



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

Thomas J. Stallings
McGuire Woods, LLP
800 East Canal Street
Richmond, Virginia 23219

RE: **COPN No. VA-04849**
Lewis-Gale Medical Center, LLC
Establish a newly constructed facility, LewisGale Mental Health & Wellness Center,
with 130 inpatient psychiatric beds relocated from The Pavilion at LewisGale Medical
Center.

Dear Mr. Stallings:

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 Lewis-Gale Medical Center, LLC to establish a newly constructed facility, LewisGale Mental Health & Wellness Center, with 130 inpatient psychiatric beds relocated from The Pavilion at LewisGale Medical Center.

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 proposed project is generally consistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The proposed project is more advantageous than the status quo.
3. The capital costs of the proposed project are reasonable.
4. The applicant has committed to accepting patients presenting under temporary detention orders.

Mr. Thomas J. Stallings
Lewis-Gale Medical Center, LLC
July 27, 2023
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5. The proposed project is supported by local community service boards.
6. DCOPN did not receive any opposition to the proposed project.

This certificate is valid for the period July 27, 2023 through July 26, 2024. The total authorized capital cost of the project is \$80,611,000.

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
Cynthia Morrow, MD, MPH, District Director, Roanoke City Health District

COMMONWEALTH OF VIRGINIA
DEPARTMENT OF HEALTH
MEDICAL CARE FACILITIES CERTIFICATE OF PUBLIC NEED

THIS CERTIFIES THAT Lewis-Gale Medical Center, LLC is authorized to initiate the proposal as described below.

NAME OF FACILITY: LewisGale Mental Health & Wellness Center

LOCATION: Tax Parcel Number 112(3)C on Avery Row, Roanoke, Virginia 24019

OWNERSHIP AND CONTROL: Lewis-Gale Medical Center, LLC

SCOPE OF PROJECT: Establish a newly constructed facility, LewisGale Mental Health & Wellness Center, with 130 inpatient psychiatric beds relocated from The Pavilion at LewisGale Medical Center and used solely for psychiatric care. Capital costs associated with this project total \$80,611,000. The project is expected to be completed by September 30, 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-04849

Date of Issuance: July 27, 2023

Expiration Date: July 26, 2024

A handwritten signature in blue ink, appearing to read "Karen Shelton".

Karen Shelton, MD, State Health Commissioner

Lewis-Gale Medical Center, 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 5 in an aggregate amount equal to at least 0.7% of Lewis-Gale Medical Center, LLCs 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. Lewis-Gale Medical Center, 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.

Lewis-Gale Medical Center, 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. Additionally, Lewis-Gale Medical Center, 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

Thomas J. Stallings
McGuire Woods, LLP
800 East Canal Street
Richmond, Virginia 23219

RE: **COPN Request No. VA-8696**
Lewis-Gale Medical Center, LLC.
Planning District 5
Establish a 130-bed Psychiatric Hospital

Dear Mr. Stallings:

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 Lewis-Gale Medical Center, LLC is 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 her 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 Wednesday, July 5, 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 Lewis-Gale Medical Center 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

Mr. Thomas J. Stallings
COPN Request No. VA-8696
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

COPN Request No. VA-8696

Lewis-Gale Medical Center, LLC

Salem, Virginia

Establish a 130-bed inpatient psychiatric hospital through relocation of existing beds

Applicant

LewisGale Medical Center, LLC (LGMC) is a Delaware Limited Liability Company established in 1998. LGMC is a subsidiary of HCA Healthcare, Inc., a for-profit operator of healthcare facilities founded in 1968 and based in Nashville, Tennessee. LGMC is a 506-bed acute care hospital located in Salem, Virginia in Health Planning Region (HPR) III, Planning District (PD) 5.

Background

PD 5 Psychiatric Bed Inventory and Historic Utilization

According to the 2021 Virginia Health Information (VHI) data, the most recent year for which such data is available, and Division of Certificate of Public Need (DCOPN) records, there are currently three providers of psychiatric services in PD 5 with 211 licensed beds (**Table 1**). In 2021, of the 211 licensed beds, 175 were staffed (83%) (**Table 1**). Furthermore, for that same year, PD 5's inpatient psychiatric beds operated at a 42.23% occupancy rate for licensed beds, and LGMC's licensed inpatient psychiatric beds operated at an 36.59% occupancy rate (**Table 2**).

Table 1. Licensed and Staffed Inpatient Psychiatric Beds in PD 5

Facility Name	Bed Classification	Licensed Beds	Staffed Beds	% of Licensed
Carilion Roanoke Memorial Hospital	Psychiatric Adult	43	20	47%
Carilion Roanoke Memorial Hospital	Psychiatric Child	23	10	43%
Carilion Roanoke Memorial Hospital	Total	66	30	45%
LewisGale Hospital - Alleghany	Psychiatric Adult	15	15	100%
LewisGale Hospital - Alleghany	Total	15	15	100%
LewisGale Medical Center	Psychiatric Adult	106	106	100%
LewisGale Medical Center	Psychiatric Child	24	24	100%
LewisGale Medical Center	Total	130	130	100%
Total	PD 5 Psychiatric Adult	164	141	86%
Total	PD 5 Psychiatric Child	47	34	72%
Grand Total	PD 5 Total	211	175	83%

