



COMMONWEALTH of VIRGINIA

Karen Shelton, MD
State Health Commissioner

Department of Health
P O BOX 2448
RICHMOND, VA 23218

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

July 27, 2023

Erin S. Whaley
Troutman Pepper Hamilton Sanders, LLP
Troutman Pepper Building, 1001 Haxall Point
Richmond, Virginia 23219

RE: **COPN No. VA-04848**
Centra Behavioral Health Hospital, LLC &
Centra Health, Inc.
Planning District 11
Establish a 72-bed Psychiatric Hospital

Dear Ms. Whaley:

In accordance with Chapter 4, Article 1.1 of Title 32.1 of the Code of Virginia of 1950 (the Code), as amended, I reviewed the application and all supporting documents submitted by Centra Behavioral Health Hospital, LLC & Centra Health, Inc. to establish a 72-bed inpatient psychiatric hospital through the relocation of 64 inpatient psychiatric beds from Virginia Baptist Hospital and an addition of 8 inpatient psychiatric beds.

As required by Section 32.1-102.3B of the Code, I have considered all factors that must be taken into account in a determination of public need, and I have concluded that **conditional approval** of the request is warranted based on the following findings:

1. The proposal to establish a 72-bed inpatient psychiatric hospital with the relocation of 64 beds and addition of 8 new beds is consistent with the applicable standards and criteria of the State Medical Facilities Plan and the 8 Required Considerations of the Code of Virginia.
2. There does not appear to be any less costly alternative to the proposed project.
3. The capital costs of the proposed project are reasonable.
4. The proposed project is unlikely to have a significant negative impact upon the utilization, costs, or charges of other providers of inpatient psychiatric services in PD 11 as it is the sole provider of these services in the PD.
5. The proposed project appears to be financially viable in the immediate and long-term.

Ms. Erin S. Whaley
Centra Behavioral Health Hospital, LLC
July 27, 2023
Page 2

6. There is no known opposition to the project.

This certificate is valid for the period July 27, 2023, through July 26, 2024. The total authorized capital cost of the project is \$76,804,490

Please file two copies of the application for a certificate extension with the Department no later than 30 days before the expiration date of the certificate. Part VIII of the Virginia Medical Care Facilities Certificate of Public Need Rules and Regulations identifies the filing requirements and review procedure for certificate extension requests.

Sincerely,



Karen Shelton, MD
State Health Commissioner

Enclosure

cc: Allyson Tysinger, Senior Assistant Attorney General, Commonwealth of Virginia
Erik Bodin, Director, Division of Certificate of Public Need
Deborah K. Waite, Chief Operating Officer, Virginia Health Information
Kerry Gateley, MD, MPH, CPE, District Director, Central Virginia Health District

COMMONWEALTH OF VIRGINIA
DEPARTMENT OF HEALTH

MEDICAL CARE FACILITIES CERTIFICATE OF PUBLIC NEED

THIS CERTIFIES THAT Centra Behavioral Health Hospital, LLC & Centra Health, Inc. are authorized to initiate the proposal as described below.

NAME OF FACILITY: Centra Behavioral Health Hospital

LOCATION: The intersection of Simons Run and Leesville Road in Campbell County, Virginia 24502

OWNERSHIP AND CONTROL: Centra Behavioral Health Hospital, LLC

SCOPE OF PROJECT: Establish a 72-bed inpatient psychiatric facility through the relocation of 64 inpatient psychiatric beds from Virginia Baptist Hospital and the addition of 8 inpatient psychiatric beds. Capital costs associated with this project total \$76,804,490. The project is expected to be completed by September 1, 2026. This certificate is issued with the condition that appears on its reverse.



Pursuant to Chapter 4, Article 1:1 of Title 32.1, Sections 32.1-102.1 through 32.1-102.12 of the Code of Virginia (1950), as amended and the policies and procedures promulgated thereunder, this Medical Care Facilities Certificate of Public Need is issued contingent upon substantial and continuing progress towards implementation of the proposal within twelve (12) months from the date of issuance. A progress report shall be submitted to the State Health Commissioner within twelve (12) months from the date of issuance along with adequate assurance of completion within a reasonable time period. The Commissioner reserves the right not to renew this Certificate in the event the applicant fails to fulfill these conditions. This Certificate is non-transferable and is limited to the location, ownership, control and scope of the project shown herein.

Certificate Number: VA-04848

Date of Issuance: July 27, 2023

Expiration Date: July 26, 2024

Karen Shelton, MD, State Health Commissioner

Centra Behavioral Health Hospital, LLC will provide inpatient 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 will facilitate the development and operation of primary medical care services to medically underserved persons in PD 11 in an aggregate amount equal to at least 0.7% of Centra Behavioral Health Hospital, LLC's gross patient revenue derived from inpatient psychiatric services. Compliance with this condition will be documented to the Division of Certificate of Public Need annually by providing audited or otherwise appropriately certified financial statements documenting compliance with the preceding requirement. Centra Behavioral Health Hospital, LLC will accept a revised percentage based on the regional average after such time regional charity care data valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. is available from Virginia Health Information. The value of charity care provided individuals pursuant to this condition shall be based on the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq.

Centra Behavioral Health Hospital, LLC will provide inpatient psychiatric care 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. Centra Behavioral Health Hospital, LLC will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.



COMMONWEALTH of VIRGINIA

Department of Health

Office of Licensure and Certification

Karen Shelton, MD
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

June 20, 2023

Erin S. Whaley
Troutman Pepper Hamilton Sanders, LLP
Troutman Pepper Building, 1001 Haxall Point
Richmond, Virginia 23219

RE: **COPN Request No. VA-8695**
Centra Health, Inc.
Planning District 11
Establish a 72-bed Psychiatric Hospital

Dear Ms. Whaley:

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

If Centra Behavioral Health Hospital, LLC & Centra Health, Inc. are willing to accept the recommendation for conditional approval of this project, please provide documentation of this acceptance *no later than June 26, 2023*. If not willing to accept, before the State Health Commissioner makes his decision on this project, the Department will convene an informal-fact-finding conference (IFFC) pursuant to *Title 2.2 of the Code of Virginia*. This IFFC has been scheduled for Thursday, June 29, 2023, beginning at 10:00 a.m. in Board Room 4 of the Perimeter Center located at 9960 Mayland Drive in Henrico, Virginia. A copy of the procedures for conduct at IFFCs may be found at <http://www.vdh.virginia.gov/OLC/copn/>.

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

DIRECTOR
(804) 367-2102

ACUTE CARE
(804) 367-2104

COPN
(804) 367-2126



COMPLAINTS
1-800-955-1819

LONG TERM CARE
(804) 367-2100

Ms. Erin Whaley
COPN Request No. VA-8695
June 20, 2023
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Should you have questions or need further clarification of this report and/or its recommendations, please feel free to call me at (804) 367-1889 or email me at Erik.Bodin@VDH.Virginia.Gov.

Sincerely,



Erik Bodin, Director
Division of Certificate of Public Need

Enclosures

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

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

June 20, 2023

RE: COPN Request No. VA-8695

Centra Behavioral Health Hospital, LLC &

Centra Health Inc.

Campbell County, Virginia

Establish an Inpatient Behavioral Health Hospital with 72 Beds

Applicant

Centra Behavioral Health Hospital, LLC (CBHH) & Centra Health Inc. (CH) are co-applicants for the proposed project. CBHH, a limited liability company, is a joint venture whose members owning 5% or more include Centra Health, Inc. and LPNT BH Development 9, LLC, which is a subsidiary of Lifepoint Behavioral Health Services (LBHS), a business unit of Lifepoint Health. CBHH has no subsidiaries. Centra Health, Inc. is partially or wholly owning 16 subsidiaries.

CBHH and CH propose to establish a behavioral health hospital with 72 beds, Centra Behavioral Health Hospital, near the intersection of Simons Run and Leesville Road in Campbell County, Virginia 24502. Campbell County is located within Planning District (PD) 11, enveloped within Health Planning Region (HPR) III. The formal address has not been established at the time of this staff report.

Background

PD 11 Population and Demographics

PD 11 is not projected to grow as much as the Commonwealth's average for both overall population and for the aged 65+ cohort between 2020-2030. Virginia's projected growth for 2020-2030 is 5.58% overall and 27.43% for the Virginia cohort aged 65+ (**Table 1**). Contrarily, PD 11's projected growth for the same time period is 1.20% overall and 15.38% for the PD 11 65+ cohort (**Table 1**). PD 11's projected growth is higher than HPR III's projected decline of -5.40%; although HPR III is projected to decline overall, there is a projected growth in the 65+ population of 18.15% between 2020-2030 (**Table 1**).

Table 1. PD 11 Population Data and Change Trends

Geographic Name	2010 Census	2020 Census	% Change 2010-2020	2030 Census	% Change 2020-2030	2020 65 + Census	2030 65+ Census	% Change 65+
Amherst County	32,353	31,344	-3.12%	29,827	-4.84%	3,309	4,112	24.30%
Appomattox County	14,973	16,136	7.77%	17,018	5.46%	22,515	26,951	19.70%
Bedford County	74,898	79,543	6.20%	82,822	4.12%	1,494	1,520	1.76%
Campbell County	54,842	55,693	1.55%	55,739	0.08%	1,773	2,189	23.44%
Lynchburg City	75,568	80,327	6.30%	81,268	1.17%	7,728	8,322	7.69%
PD 11 Totals	252,634	263,043	3.74%	266,674	1.20%	36,819	43,094	15.38%
HPR 3 Totals	1,356,557	1,339,220	-3.14%	1,296,128	-5.40%	482,961	589,160	18.15%
Virginia	8,001,024	8,646,905	8.07%	9,129,002	5.58%	1,352,448	1,723,382	27.43%

Source: Weldon-Cooper Population Data

Table 2 details the poverty rate per locality in PD 11, the average for PD 11, and the average for the Commonwealth of Virginia. PD 11 residents are experiencing a higher rate of poverty than that of Virginia as a whole; the outlier in PD 11 is Lynchburg City, of which 21.8% of the residents live in poverty (Table 2).

