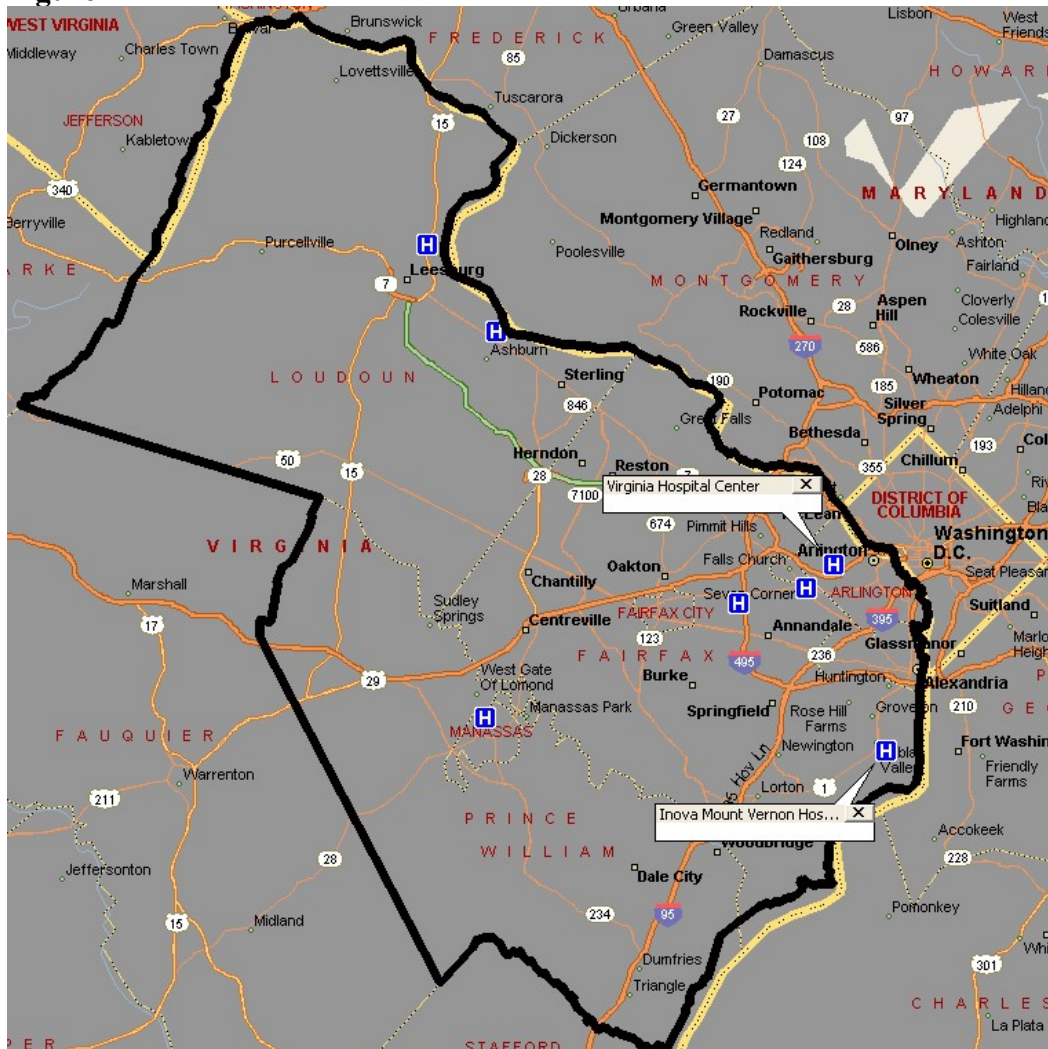
Article 1. Acute Psychiatric and Acute Substance Abuse Disorder Treatment Services

12VAC5-230-840. Travel Time.

Acute psychiatric and acute substance abuse disorder treatment services should be available within 60 minutes driving time one way under normal conditions of 95% of the population using mapping software as determined by the commissioner.

The heavy black lines in **Figure 1** are the boundaries of HPR II. The locations marked with a blue H denote the locations in HPR II that provide psychiatric services. The grey shaded area includes all locations that are within 60 minutes driving time one way under normal conditions of psychiatric services in HPR II. **Figure 1** clearly illustrates that psychiatric services are already within a one-hour drive under normal conditions for all residents of the health planning region.

Figure 1



12VAC5-230-850. Continuity; Integration.

A. Existing and proposed acute psychiatric and acute substance abuse disorder treatment providers shall have established plans for the provision of services to indigent patients that include:

- 1. The minimum number of unreimbursed patient days to be provided to indigent patients who are not Medicaid recipients;**
- 2. The minimum number of Medicaid-reimbursed patient days to be provided, unless the existing or proposed facility is ineligible for Medicaid participation;**
- 3. The minimum number of unreimbursed patient days to be provided to local community services boards; and**
- 4. A description of the methods to be utilized in implementing the indigent patient service plan and assuring the provision of the projected levels of unreimbursed and Medicaid-reimbursed patient days.**

Virginia Hospital Center

The applicant does not provide a minimum number of unreimbursed patient days, but does commit to providing care free of charge to uninsured patients with incomes at or below 200% of the federal poverty guidelines. For uninsured patients who do not qualify for free care, VHC offers discounts on all medically necessary care and flexible payment plans.