Source: VHI Data (2021) & DCOPN Records

Table 2. PD 5 Psychiatric Bed Utilization in 2021

Facility Name	Licensed Beds	Staffed Beds	Licensed Bed Available Days	Patient Days	Licensed Bed Occupancy Rate
Carilion Roanoke Memorial Hospital	166	30	24,090	10,360	43.01%
LewisGale Hospital - Alleghany	15	15	5,475	4,806	87.78%
LewisGale Medical Center	130	130	47,450	17,360	36.59%
Total / Average	211	175	77,015	32,526	42.23%

Source: VHI Data (2021)

Temporary Detention Orders

§ 37.2-809 of the Code of Virginia authorizes a magistrate to issue a temporary detention order (TDO) after petition (from any responsible person, treating physician or upon his own motion), and an in-person or electronic evaluation of the patient to determine whether the person meets the criteria for temporary detention. To issue the TDO, it must appear from all available evidence that the person:

1. Has a mental illness and that there exists a substantial likelihood that, as a result of mental illness, the person will, in the near future,
 - (a) Cause serious physical harm to himself or others as evidenced by recent behavior causing, attempting, or threatening harm and other relevant information, if any, or
 - (b) Suffer serious harm due to his lack of capacity to protect himself from harm or to provide for his basic human needs;
2. Is in need of hospitalization or treatment; and
3. Is unwilling to volunteer or incapable of volunteering for hospitalization or treatment.

In 2014, the Virginia General Assembly passed the “bed of last resort” law that mandates that state mental hospitals accept patients under a TDO if no bed can be found in a private psychiatric facility within eight hours of the order.

Virginia State Psychiatric Hospital System

The Department of Behavioral Health and Developmental Services (DBHDS) operates eight behavioral health facilities for adults and one for children in Virginia. It is important to note that utilization of these state psychiatric hospitals is not included in available VHI data. A November 19, 2019, article in *The Virginian Pilot*¹ quotes the former Virginia Secretary of Health and Human Resources, Dr. Daniel Carey, as saying that the Virginia state psychiatric hospital system is in crisis, and that they are currently operating at 127% capacity. Furthermore, as reported by the *Virginia Mercury* on July 9, 2021², more than half of Virginia’s state-run psychiatric hospitals, including Catawba Hospital, the state psychiatric facility in PD 5, were closed to new

¹ Dave Ress, *Virginia’s state psychiatric hospitals say they’re in “crisis,” with beds filled and not enough money*, *Virginian Pilot* (November 19, 2019).

² Kate Master, *More than half of Virginia’s state-run mental hospitals are closing to new admissions*, *Virginia Mercury* (July 9, 2021).

admissions because of “a workforce crisis that’s resulted in a ‘dangerous environment where staff and patients are at increasing risk for physical harm,’ as described by former DBHDS Commissioner Alison Land in a letter to providers across the state.

In November 2022, The Joint Legislative and Audit Commission (JLARC) resolved to review the state’s inpatient psychiatric hospitals³ to:

- Evaluate whether the state hospitals have sufficient space and staff to meet demands for admissions;
- Evaluate hospitals’ staffing strategies and hiring practices, especially for clinicians and other direct care staff;
- Evaluate the criteria and policies used by state hospitals for admitting and discharging patients;
- Identify the most common and substantial barriers to discharging patients, including forensic patients, who are clinically ready to be discharged;
- Evaluate the development and execution of treatment plans for patients;
- Evaluate the outcomes of patients;
- Determine whether a portion of patients could be more effectively served in a setting different from a state hospital; and
- Evaluate DBHDS’s oversight of the state hospitals.

JLARC identified several factors necessitating the need for the study, including:

- Delivering evidence-based and effective services and treatment requires a sufficient number of qualified and experienced clinicians and staff;
- The number of admissions to inpatient psychiatric hospitals has increased dramatically in recent years and there are currently waitlists for each state hospital;
- There is evidence that some patients do not require the level or type of services or treatment provided by psychiatric hospitals but are still admitted due to a lack of alternatives; and
- Some patients remain in state psychiatric hospitals for longer than necessary due to barriers to discharging them into community-based services.

³ Joint Legislative Audit and Review Commission. (n.d.). *Inpatient Psychiatric Facilities 2023 - Virginia*. Review of Virginia’s State-Operated Inpatient Psychiatric Hospitals
http://jlarc.virginia.gov/pdfs/resolutions/Psychiatric%20hospitals_2023.pdf

Drew Dickinson, the JLARC study's leader, told JLARC members "[State psychiatric hospitals] hospitals...saw a 71% increase in people admitted from fiscal year 2014 to fiscal year 2021, and Virginia has reported these hospitals have been operating at or above capacity over the last few years, leading to safety concerns for patients, staff and those on admissions waiting lists." Furthermore, Dickinson told JLARC members that "Virginia's psychiatric hospital admission issues could be avoided if people in need of other services were provided help instead of being improperly placed in one of the facilities."⁴

