VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

October 19, 2023

COPN Request No. VA-8712
Centra Health, Inc.
Lynchburg, Virginia
Add 35 medical-surgical beds and introduce specialty level neonatal specialty care at Centra Lynchburg General Hospital by relocation from Centra Virginia Baptist Hospital

Applicant

Centra Health, Inc., (Centra) is a 501(c)(3) not-for-profit, non-stock corporation located in Lynchburg, Virginia. Centra is the sole owner and operator of Centra Lynchburg General Hospital (Lynchburg General) and Centra Virginia Baptist Hospital (Virginia Baptist). Lynchburg General and Virginia Baptist are approximately three miles apart in the city of Lynchburg, Health Planning Region (HPR) III, Planning District (PD) 11.

Background

Medical-Surgical Bed Inventory in PD 11
The Division of Certificate of Public Need (DCOPN) notes that nearly all acute care hospital beds in Virginia are licensed as "medical-surgical" beds, with the exception of psychiatric, substance abuse treatment, and rehabilitation beds, which are licensed separately. As long as the total licensed bed complement is not exceeded, hospitals may configure and use medical-surgical beds, as circumstances require. For this reason, DCOPN has included obstetric, pediatric, and ICU beds in the total count of licensed medical-surgical beds (**Table 1**). According to DCOPN records, and as demonstrated by **Table 1** below, the medical- surgical bed inventory of PD 11 consists of 521 beds. 35 of the 77 medical-surgical beds at Virginia Baptist are used for obstetric services.

Table 1. Medical-Surgical Bed Inventory[1] in PD 11

Facility	Licensed Beds	2021 Occupancy Rate
Centra Bedford Memorial Hospital	50	32.71%
Centra Specialty Hospital	36	64.31%
Centra Lynchburg General Hospital	358	82.66%
Centra Virginia Baptist Hospital	77	37.62%
Total	**521**	**69.94%**

Source: DCOPN Records and VHI (2021)

Neonatal Special Care Unit Services in HPR III

As **Table 2** demonstrates, within HPR III, there are six neonatal special care unit (Neonatal Intermediate or Intensive Care Units or NICU) providers with services ranging from intermediate to subspecialty levels of care. In 2021, these service providers staffed 77 bassinets (**Table 2**). DCOPN notes that Virginia Baptist has been authorized to provide neonatal special care services since at least 1976 with the issuance of COPN number VA-000204.

DCOPN notes that the definition of bed[2] in the SMFP excludes bassinets and, regardless of the service level, bassinets are neither certificate of public need (COPN) approved nor licensed as to the number of bassinets. Authorized facilities can change the number of bassinets at will within the level of care authorized. COPN authorization relates only to the level of neonatal special care, *i.e.* intermediate, specialty or subspecialty level. Therefore, the available number of such bassinets, either in total or at any specific level, is not a fixed number for any period of time. In other words, bassinets within approved special care nurseries may be utilized interchangeably at their approved level or at a lower level, but not at a higher level than approved within that facility. For example, specialty level nurseries may be used to provide intermediate level care.

As may be observed in **Table 2**, special care nursery utilization has been high at Virginia Baptist, moderate at Carilion New River Valley Medical Center and Carilion Roanoke Memorial Hospital but has been low at the other facilities in HPR III. The overall average utilization for the special care nursery facilities in HPR III from 2017-2021 was 49.36% of the staffed bassinets. However, as previously discussed, the available number of such bassinets, either in total or at any specific level, is not a fixed number for any period of time. In other words, bassinets within approved special care nurseries may be utilized interchangeably at their approved level or at a lower level, but not at a higher level than approved within that facility.

[1] The Adjudication Officer's case decision for COPN No. VA-04682 held that DCOPN was in error by including obstetric, intensive care and pediatric patient days in its calculations for medical-surgical bed need, despite those beds being fungible and accordingly, able to convert to medical-surgical beds without COPN authorization. However, because obstetric, intensive care and pediatric beds can be easily converted to medical-surgical beds, thereby changing the medical-surgical inventory without first obtaining COPN authorization, DCOPN maintains that obstetric, intensive care and pediatric beds should be included in the medical-surgical inventory and the corresponding patient days used for medical-surgical bed need calculations.