The applicant additionally does not provide a minimum number of Medicaid-reimbursed patient days, but does state that, in 2019, 24.3% of its inpatient behavioral health discharges were Medicaid patients. Finally, the applicant does not specify a minimum number of unreimbursed patient days to be provided to local CSBs. The applicant states that they have a long history working with the local CSB, which has written a letter of support for this project. DCOPN notes that, during the applicant's discussion of the methodology used for calculating the need for 15 beds, approximately 60% of admissions anticipated for the requested beds were TDOs. VHC additionally states that:

“[G]iven the dynamic yet growing demand for psychiatric services, it is difficult to predict with specificity a certain number of days provided to CSBs, VHC commits to serving all patients without regard to ability to pay or payment source, and accordingly will provide care per CSB request without regard to reimbursement status of patients.”

Inova Mount Vernon Hospital

The applicant does not address nor provide any evidence showing that established plans for the provision of services to indigent patients exists that provides a minimum number of patient days for indigent patients who are not Medicaid recipients, Medicaid-reimbursed patient days, or unreimbursed patient days to be provided to local community services boards. Regarding the first two criteria, the applicant states that IMVH provides services regardless of the

patient's ability to pay. The applicant additionally states that, in 2019, over 10% of IMVH's mental health patients were classified as charity care or self-pay patients. Regarding the third criteria, the applicant asserts that they work closely with the CSBs for Arlington, Alexandria, Fairfax-Falls Church, Loudon, and Prince William. Moreover, the applicant asserts that approximately 30% of the annual inpatient psychiatric admission at IMVH are for patients under TDOs and that their TDO admissions grew 20% from 2019 to 2020 and by an additional 8% from 2020 to 2021. Finally, the applicant asserts that IMVH works regularly with CSBs and governmental agencies to accept all patients who are under TDOs, who are subject to commitment hearings and who are involuntarily admitted.

B. Proposed acute psychiatric and acute substance abuse disorder treatment providers shall have formal agreements with the appropriate local community services boards or behavioral health authority that:

- 1. Specify the number of patient days that will be provided to the community service board;**
- 2. Describe the mechanisms to monitor compliance with charity care provisions;**
- 3. Provide for effective discharge planning for all patients, including return to the patient's place of origin or home state if not Virginia; and**
- 4. Consider admission priorities based on relative medical necessity.**

Not applicable. Both applicants are existing providers of inpatient psychiatric services.

C. Providers of acute psychiatric and acute substance abuse disorder treatment serving large geographic areas should establish satellite outpatient facilities to improve patient access where appropriate and feasible.

Virginia Hospital Center

The applicant does not discuss any satellite outpatient facilities, but does address outpatient efforts at VHC. The applicant asserts that VHC offers an array of behavioral health services ranging from outpatient therapy and emergency assessments to acute psychiatric inpatient care.

Inova Mount Vernon Hospital

The applicant states that Inova provides mental health partial hospitalization programs (PHPs) at Inova Fairfax Hospital (IFH), which serve as an alternative to, as well as step down from, inpatient hospitalization. These PHPs provide 35 hours per patient per week of therapeutic service and have a current capacity of 64 patients per month. The applicant states that the PHPs are designed to provide patients with severe and/or disabling mental health conditions an individualized and comprehensive intensive psychiatric treatment program in an outpatient setting.

Inova additionally operates the Inova Psychiatric Assessment Center (IPAC), which provides urgent psychiatric assessments for adults ages 18 and older. The applicant asserts that IPAC services are not offered by any other provider in PD 8. Inova also provides outpatient adult mental health services at six locations across Northern Virginia. The applicant states that Psychiatrists and licensed clinical social workers at these sites serve 10,000 patients each year, providing medication management services and individual counseling. Clinicians at these locations ensure continuity of care for patients discharged from the inpatient setting who do not otherwise require more intensive outpatient services like those offered by the PHPs. Finally, outpatient child and adolescent mental health and substance abuse services are offered at the Inova Kellar Center, with locations in Fairfax county and Loudoun county. The Inova Kellar Center offers comprehensive mental health, substance abuse treatment programs, and special education school support.

12VAC5-230-860. Need for New Service.

A. The combined number of acute psychiatric and acute substance abuse disorder treatment beds needed in a health planning district with existing acute psychiatric or acute substance abuse disorder treatment beds or both will be determined as follows:

$$((UR \times PROPOP)/365)/.75$$

Where:

UR = the use rate of the health planning district expressed as the average acute psychiatric and acute substance abuse disorder treatment patient days per population reported for the most recent five-year period; and

PROPOP = the projected population of the health planning district five years from the current year as reported in the most recent published projections by a demographic entity as determined by the Commissioner of the Department of Mental Health, Mental Retardation and Substance Abuse Services.