Governor Youngkin's Initiatives to Improve Virginia's Behavioral Health System

On December 12, 2022, Governor Glenn Youngkin announced the launch of the Prompt Placement TDO Task Force which includes government agencies, public and private hospitals, law enforcement, and other community partners to address the crisis facing people with TDOs who are waiting for behavioral health services. According to Governor Youngkin's website, "In 14 months (June 2021 - July 2022), there were 21,099 TDOs in the Commonwealth. Individuals under TDOs are often in crisis and unable to receive care due to lack of appropriate resources and barriers in the TDO process. The average wait time for an individual under TDO to receive a placement and care has risen to 43 hours in Virginia."⁵ According to Secretary of Health and Human Resources John Littel, "Virginia's current TDO process is bad for patients, care providers, families, and law enforcement who wait with these patients for a placement. This task force is a key step in improving the behavioral health system in Virginia."⁶

Additionally, on December 14, 2022, Governor Glenn Youngkin announced his three-year plan to transform Virginia's behavioral health system, "Right Help, Right Now." "Right Help, Right Now" is a six-pillared approach to address Virginia's behavioral health challenges, encompassing crisis care, law enforcement burden, substance use disorder support, behavioral health workforce and service delivery innovation. The six pillars of "Right Help, Right Now" are:

1. Strive to ensure same-day care for individuals experiencing behavioral health crises;
2. Relieve the law enforcement community's burden and reduce the criminalization of mental health;
3. Develop more capacity throughout the system, going beyond hospitals, especially community-based services;
4. Provide targeted support for substance use disorder and efforts to prevent overdose;

⁴ Mirshahi, D. (2023, May 22). *Long wait times for Virginia's Mental Hospitals*. WRIC ABC 8News. <https://www.wric.com/news/virginia-news/long-wait-times-for-virginias-mental-hospitals/>

⁵ *Governor Glenn Youngkin launches prompt placement task force*. Governor of Virginia. (accessed June 7, 2023.). <https://www.governor.virginia.gov/newsroom/news-releases/2022/december/name-946397-en.html>

⁶ *Governor Glenn Youngkin launches prompt placement task force*. Governor of Virginia. (accessed June 7, 2023.). <https://www.governor.virginia.gov/newsroom/news-releases/2022/december/name-946397-en.html>

5. Make the behavioral health workforce a priority, particularly in underserved communities; and
6. 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.

Proposed Project

LGMC currently offers inpatient psychiatric and substance abuse treatment services at its 130-bed inpatient psychiatric facility known as The Pavilion. According to the applicant, The Pavilion was built in 1975 with an addition added in 1982 and is in a state of decline with ongoing maintenance and essential repairs that are disruptive to patient care, including regular plumbing system infrastructure failures that have caused bed availability to be limited for significant repairs. LGMC proposes to relocate the 130 psychiatric beds currently at The Pavilion to a newly constructed, purpose-built facility, LewisGale Mental Health & Wellness Center. LewisGale Mental Health & Wellness Center will be located at the intersection of Routes 220 and 460 near Interstate 81 and will operate as a department of LGMC.

The projected capital costs of the proposed project total \$80,611,000, approximately 70% of which represent direct construction costs (**Table 3**). The entirety of the capital costs will be funded using the internal resources of the applicant. Accordingly, there are no financing costs associated with this project.

Table 3. Capital and Financing Costs

Direct Construction Costs	\$56,519,000
Equipment Not Included in Construction Contract	\$11,048,000
Site Acquisition Costs	\$1,600,000
Site Preparation Costs	\$6,500,000
Off-Site Costs	\$1,592,000
Architectural & Engineering Fees	\$3,352,000
Total Capital Costs	\$80,611,000

Source: COPN Request No. VA-8696

Construction for the proposed project is expected to begin 21 months after COPN approval and to be completed 37 months after COPN approval. The applicant anticipates an opening date 38 months after COPN approval.

Project Definition

§32.1 of the Code of Virginia defines a project, in part as, “Establishment of a medical care facility” Medical care facilities are defined, in part, as “Any 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....”

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

In determining whether a public need exists for a proposed project, the following factors shall be taken into account when applicable.

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

Geographically, the new site for LewisGale Mental Health & Wellness Center will be located at the intersection of Routes 220 and 460 near Interstate 81 in Botetourt County, approximately 12 miles from LGMHC. The proposed site is not accessible by public transportation. According to the applicant, LewisGale Mental Health & Wellness Center will offer more parking for patients' families and friends, who play a critical role in successful recovery.

Table 4 shows projected population growth in PD 5 through 2030. As depicted in **Table 4**, at an average annual growth rate of 0.19%, PD 5's growth rate from 2010-2020 is below the state's average annual growth rate of 0.77%. Overall, the planning district is projected to add an estimated 5,329 people in the 10-year period ending in 2020—an approximate 1.94% increase with an average increase of 533 people annually. In the 10-year period ending in 2030, the planning district is projected to add an estimated 4,096 people – an approximate 1.46% increase with an average increase of 410 people annually.

Regarding the 65+ age group for PD 5, Weldon-Cooper projects a more rapid increase in population growth (an approximate 24% increase from 2010 to 2020 and approximately 14% from 2020 to 2030). Weldon-Cooper further projects that statewide, the 65+ age cohort population will increase at a rate of approximately 38% from 2010 to 2030 and approximately 27% from 2020 to 2030.