Table 2. Poverty Rates, 2022

Location	Poverty Rate
Amherst County	13.0%
Appomattox County	13.5%
Bedford County	10.4%
Campbell County	11.3%
Lynchburg City	21.8%
PD 11 Average	14.0%
Virginia Average	10.7%

Source: Index Mundi; US Census Bureau

The largest percentage of patients seen at VBH originate from Lynchburg at 32.23% of their total patient pool (**Table 3**); additionally, Lynchburg also has the highest poverty rate in PD 11 at 21.8% (**Table 2**). Lynchburg's overall population growth is projected to grow at a similar rate to that of PD 11, but the Lynchburg 65+ population is projected to grow slower than that of PD 11's 65+ age group (**Table 1**).

Table 3. Patient Origin Data

Location	Percentage of Patients	Location	Percentage of Patients	Location	Percentage of Patients
Lynchburg	32.23%	Charlotte	1.86%	Mecklenburg	0.31%
Other	19.57%	Danville	1.63%	Franklin	0.31%
Campbell	12.46%	Albemarle	0.97%	Harrisonburg	0.27%
Bedford	12.42%	Nottoway	0.79%	Prince William	0.22%
Amherst	7.46%	Augusta	0.75%	Salem	0.22%
Appomattox	4.68%	Halifax	0.71%	Rockbridge	0.22%
Prince Edward	3.84%	Buckingham	0.62%	Henry	0.22%
Pittsylvania	3.54%	Nelson	0.44%	Roanoke	0.22%

Source: COPN Req. VA-8695

Psychiatric Services General Background

At the end of 2022 Virginia Governor Glen Youngkin revealed a three-year plan to transform behavioral health in Virginia: the “Right Help, Right Now” plan. The “Right Help, Right Now” Six Pillars are¹:

1. First, we must strive to ensure same-day care for individuals experiencing behavioral health crises.
2. Second, we must relieve the law enforcement community’s burden and reduce the criminalization of mental health.
3. Third, we must develop more capacity throughout the system, going beyond hospitals, especially community-based services.
4. Fourth, we must provide targeted support for substance use disorder and efforts to prevent overdose.
5. Fifth, we must make the behavioral health workforce a priority, particularly in underserved communities.
6. Sixth, we must identify service innovations and best practices in pre-crisis prevention services, crisis care, post-crisis recovery and support and develop tangible and achievable means to close capacity gaps.

The National Alliance on Mental Illness (NAMI) gives the following statistics regarding mental health in Virginia and in the United States (US) utilizing data available in February 2021 (most recent report)²:

- In February 2021, 36.9% of adults reported symptoms of anxiety or depression.
- 1 in 20 adults in the US experience serious mental illness each year; in Virginia, 264,000 adults have a serious mental illness.
- 1 in 6 youth aged 6-17 years in the US experiences a mental health disorder; 97,000 Virginians aged 12-17 have depression.
- Nationally, more than half of people with a mental health condition did not receive treatment in 2020. In Virginia, of the 382,000 adults in Virginia who did not receive needed mental health care, 47.1% did not receive care because of cost.
- 8% of people in Virginia are uninsured. Moreover, Virginians are over 7x more likely to be forced out-of-network for mental health care than for primary health care- increasing the cost barrier to access.
- 1,943,480 people in Virginia live in a community that does not have enough mental health professionals.
- 56.2% of Virginians aged 12-17 who have depression did not receive any care in the last year.
- On average, 1 person in the US dies by suicide every 11 minutes. In Virginia, 1,243 lives were lost to suicide and 267,000 adults had thoughts of suicide in the last year.
- 1 in 4 people with serious mental illness has been arrested by the police at some point in their lifetime- leading to over 2 million jail bookings of people with serious mental illness each year.
- About 2 in 5 adults in prison or jail have a history of mental illness. 7 in 10 youth in the juvenile justice system have a mental health condition.
- More than half of Americans have reported that Covid-19 has had a negative impact on their mental health.

¹ <https://www.governor.virginia.gov/newsroom/news-releases/2022/december/name-947166-en.html>

² <https://www.nami.org/NAMI/media/NAMI-Media/StateFactSheets/VirginiaStateFactSheet.pdf>

The Substance Abuse and Mental Health Administration (SAMHSA) requires annual reporting by the State Mental Health Agencies (SMHA) as part of the agreement for receiving the SAMHSA Community Mental Health Block Grant. Consider the following statistics (within a 95% confidence interval) outlined in the 2021 SAMHSA Uniform Reporting Summary (URS) for the Nation and Commonwealth of Virginia³:

- The community utilization of mental health services in Virginia is lower than that of the US per 1,000 people; Virginia's utilization was 14.46 and the US' utilization was 23.93 per 1,000 people.
- Virginians, both adults and children, report significantly lower consumer survey expectations for positive outcomes following treatment than that of the US on average. 67.4% of Virginian adults in mental health treatment report being positive about the outcome, and only 54.7% Virginian child/family consumers report being positive about the outcome of treatment. Contrarily, 77.1% of adult and 72.2% child/family consumers nationally report feeling positive about the outcome of the services they are engaged in.

• **Table 4. Statistics of Selected SAMHSA Uniform Reporting Summary, 2021**

Element Measured	Virginia	Nationally
Adult Dual Diagnosis Treatment	14.4%	9.2%
Adult Illness Self-Management	5.8%	18.7%
Adult Medications Management	34.5%	30.5%
Adult- Improved Social Connectedness	67.8%	77.6%
Child/Family Improved Social Connectedness	77.4%	87.5%
State Hospital LOS ¹ Discharged Adult Patients (median)	19 Days	105 Days
State Hospital LOS for Adult Resident Patients in Facility <1 Year (median)	36 Days	81 Days
Adults with Co-occurring MH/SA Disorders ²	43%	29%
SMHA Expenditures for Community Mental Health ³ (State Mental Health Finance)	47.8%	70.8%
State Expenditures from State Sources	73.2%	39.4%
Racial Demographics of Patients Served by SHMA		
American Indian/Alaskan Native	0.2%	1.8%
Asian	1.2%	1.5%
Black/African American	27.1%	17.9%
Native Hawaiian/Pacific Islander	0.1%	0.3%
White	60.3%	58.1%
Multi-Racial	4.6%	2.7%
Race Not Available	6.6%	17.8%
Age Demographics of Patients Serviced by SMHA		
Ages 0-17	26.0%	26.9%
Ages 18-64	67.8%	67.3%
Ages 65 and Over	6.0%	5.6%

Source: SAMHSA Uniform Reporting Summary 2021

¹Length of Stay (LOS)

²Mental Health/Substance Abuse Disorders

³Includes primary prevention, evidence-based practices for early serious mental illness, and Other 24-hour care

³ <https://www.samhsa.gov/data/sites/default/files/reports/rpt39408/Virginia.pdf>

- **Table 4** details differences between the Commonwealth and the national averages and medians for a few measured elements. While this information is exclusive to state hospital data, it is helpful to consider in the background of Virginia's mental health system as a whole and how the project may either help or hinder community efforts. Virginia state mental health hospitals had a significantly shorter length of stay than the average length of stay nationally. The SAMHSA Uniform Reporting System Summary noted that Covid-19 impacted privately run facilities' ability to accept patients and to accept patients to reside in appropriate cohort settings, which is corroborated in the applicant's justification for the project. Also worthy of note are the differences in the percentage of Black/African American and Race Not Available patients between the Commonwealth and the US; the data is proportionally inversed. The expenditures from SMHA resources and from Virginia Resources are also proportionally inverse, indicating that Virginia funds the State Hospitals via an opposite modality from the average funding disbursement nationally.

Temporary Detention Orders (TDO) are orders issued by a Magistrate that requires an individual to be held in a psychiatric facility for a period of 1 to 5 days until a commitment hearing is held. From June 2021 to July 2022, there were 21,099 TDOs issued in the Commonwealth, according to the Governor's office. According to Governor Youngkin, the average wait time for an individual under a TDO in Virginia to get placement and care is now up to 43 hours. Law Enforcement is strained while waiting with the individual placed under a TDO, the patient is strained by sitting in an emergency room for days with law enforcement, and health care workers area strained with caring for TDO patients for multiple days in a setting where there is typically a faster turnaround for discharge or admission and the next step of care. Additionally, everyone in the community suffers due to law enforcement and healthcare workers being strained.

Centra Health, Inc. and Lifepoint Behavioral Health Services Background

Centra Health is the only integrated health system in the mostly rural PDs 11 and 14 (adjacent). Centra owns and operates four acute care hospitals within these two PDs. Centra Health was authorized by COPN VA-04835 (April 11, 2023), to open and operate a 50-bed inpatient rehabilitation hospital at the same site of the proposed project. The same construction company (and lease holder) would be constructing both facilities; constructing the projects simultaneously would reduce overall constructions costs, the administrative costs, and the operating costs for both facilities as they would be able to share some resources.