[2] 12VAC5-230-10

Table 2. Special Care Nursery Inventory and Utilization in HPR III 2017-2021

Facility (COPN Approved Bassinet Level)	2021 Staffed Bassinets	2017	2018	2019	2020	2021	Facility Average
Carilion New River Valley Medical Center (Intermediate)	4	88.60%	82.10%	63.70%	52.87%	46.58%	66.77%
Carilion Roanoke Memorial Hospital (Subspecialty)	60	67.10%	75.30%	61.35%	56.70%	61.27%	64.34%
Centra Virginia Baptist Hospital (Specialty)	13	87.00%	84.70%	67.38%	66.46%	84.15%	77.94%
Johnston Memorial Hospital (Intermediate)	N/A	14.00%	8.00%	3.97%	2.60%	N/A 3	7.14%
LewisGale Hospital Montgomery (Intermediate)	N/A	12.30%	6.60%	10.96%	7.10%	N/A 4	9.24%
LewisGale Medical Center (Intermediate) [5]	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total and Average	77	53.80%	51.00%	41.00%	37.00%	64.00%	49.36%

Source: COPN Records and VHI Data (2017-2021)

As demonstrated by **Table 3**, Virginia Baptist is among the top three providers of obstetric services in HPR III and is the only provider of obstetric services in PD 11. In 2021, Virginia Baptist reported 2,693 live births.

Table 3. HPR III Live Births: 2017-2021

Facility	PD	2021	2020	2019	2018	2017	Facility Average
Carilion Medical Center	5	2,991	2,980	3,186	3,117	3,056	3,066
Carilion New River Valley dba St. Albans	4	808	844	844	998	1,095	918
Centra Virginia Baptist Hospital	11	2,594	2,587	1,961	2,679	2,693	2,503
Clinch Valley Medical Center	2	198	209	259	282	291	248
Johnston Memorial Hospital	3	467	444	411	462	452	447
LewisGale Hospital Montgomery	4	595	565	523	521	508	542
LewisGale Medical Center	5	1,174	1,068	975	901	922	1,008
Norton Community Hospital	1	39	237	154	161	156	149
Sovah Health-Danville	12	636	648	632	669	687	654
Sovah Health-Martinsville	12	129	188	320	293	324	251
Twin County Regional Hospital	3	234	232	225	193	190	215

[3] Johnston Memorial Hospital did not report staffing any intermediate level neonatal special care bassinets in 2021.
[4] LewisGale Hospital Montgomery did not report staffing any intermediate level neonatal special care bassinets in 2021.
[5] COPN No. VA-04762, dated November 5, 2021, authorized LewisGale Medical Center to introduce intermediate level neonatal special care services. The project was expected to be complete by June 30, 2023.

Facility	PD	2021	2020	2019	2018	2017	Facility Average
Wellmont Lonesome Pine Mt. View Hospital	1	186	38	161	146	234	153
Wythe County Community Hospital	3	250	310	339	365	353	323
Total		**10,301**	**10,350**	**9,990**	**10,787**	**10,961**	**10,478**
Average		**792**	**796**	**768**	**830**	**843**	**806**

Source: VHI Data 2017-2021

Proposed Projects

The applicant proposes to relocate its obstetrical and NICU services, including 35 medical-surgical beds and a specialty care neonatal intensive care unit from Virginia Baptist to Lynchburg General. The relocated services will be located in a new to-be-constructed five-story tower at the corner of Tate Springs Road and Atherholt Road. The second and third floor of the newly constructed tower will house the obstetrical and neonatal services (Women's Services). The new tower will house a new Labor and Delivery Unit, including two c-section delivery rooms, a 31-bed mother/baby unit, and a 14-bassinet specialty level neonatal intensive care unit. Additionally, four of the NICU rooms will be equipped as couplet care, housing a medical-surgical bed for mothers to room-in with the infant admitted to the NICU

The applicant explains that Centra recently announced a multi-year modernization initiative that will encompass the most significant facility improvements in Centra's 36-year history. The first phase of the modernization is the revitalization of Lynchburg General, including the construction of the new five-story unit that will house Women's Services. According to the applicant, the facility in which Virginia Baptist provides obstetrical and neonatal services is dated and unable to be modernized in a cost-effective manner. For example, the facility infrastructure cannot support state-of-the-art equipment and the NICU consists of a large area where bassinets are separated only by curtains. Furthermore, the facility presents accessibility challenges for patients and family members. The applicant explains:

> [I]t is not uncommon for expectant mothers to visit and tour area obstetrical and neonatal facilities to determine where they will choose to deliver their baby. Due to the current age of Virginia Baptist, and older layout for the NICU, some parents residing in the primary and secondary service areas for Virginia Baptist are instead choosing to travel away from the service area and into other planning districts to deliver their babies. In fact, based on annualized VHI patient-level data from the first three quarters of 2022, roughly 320 families who reside in the area traveled to deliver their babies at other facilities outside of Planning District. That represents roughly 10-12% of deliveries performed at Virginia Baptist. As a result of the new state-of-the-art space proposed for both obstetrical and neonatal specialty care services at Lynchburg General, Centra believes that some of these families will choose to remain in the area and deliver at Lynchburg General.
>
> The vacated space at Virginia Baptist which is currently being used for medical/surgical, obstetrical and neonatal services will be converted for use for administrative space and community health and wellness programs that do not require the same type of sophisticated

building infrastructure that is required for modern inpatient acute care and obstetrical services.

The applicant also outlined additional issues related to the older infrastructure at Virginia Baptist, including:

- Difficult patient transfers from Virginia Baptist to Lynchburg General which cause stress, safety concerns, dissatisfaction, and times when the mother is away from her baby;
- The birthing center unit lacks many comforts seen in more recently designed units, such as large private rooms, built in sleep space and private bathrooms;
- The postpartum mother/baby room sizes vary;
- Some entrances lack accessibility for those with mobility challenges;
- An outdated, first-generation NICU design and severely undersized specialty level NICU, which impedes caregivers from providing optimal developmental care and privacy; and
- No access to window or daylight through another space in the patient care area, a feature that is beneficial to the recovery of neonates.

If the State Health Commissioner (Commissioner) approves the proposed project, Virginia Baptist will not have any obstetrical or nursery bassinets following completion of the project. The applicant indicates that the services will continue to be offered at Virginia Baptist until the completion of the proposed project.

According to the applicant, the projected capital costs for the hospital expansion total $268,474,478. More specifically, the projected capital costs of the COPN reviewable portions of the proposed project total $107,365,051, 77% of which represent direct construction costs (**Table 4)**. The applicant will fund the project using accumulated reserves. Accordingly, there are no financing costs associated with this project.

Table 4. Projected Capital Costs

Direct Construction Costs	$83,204,825
Equipment Not Included in Construction Contraction	$7,572,400
Site Preparation Costs	$6,307,400
Architectural and Engineering Fees	$5,577,611
Other Consultant Fees	$4,702,815
Total Capital Costs	**$107,365,051**

Source: COPN Request No. VA-8712

Construction for the proposed project is expected to begin by April 2024 and to be completed by August 2027. The applicant anticipates an opening date of October 31, 2027.

Project Definitions

§32.1-102.1:3 of the Code of Virginia defines a project, in part, as "An increase in the total number of beds…in an existing medical care facility described in subsection A…." and "[r]elocation of beds from an existing medical care facility described in subsection A to another existing medical care facility described in subsection A…." and "Introduction into an existing medical care facility described in subsection A of any…neonatal special care… when such medical care facility has not provided such service in the previous 12 months…." §32.1-123 defines a medical care facility as "Any facility licensed as a hospital."

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, Lynchburg General is located at 1901 Tate Springs Road, Lynchburg, Virginia. According to the applicant, Lynchburg General's campus is easily accessible by major arterial streets in Lynchburg City and from US Route 29, US Route 501, US Route 460 and US Route 221. Specifically, the Lynchburg General campus is accessible via Langhorne Road from Tate Springs Road, or Atherholt Road. Langhorne Road and Tate Springs Road are both modern, four-lane thoroughfares with traffic lights. Additionally, Centra Health's P.A.C.E. program (A Program for All-Inclusive Care for the Elderly) provides non-emergent transportation for program participants to medical appointments. Public transportation is provided by the Greater Lynchburg Transit Company and is available to patients with multiple stops per day on the hospital campus.

As depicted in **Table 5** at an average annual growth rate of 0.48%, PD 11's population 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 12,760 people in the 10-year period ending in 2020 – an average increase of 1,275 people annually and 15,206 in the 10-year period ending 2030 – an average increase of 1,520 people annually. Lynchburg City, the location of the proposed project, is expected to experience a population increase of approximately 9.56% from 2010-2020 and 9.34% from 2020-2030, well above the state averages of 8.17% and 7.82%, and the highest in the PD.