Table 4. Population Projections for PD 5, 2010-2030

Locality	2010	2020	2010 - 2020		2030	2020 - 2030	
			% Change	Avg Ann % Change		% Change	Avg Ann % Change
Alleghany	16,250	14,950	-8.00%	-0.81%	13,620	-8.90%	-0.93%
Botetourt	33,148	33,387	0.72%	0.07%	34,484	3.29%	0.32%
Craig	10,380	5,084	-51.02%	-6.73%	5,020	-1.26%	-0.13%
Roanoke County	92,376	94,145	1.91%	0.19%	97,249	3.30%	0.32%
Covington city	5,961	5,677	-4.76%	-0.47%	5,281	-6.98%	-0.72%
Roanoke city	97,032	100,891	3.98%	0.38%	102,388	1.48%	0.15%
Salem city	24,802	25,953	4.64%	0.44%	26,141	0.72%	0.07%
Total PD 5	274,759	280,088	1.94%	0.19%	284,184	1.46%	0.15%
PD 5 65+	44,720	55,442	23.98%	2.12%	63,434	14.42%	1.36%
Virginia	8,001,024	8,655,021	8.17%	0.77%	9,331,666	7.82%	0.76%
Virginia 65+	976,937	1,352,448	38.44%	3.22%	1,723,382	27.43%	2.45%

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

Regarding socioeconomic barriers to access to the applicant's services, according to regional and statewide data regularly collected by VHI, for 2020, the most recent year for which such data is available, the average amount of charity care provided by HPR III facilities was 0.7% of all reported total gross patient revenues (**Table 5**). Pursuant to Section 32.1 – 102.4 of the Code of Virginia, should the Commissioner approve the proposed project, the applicant should be subject to a charity care condition no less than the 0.7% HPR III average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

Table 5: HPR III 2020 Charity Care Contributions

2020 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: VHI Data (2020)

Also, regarding socioeconomic barriers to access, **Table 6** displays the poverty rates in each of the counties of PD 5 and that of Virginia. As can be seen in **Table 6**, more than half of the counties in PD 5 have a poverty rate higher than the statewide rate.

Table 6. 2021 Percent of Individual in Poverty, PD 5

United States	12.8%
Virginia	10.3%
Allegheny	13.3%
Botetourt	7%
Craig	11.5%
Roanoke County	8.1%
Covington City	17.4%
Roanoke City	17.9%
Salem City	10.5%

Source: Census.gov

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

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

DCOPN received 12 letters of support for the proposed project from members of the PD 5 medical, behavioral health and public health communities, Senator John S. Edwards and Virginia House of Delegates Member Sam Rasoul, and a resolution from the Executive Committee of the Medical Staff of LGMC. Collectively, these letters articulate several benefits of the project, including:

- LGMC is well-known in the area for providing excellent overall patient care, including high-quality inpatient psychiatric services.
- The proposed site for the new facility will improve access for LGMC's existing behavioral health patients.
- The new facility will offer many clinical and operational benefits, including more open spaces and outdoor areas, larger lounges, and centrally located nurses' stations to facilitate greater coordination amongst caregivers.
- In addition to expanded inpatient services, this transition would provide an opportunity for LGMC to improve the availability of their intensive outpatient programs and partial hospitalization program.
- LGMC prioritizes its partnerships with area community service boards to ensure that patients requiring emergency psychiatric services receive the care they need at a location closer to home.
- Blue Ridge Behavioral Healthcare Community Services Board supports LGMC's proposed relocation of its existing behavioral health resources to a new facility.
- New River Valley Community Services supports LGMC's proposed relocation of the Behavioral Health facility to increase access to care, promote cost-effectiveness, improve health outcomes, and provide greater choice for the community.

Public Hearing

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-8696 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 project that would meet the needs of the people in the area to be served in a less costly, more efficient, or more effective manner;

As previously discussed, the applicant states that The Pavilion was built in 1975 with an addition added in 1982. The applicant explains that the facility is in a state of decline with ongoing maintenance and essential repairs that are disruptive to patient care, including regular plumbing system infrastructure failures that have caused bed availability to be limited for significant repairs. Furthermore, LGMC rents the space for The Pavilion and the design and layout of the facility are no longer fully consistent with current best in class standards for providing inpatient psychiatric care. Finally, parking for staff and visitors is difficult because The Pavilion is located on the congested LGMC campus. According to the applicant, LGMC evaluated modernizing The Pavilion but as outlined above, LGMC determined that no amount of renovations would remedy the numerous issues. Additionally, owning the building will give LGMC complete autonomy for all building-related issues.

In contrast, the proposed LewisGale Mental Health & Wellness Center will include more square footage than The Pavilion, which will allow more space for treatment areas. Additionally, the new space will have more open space, multiple outdoor areas, larger lounge areas, and natural light. In contrast to The Pavilion, all services at LewisGale Mental Health & Wellness Center will be provided on the same floor, which will improve continuity of care. Finally, the new facility will have improved highway access and more parking. The applicant asserts that “as a result of the new, improved facility and location, LGMC should be able to serve more patients than it can currently serve at The Pavilion.”

Furthermore, as discussed above, the state psychiatric hospitals are suffering from chronic issues, including high utilization and staffing constraints. Until these issues are resolved, the number of patients admitted pursuant to TDOs at Catawba State Hospital, the state psychiatric hospital in PD 5 will likely continue to rise. The applicant reports that approximately 24% of LGMC’s admissions are from TDOs. Given that the applicant has, and will continue to, routinely accept TDO admissions, approval of the project will enable the applicant to maintain its level of acceptance of TDOs and not increase the burden on state psychiatric hospitals.