LBHS is a branch of Lifepoint Health that focuses on providing inpatient care in freestanding specialty hospitals as well as specialized units within community hospitals.⁴ Per the applicant, LBHS' subsidiary, LPNT BH Development 9, LLC, is a joint venture member (i.e., owner) of Centra Behavioral Health Hospital, LLC. LPNT BH Development 9 will make capital contributions to CBHH; additionally, LBHS will provide certain management and administrative services to CBHH. LBHS programs provide "compassionate, comprehensive and intensive psychiatric treatment to children, adolescents, adults and seniors experiencing mental health and/or alcohol and substance use disorder(s)."⁵ LBHS provide the following treatment programs:

- Inpatient mental health treatment

⁴ <https://lifepointhealth.net/behavioral-health>

⁵ Ibid.

- Inpatient Substance Use and Addiction Treatment
- Co-Occurring Diagnosis Treatment
- Partial Hospitalization Programs (PHP)
- Intensive Outpatient Programs (IOP)⁶

LBHS states that through partnering with them, they can help a hospital:

- Alleviate emergency department capacity strains by helping to place patients in a behavioral health setting equipped to take on their unique needs – opening up beds for patients in need of emergent treatment.
- Relieve the burden of running a highly efficient behavioral health program through flexible, white-labeled partnership solutions and leading expertise.
- Enhance quality care, patient access and employee engagement with the guidance and support of LifePoint's service line expertise, national quality standards, and employee training and educational pathways.
- Effectively meet the needs of the growing behavioral health population through specialized expertise and clinical excellence.
- Help hospitals grow and build further upon their mission through LifePoint's shared vision of making communities healthier.⁷

Proposed Project

The applicant proposes to relocate and expand inpatient behavioral health services in PD 11 through the establishment of Centra Behavioral Health Hospital through the relocation of 64 inpatient psychiatric beds currently at Virginia Baptist Hospital (VBH) and the introduction of an additional 8 beds, for a total complement of 72 inpatient psychiatric beds. CBHH is partnering with LBHS to provide services to PD 11 (and surrounding areas). CBHH's design includes three 24-bed behavioral health wings, comprised of six 12-bed units or pods that facilitate specialty care. CBHH will be able to adjust the pod cohorts as needed. For example, they could be used as psychiatric intensive units, forensic units, medically compromised units, and units for long term care patients on guardianship or court ordered mental health probation programs. Additionally, the layout will allow for separation among child/adolescent, adult, and geriatric patients, all of whom CBHH will serve.

The Assessment Department, which serves as the intake point for ambulatory and gurney transported patients, will have a secure sallyport area under observation by clinical staff where patients will wait to be assessed in one of six private rooms- maintaining confidentiality for patients.

CBHH will have noisy activity rooms, quiet activity/group therapy rooms, consult rooms, and an array of staff workplaces for physicians, nurses, social workers, activity therapists, recreational therapists, and mental health technicians. Additionally, there will be a fitness center for supervised use by inpatients and each unit will have its own outdoor space with a covered patio where patients can move about freely.

Programs in addition to inpatient hospitalization to be available at CBHH include Intensive Outpatient Treatment and Partial Hospitalization Programs that will mirror the inpatient programs with respect to its curriculum. Furthermore, these programs will include vocational training to aid in

⁶ <https://lifepointhealth.net/behavioral-health>

⁷ <https://lifepointhealth.net/behavioral-health-partnerships>

transitioning patients back into the community successfully. All programs will be tailored for the appropriate age group.

The total capital cost of the project is \$76,804,490, of which \$73,337,758 is for a 15-year lease of the facility (**Table 8**). There is no associated construction cost as the facility will be leased by CBHH from a third party that is constructing the facility. The remaining \$3,466,732 is allocated for equipment not included in construction costs. The area has been zoned for the proposed use. The preliminary drawings are estimated to be completed June 30, 2024, with final drawings being completed December 31, 2024. Construction is estimated to begin April 1, 2025, and to be completed July 1, 2026. The target date for CBHH being operational is September 1, 2026.

Project Definition

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part, as the “[e]stablishment of a medical care facility described in subsection A... [to include a]ny hospital licensed as a provider by the Department of Behavioral Health and Developmental Services in accordance with Article 2 (§ 37.2-403 et seq.) of Chapter 4 of Title 37.2... [and the] relocation of beds from an existing medical care facility described in subsection A to another existing medical care facility described in subsection A.”

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.**

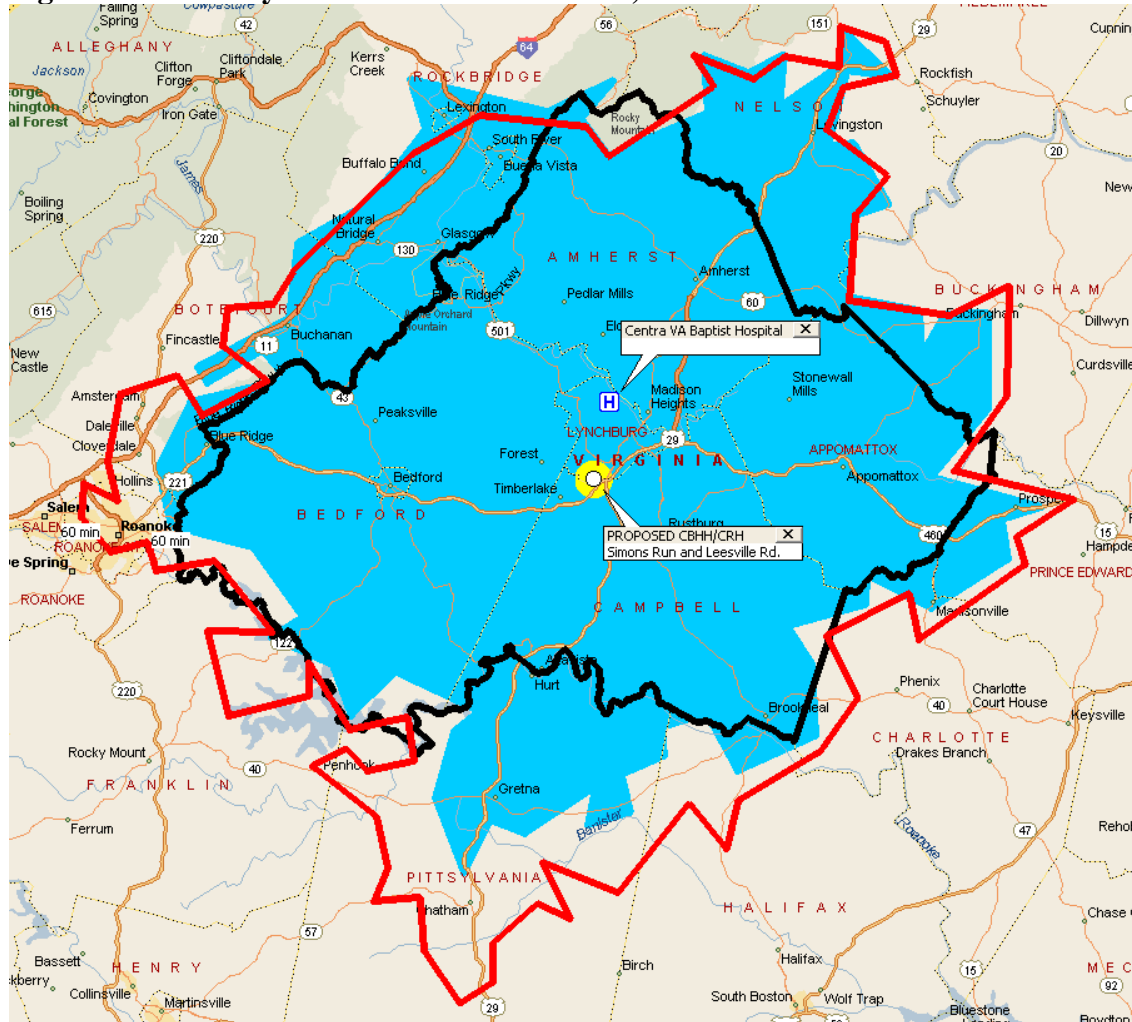
CBHH will be located on a parcel bounded by three public roadways to the north, west, and east. One roadway, Simons Run, connects to a commercial development further to the north and to Airport Road to the south, which accesses Lynchburg Highway. A public transit route runs along the north side of the parcel connecting the CBHH building in two directions. Although there is a public transport route, it has the following limitations:

The public transportation is provided by the Greater Lynchburg Transit Company (GLTC). GLTC operates 14 bus routes within the City of Lynchburg and a portion of Madison Heights, Monday through Friday, from 5:00 a.m. to 10:15 p.m., and 10 routes on Saturday between 6:00 a.m. and 10:15 p.m. Sunday 7:45 a.m. to 7:15 p.m. No service is operated on New Year’s Day, Easter Sunday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. Bus Fares range from \$2 for the day to \$500 for yearlong passes, with options in between. Some select passes are half-priced for ID members. ID members are those who are either 65 years of age or older or is a Medicare Card holder and has a disability that makes one unable to use the bus service as effectively as persons who are not similarly disabled.⁸

⁸ <https://gltconline.com/gltc-fares/>

In **Figure 1**, the black line is representative of the PD 11 boundary, the shaded blue area is the area within a 60-minutes' drive time (the State Medical Facilities Plan standard) from the current operational services at VBH, and the red outline illustrates the 60-minutes' drive time radius from the proposed location at Simons Run and Leesville Road. It does not appear that the move will dramatically alter access to their behavioral health services for the residents of PD 11. Southwestern Virginia is rural in nature and drive times can be impacted by adverse weather as the road infrastructure is different than that of urban and suburban areas.