For purposes of this methodology, no beds shall be included in the inventory of psychiatric or substance abuse disorder beds when these beds (i) are in facilities operated by the Department of Mental Health, Mental Retardation and Substance Abuse Services; (ii) have been converted to other uses; (iii) have been vacant for six months or more; or (iv) are not currently staffed and cannot be staffed for acute psychiatric or substance abuse disorder patient admissions within 24 hours.

UR = Patient Days from 2015-2019 / Population from 2015-2019
UR = 474,742 / 12,325,360
UR = 0.03852

PROPOP = 2,788,151

$$\text{Projected Psychiatric Bed Need} = \frac{((\text{UR} \times \text{ProPop}) / 365)}{0.75}$$

$$\text{Projected Psychiatric Bed Need} = \frac{((0.03852 \times 2,788,151) / 365)}{0.75}$$

$$\text{Projected Psychiatric Bed Need} = 392.3 \text{ (393)}$$

Table 5. PD 20 Inpatient Psychiatric & Substance Abuse Patient Days (2015– 2019)

	2015	2016	2017	2018	2019	TOTAL 2015-2019
Patient Days	74,892	86,179	117,337	104,535	91,799	474,742

Source: VHI, HSANV Records, & DCOPN interpolations

Table 6. PD 20 Population (All Ages)

	2015	2016	2017	2018	2019	TOTAL 2015-2019	2026 (Projected)
Population	2,393,390	2,428,346	2,464,171	2,500,897	2,538,557	12,325,360	2,788,151

Source: Weldon Cooper Center Data and DCOPN interpolations

Based on the formula above, DCOPN calculates a need for 393 psychiatric beds by 2026. There are currently 378 licensed psychiatric and substance abuse treatment beds in the planning district (**Table 1**). Based on the above calculations, there would be a predicted deficit of 15 psychiatric beds in the planning district by 2027. HSANV calculates a need for 333 beds in the planning district by 2026. Based on HSANV’s inventory of 353 beds, this would result in a calculated surplus of 20 beds. DCOPN identified two factors that could account for this discrepancy. First, because, as discussed above, HSANV’s inventory excludes the substance abuse beds at Inova Fairfax Hospital, it is likely that these beds were excluded from HSANV’s calculations as well. Second, DCOPN concludes that the greatest factor is the inclusion of 85 residential psychiatric beds at North Spring Behavioral Healthcare (NSBH) in VHI’s data. Based on the 2019 data provided by HSANV in its report, it would appear that they have updated data excluding these beds. While DCOPN has adopted HSANV’s data for 2019 for his location, NSBH misreported these residential psychiatric beds in 2018 and 2017 as well. Given the disparity in the 2019 numbers, the 2017 and 2018 numbers, if equally large, could easily cause this discrepancy. Given that only 15% of these reported beds are COPN authorized and should be subject to reporting, DCOPN ultimately concludes that their exclusion of the calculation for 2017 and 2018, for which DCOPN does not have corrected data, would result in a more accurate representation of the actual need in PD 8 than the above calculations. As shown in the calculations below, DCOPN calculates a need for 342 psychiatric beds by 2027. Based on the calculations below, there would be an anticipated surplus of 36 psychiatric beds in the planning district by 2027.

$$\text{UR} = 412,775 / 12,325,360$$

$$\text{UR} = 0.03349$$

$$\text{PROPOP} = 2,824,195$$

$$\text{Projected Psychiatric Bed Need} = \frac{((UR \times \text{ProPop}) / 365)}{0.75}$$

$$\text{Projected Psychiatric Bed Need} = \frac{((0.03349 \times 2,788,151) / 365)}{0.75}$$

$$\text{Projected Psychiatric Bed Need} = 341.1 \text{ (342)}$$

**Table 7. PD 20 Inpatient Psychiatric Patient Days (2015– 2019)
 (NSBH Excluded 2017-2018)**

	2015	2016	2017	2018	2019	TOTAL 2015-2019
Patient Days	74,892	82,145	112,316	99,428	85,549	454,330

Source: VHI, HSNV Records, and DCOPN interpolations

VHC provides a calculated need of 38 beds with the inclusion of the NSBH data. However, VHC also notes the incorrect reporting on HSBH’s part and, excluding this information, calculates a surplus of 43 beds. IMVH asserts that this section is not applicable because IMVH has an institutional need to expand. DCOPN strongly disagrees with this assertion. Regardless of the applicant’s ability to justify the need for its project under 12VAC5-230-80, this section of the SMFP remains applicable to the proposed project.

B. Subject to the provisions of 12VAC5-230-70, no additional acute psychiatric or acute substance abuse disorder treatment beds should be authorized for a health planning district with existing acute psychiatric or acute substance abuse disorder treatment beds or both if the existing inventory of such beds is greater than the need identified using the above methodology.