For these reasons, DCOPN concludes that the proposed project is more advantageous than the alternative of the status quo because approval of the proposed project will increase access to acute psychiatric care in a more modern facility while not increasing the burden on the state hospital system.

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

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

As demonstrated by **Table 3**, the projected capital costs of the proposed project total \$80,611,000, approximately 70% of which represent direct construction costs. The entirety of the capital costs will be funded using the internal resources of the applicant. Accordingly, there are no financing costs associated with this project. DCOPN concludes that when compared to similar projects, these costs are reasonable. For example, COPN No. VA-04794 issued to The Pavilion at Williamsburg Place to add 32 inpatient psychiatric beds is anticipated to cost approximately \$1,619 per square foot (\$13,272,000 for an 8,187 gross square foot addition) compared to \$971 per gross square foot for LewisGale Mental Health & Wellness Center (\$80,611,000 for 82,994 gross square feet).

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

- The new site is centrally located and easily accessible from the area's major roadways and for LGMC's existing behavioral health patients.
- The new building will be specifically designed to provide efficient, high-quality care for the psychiatric patients who depend on LGMC's full continuum of exceptional psychiatric care.
- LewisGale Mental Health & Wellness Center will contain more open space, multiple outdoor areas (some with beautiful mountain views), larger lounge areas, and natural light to provide the optimal healing environment for inpatient and outpatient behavioral health services.
- In contrast to The Pavilion, all services at LewisGale Mental Health & Wellness Center will be available on the same floor, which will improve continuity of care.
- As a result of the new, improved facility and location, LGMC should be able to serve more patients than it can currently serve at The Pavilion.
- The project has strong community support, including letters from local Community Service Boards (CSBs).
- LGMC will own the new facility, which is more cost effective over the long run than continuing to rent.

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

The applicant has provided assurances that LGMC accepts all patients, regardless of ability to pay or payment source. LGMC accepts payment for services from most major payors, including Medicare, Medicaid, and commercial payors. The 2022 payor mix for LGMC's behavioral health services was 19% Medicare, 51% Medicaid, 25% Managed Care, 4% Other and 1% Charity.

According to the applicant, LGMC has contractual agreements in place with a number of CSBs. DCOPN notes that several of these CSBs provided letters of support for the proposed projects, including Blue Ridge Behavioral Healthcare and The New River Valley Community Services. Also, according to the applicant, LGMC is an important partner to CSBs in Southwest Virginia and receives approximately 24% of its admissions by TDO.

As previously discussed, according to regional and statewide data regularly collected by VHI, for 2020, the most recent year for which such data is available, the average amount of charity care provided by HPR III facilities was 0.7% of all reported total gross patient revenues (**Table 5**). Pursuant to Section 32.1 – 102.4 of the Code of Virginia, should the Commissioner approve the proposed project, LewisGale Mental Health & Wellness Center should be subject to a charity care condition no less than the 0.7% HPR III average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

(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 reached out to the DBHDS for their input, but DBHDS did not provide feedback regarding the proposed project.

3. The extent to which the application is consistent with the State Medical Facilities 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 State Medical Facilities Plan (SMFP) contains the following relevant standards and criteria for the addition of psychiatric beds. They are as follows:

Part XII. Mental Health Services

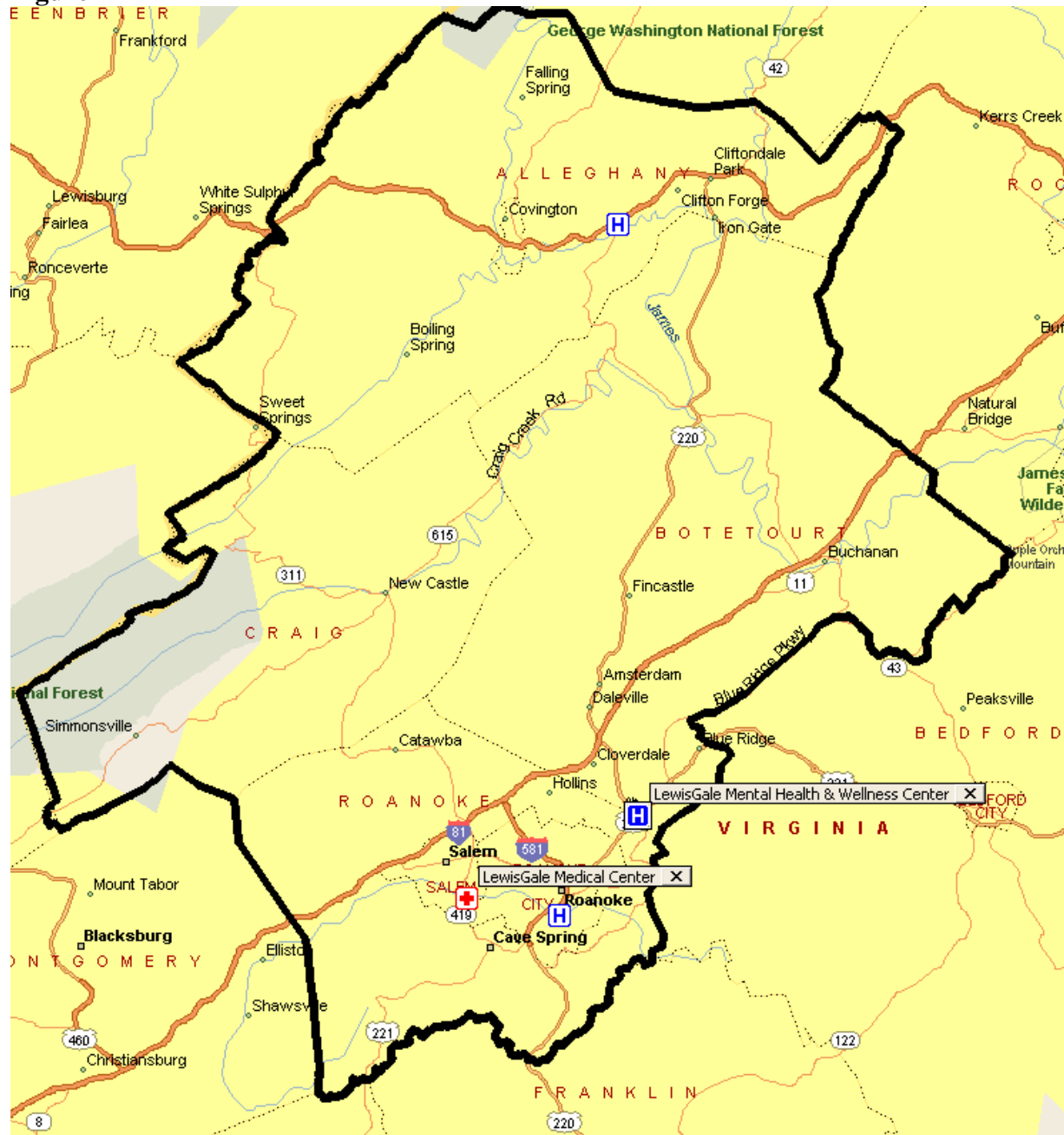
Article 1. Acute Psychiatric and Acute Substance Abuse Disorder Treatment Services

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 dark line in **Figure 1** is the boundary of PD 5. The white “H” symbol marks the location of the proposed project. The blue “H” symbols and the red cross symbol (LewisGale Medical Center) mark the locations of all other existing inpatient psychiatric services within PD 5. The yellow shaded area is the area within 60 minutes driving-time one-way under normal traffic conditions of inpatient psychiatric services in PD 5. Given the amount and location of shaded area, it is evident that inpatient psychiatric services currently exist within a 60-minute drive for at least 95% of the population of PD 5, and approval of the proposed project would not improve geographical access to inpatient psychiatric services for persons of PD 5 in any meaningful way.

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.**

While there are no minimum days specified by the applicant, the applicant states that LGMC accepts all patients, regardless of ability to pay or payment source. Additionally, the applicant asserts that LGMC has a generous charity care policy under which medically necessary services are provided at no charge to uninsured patients whose income is at or below 200% of the federal poverty income guidelines. Furthermore, LGMC offers discounts for medically necessary care for all patients without insurance who do not otherwise qualify for charity care, regardless of their income level. Finally, as previously discussed, LGMC has partnered with a number of community services boards, which have provided letters of support for the proposed project.

DCOPN notes that 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 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.

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. LGMC is an existing provider of inpatient psychiatric services and has partnerships with a number of CSBs.

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.

The applicant is not proposing to establish a satellite outpatient facility to improve patient access.

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.

The applicant is not proposing to establish a new inpatient psychiatric bed service, but rather to relocate an existing service. Accordingly, this standard is not applicable to the review at hand. However, in the interest of providing a complete picture of the need in PD 5, DCOPN will address this standard.

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

UR = 171,502 (Table 7) / 1,395,492 (Table 8)

UR = 0.12290

PROPOP = 282,061

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

$$\text{Projected Psychiatric Bed Need} = \frac{((0.12290 \times 282,061) / 365)}{0.75}$$

$$\text{Projected Psychiatric Bed Need} = 126.6 \text{ (127)}$$

$$\text{PD 5 Surplus for 2027} = 84 \text{ (127 beds needed - 211 beds in existing inventory)}$$

Table 7. PD 5 Inpatient Psychiatric Patient Days (2017– 2021)

Year	Licensed Beds	Staffed Beds	Licensed Bed Available Days	Patient Days	Occupancy Rate per Licensed Bed
2017	196	190	71,540	35,639	49.8%
2018	196	184	71,540	36,205	50.6%
2019	196	180	71,540	33,787	47.2%
2020	211	181	77,211	33,345	43.2%
2021	211	175	77,015	32,526	42.2%
Total	1,010	910	368,846	171,502	46.5%

Source: VHI Data (2017-2021)

Table 8. PD 5 Population (All Ages)

	2017	2018	2019	2020	2021	TOTAL 2017-2021	2026 (Projected)
Population	277,759	278,409	279,117	279,886	280,321	1,395,492	282,061

Source: Weldon Cooper Center Data

Based on the formula above, DCOPN calculates a need for 127 beds by 2027. There are currently 211 licensed beds in the planning district (**Table 1**). Based on the above calculations, there will be an anticipated surplus of 84 beds in the planning district by 2027. However, DCOPN notes that the applicant is not proposing to establish a new inpatient psychiatric bed service, but rather to relocate an existing service.