Figure 1. PD 11 Psychiatric Services Provider, 2023

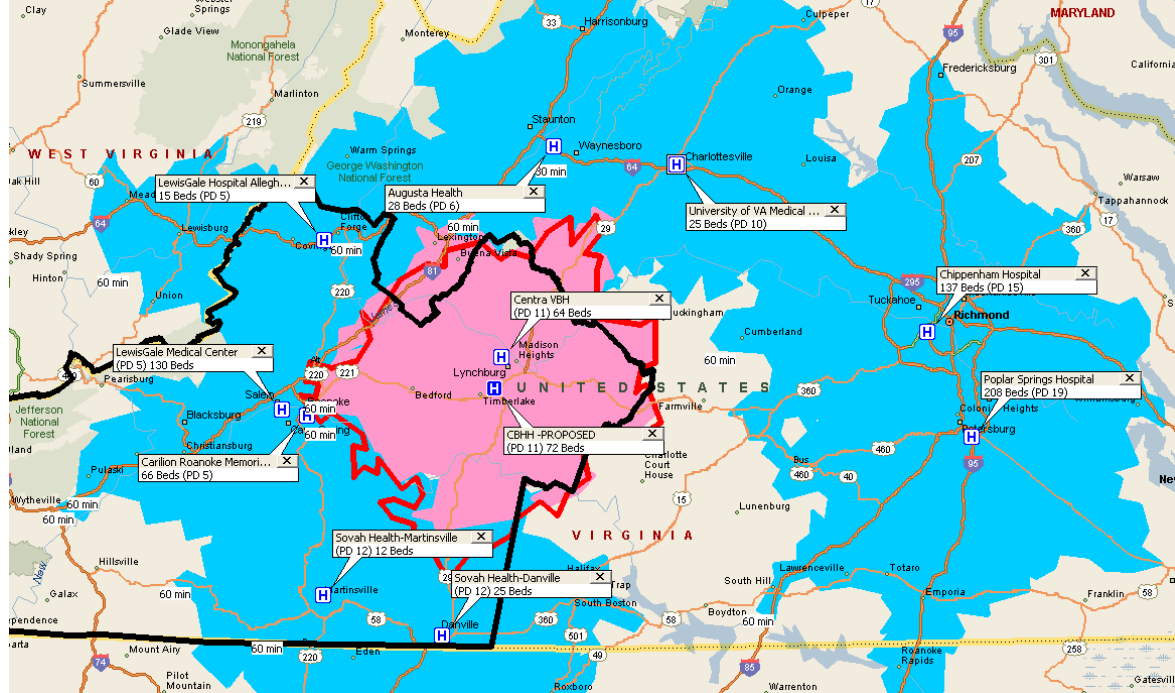


Sources: Google Maps and Microsoft Office Streets & Trips

Figure 2 illustrates the closest providers to the proposed site and their 60-minutes' driving radius areas (shaded light blue). The pink showcases a 60-minutes' driving radius around the currently operational VBH, and the red line indicated the 60-minutes' driving radius from the proposed location for CBHH. The black line is the border defining HPR III. The new location does not appear to meaningfully increase access based on geographic location. It does not appear likely that the new location will have a negative effect on other area service providers as the radius of the proposed location is very similar to that of the currently operated VBH.

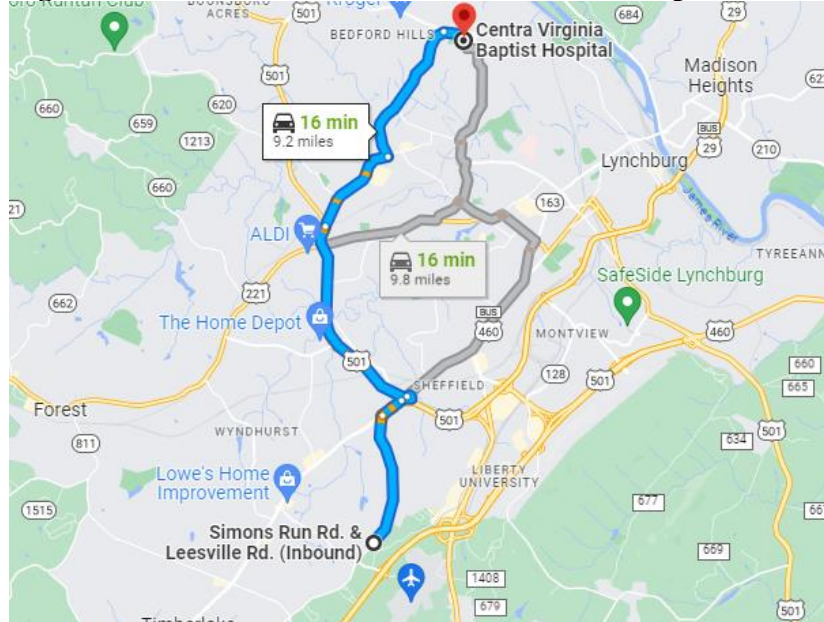
The site of the current services at VBH are located approximately 9.2 miles, with an approximate 16 minutes' driving time from the proposed site (**Figure 3**). In more urbanized areas, this could provide greater difficulties for travel due to traffic; however, in rural areas, it is unlikely the 9.2 miles change is to have a significant effect on the primary service area or access to the inpatient psychiatric services.

Figure 2. Additional Inpatient Psychiatric Service Providers in Southwestern Virginia



Sources: Google Maps and Microsoft Office Streets & Trips

Figure 3. Distance From Current Services to Proposed Site



Source: Google Maps

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.

DCOPN was provided with one letter of support from a local resident who has been a volunteer firefighter for 34 years and was the Chief of a local Fire Department (now retired). The letter requested approval of the COPN Request VA-8695 because of the need for behavioral health services in the community and to ensure the availability of inpatient behavioral health services is essential. Additionally, the letter of support says:

- For over 30 years, VBH has served PD 11 as the sole provider of inpatient behavioral health services, making them an integral part of the region's healthcare delivery system.
- While VBH provides excellent care, it is unable to truly serve the needs of the area's residents because of the age of, and associated issues with, the facility.
- Approval of the establishment of CBHH with 72 beds will help ensure that Centra's patients and area residents have comprehensive, accessible, and state-of-the-art inpatient behavioral health care for years to come.

DCOPN did not receive any letters of opposition for the project.

Section 32.1-102.6 B of the Code of Virginia directs DCOPN to hold one public hearing on each application in a location in the county or city in which the project is proposed or a contiguous county or city in the case of competing applications, or in response to a written request by an elected local government representative, a member of the General Assembly, the Commissioner, the applicant, or a member of the public. COPN Request No. VA-8695 is not competing with another project in this batch cycle and DCOPN did not receive a request to conduct a public hearing for the proposed project. Thus, no public hearing was held.

(ii) The availability of reasonable alternatives to the proposed service or facility that would meet the needs of the population in a less costly, more efficient, or more effective manner.

Because of the age and layout of VBH, the cost and result from remodeling do not appear sufficient to meet PD 11's need for inpatient psychiatric services. VBH was built in 1916, a time when psychiatric services were provided in a vastly different method and environment that we now understand is not conducive for optimal patient outcomes. The proposed design and layout at the new site will allow for more patient acceptance/admissions as the pods will be able to be manipulated based on cohort need. Furthermore, the design will allow for a better therapeutic experience as observed in numerous peer-reviewed studies indicating the positive impact smaller pods, outdoor areas, and physical recreation can have on patient outcomes. Additionally, maintaining the status quo is not an option as the waiting times for patients to be admitted to psychiatric services across the state, to include in PD 11, can take multiple days

due to the lack of appropriate placement within the facility, often based on age cohort. While waiting for an inpatient psychiatric bed for TDOs, law enforcement becomes strained as they must stay with the patient until transported to a facility. The Governor has made it clear that expanded inpatient psychiatric services are needed in Virginia to assist with these difficulties and provide treatment that will hopefully reduce recidivism. Although 8 additional beds seem relatively small regarding expansion needed across the state, consideration of the rural nature of PD 11 and surrounding areas substantiates the 8 bed increase as a worthwhile expansion. Additionally, while there were 217 unstaffed beds of the 2,396 licensed in 2021 with regard to data reported to VHI, across the state, VBH has consistently kept their 64 beds staffed. Maintaining the status quo will not accomplish this as thoroughly as the proposed project will.

(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 III designated by the Virginia Department of Health to serve as the Health Planning Agency for PD 11. Therefore, this consideration is not applicable to the review of the proposed project.

(iv) Any costs and benefits of the project.

The total capital cost of the project is \$76,804,490, of which \$73,337,758, or 95.5% of the total cost, is designated for the 15-year lease of the facility. Although there is a cost associated with VBH not being appropriate for remodeling in order to meet the needs of the PD, there is the potential benefit of VBH utilizing the space following project completion for other purposes. The majority of the inpatient psychiatric services staff needed are reasonably expected to transfer from VBH to CBHH with a relatively small number of additional staff needed to accommodate the additional eight beds being requested.

The PD will benefit from the therapeutic environment, increased opportunity for acceptance of patients as a result of the design, and potentially reduced recidivism as a result of the increased quality of care that can be provided in an upgraded facility. Furthermore, the community will benefit from the outpatient and partial hospitalization programs to be offered at CBHH. Additionally, the new facility will offer safety features that are not present in VBH, allowing staff to focus more of their attention on connecting with and assisting with patients' programs and growth.

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

The applicant has provided assurances that the inpatient psychiatric services will be accessible to all patients, regardless of financial considerations. In 2020, the most recent data available, Centra reports a charity care rate of 0.79% of their gross revenues, which is slightly greater than the average of HPR III of 0.7% (**Table 5**). Furthermore, the Pro Forma Income Statement provided by the applicant anticipates a charity care contribution equal to 0.7% of gross revenues derived from inpatient psychiatric services at Centra, an amount consistent with the

average HPR III contribution. However, recent changes to §32.16-102.4B of the Code of Virginia now require DCOPN to place a charity care condition on all applicants seeking a COPN. For this reason, DCOPN recommends that the proposed project, if approved, be subject to a 0.7% charity care condition, to be derived from the total of inpatient psychiatric services' gross patient revenues, consistent with the HPR III average. The recommendation includes a provision allowing for the reassessment of the charity care rate at such time as more reliable data becomes available regarding the full impact of Medicaid expansion in the Commonwealth.