As stated above, DCOPN calculated a need for 346 psychiatric and substance abuse treatment beds by 2027 in PD 8. There are currently 378 psychiatric and substance abuse treatment beds within the planning district (**Table 1**). Based on this information, DCOPN concludes that there is a surplus of 32 psychiatric and substance abuse treatment beds within the planning district. As such, DCOPN concludes that neither of the proposed projects meets the criteria set forth in this section of the SMFP. However, both applicants assert that they have an institutional need to expand services. Analysis of the applicants’ claims and their applicability to that section of the SMFP are discussed in the relevant sections below.

Preference may also be given to the addition of acute psychiatric or acute substance abuse beds dedicated for the treatment of geriatric patients in health planning districts with an excess supply of beds when such additions are justified on the basis of the specialized treatment needs of geriatric patients.

Not applicable. Neither applicant is proposing to dedicate the new beds to geriatric patients.

C. No existing acute psychiatric or acute substance disorder abuse treatment beds should be relocated unless it can be reasonably projected that the relocation will not have a negative impact on the ability of existing acute psychiatric or substance abuse disorder

treatment providers or both to continue to provide historic levels of service to Medicaid or other indigent patients.

Not applicable. Neither applicant is proposing to relocate existing acute psychiatric or acute substance disorder abuse treatment beds.

D. The combined number of acute psychiatric and acute substance abuse disorder treatment beds needed in a health planning district without existing acute psychiatric or acute substance abuse disorder treatment beds will be determined as follows:

$$((UR \times PROPOP)/365)/.75$$

Where:

UR = the use rate of the health planning region in which the health planning district is located expressed as the average acute psychiatric and acute substance abuse disorder treatment patient days per population reported for the most recent five-year period;

PROPOP = the projected population of the health planning district five years from the current year as reported in the most recent published projections by a demographic entity as determined by the Commissioner of the Department of Mental Health, Mental Retardation and Substance Abuse Services.

Not applicable. Inpatient psychiatric services currently exist in PD 8.

E. Preference may be given to the development of needed acute psychiatric beds through the conversion of unused general hospital beds. Preference will also be given to proposals for acute psychiatric and substance abuse beds demonstrating a willingness to accept persons under temporary detention orders (TDO) and that have contractual agreements to serve populations served by community services boards, whether through conversion of underutilized general hospital beds or development of new beds.

Virginia Hospital Center

The applicant asserts that their project fully qualifies for the preference established in this section. The applicant states that, while they have no formal agreement with the local CSB, they routinely receive and accept referrals of patients on TDOs from the CSB. The applicant additionally states that TDO admissions at VHC have increased from 247 in 2019 to 265 in 2021. The applicant further states that, between July 2020 and June 2021, VHC was forced to turn away 329 TDO patients because it lacked appropriate beds to accommodate these admissions. While the applicant's admission of patients on TDOs is significant, and is given weight elsewhere in this report when applicable, DOCPN disagrees with the applicant's assertion that their project fully qualifies for the preference established in this section. The section establishes two clear criteria, one of the which, by the applicant's own admission, is not

met. As such, while DCOPN provides weight to the applicant's willingness to receive TDO admissions elsewhere in this report, it does not find that the applicant meets the necessary criteria to receive preference under this section of the SMFP.

Inova Mount Vernon Hospital

The applicant asserts that they should receive preference under this standard. The applicant additionally states that IMVH works regularly with CSBs and governmental agencies to accept all patients who are under TDOs, who are subject to commitment hearings and who are involuntarily admitted. IMVH finally states that it also accepts violent patients and those with criminal adjudications. While the applicant's admissions discussed above are significant, and are given weight elsewhere in this report when applicable, DCOPN disagrees with the applicant's assertion that their project qualifies for the preference established in this section. The section establishes two clear criteria, one of the which, having contractual agreements to serve populations served by CSBs, is not asserted by either the applicant or any of the local CSBs. As such, while DCOPN provides weight to the applicant's willingness to receive the sort of admissions discussed above elsewhere in this report, it does not find that the applicant meets the necessary criteria to receive preference under this section of the SMFP.

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.**

Virginia Hospital Center

VHC asserts that it has an institutional need to expand its psychiatric services. VHI data for 2019, the last year for which DCOPN has data available from VHI, shows that the applicant has exceeded the threshold necessary to establish institutional need (**Table 8**). Moreover, VHI data from the prior four years shows that the applicant has exceeded the threshold to establish institutional need as well (**Table 9**). Additionally, the applicant asserts that it has been unable to place over 500 patients in the past year because it lacked appropriate beds to place the patients. As such, DCOPN concludes that the applicant has met this standard.