Table 5. Population Projections for PD 11, 2010-2030

Locality	2010	2020	% Change 2010-2020	Avg Ann % Change 2010-2020	2030	% Change 2020-2030	Avg Ann % Change 2020-2030
Amherst	32,353	31,831	-1.61%	-0.16%	31,402	-1.35%	-0.14%
Appomattox	14,973	15,866	5.96%	0.57%	16,742	5.52%	0.54%
Bedford	74,898	79,241	5.80%	0.55%	84,604	6.77%	0.66%
Campbell	54,842	55,665	1.50%	0.15%	57,325	2.98%	0.29%
Lynchburg City	75,568	82,791	9.56%	0.89%	90,526	9.34%	0.90%
Total PD 11	**252,634**	**265,394**	**5.05%**	**0.48%**	**280,600**	**5.73%**	**0.56%**
PD 11 65+	**39,662**	**50,719**	**27.88%**	**2.43%**	**60,780**	**19.84%**	**1.83%**
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 2021, the most recent year for which such data is available, the average amount of charity care provided by HPR III facilities was 0.51% of all reported total gross patient revenues (**Table 6**). Pursuant to § 32.1-102.4B of the Code of Virginia DCOPN must now place a charity care condition on every applicant seeking a COPN. Accordingly, should the Commissioner approve the proposed project, DCOPN recommends a charity care condition of no less than the 0.51% HPR III average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

Table 6. HPR III Charity Care Contributions

2021 Charity Care Contributions at or below 200% of Federal Poverty Level			
Hospital	**Gross Patient Revenues**	**Adjusted Charity Care Contribution**	**% of Gross Patient Revenue:**
Ridgeview Pavilion (Bristol Region)	$7,039,355	$202,287	2.87%
Rehabilitation Hospital of Bristol, LLC	$17,924,164	$425,516	2.37%
Norton Community Hospital	$192,721,442	$4,326,681	2.25%
Centra Specialty Hospital	$54,375,383	$1,209,721	2.22%
Carilion Franklin Memorial Hospital	$183,022,650	$3,710,846	2.03%
Russell County Medical Center	$114,418,556	$1,817,173	1.59%
Carilion Tazewell Community Hospital	$72,052,309	$931,102	1.29%
Smyth County Community Hospital	$197,730,692	$2,394,391	1.21%
Johnston Memorial Hospital	$793,700,215	$9,589,955	1.21%
Carilion Medical Center	$4,573,096,613	$47,142,780	1.03%
Carilion New River Valley Medical Center	$850,387,927	$7,838,754	0.92%
Carilion Giles Memorial Hospital	$164,758,336	$1,138,319	0.69%
Lewis-Gale Medical Center	$2,622,575,795	$16,278,026	0.62%
Wellmont Lonesome Pine Mountain View Hospital	$439,099,646	$2,474,748	0.56%
LewisGale Hospital-Montgomery	$843,161,635	$4,517,613	0.54%
LewisGale Hospital - Alleghany	$228,965,488	$1,212,396	0.53%
LewisGale Hospital Pulaski	$412,765,905	$1,669,986	0.40%
Centra Health	$3,059,619,663	$9,930,233	0.32%

Table 6. HPR III Charity Care Contributions

2021 Charity Care Contributions at or below 200% of Federal Poverty Level			
Bedford Memorial Hospital	$154,732,192	$413,141	0.27%
Buchanan General Hospital	$97,833,827	$149,944	0.15%
Sovah Health-Danville	$970,752,775	$(26,593,700)	-2.74%
Twin County Regional Hospital	$253,554,954	$140,601	0.06%
Sovah Health-Martinsville	$716,672,616	$265,419	0.04%
Clinch Valley Medical Center	$630,716,254	$149,413	0.02%
Wythe County Community Hospital	$262,553,121	$14,433	0.01%
Total Facilities Reporting			25
Median			0.6%
Total $ & Mean %	**$17,914,231,513**	**$91,349,778**	**0.51%**

Source: VHI (2021)

DCOPN notes that according to the most recent U.S. Census data, the City of Lynchburg, the location of the proposed project, has a poverty rate of 17.80% - well above the statewide average of 10.3%, and higher than every other locality within PD 11 (**Table 7**). Additionally, the applicant has indicated that its service area includes Amherst, with a poverty rate of 12.4%, Appomattox, with a poverty rate of 11.50%, Bedford, with a poverty rate of 8.80%, and Campbell County, with a poverty rate of 10.90%.