Table 5. HPR III Charity Care Contributions at or below 200% of Federal Poverty Level

Hospital	Gross Patient Revenues	Adjusted Charity Care Contribution	Percent of Gross Patient Revenue:
Carilion Franklin Memorial Hospital	\$146,159,934	\$3,708,842	2.54%
Bedford Memorial Hospital	\$122,377,242	\$2,357,210	1.93%
Dickenson Community Hospital	\$25,321,849	\$465,722	1.84%
Carilion Tazewell Community Hospital	\$57,945,546	\$956,508	1.65%
Carilion Giles Memorial Hospital	\$107,478,905	\$1,438,902	1.34%
Russell County Medical Center	\$121,070,842	\$1,529,332	1.26%
Wellmont Lonesome Pine Mt. View Hospital	\$372,115,538	\$4,558,248	1.22%
Carilion Medical Center	\$3,983,507,417	\$47,514,964	1.19%
Carilion New River Valley Medical Center	\$711,175,865	\$8,034,717	1.13%
Johnston Memorial Hospital	\$855,313,389	\$7,815,178	0.91%
Norton Community Hospital	\$311,397,944	\$2,789,910	0.90%
Smyth County Community Hospital	\$198,825,769	\$1,746,804	0.88%
Centra Health	\$2,649,888,465	\$20,969,883	0.79%
LewisGale Hospital -- Montgomery	\$680,834,380	\$5,052,836	0.74%
Lewis-Gale Medical Center	\$2,312,565,268	\$16,202,296	0.70%
LewisGale Hospital -- Pulaski	\$346,826,376	\$2,140,319	0.62%
LewisGale Hospital -- Alleghany	\$189,090,272	\$708,265	0.37%
Twin County Regional Hospital	\$222,632,986	\$649,064	0.29%
Clinch Valley Medical Center	\$520,600,957	\$946,557	0.18%
Buchanan General Hospital	\$99,508,254	\$105,669	0.11%
Memorial Hospital of Martinsville & Henry County	\$668,028,626	\$582,956	0.09%
Wythe County Community Hospital	\$235,991,599	\$93,569	0.04%
Danville Regional Medical Center	\$910,930,415	-\$19,407,300	-2.13%
Total Facilities Reporting			23
Median			0.9%
Total \$ & Mean %	\$15,849,587,838	\$110,960,451	0.7%

Source: 2020 VHI

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

3. The extent to which the application is consistent with the State Medical Facilities Plan (SMFP).

Part VI. Inpatient Bed Requirements

12VAC5-230-570. Expansion or relocation of services.

A. Proposals to relocate beds to a location not contiguous to the existing site should be approved only when:

1. Off-site replacement is necessary to correct life safety or building code deficiencies;

The current location of the beds at VBH has not been cited for building code violations; however, the hospital is not required to follow many of the current requirements for hospital buildings due to the age of the hospital. Additionally, the beds being relocated are for inpatient psychiatric use. The layout of VBH is not consistent with current regulatory guidelines or current evidence-based spatial design and layouts for inpatient psychiatric settings⁹. A systematic literature review published in 2019 regarding inpatient psychiatric facility layout and design found:

Several interventions were identified such as choosing a community location; building smaller (up to 20 beds) homelike and well-integrated facilities with single/double bedrooms and wide range of communal areas; provision of open nursing stations; ensuring good balance between private and shared spaces for patients and staff; and specific interior design interventions such as arranging furniture in small, flexible groupings, introduction of plants on wards, and installing private conversation booths...The evidence should inform the design of new hospitals and the retrofitting of existing ones.¹⁰

VBH is not designed to facilitate units/pods that can be adjusted based upon the cohort population. VBH is also not designed for maximum patient safety (stairs and narrow corridors) and does not have the communal or outdoor space to maximize the possibility for patient treatment. The proposed project is designed with consideration for current evidence-based practices.

2. The population currently served by the beds to be moved will have reasonable access to the beds at the new site, or to neighboring inpatient facilities;

As depicted in Required Consideration 1/**Figures 1-3**, the proposed site will serve approximately the same geographic area as that of VBH. The proposed site is approximately 9.2 miles, or a 16-minutes' drive, from VBH.

3. The number of beds to be moved off-site is taken out of service at the existing facility;

The applicant provides assurances that the 64 inpatient behavioral health care beds to be moved to CBHH will be de-licensed at VBH once CBHH becomes operational.

⁹ "Space & Design." American Psychiatric Nurses Association, March 16, 2022. <https://www.apna.org/space-design/>.

¹⁰ Jovanović, N., Campbell, J., & Priebe, S. (2019). How to design psychiatric facilities to foster positive social interaction – A systematic review. *European Psychiatry*, 60, 49–62. <https://doi.org/10.1016/j.eurpsy.2019.04.005>

4. The off-site replacement of beds results in:

- a. A decrease in the licensed bed capacity;**
 - b. A substantial cost savings, cost avoidance, or consolidation of underutilized facilities; or**
 - c. Generally improved operating efficiency in the applicant's facility or facilities;**
- and**

The applicant asserts the renovation of VBH is costlier than building CBHH, which will be even less costly if it is approved to be built concurrently with the approved, co-located, and off-site replacement of Centra's inpatient medical rehabilitation program at Centra Rehabilitation Hospital (CRH). The renovation of VBH into a layout and structure that would provide the safety, additional beds, and therapeutic environment and layout that can be provided by CBHH's construction would be reasonably as costly, or more costly, than construction of CBHH. The age, multiple stories, room configuration, and utilities structures would reasonably be extraordinarily costly to renovate into an appropriate, modern psychiatric facility. The relocation and new building design will allow for improved operating efficiency by reducing duplication of services that occurs currently with the inefficient layout of VBH. Additionally, some administrative and operational services will be able to be shared with CRH.

5. The relocation results in improved distribution of existing resources to meet community needs.

The relocation is fairly neutral with regard to this provision as the new site is not going to significantly change the population being served.

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

Centra is the sole provider of inpatient psychiatric services in PD 11. Additionally, as observed in **Figure 2**, the proposed location is not likely to affect other area service providers outside of the PD.

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

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.

As depicted in **Figure 1**, approximately 95% or more of PD 11 is within 60-minutes' driving distance from psychiatric services.

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.**

The applicant provides assurances that the CBHH will work closely with the Community Service Boards (CSB) in the area to meet their needs for individuals placed under TDO. CBHH provides assurances that services will be available to all those in need regardless of their ability to pay. The staff report associated with COPN VA-04794, issued July 18, 2022, states: "...few existing psychiatric facilities meet the criteria and standards set forth in 12VAC5-230-850. While some facilities may allocate a specific number of beds for CSB patients, the identification of the number of unreimbursed patient days to be provided to indigent patients who are not Medicaid recipients, the minimum number of Medicaid-reimbursed days, the minimum number of reimbursed days, the minimum number of unreimbursed patient days to be provided to local CSBs, and a description of the methods to be utilized in implementing the indigent patient service plan, have not been addressed by DCOPN in recent reviews" due to the applicant not having control over the demand for services based upon insurance provider.

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.**

CBHH provides assurances they will work closely with the CSBs in their primary service area to help meet the public need for TDO placements and treatment. Additionally, CBHH provides assurances they will also consider admission priorities based on relative medical necessity and engage in effective discharge for all patients.

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.

Centra provides outpatient behavioral health at multiple locations including: Piedmont Psychiatric Center, Bridges Residential Treatment Center, an Autism & Development Center, in-home autism services, Addiction Treatment Center, Pathways Residential Addiction Program, and Intensive Outpatient Program for addiction, all of which are in Lynchburg and serve surrounding areas, too.

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 [Department of Behavioral Health and Developmental 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.

Table 6. PD 11 Inpatient Psychiatric Days (2017-2021)

Year	Licensed Beds (LB)	LB Available Days	Patient Days	Occupancy Rate per Bed
2017	64	23,360	16,786	71.9%
2018	64	23,360	17,476	74.8%
2019	64	23,360	16,834	72.1%
2020	64	23,424	14,357	61.3%
2021	64	23,360	13,794	59.0%
Total/Average	64	116,864	79,247	68.1%

Source: VHI Data

Table 7. PD 11 Population Data and Projection

	2017	2018	2019	2020	2021	Total	2031 Projected ¹
Population	261,702	263,024	264,352	265,394	266,914	1,321,387	296,678

Source: Weldon-Cooper Data

¹2031 projected population data was utilized as 2031 is 5 years following the anticipated completion of the project, which is consistent with COPN VA-04835, issued April 11, 2023, authorizing the co-located Centra medical rehabilitation facility.