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.

As stated above, DCOPN calculates a total need for 127 beds by 2027. There are currently 211 licensed beds in the planning district (**Table 1**). Based on this information, DCOPN concludes that there is a surplus of 84 beds within the planning district. However, DCOPN notes that the applicant is not proposing to establish a new inpatient psychiatric bed service, or add inpatient psychiatric bed capacity, but rather to relocate an existing service.

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.

As shown in **Table 2**, the average occupancy rate of licensed psychiatric beds in PD 5 was 42.23% in 2021. Based on the average occupancy rate of existing psychiatric beds in PD 5 and the neutral effect the proposed project will have on the existing inventory of inpatient psychiatric beds in PD 5, DCOPN concludes that the proposed project will not negatively affect 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 in PD 5.

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 5.

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.

As discussed above, LGMC has partnerships with a number of community services boards. DCOPN notes that several of these CSBs provided letters of support for the proposed projects.

Required Considerations Continued

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

As previously discussed, the applicant is a current provider of inpatient psychiatric services, and the proposed project is a relocation of these services intended to serve the same primary service area. As such, the proposed project is unlikely to foster institutional competition that benefits 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;**

As discussed throughout this report, the applicant will continue to routinely accept TDO admissions. As such, the proposed project would not increase the burden on the highly utilized state hospital system by maintaining LGMC's current level of support. Moreover, the applicant is already operating the 130 beds within the planning district and plans to serve the same population at the new location. As such, DCOPN concludes that it is highly unlikely that approval of the project would have a negative effect on the utilization of existing providers within the planning district.

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

As already discussed, the projected capital costs of the proposed project total \$80,611,000, approximately 70% of which represent direct construction costs (**Table 3**). The entirety of the capital costs will be funded using the internal resources of the applicant. Accordingly, there are no financing costs associated with this project. DCOPN concludes that when compared to similar projects, these costs are reasonable. For example, COPN No. VA-04794 issued to The Pavilion at Williamsburg Place to add 32 inpatient psychiatric beds is anticipated to cost approximately \$1,619 per square foot (\$13,272,000 for an 8,187 gross square foot addition) compared to \$971 per gross square foot for LewisGale Mental Health & Wellness Center (\$80,611,000 for 82,994 gross square feet).

The Pro Forma Income Statement provided by the applicant projects operating income of \$773,000 from in the first year of operation, and \$1,040,000 in the second year of operation, indicating that the project is viable in the long-term (**Table 9**).

Table 9. LGMC Pro Forma Income Statement

	Year 1	Year 2
Total Gross Patient Revenue	\$94,855,000	\$104,508,000
Contractual Allowances	(\$67,328,000)	(\$74,476,000)
Charity Care	(\$663,985)	(\$731,556)
Bad Debt	(\$2,258,015)	(\$2,453,444)
Net Income	\$24,605,000	\$26,847,000
Total Operating Expenses	(\$23,832,000)	(\$25,807,000)
Net Income	\$773,000	\$1,040,000

Source: COPN Request No. VA-8696

With regard to staffing, the applicant anticipates the project will require 147 FTE (Full Time Equivalent), as displayed in **Table 10** below:

Table 10. COPN Request No. VA-8696 Staffing

Position	Current	Vacant	Additional Needed	Total
Administration	11	0	0	11
Registered Nurses	26	14	15	55
Licensed Practical Nurses	5	2	2	9
Nurses' Aides, Orderlies, Attendants	26	8	13	47
Registered Pharmacists	1	0	1	2
Psychiatric Social Workers	13	0	2	15
Recreational Therapists	1	0	1	2
Other Health Professionals	2	0	1	3
All Other Personnel	0	3	0	3
Total	85	27	35	147

Source: COPN Request No. VA-8696

The applicant expects that the Pavilion's current staff will transfer to LewisGale Mental Health & Wellness Center. Regarding the additional staffing needs, the applicant explains that LGMC expects to be able to treat more patients at LewisGale Mental Health & Wellness Center than at The Pavilion because the new building will not have the building-related issues that have restricted the use of existing beds for extended periods. Additionally, LGMC expects to treat significantly more outpatients at LewisGale Mental Health & Wellness Center because the new building will allow more space to be devoted to outpatient programs. To address the new FTEs needed, HCA will use its existing, multi-faceted approach to staff development and recruitment, including:

- HCA sponsors and endorses statewide education and outreach programs intended to attract current student enrollees in state nursing school by offering on-site preceptor clinical training to support student nurses;
- HCA maintains relationships with nursing schools, community colleges, and high schools to recruit staff and encourage nursing and other health professions as a career choice;
- STARN (Specialty Training Apprenticeship for Registered Nurses) is an intensive training program designed to provide comprehensive orientation to new graduate nurses. The STARN program includes specialty tracks in medical/surgical, telemetry, critical care, behavioral health, emergency department, mother-baby unit, labor and delivery and perioperative nursing. After

the conclusion of the STARN program, the nurse will enter the professional development phase of their nurse residency, which will provide needed support and tools for the first year of hire, reducing burn out and first year turnover;

- To address short-term fluctuations in staffing or to provide interim staffing solutions for its facilities, HCA hospitals develop per diem staff and certified float pools, which are hospital-based reserve staff for peaks in volume;
- LGMC has affiliation agreements for clinical rotations with a number of health professional education programs;
- HCA has recently partnered with the Galen College of Nursing to establish campuses in Richmond and Roanoke. The Galen Roanoke campus will open in 2023. The Roanoke campus will initially offer a 2-year associate degree in nursing and a Licensed Practical/Vocational Nurse to associate degree in nursing Bridge; and
- HCA is one of Virginia's largest employers with approximately 16,600 employees and \$1.45 billion in payroll and benefits.