Table 7. Statewide and PD 11 Poverty Rates

Locality	Poverty Rate
Virginia	10.30%
Amherst	12.40%
Appomattox	11.50%
Bedford	8.80%
Campbell	10.90%
Lynchburg city	17.80%

Source: U.S. Census Data (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 8 letters in support of the proposed project from members of the Centra Medical Community. Collectively, these letters articulate numerous benefits of the project, including:

- Centra is committed to meet the health care needs of area residents through quality, innovative, and customer focused services.

- The parents who have chosen to make Lynchburg their home deserve access to excellent services that inspire hope for their family and the community.

- Many moms have presented at the Lynchburg General ED for care during their pregnancy and ended up having to deliver their babies and be transported to Virginia Baptist for their delivery. These transfers cause unnecessary stress, safety concerns, and dissatisfaction as mom is away from her baby. With the proposed ED expansion and relocation of Women's services to one campus, delivery of care will be seamless.

- Neonatal and pediatric services are offered on different campuses – pediatric care is offered at Lynchburg General while neonatal care is offered at Virginia Baptist. It would be great for both services to be offered on the same campus – parents would go to one hospital campus for care for their children, from birth to adolescence.

- As more babies require a stay in the NICU, the current one room NICU design is outdated. The new concept of single family NICU rooms being proposed has demonstrated clinical improvement for both infant and mother.

- The neonatal area, located in Virginia Baptist, consists of essentially a huge, windowless room with curtained partitions. The nursing staff does the best it can to provide privacy to families and their infants in the NICU but at times it can be difficult. With all the equipment, it can also be hard to fit in recliner chairs or couches for parents to be with their newborn.

- The facility infrastructure at Virginia Baptist is significantly more date than those of Lynchburg General and cannot be easily or efficiently updated.

DCOPN did not receive any letters in opposition to the proposed project.

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-8712 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, Centra is the only provider of obstetric and neonatal care in PD 11. Furthermore, the applicant reports that Centra recently announced a multi-year modernization initiative that will encompass the most significant facility improvements in Centra's 36-year history. The first phase of the modernization is the revitalization of Lynchburg General, including the construction of the new five-story unit that will house the obstetric and neonatal services, including the 35 medical-surgical beds to be used for obstetrical care and a specialty level neonatal intensive care unit that are the subject of this COPN request.

The applicant explains that Virginia Baptist is dated and unable to be modernized in a cost-effective manner. The vacated space at Virginia Baptist, which is currently being used for medical/surgical, obstetrical and neonatal services, will be converted to administrative space and community health and wellness programs that do not require the same type of sophisticated building infrastructure that is required for modern inpatient acute care and obstetrical services.

Some issues resulting from the dated infrastructure at Virginia Baptist include:

- The NICU consists of a large area where bassinets are separated only by curtains, offering limited privacy for newborns and their parents, and the facility itself has accessibility challenges for patients and family members. The space remains very busy and can be quite noisy;

- Due to the current age of Virginia Baptist, and older layout for the NICU, some parents residing in the primary and secondary service areas for Virginia Baptist are instead choosing to travel away from the service area and into other planning districts to deliver their babies;

- Due to the space constraints at Virginia Baptist, the antepartum rooms are separate from the Labor and Delivery rooms but adjacent to the postpartum unit, which creates inefficiencies for patients and providers;

- The facility infrastructure at Virginia Baptist cannot support state-of-the-art equipment. The U-shaped space for the obstetrical and neonatal services area is located in older infrastructure, some parts of which are bordered by brick walls, impeding the application of certain technology or requiring extra technology to ensure seamless wireless service; and

- Because there is no emergency department on the Virginia Baptist campus, when patients are transported from Lynchburg General to Virginia Baptist, the access to ambulance drop off area and the obstetrical services is not easy, especially for family members.

The applicant asserts that given the age and infrastructure limitations of Virginia Baptist, a relocation of the Women's Services at Virginia Baptist to the new patient tower at Lynchburg General, approximately three miles away, is necessary in order to continue to provide these services.