As discussed above, HSANV found that the "sixteen additional beds proposed is a reasonable number given current VHC service volumes and projected demand over the near term, the next three to five years." Moreover, HSANV found that "[g]iven local inpatient psychiatric use rates, established medical trade patterns, and intra-region service volume trends, there is no indication that adding the capacity requested at VHC would affect negatively other hospital psychiatric services." Based on the methodology and

calculations presented by VHC in its application, DCOPN concurs with HSNV assessment and finds that the 16 requested inpatient psychiatric beds are correctly calculated to address this need without adversely affecting the utilization of the psychiatric beds at this facility.

Table 8: PD 8 Psych Bed Utilization: 2019

Facility	Licensed Beds	Staffed Beds	Licensed Bed Available Days	Patient Days	Occupancy Rate per Licensed Bed
Dominion Hospital	116	116	42,340	32,968	77.86%
Inova Fairfax Hospital	56	56	20,440	14,013	68.56%
Inova Loudoun Hospital	22	22	8,030	5,856	72.93%
Inova Mount Vernon Hospital	30	30	10,950	8,805	80.41%
North Spring Behavioral Healthcare ¹	15	15	5,475	4,737	86.52%
Prince William Medical Center	32	20	11,680	7,489	64.12%
Virginia Hospital Center	40	40	14,600	11,681	80.01%
Total	311	299	113,515	85,549	75.4%

Source: VHI and HSNV

Table 9. VHC Historic Psych Utilization 2015-2019

	Licensed Beds	Staffed Beds	Licensed Bed Available Days	Patient Days	Occupancy Rate per Licensed Bed
2015	40	40	14,600	10,979	75.2%
2016	40	40	14,640	11,209	76.6%
2017	40	40	14,600	11,813	80.9%
2018	40	40	14,600	11,258	77.1%
2019	40	40	14,600	11,681	80.0%

Source: VHI (2015-2019) and DCOPN interpolations

Inova Mount Vernon Hospital

The applicant asserts that they have an institutional need to expand. VHI data for 2019, the last year for which DCOPN has data available from VHI, shows that the applicant has exceeded the threshold necessary to establish institutional need. Moreover, IMVH states that 908 individuals under TDOs were placed in hospitals outside of our region in 2021 due to lack of inpatient capacity regionally. As such, DCOPN concludes that the applicant has met this standard.

The applicant additionally asserts that another hospital within the health system, IFH, has experienced a similarly large growth in utilization. IMVH asserts that IFH’s psychiatric beds reached an occupancy level of 75% in 2020 and, based on projections using the first six months of 2021, except utilization of psychiatric beds at IFH to reach an 86% rate. DCOPN does not generally rely on reports of these sustained large jumps in utilization from the applicant without sufficient data to substantiate the claims. In this case, analysis of the historical data from VHI for IFH supports the applicant’s claims. As such, DCOPN accepts the applicant’s assertions regarding the large growth increase in utilization at IFH. To address this growing need at IFH, the applicant plans to use the proposed project to

¹ As discussed above, because the VHI data for NSBH includes its 85 residential psychiatric beds, DCOPN has adopted the updated 2019 utilization data for NSBH provided by HSNV.

facilitate the decompression of inpatient psychiatric services at IFH. In first year following completion of the proposed project, the applicant projects that 10% of patients from IMVH’s inpatient psychiatric primary service area who historically were admitted to IFH for inpatient psychiatric care will instead be admitted to IMVH. In the second year, the applicant anticipates this increasing to 20%. IMVH projects that 81 patients in year one and 161 patients in year two will shift from IFH to IMVH for their inpatient psychiatric care at IFH to IMVH. HSANV found that “[t]he 20 additional beds proposed is a reasonable number given current IMVH service volumes and projected demand over the near term, the next three to five years.” Moreover, HSANV found that “[g]iven local inpatient psychiatric use rates, established medical trade patterns, and intra-region service volume trends, there is no indication that adding the capacity requested at IMVH would affect negatively other hospital psychiatric services.” Based on the methodology and calculations presented by IMVH in its application, DCOPN concurs with HSANV’s assessment and finds that the 20 requested inpatient psychiatric beds are correctly calculated to address this need without adversely affecting the utilization of the psychiatric beds at this facility.

Table 10. IMVH Historic Psych Utilization 2015-2019

	# of ORs	Total Hours	Hours per OR	Utilization	Patient Days Change from Prior Year
2015	30	30	10,950	8,118	74.1%
2016	30	30	10,980	8,886	80.9%
2017	30	30	10,950	7,489	68.4%
2018	30	30	10,950	7,994	73.0%
2019	30	30	10,950	8,805	80.4%

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.

Virginia Hospital Center

Not applicable. VHC is not part of a health system.