Because of the plan to relocate most staff from The Pavilion and the applicant's robust recruiting and retention plan, DCOPN does not anticipate that the applicant will have difficulty staffing the proposed project or that doing so will have a significant negative impact on other PD 5 providers. As previously discussed, one of the pillars of Governor Youngkin's "Right Help, Right Now" initiative is to make the behavioral health workforce a priority, particularly in underserved communities. Given current staffing challenges across Virginia, DCOPN would expect such an emphasis may be of benefit to the proposed project.

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

The proposed project will not introduce new technology that would promote quality or cost effectiveness in the delivery of inpatient health services or increase the potential for the provision of health care services on an outpatient basis. However, LewisGale Mental Health & Wellness Center will be a purpose-built psychiatric facility, with larger and more modern treatment space, improved highway access and more parking. Additionally, the applicant asserts that "as a result of the new, improved facility and location, LGMC should be able to serve more patients than it can currently serve at The Pavilion." As previously discussed, the applicant has agreements in place with a number of CSBs and the proposed project received support from several CSBs. Additionally, as discussed above, the applicant regularly accepts patients pursuant to TDOs. 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 the 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, and (ii) any contribution the teaching hospital or medical school may provide in the delivery, innovation, and improvement of health care for citizens of the Commonwealth, including indigent or underserved populations.

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

DCOPN Staff Findings and Conclusions

DCOPN finds that Lewis-Gale Medical Center, LLC's proposed project to relocate the 130 psychiatric beds currently at The Pavilion to a newly constructed facility, LewisGale Mental Health & Wellness Center is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. Moreover, DCOPN finds that the proposed project is more advantageous than the alternative of the status quo. As discussed above, approval of the project will allow for increased access to acute psychiatric care in a more modern facility and will maintain LGMC's level of TDO acceptance, supporting the highly utilized state hospitals.

Furthermore, DCOPN finds that the total capital and financing cost for the project of \$80,611,000 (**Table 3**) are reasonable and consistent with previously approved projects. Additionally, the project is supported by several local CSBs, and the applicant intends to continue accepting TDOs. Finally, there is no known opposition from other providers, health care professionals or community representatives.

Staff Recommendation

DCOPN recommends **conditional approval** of Lewis-Gale Medical Center, LLC's request to relocate the 130 psychiatric beds currently at the Pavilion to a newly constructed facility, LewisGale Mental Health & Wellness Center for the following reasons:

1. The proposed project is generally consistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The proposed project is more advantageous than the status quo.
3. The capital costs of the proposed project are reasonable.
4. The applicant has committed to accepting patients presenting under temporary detention orders.
5. The proposed project is supported by local community service boards.
6. DCOPN did not receive any opposition to the proposed project.

DCOPN's recommendation is contingent upon Lewis-Gale Medical Center, LLC's agreement to the following charity care condition:

Lewis-Gale Medical Center, 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 5 in an aggregate amount equal to at least 0.7% of Lewis-Gale Medical Center, LLCs 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. Lewis-Gale Medical Center, 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.

Lewis-Gale Medical Center, 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. Additionally, Lewis-Gale Medical Center, 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.

Cheatham, Valerie (VDH)

From: Stallings, Thomas J. <tstallings@mcguirewoods.com>
Sent: Wednesday, June 21, 2023 1:01 PM
To: Cheatham, Valerie (VDH)
Cc: COPN (VDH); Harris, Douglas (VDH); Macleod, Vanessa (VDH); Puccinelli, Katie
Subject: Staff Report for COPN Request No. VA-8696
Attachments: 8696 Staff Report Cover Letter - 06-20-23.pdf; 8696 Staff Report.pdf

Valerie:

The applicant accepts the proposed charity condition. As always, thanks for your help and please let me know if you need anything else from my end to cancel the IFFC.

Tom

Thomas J. Stallings

Partner
McGuireWoods LLP
T: +1 804 775 1007 | M: +1 804 241 1784
tstallings@mcguirewoods.com

From: Cheatham, Valerie (VDH) <Valerie.Cheatham@vdh.virginia.gov>
Sent: Tuesday, June 20, 2023 2:17 PM
To: Stallings, Thomas J. <tstallings@mcguirewoods.com>
Cc: COPN (VDH) <COPN@vdh.virginia.gov>; Harris, Douglas (VDH) <Doug.Harris@vdh.virginia.gov>; Macleod, Vanessa (VDH) <Vanessa.Macleod@vdh.virginia.gov>
Subject: Staff Report for COPN Request No. VA-8696

Good Afternoon Mr. Stallings:

I have attached the staff report for COPN Request No. VA-8696. Please let me know if you have any questions.

Thank you,

Valerie

Valerie Cheatham

Certificate of Public Need Analyst
Office of Licensure and Certification

Phone: (804) 367-2370
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