Neither DCOPN nor the applicant identified a reasonable alternative 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. For these reasons, DCOPN concludes that maintaining the status quo is not a viable alternative to the proposed project.

(iii) any recommendation or report of the regional health planning agency regarding an application for a certificate that is required to be submitted to the Commissioner pursuant to subsection B of § 32.1-102.6;

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 proposed project;

As demonstrated by Table 2, the projected capital costs of the proposed project are $107,365,051, 77 % of which represent direct construction costs. Focusing on the direct construction costs of $83,204,825, this represents a cost of $1,109 per square foot (direct construction costs of $83,204,825/Women's Services 75,000 gross square feet). DCOPN concludes that when compared to similar projects, these costs are somewhat high. For example, COPN No. VA-004832 issued to Inova Health Care Services to relocate Inova Springfield Hospital is anticipated to cost approximately $899 per square foot ($370,887,453 direct construction costs/412,604 gross square feet).

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

- The first phase of [Centra's] modernization [plan] is the revitalization of the Lynchburg General campus. By modernizing the campus with contemporary facilities that include the latest innovations in health care, Centra will be able to continue delivering patient centered care, enhancing patient access, and increasing patient and specialty care in the region for years to come.

- The new tower will house a new Labor & Delivery Unit including two C-section delivery rooms, a 31-bed Mother/Baby Unit, and a 14-bassinet specialty level NICU with four NICU rooms equipped as couplet care, housing a licensed medical/surgical bed, for an additional 4 obstetrical beds. All of these areas will be specifically designed to serve the needs of today's families by incorporating best practices in facility design, care models and technology to enhance Mother/Baby services for years to come.

- In the new patient tower at Lynchburg General, the antepartum and LDR rooms will be co-located on the second floor for an easy and efficient transition. The postpartum rooms will be on the third floor, in a calm, restful environment where mothers and babies can recover before being discharged to home.

- The new Women's Services area at Lynchburg General will have two low acuity birthing suites to support the midwifery program. These rooms will offer a safe, low intervention alternative to home birth with customized patient experience and all the amenities of the hospital should they be necessary.

- Instead of the large, open NICU where individual spaces are separated only by curtains, each neonate will have his or her own, similar to an adult ICU. Research has demonstrated

that private-room setting provides space and privacy sought by parents to breastfeed, practice skin-to-skin bonding, and be more intimately involved in their baby's care. Benefits for babies cared for in single-family rooms include higher weight at discharge and more rapid weight gain. Also, typically they require fewer medical procedures and experience less stress, lethargy and pain.

- All private NICU rooms will have access to sunlight and a pullout couch and lounger for parents to use either during the day or overnight stays. A NICU stay can be incredibly difficult and taxing on parents. By providing a private, comfortable, warm and inviting environment for parents to bond with their babies and interact with staff, Centra hopes to relieve some of the stress that parents of NICU babies experience.

- Based on annualized VHI patient-level data from the first three quarters of 2022, roughly 320 families who reside in the area traveled to deliver their babies at other facilities outside of Planning District. That represents roughly 10-12% of deliveries performed at Virginia Baptist. As a result of the new state-of-the-art space proposed for both obstetrical and neonatal specialty care services at Lynchburg General, Centra believes that some of these families will choose to remain in the area and deliver at Lynchburg General.

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

The applicant provided assurances that its obstetric and neonatal services will be available to all those in need, without regard to their ability to pay. As previously discussed, according to regional and statewide data regularly collected by VHI, for 2021, the most recent year for which such data is available, the average amount of charity care provided by HPR III facilities was 0.51% of all reported total gross patient revenues (**Table 4**). Pursuant to § 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 0.51% 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 did not identify any other discretionary factors, not discussed elsewhere in this staff analysis report, to bring to the attention of the Commissioner as may be relevant to determining a public need for the proposed projects.

3. The extent to which the application is consistent with the State Health Services Plan;

Section 32.1-102.2:1 of the Code of Virginia calls for the State Health Services Plan Task Force to develop recommendations for a comprehensive State Health Services Plan (SHSP). In the interim, DCOPN will consider the consistency of the proposed project with the predecessor of the SHSP, the SMFP.