Inova Mount Vernon Hospital

IMVH is part of the Inova Health System. Inova Health System has two other facilities that provide psychiatric services, IFH and Inova Loudoun Hospital. As shown in **Table 8** above, Inova Loudoun Hospital’s utilization currently is extremely close to reaching the threshold necessary to establish an institutional need to expand. As such, DCOPN concludes that relocation of psychiatric beds from this location would not be appropriate. Moreover, as discussed above, the applicant asserts that utilization at IFH has experienced a large growth in utilization consistent with the growth experienced at IMFH. While this assertion would not be generally sufficient on its own, this, in concert with its relatively

high utilization at IFH using VHI's 2019 data, and the corresponding relatively small number of beds that could be relocated without causing an institutional need at IFH, is sufficient to determine that, in this case, relocation of beds from IFH would also not be appropriate. As such, DOPN concludes that there are not underutilized psychiatric beds at other facilities within the health system could be reallocated to address the institutional need at IMVH.

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.

Neither applicant is using this section to justify a need to establish a new service. Both applicants are existing providers of inpatient psychiatric 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;

Both applicants are existing providers of psychiatric services in a planning district with ample existing competition. Moreover, each project merely seeks to address an existing institutional need at the applicant's facility. Additionally, HSANV asserted in its decision, and DCOPN concurs, that "[g]iven local inpatient psychiatric use rates, established medical trade patterns, and intra-region service volume trends, there is no indication that adding the capacity requested at [each facility] would affect negatively other hospital psychiatric services." As such, DCOPN concludes that the proposed projects are highly unlikely to foster material institutional competition sufficient to benefit the area to be served while improving access to essential health care services for all people in the area to be served.

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;

Virginia Hospital Center

The applicant is an existing provider of inpatient psychiatric services seeking to add 16 inpatient psychiatric beds to address an institutional need at VHC. The proposed project would significantly increase the number of private room psychiatric beds at VHC, which would assist in placement of patients by removing gender and age barriers for these beds. As such, DCOPN concludes that the proposed project would have a beneficial effect on the utilization and efficiency of psychiatric services at VHC. As stated above, HSANV asserts that "[g]iven local inpatient psychiatric use rates, established medical trade patterns, and intra-region service volume trends, there is no indication that adding the capacity requested

at VHC would affect negatively other hospital psychiatric services.” DCOPN concurs with HSNV’s assertion and finds that the proposed project is highly unlikely to have a detrimental effect on the utilization and efficiency of other providers in PD 8.

Inova Mount Vernon Hospital

The applicant is an existing provider of inpatient psychiatric services seeking to add 20 inpatient psychiatric beds to address an institutional need at IMVH. The proposed project would significantly increase the number of private room psychiatric beds at IMVH, which would assist in placement of patients by removing gender and age barriers for these beds. As such, DCOPN concludes that the proposed project would have a beneficial effect on the utilization and efficiency of psychiatric services at IMVH. HSNV asserts that “[g]iven local inpatient psychiatric use rates, established medical trade patterns, and intra-region service volume trends, there is no indication that adding the capacity requested at IMVH would affect negatively other hospital psychiatric services.” DCOPN concurs with HSNV’s assertion and finds that the proposed project is highly unlikely to have a detrimental effect on the utilization and efficiency of other providers in PD 8.

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;

Virginia Hospital Center

The total capital and financing cost for the project is \$12,663,650 (**Table 2**). As discussed above, while the costs for the project are high, DCOPN ultimately found them reasonable for the scale of the proposed project. Moreover, the proposed project would be funded entirely by VHC’s accumulated reserves. Additionally, a review of the applicant’s submitted financial statements and pro forma projections show that this approach is financially viable. As such, DCOPN concludes that the proposed project is feasible with regard to financial costs.

The proposed project would require a sizeable amount of additional human resources. VHC states that they would require 26.2 FTEs for the proposed project, including 13.6 FTEs dedicated to registered nurses and 8.4 FTEs dedicated to nurse’s aides, orderlies and attendants. The applicant asserts that the required staff would be recruited by the traditional channels, including the internet and print advertising, and the schools with which VHC is affiliated. The applicant further asserts that it does not anticipate any issues with recruiting the necessary staff given its close affiliation with the many training and educational facilities in Northern Virginia and the District of Columbia. The applicant finally states that, in addition to these affiliations, which include consistent clinical and senior/capstone placements for students, VHC participates in a number of initiatives with various partners that support VHC’s recruitment and training efforts, including Arlington County, VHC’s Friends Of Nursing Foundation, and the Foundation Poyant Fund.

DCOPN finds the applicant’s assertion that their traditional methods are sufficient somewhat dubious given the large number of currently vacant positions listed in their

application, including 130.3 FTEs, or approximately 61% of the total vacant FTEs at VHC, dedicated to registered nurses, and 33 FTEs, or approximately 15% of the total vacant FTEs at VHC, dedicated to nurse's aides, orderlies and attendants. While this is highly troubling, a search of VHC's recruitment site only shows one registered nursing vacancy in the Behavioral Health division, showing that this large number of vacancies does not appear to be unduly effecting the current psychiatric beds at VHC. Moreover, no existing providers in the area expressed any opposition to the project or concerns about the potential impact on their staffing, indicating that they do not project that such recruitment would adversely affect their staffing. Despite VHC's standard recruitment practices seeming ineffective because of the large number of vacancies in the hospital, based on the extremely low number of advertised vacancies in the applicant's Behavioral Health division, DCOPN finds that the proposed project is feasible with regards to staffing. Moreover, this finding coupled with the lack of opposition by existing providers, leads DCOPN to conclude that such recruitment would not adversely affect the staffing of existing providers.