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

UR= Patient Days from 2017-2021 / Population from 2017-2021

UR= 79,247 (Table 6) / 1,321,387 (Table 7)

UR= .060

PROPOP= 296,678 (Table 7)

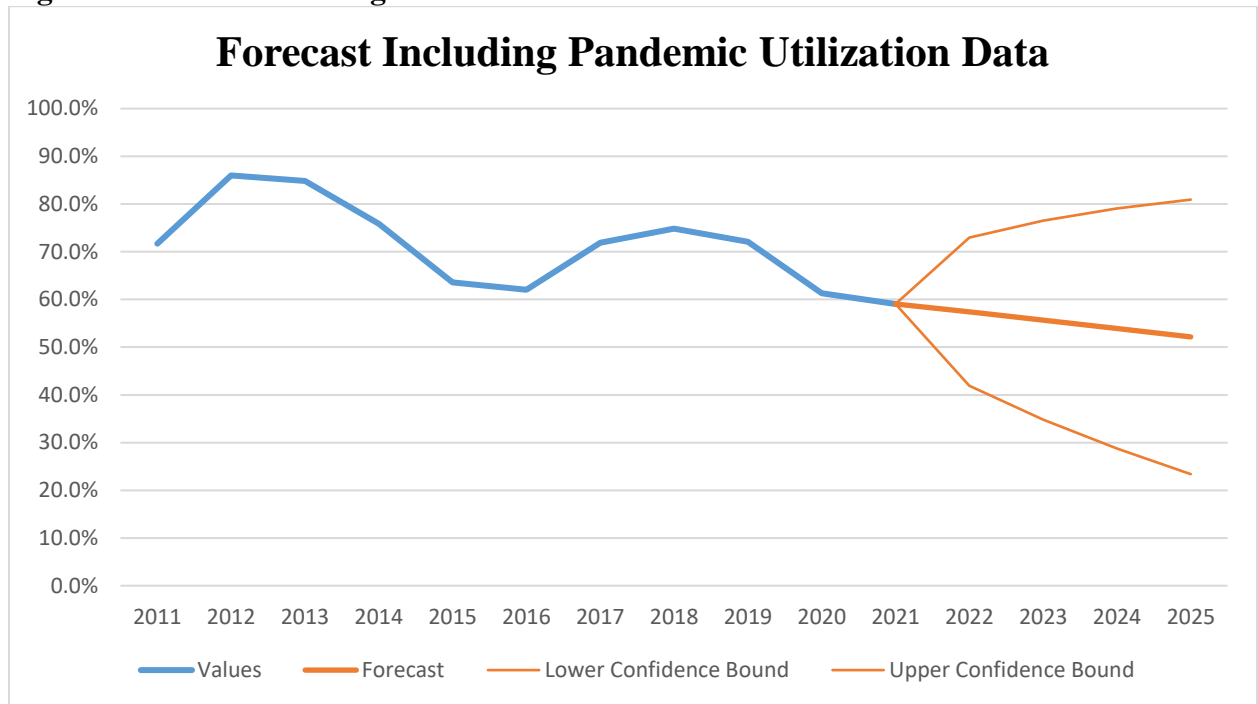
$$[(.060 \times 296,678)/365] / .75 = 65.02, \text{ or } \underline{66 \text{ beds.}}$$

The projected need using the SMFP calculation is a total complement of 66 beds in 2031. The applicant found a projected need of 70.4, or 71 beds, by excluding 2020 and 2021 data as the utilization of their services was negatively affected by the pandemic. DCOPN calculates a need of 2 beds for 2031; however, without including pandemic data, the need is 7 beds. The applicant is proposing six 12-bed pods in the hospital. Using only the beds currently available, 5.33 pods would have beds. To fill six 12-bed pods, a complement of 72 beds is needed. Evidence-based practices recommend 12 bed or smaller units for optimal treatment.¹¹

Although this is not required by SMFP, DCOPN conducted a forecast analysis incorporating pandemic utilization data as well as a forecast without the pandemic data in Excel for the Commissioner to have as a resource and illustration of the impact of pandemic data on the calculation of future needs. DCOPN utilized data for bed utilization from 2011-forward and projected utilization through 2025 to illustrate the impact pandemic data has on projections. As depicted in comparing **Figures 4 & 5**, the forecast and upper & lower confidence intervals project significantly lower utilization when pandemic data is included. It can be reasonably assumed that more than two beds will be needed by 2031.

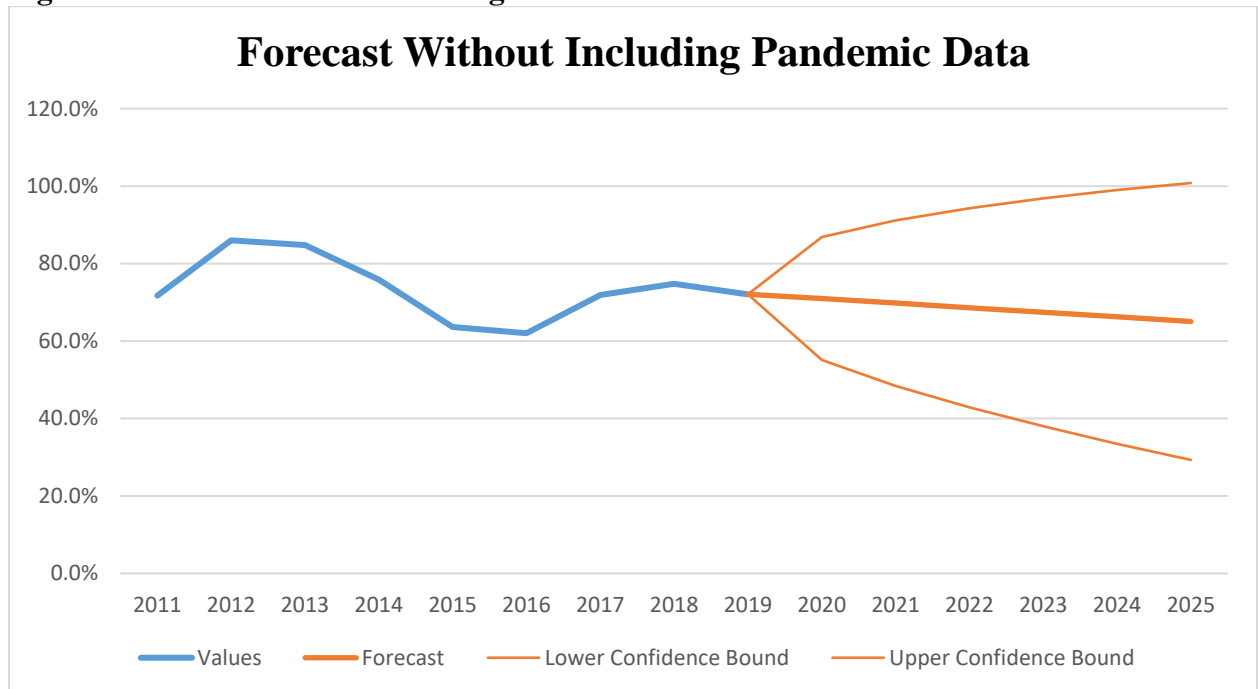
¹¹ Shepley, Mardelle, and Samira Pasha. Design research and behavioral health facilities - health design, 2013. https://www.healthdesign.org/system/files/chd428_researchreport_behavioralhealth_1013-_final_0.pdf.

Figure 4. Forecast Including Pandemic Data



Source: VHI Data and Excel Forecasting

Figure 5. Forecast Without Including Pandemic Data



Source: VHI Data and Excel Forecasting

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. 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.

CBHH will have a dedicated unit for geriatric patients. However, no preference is given since there is a calculated need for the requested beds.

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.

There are no other providers of inpatient psychiatric treatment in PD 11 and the location change is not drastic, likely not impacting providers outside of PD 11 substantially.

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.

This provision is not applicable as there are established services in the PD and provision D is used for determining "...beds needed in a health planning district without existing acute psychiatric or acute substance abuse disorder treatment beds...".

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.

CBHH provides assurances they will be accepting TDOs. Of the 77 medical/surgical beds at VBH, 15 of them are classified as Alcohol/Drug beds. The average utilization per bed in 2021 was 38.99% and the average utilization per bed in 2019 (pre-pandemic) was 37.48%. COPN VA-04835 in which Centra is establishing the co-located medical rehabilitation hospital through the relocation of 20 rehabilitation beds, relocation and repurposing of 10 medical/surgical beds from VBH, and an addition of 20 rehabilitation beds, leaving VBH 67 medical/surgical beds. As Centra is repurposing underutilized beds for the medical rehabilitation hospital, the addition of 8 new psychiatric beds to the only inpatient psychiatric hospital in the PD appears reasonable.

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.

B. If a facility with an institutional need to expand is part of a health system, the underutilized services at other facilities within the health system should be reallocated, when appropriate, to the facility with the institutional need to expand before additional services are approved for the applicant. However, underutilized services located at a health system's geographically remote facility may be disregarded when determining institutional need for the proposed project.

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

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

Covid-19 negatively impacted utilization with an even more marked impacted on psychiatric services as a result of prohibitions and required seclusions of patients during this time. Pre-pandemic, the utilization ranged from 72%-75% at VBH, which is generally consistent with the SMFP's utilization of 75% for expansion of services. The applicant reports that in 2021, over 1,000 patients who presented to Lynchburg General Hospital's emergency department in need of behavioral health care had to be transferred to facilities other than VBH because of a lack of available beds as oftentimes the beds available were not compatible with the patients' needs.

Required Considerations Continued

- 4. The extent to which the proposed service or facility fosters institutional competition that benefits the area to be served while improving access to essential health care services for all persons in the area to be served.**

Completion of the project will result in Centra continuing to operate the sole inpatient psychiatric facility in PD 11, but now as a purpose-built psychiatric hospital instead of as a unit within an aging physical plant. As the sole provider of inpatient psychiatric care in the PD CBHH will not likely foster institutional competition. In the absence of other inpatient psychiatric services providers in PD 11, the addition of 8 beds and configuration of the beds into pods will allow for better manipulation of units; better manipulation of units will allow for

more patients to be accepted as the likelihood of an appropriate bed will be increased in the new hospital. The proposed hospital is also intended to increase access for neighboring areas.