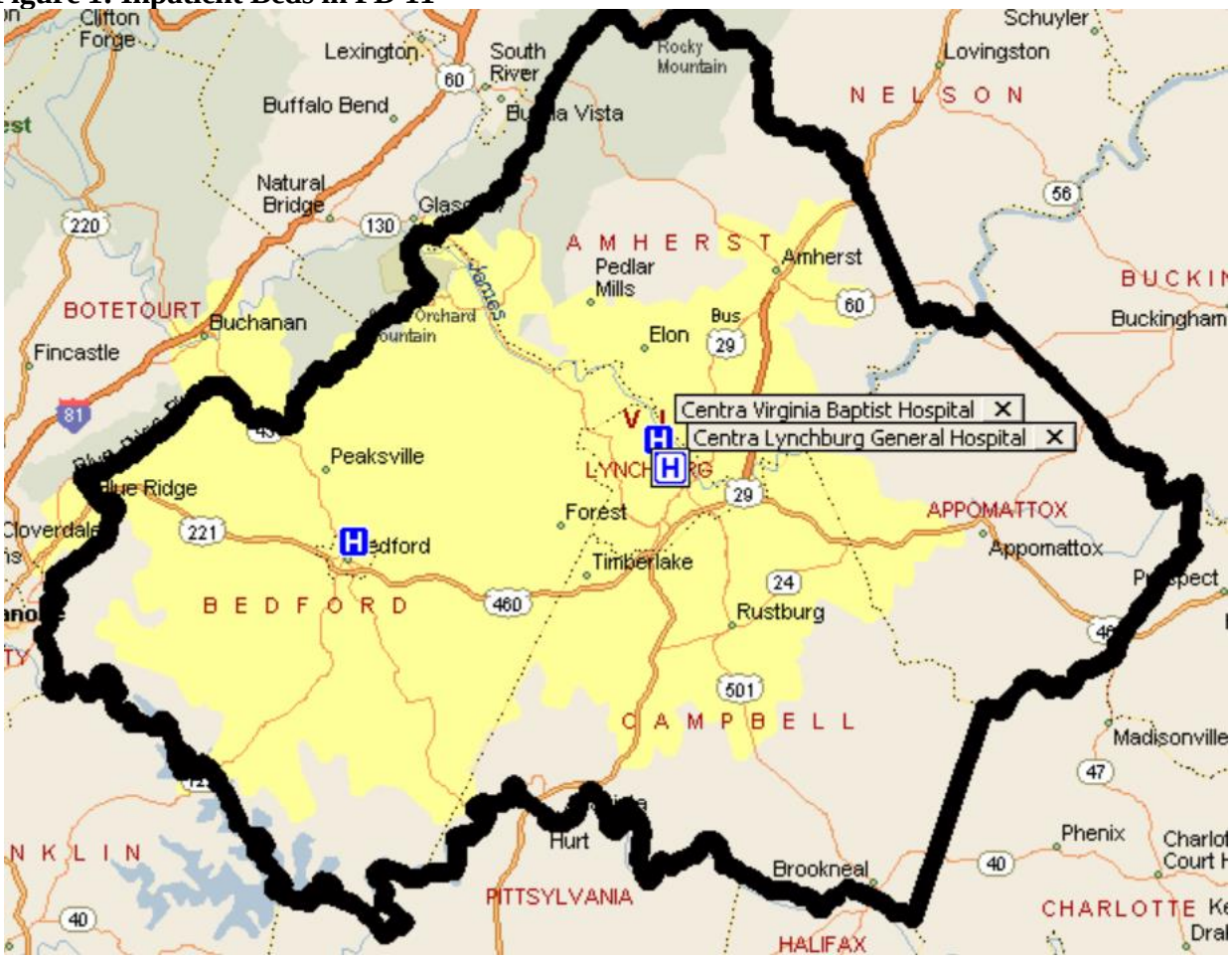
The SMFP contains criteria/standards for the addition of inpatient beds. They are as follows:

Part VI
Inpatient Bed Requirements

12VAC5-230-520. Travel Time.
Inpatient beds should be available within 30 minutes driving time one way under normal conditions of 95% of the population of a health planning district using mapping software as determined by the commissioner.