Inova Mount Vernon Hospital

The total capital and financing cost for the project is \$8,190,693 (**Table 3**). As discussed above, while the costs for the project are high, DCOPN ultimately found them reasonable for the scale of the proposed project. As discussed above, the proposed project would be funded entirely by IMVH's accumulated reserves and the applicant has stated that the proposed project will not have an impact on the cost of providing care to IMVH's patients. Additionally, a review of the applicant's submitted financial statements and pro forma projections show that this approach is financially viable. As such, DCOPN concludes that the proposed project is feasible with regard to financial costs.

The proposed project would require a sizeable amount of additional human resources. CRMC states that they would require 28.8 FTEs for the proposed project, including 5.7 FTEs dedicated to registered nurses, 4.2 FTEs dedicated to registered nurse unit supervisors, and 5.7 FTEs dedicated to mental health technicians. With regards to recruitment methods, IMVH's plan for obtaining additional personnel includes recruiting initiatives targeted at labor pools that have historically been underutilized in the health care industry and in geographic areas well outside Northern Virginia, expanding the pool of available workers, without draining resources from other facilities. IMVH further plans to institute initiatives to bolster the size and quality of the health services labor pool in Northern Virginia over the long-term by promoting health care career paths among area youth, benefitting all area health care providers with a vibrant and enthusiastic labor pool.

DCOPN notes that, while IMVH reports a relatively small number of vacant positions, this only accounts for positions associated with its 20-bed psychiatric unit. DCOPN notes that the applicant advertises 36 job openings at IMVH for nursing positions. Moreover, no existing providers in the area expressed any opposition to the project or concerns about the potential impact on their staffing, indicating that they do not project that such recruitment would adversely affect their staffing. Given the relatively low number of vacancies, even across the entire hospital, coupled with IMVH's ambitious and long-term plans regarding staffing, DCOPN concludes that proposed project is feasible with regards to staffing.

Moreover, this finding coupled with the lack of opposition by existing providers, leads DCOPN to conclude that such recruitment would not adversely affect the staffing of existing providers.

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;

Not applicable. Neither project will introduce new technology that would promote quality or cost effectiveness in the delivery of inpatient health services.

(ii) the potential for provision of health care services on an outpatient basis;

Both applicants discuss the outpatient options that are available to their patients, which is discussed elsewhere in this report, but do not make a substantive case towards how the proposed projects would introduce improvements or innovations in the financing and delivery of health care services, as demonstrated by the potential for provision of health care services on an outpatient basis.

(iii) any cooperative efforts to meet regional health care needs; and

Both applicants assert that they have a long-term ongoing relationship with local CSBs and declare a commitment to place TDO patients. However, given the lack of a formal agreement that would ensure that the relationship remains ongoing and would set minimum amount of patient days allocated to local CSBs and controls to ensure these minimum benchmarks are met, these assertions regarding the long-term ongoing relationship do not carry significant weight. Moreover, lacking a formal agreement with local CSBs or a proffer to DCOPN to set the minimum annual number of TDO patient days the applicant would accept, DCOPN must find the assertions made by the applicants regarding their commitment to place TDO patients similarly weak. As such, DCOPN cannot conclude that the applicant has made a substantive case for how the proposed projects would introduce improvements or innovations in the financing and delivery of health care services, as demonstrated by any cooperative efforts to meet regional health care needs.

(iv) at the discretion of the Commissioner, any other factors as may be appropriate; and

DCOPN did not identify any other factors, not discussed elsewhere in this staff analysis report, to bring to the Commissioner's attention regarding the determination of a public need for either proposed project.

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.

Virginia Hospital Center

VHC is an academic medical center that began its affiliation with Georgetown University over 50 years ago. Since then, VHC has also partnered with many other training and educational facilities in Northern Virginia and the District of Columbia, including Marymount University, Northern Virginia Community College, George Mason University, Stratford University, and Chamberlain University. Under various programs, VHC regularly receives students and residents for hands-on training at the hospital and received the Leapfrog Top Teaching Hospital Award in 2019. The applicant does not address any criteria by which the proposed project would affect the unique research, training, and clinical mission of the teaching hospital or any contribution the teaching hospital may provide in the delivery, innovation, and improvement of health care for citizens of the Commonwealth, including indigent or underserved populations that is not addressed elsewhere in the report.