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

Centra Health is the sole integrated health system in PD 11 in addition to being the sole inpatient psychiatric services provider in the PD. This project will allow for a layout that will maximize availability for patient acceptance and allow for the continued provision of care across the continuum of services Centra Health provides the PD. Additionally, CBHH will be able to accept more patients from outside of the Centra Health Emergency Departments due to the increased availability of appropriate placement for patients with the pods system.

DCOPN attempted to gather input from the Department of Behavioral Health and Developmental Services regarding any input they may have regarding the application; DCOPN received no response.

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

Centra Health, Inc. owns the land on which CBHH will be developed. Capital Growth Medvest Lynchburg 2BH, LLC, a real estate investment trust, will lease the land from Centra Health, Inc. and construct the hospital building. CBHH will lease the completed building and land from Capital Growth Medvest Lynchburg 2BH, LLC. The project application includes the lease cost for the duration of the lease. The initial lease is for 15 years and is subject to three renewal terms of 10 years each.

Short Term Viability

The total capital cost is projected to be \$76,804,490 (**Table 8**). Of the total capital cost, \$73,337,758 is for the 15-year lease of the facility.

Table 8. Total Capital Costs Summary

Equipment Not Included in Construction Costs	\$3,466,732
Site Acquisition Costs (Lease)	\$73,337,758
Total Capital Cost	\$76,804,490

Source: COPN Req. VA-8695

Finding average costs of leased psychiatric facilities proves difficult; however, Minnesota published a document that detailed the lease costs of their 16-bed inpatient facilities which details total lease costs for ten years to be \$3.8 million to \$5.2 million in 2014.¹² To convert for comparison, the following calculations were conducted (**Table 9**):

¹² <https://leg.mt.gov/content/Committees/Interim/2013-2014/Children-Family/Committee-Topics/HJR16/hjr16-building-operating-16-bed-facilities-may2014.pdf>

Table 9. Calculations for Reasonable Lease Pricing Estimation

Step 1	Step 2	Step 3	Step 4
$\frac{\$3.8m}{10\text{years}} = \frac{\$X}{15\text{ years}}$ X=\$5.7million $\frac{\$5.7m}{16\text{ beds}} = \frac{\$X}{72\text{ beds}}$ X=\$25.65 million for 72-bed psychiatric hospital in 2014 Minnesota	$\frac{\$5.2m}{10\text{years}} = \frac{\$X}{15\text{ years}}$ X=\$7.8million $\frac{\$7.8m}{16\text{ beds}} = \frac{\$X}{72\text{ beds}}$ X=\$35.1 million for 72-bed psychiatric hospital in 2014 Minnesota	CPI ¹ average inflation between 2014 to the present (2023) is approximately 30%. $(\$25.65m \times 0.3) + \$25.65m = X$ X=\$33.345 million $(\$35.1m \times 0.3) + \$35.1m = X$ X=\$45.63million	It is estimated that the Eastern US costs about \$720/sq.ft. and the Midwestern Region costs about \$581/sq.ft. to construct hospital buildings. ¹³ $\$581/\$720=0.81^2$ $(\$33.345m \times 0.81) + \$33.345m = X$ X=\$60.35m $(\$45.63m \times 0.81) + \$45.63m = X$ X=\$82.59m
The calculations suggest that comparatively, approximately \$60.35 million to \$82.59 million would be a reasonable lease cost for a medical hospital of 72 beds.			

¹Consumer Price Index (CPI)

²DCOPN used this ratio as hospital building leasing data was not available.

While not a direct comparison to projects approved in Virginia, **Table 9** illustrates a method of calculating an approximate reasonable lease cost for a psychiatric facility. In Steps 1 and 2, DCOPN converted the Minnesota 10-year lease costs for 16 beds to 15-year lease costs for 72 beds, proportionally. In Step 3, DCOPN converted the costs calculated in Steps 1 and 2 to 2023 dollars. In Step 4, DCOPN used a ratio of 0.81 for the current average cost of constructing a hospital in Minnesota compared to Virginia. The final calculations find that \$60.35 million to \$82.59 million for a 15-year lease on a psychiatric hospital in Virginia would be comparable to the leases held for psychiatric hospitals in Minnesota.

Staffing

The applicant projects a need of 121.1 full-time equivalent (FTE) staff for CBHH, with:

- 35.5 FTE Administrative/Business Office
- 22.4 FTE Registered Nurses
- 4.7 FTE Licensed Practical Nurses
- 29.5 FTE Nurses' Aides, Orderlies, and Attendants
- 1.5 FTE Registered Pharmacists
- 1.0 FTE ADA (American Dietetic Association) Dietician
- 4.0 FTE Licensed Practical Counselors
- 1.5 FTE Pharmacy Technicians
- 15.0 FTE All Other Personnel

The applicant estimates that the majority of these staffing needs will be filled by staff transferring from VBH's current psychiatric unit. The 8 additional beds will yield additional staffing needs to the 64 currently staffed beds at VBH. Using a need of 121.1 FTE staff for a 72-bed facility, a ratio of 1.68 FTE staff per bed is needed. For 64 beds, this yields 107.6 FTE,

¹³ <https://www.bigrentz.com/blog/commercial-construction-cost-per-square-foot>

which leaves approximately 13.46 FTE staff needed (assuming the 64 beds at VBH are fully staffed). Based upon their staffing at the time of the application at VBH:

- Total FTE staffing needs that are vacant are 6.8%
- Total FTE RN staffing needs that are vacant are 15.2%
- Total FTE LPN staffing needs that are vacant are 10.4%
- Total FTE Orderlies and Attendants staffing needs that are vacant are 22.1%

Considering the staff they have at this time, recruiting for orderlies and attendants and RNs will be the more difficult positions to fill; however, a significant quantity of the project's staffing will come from VBH. Centra's RN vacancy rate is similar to the national RN vacancy rate of 15.7% and a turnover rate of 27.1% in 2021.¹⁴ For 2021, the turnover rate for patient care technicians was 38.1% (vacancy rates were not found).¹⁵

As the sole provider of inpatient psychiatric services in the PD, the staffing needs will not impact other providers of inpatient psychiatric services in the PD. However, the staffing needs may negatively impact the HPR providers or other medical providers employees these health professionals as there are shortages of healthcare professionals nationwide. Also worthy of note but not addressed in the application is how many of the staff will be able to provide staffing for the rehabilitation hospital on the same campus; the applicant did state that some administrative and operational tasks would be able to be shared between the two facilities. This could potentially assist with staffing needs at CBHH.

Long Term Viability

The Pro Forma includes a charity care of 0.7%, consistent with the HPRIII average. For the first year following opening CBHH, the applicant anticipates a net loss of \$4,129,344 (**Table 10**). In the second year following opening of CBHH, the applicant anticipates a net gain of \$305,578 (**Table 10**).

Table 10. Pro Forma Summary

	Year 1	Year 2
Patient Days	12,615	19,764
Utilization	48%	75%
Gross Charge Per Day	\$3,035	\$3,035
Net Patient Revenue ¹	\$10,148,254	\$19,630,009
Total Expenses	(\$14,277,599)	(\$19,324,430)
Net Income	(\$4,129,344)	\$305,578

Source: COPN RequestVA-8695

¹Includes a charity care allowance of 0.7% and Bad Debt (3.5% of Non-Medicare Revenue)

While Year 1 and Year 2 utilization projections are quite different, the reasoning is due to CBHH limiting the number of patients that can be treated as a result of the required Medicare demonstration period. In Years 2 and beyond, CBHH projects 75% or more utilization, leading to a positive net income and ultimately, long term financial viability.

¹⁴ https://www.nsinursingsolutions.com/Documents/Library/NSI_National_Health_Care_Retention_Report.pdf

¹⁵ Ibid.

7. **The extent to which the project provides improvements or innovations in the financing and delivery of health services, as demonstrated by: (i) The introduction of new technology that promotes quality, cost effectiveness, or both in the delivery of health care services. (ii) The potential for provision of services on an outpatient basis. (iii) Any cooperative efforts to meet regional health care needs. (iv) At the discretion of the Commissioner, any other factors as may be appropriate.**

CBHH will continue to work with CSBs in providing treatment for TDO patients; however, with the new layout, CBHH is likely to be able to admit more TDO patients than at present as the pods will allow for more flexibility. CBHH providing services in conjunction with LBHS' facility design using evidence-based practices will likely provide better outcomes for patients than could be achieved in a building designed prior to the current standards and best-practice environmental settings being understood. CBHH will also be providing psychiatric services on an outpatient basis, to include an outpatient program who's curriculum mirrors that of the inpatient program.

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 in determining the extent to which the project provides improvements or innovations in the financing and delivery of health services.

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.

Centra's Office of Medical Education and Student Affairs (OMESA) coordinates medical student placements within the Centra Health system. OMESA partners closely with Liberty University College of Osteopathic Medicine and the University of Lynchburg Master of Physician Assistant Medicine in addition to other programs and allied health professionals' programs. CBHH's construction and operation will allow these medical students the opportunity to learn about providing psychiatric treatment in an evidence-based designed facility.

DCOPN Staff Summary & Findings

VBH is the sole provider of inpatient psychiatric services in PD 11 and CBHH will continue as the sole provider of inpatient psychiatric services. The PD 11 poverty rate, 14.0%, is higher than the average of Virginia, 10.7%. Lynchburg, the largest origin of patients admitted to Centra's behavioral health inpatient services, has roughly double the poverty rate of Virginia at 21.8%. Poverty and mental health illnesses correlate as those with severe mental health illnesses are more likely to be impoverished and those in poverty are at risk for mental health illnesses like anxiety

and depression.¹⁶ The addition of 8 inpatient psychiatric beds in PD 11 is not likely to negatively impact other providers outside of PD 11 and will further aid in facilitating the Governor's plan to relieve law enforcement and healthcare professionals by having patients placed at facilities more quickly in TDO situations. Whether pandemic data is included in the SMFP calculations or not, there is a need for additional beds by 2031 in PD 11. The project proposes a moderate increase of 8 psychiatric beds, which is consistent with the SMFP. There was no known opposition to the project.