Inova Mount Vernon Hospital

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

DCOPN Staff Findings and Conclusions

Virginia Hospital Center

DCOPN finds that the proposed project to expand psychiatric services at Virginia Hospital Center by adding 16 inpatient psychiatric beds is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. While the SMFP shows an excess of beds in the planning district, Virginia Hospital Center has established an institutional need to expand its psychiatric services.

Moreover, DCOPN finds that the proposed project is more advantageous than the alternative of the status quo. For example, the proposed project would address the overutilization of existing psychiatric beds at VHC. Additionally, the proposed project would introduce private rooms for inpatient psychiatric beds at VHC, which would allow for greater flexibility in the placement of patients.

Furthermore, the Health Services Agency of Northern Virginia unanimously recommend that the proposed project be approved. Moreover, the project is supported by the Arlington Community Service Board, the local community services board, and there is no known

opposition from other providers, health care professionals or community representatives. Finally, DCOPN finds that the total capital and financing cost for the project of \$12,663,650 (**Table 2**), while high, are reasonable based on the scale of the proposed project.

Inova Mount Vernon Hospital

DCOPN finds that the proposed project to expand psychiatric services at Inova Mount Vernon Hospital by adding 20 inpatient psychiatric beds is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. While the SMFP shows an excess of beds in the planning district, Inova Mount Vernon Hospital has established an institutional need to expand its psychiatric services.

Moreover, DCOPN finds that the proposed project is more advantageous than the alternative of the status quo. For example, the proposed project would address the overutilization of existing psychiatric beds at IMVH. Moreover, the proposed project would greatly increase the percentage of private rooms used for inpatient psychiatric beds at IMVH, which would allow for greater flexibility in the placement of patients.

Furthermore, the Health Services Agency of Northern Virginia unanimously recommend that the proposed project be approved. Moreover, the project is supported by the Alexandria Community Service Board Behavioral Health, the local community services board, and there is no known opposition from other providers, health care professionals or community representatives. Finally, DCOPN finds that the total capital and financing cost for the project of \$8,190,693 (**Table 3**), while high, are reasonable based on the scale of the proposed project.

Staff Recommendation

Virginia Hospital Center

DCOPN recommends **conditional approval** of Virginia Hospital Center's request to expand its inpatient psychiatric services through the addition of 16 inpatient psychiatric beds for the following reasons:

1. The proposed project is 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 proposed project will address an institutional need at Virginia Hospital Center.
3. The Health Services Agency of Northern Virginia unanimously recommend that the proposed project be approved
4. The proposed project is more advantageous than the status quo.
5. The capital costs, while high, are reasonable based on the scale of the proposed project.
6. DCOPN did not receive any opposition to the proposed project.

7. The proposed project is supported by local community service boards.

DCOPN's recommendation is contingent upon the applicant's agreement to the following indigent care condition for psychiatric services at Virginia Hospital Center:

Virginia Hospital Center will provide psychiatric services to all persons in need of these services, regardless of their ability to pay, and will provide as charity care to all indigent persons free services or rate reductions in services and facilitate the development and operation of primary care services to medically underserved persons in an aggregate amount equal to at least 3.9% of Virginia Hospital Center's total patient services revenue derived from psychiatric services provided at Virginia Hospital Center as valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. Compliance with this condition will be documented by reporting charity care data to Virginia Health Information (VHI), following VHI's reporting process. Virginia Hospital Center will accept a revised percentage based on the regional average after such time regional charity care data valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. is available from Virginia Health Information. The value of charity care provided to individuals pursuant to this condition shall be based on the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1et seq.

Virginia Hospital Center will provide psychiatric services to individuals who are eligible for benefits under Title XVIII of the Social Security Act (42 U.S.C. § 1395 et seq.), Title XIX of the Social Security Act (42 U.S.C. § 1396 et seq.), and 10 U.S.C. § 1071 et seq. Virginia Hospital Center will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.

Inova Mount Vernon Hospital

DCOPN recommends **conditional approval** of Inova Mount Vernon Hospital's request to expand its inpatient psychiatric services through the addition of 20 inpatient psychiatric beds for the following reasons:

1. The proposed project is 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 proposed project will address an institutional need at Inova Mount Vernon Hospital.
3. The Health Services Agency of Norther Virginia unanimously recommend that the proposed project be approved
4. The proposed project is more advantageous than the status quo.

5. The capital costs, while high, are reasonable based on the scale of the proposed project.
6. DCOPN did not receive any opposition to the proposed project.
7. The proposed project is supported by local community service boards.

DCOPN's recommendation is contingent upon the applicant's agreement to the following indigent care condition for psychiatric services at Inova Mount Vernon Hospital:

This project shall be subject to the 4.1% system-wide charity care condition applicable to Inova Health Care Services, as reflected in COPN No. VA – 04381 (Inova Health Care Services system-wide condition). Provided, however, that charity care provided under the Inova Health Care Services 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.

Inova Health Care Services 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 Inova Health Care Services' system-wide condition, to the extent Inova Health Care Services 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 Inova Health Care Services system-wide condition to resolve the expected discrepancy.