Centra is partnering with LifePoint Behavioral Health Services for the construction of the facility along with program development and implementation and some administrative/operational tasks. CBHH will lease the facility for 15 years with renewal options at a cost that appears reasonable. Additionally, the location will also have construction occurring for the medical rehabilitation facility that Centra has been authorized to build on the same site as the proposed project; constructing the facilities simultaneously will likely aid in reducing building costs overall.

CBHH will also offer outpatient and partial hospitalization programs in addition to inpatient psychiatric services. The proposed hospital will have a layout in accordance with current evidence-based practices with the intent to maximize patient outcomes; ultimately, this could reduce recidivism of inpatient psychiatric services provision. Due to Medicare certification and the ramping up of patient volume at the new facility, Year 1 of operations will yield a net loss from the smaller patient pool; however, Years 2 and beyond are project the facility having approximately 75% utilization, yielding a revenue gain, indicating long term financial viability.

There does not appear to be a less costly alternative due to the age of the VBH psychiatric services facility. It would not be cost effective to renovate VBH to incorporate modern evidence-based psychiatric facility design. CBHH is estimated to need 121.1 FTE staff, but a majority of these staff will likely transfer from VBH when CBHH opens as VBH will continue operations until CBHH is opened.

DCOPN Staff Recommendations

COPN Request No. VA-8695 -- Centra Behavioral Health Hospital, LLC & Centra Health Inc.

The Division of Certificate of Public Need recommends the **conditional approval** of this project for the following reasons:

1. The proposal to establish a 72-bed inpatient psychiatric hospital with the relocation of 64 beds and addition of 8 new beds. is consistent with the applicable standards and criteria of the State Medical Facilities Plan and the 8 Required Considerations of the Code of Virginia.
2. There does not appear to be any less costly alternative to the proposed project.
3. The capital costs of the proposed project are reasonable.

¹⁶ Knifton L, Inglis G. Poverty and mental health: policy, practice and research implications. BJPsych Bull. 2020 Oct;44(5):193-196. doi: 10.1192/bjb.2020.78. PMID: 32744210; PMCID: PMC7525587.

4. The proposed project is unlikely to have a significant negative impact upon the utilization, costs, or charges of other providers of inpatient psychiatric services in PD 11 as it is the sole provider of these services in the PD.
5. The proposed project appears to be financially viable in the immediate and long-term.
6. There is no known opposition to the project.

Charity Conditions

DCOPN's recommendation is contingent upon Centra Behavioral Health Hospital, LLC & Centra Health Inc.'s agreement to the following charity care condition:

Centra Behavioral Health Hospital, LLC & Centra Health Inc. will provide Inpatient psychiatric services to all persons in need of this service, regardless of their ability to pay, and will provide as charity care to all indigent persons free services or rate reductions in services and facilitate the development and operation of primary care services to medically underserved persons in an aggregate amount equal to at least 0.70% of Centra Behavioral Health Hospital, LLC & Centra Health Inc.'s total patient services revenue derived from inpatient psychiatric services as valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. Compliance with this condition will be documented to the Division of Certificate of Public Need annually by providing audited or otherwise appropriately certified financial statements documenting compliance with the preceding requirement. Centra Behavioral Health Hospital, LLC & Centra Health Inc. will accept a revised percentage based on the regional average after such time regional charity care data valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. is available from Virginia Health Information. The value of charity care provided to individuals pursuant to this condition shall be based on the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq.

Centra Behavioral Health Hospital, LLC & Centra Health Inc. will provide inpatient 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. Additionally, Centra Behavioral Health Hospital, LLC & Centra Health Inc. will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.

Kelly, Mycal (VDH)

From: Whaley, Erin S. <Erin.Whaley@troutman.com>
Sent: Thursday, June 22, 2023 11:57 PM
To: Schold, Megan (VDH)
Cc: COPN (VDH); Bodin, Erik (VDH)
Subject: RE: COPN VA-8695 Staff Report

Megan,

Thank you very much for this clarification. With this clarification, the applicants accept the charity care condition of .7%.

Thanks,

Erin

Erin S. Whaley

Partner

troutman pepper

Direct: 804.697.1389 | Mobile: 804.317.8649 | Internal: 15-1389
erin.whaley@troutman.com

From: Schold, Megan (VDH) <Megan.Schold@vdh.virginia.gov>
Sent: Thursday, June 22, 2023 2:18 PM
To: Whaley, Erin S. <Erin.Whaley@troutman.com>
Cc: COPN (VDH) <COPN@vdh.virginia.gov>; Bodin, Erik (VDH) <Erik.Bodin@vdh.virginia.gov>
Subject: RE: COPN VA-8695 Staff Report

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Good afternoon,

I will change the condition to reflect CBBH as the entity held to the condition on the Certificate to increase the precision of language on the Certificate.

Just for clarification, both entities were placed on the condition because they were both applicants. Once the beds were no longer at VBH, there would be no condition to meet since they would no longer have inpatient psychiatric services.

V/R,

Megan Schold, M.A.
COPN Analyst
Office of Licensure and Certification
Virginia Dept. of Health

**Regular Office Hours: Mondays, Wednesdays,
Thursdays, and Fridays from 9:00AM to 7:30PM**

From: Whaley, Erin S. <Erin.Whaley@troutman.com>
Sent: Wednesday, June 21, 2023 7:13 PM
To: Schold, Megan (VDH) <Megan.Schold@vdh.virginia.gov>
Cc: COPN (VDH) <COPN@vdh.virginia.gov>; Bodin, Erik (VDH) <Erik.Bodin@vdh.virginia.gov>
Subject: RE: COPN VA-8695 Staff Report

Thanks for getting back to me. I appreciate you following up on this and I look forward to hearing from you tomorrow afternoon.

Thanks,

Erin

Erin S. Whaley

Partner

troutman pepper

Direct: 804.697.1389 | Mobile: 804.317.8649 | Internal: 15-1389

erin.whaley@troutman.com

From: Schold, Megan (VDH) <Megan.Schold@vdh.virginia.gov>
Sent: Wednesday, June 21, 2023 7:01 PM
To: Whaley, Erin S. <Erin.Whaley@troutman.com>
Cc: COPN (VDH) <COPN@vdh.virginia.gov>; Bodin, Erik (VDH) <Erik.Bodin@vdh.virginia.gov>
Subject: RE: COPN VA-8695 Staff Report

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Good evening,

I apologize for the delay. I have a meeting with Erik tomorrow at 11am, and should have an answer for you by tomorrow around lunch. I'd like confirmation from him; however, the correction needed seems reasonable to me.

V/R,

Megan Schold, M.A.

COPN Analyst

Office of Licensure and Certification

Virginia Dept. of Health

**Regular Office Hours: Mondays, Wednesdays,
Thursdays, and Fridays from 9:00AM to 7:30PM**

From: Whaley, Erin S. <Erin.Whaley@troutman.com>
Sent: Wednesday, June 21, 2023 6:52 PM
To: Schold, Megan (VDH) <Megan.Schold@vdh.virginia.gov>
Cc: COPN (VDH) <COPN@vdh.virginia.gov>; Bodin, Erik (VDH) <Erik.Bodin@vdh.virginia.gov>
Subject: RE: COPN VA-8695 Staff Report

Megan,

I wanted to follow up on this email. I realize it has only been a day but we have to make a decision on the charity care requirement by Monday and it would be helpful to understand whether the inclusion of Centra Heath was an error or part of the requirement.

Thanks,

Erin

Erin S. Whaley

Partner

troutman pepper

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erin.whaley@troutman.com

From: Whaley, Erin S.
Sent: Tuesday, June 20, 2023 3:29 PM
To: 'Schold, Megan (VDH)' <Megan.Schold@vdh.virginia.gov>
Cc: COPN (VDH) <COPN@vdh.virginia.gov>
Subject: RE: COPN VA-8695 Staff Report

Megan,

Thank you so much for this very thoughtful report and recommendation of conditional approval. With respect to the charity care condition, I see that it applies to both Centra Behavioral Health Hospital, LLC and Centra Health Inc. I'm wondering whether the inclusion of Centra Health Inc. was an oversight. While I recognize that Centra Health was a co-applicant for purposes of transferring beds, it will not provide inpatient psychiatric services once CBHH opens. As a result, I don't believe it should have been included in the condition. For reference, the charity care condition for Centra Rehabilitation Hospital only applied to Centra Rehabilitation Hospital. It did not also apply to Centra Health Inc. even though it was a co-applicant for purposes of transferring the rehab beds.

If you'd like to discuss further, please feel free to call me at 804-317-8649.

Thanks,

Erin

Erin S. Whaley

Partner

troutman pepper

Direct: 804.697.1389 | Mobile: 804.317.8649 | Internal: 15-1389

erin.whaley@troutman.com

From: Schold, Megan (VDH) <Megan.Schold@vdh.virginia.gov>
Sent: Tuesday, June 20, 2023 1:56 PM
To: Whaley, Erin S. <Erin.Whaley@troutman.com>
Cc: COPN (VDH) <COPN@vdh.virginia.gov>
Subject: COPN VA-8695 Staff Report

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Good afternoon!

Please see the attached Staff Report and Cover Letter for Project COPN Req. VA-8695. Let me know if you have any questions!

Megan Schold, M.A.

Certificate of Public Need Analyst
Office of Licensure and Certification
Phone: (804) 367-2144

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