The heavy black line in **Figure 1** represents the boundary of PD 11. The white "H" symbol marks the location of the proposed project. The blue "H" symbols mark the locations of all other existing inpatient bed services in PD 11. The yellow shaded area represents the area of PD 11 that is within 30 minutes' drive time of existing inpatient bed services. Given the amount of shaded area, it is not immediately evident that inpatient bed services currently exist within a 30-minute drive for a least 95% of the population of PD 11. However, the applicant proposes to move medical-surgical beds from Virginia Baptist to Lynchburg General, which is only approximately three miles away. Therefore, DCOPN concludes that approval of the proposed project would not improve or detract from geographic access to inpatient bed services for persons in PD 11 in any meaningful way.

Figure 1: Inpatient Beds in PD 11



12VAC5-230-530. Need for New Service.
No new inpatient beds should be approved in any health planning district unless:

1. **The resulting number of beds for each bed category contained in this article does not exceed the number of beds to be needed for that health planning district for the fifth planning horizon year; and**
2. **The average annual occupancy based on the number of beds in the health planning district for the relevant reporting period is:**
   a. **80% at midnight census for medical-surgical and pediatric beds;**
   b. **65% at midnight census for intensive care beds.**

B. For proposals to convert under-utilized beds that require a capital expenditure of $15 million or more, consideration may be given to such proposals if:

1. **There is a projected need in the applicable category of inpatient beds; and**
2. **The applicant can demonstrate that the average annual occupancy of the converted beds would meet the utilization standard for the applicable bed category by the first year of operation.**

For purposes of this part, "utilization" means less than 80% average annual occupancy for medical-surgical or pediatric beds, when the relocation involves such beds and less than 65% average annual occupancy for intensive care beds when the relocation involves such beds.

C. The capital expenditure threshold referenced in subsection B of this section shall be adjusted annually using the percentage increase listed in the Consumer Price Index for All Urban Consumers (CPI-U) for the most recent year as follows:

$$A \times (1 + B)$$

Where:

A = the capital expenditure threshold amount for the previous year; and
B = the percent increase for the expense category "Medical Care" listed in the most recent year available of the CPI-U of the U.S. Bureau of Labor Statistics.

While the proposed project includes medical-surgical beds, the applicant is not proposing to add new medical-surgical beds to the PD 11 inventory, but rather to relocate these beds from Virginia Baptist. As such, DCOPN addresses this portion of the project in 12VAC5-230-570, which specifically addresses the relocation of beds, below.

12VAC5-230-540. Need for Medical-surgical Beds.
The number of medical-surgical beds projected to be needed in a health planning district shall be computed as follows:

1. **Determine the use rate for medical-surgical beds for the health planning district using the formula:**

$$BUR = (IPD/PoP)$$

Where:

BUR = the bed use rate for the health planning district.
IPD = the sum of the total inpatient days in the health planning district for the most recent five years for which inpatient day data has been reported to VHI; and
PoP= the sum of the total population 18 years of age and older in the health planning

district for the same five years used to determine IPD as reported by a demographic program as determined by the commissioner.

2. Determine the total number of medical-surgical beds needed for the health planning district in five years from the current year using the formula:

$$\textbf{ProBed} = \frac{\textbf{((BUR x ProPop) / 365}}{\textbf{0.80}}$$

Where:

ProBed = the projected number of medical-surgical beds needed in the health planning district for five years from the current year.

BUR = the bed use rate for the health planning district determined in subdivision 1 of this section.

ProPop = the projected population 18 years of age and older of the health planning district five years from the current year as reported by a demographic program as determined by the commissioner.

$$\text{ProBed} = \frac{((0.6034 \times 1{,}001{,}688) / 365)}{0.80}$$

ProBed = 2,070.0

3. Determine the number of medical-surgical beds that are needed in the health planning district for the five year planning horizon year as follows:

NewBed = ProBed – CurrentBed

Where:

NewBed = the number of new medical-surgical beds that can be established in a Health planning district, if the number is positive. If NewBed is negative, No additional medical-surgical beds should be authorized in the health Planning district.

ProBed = the projected number of medical-surgical beds needed in the health Planning district for five years from the current year as determined in Subdivision 2 of this section.

CurrentBed = the current inventory of licensed and authorized medical-surgical Beds in the health planning district.

While the proposed project includes medical-surgical beds, the applicant is not proposing to add new medical-surgical beds to the PD 11 inventory, but rather to relocate these beds from Virginia Baptist. As such, DCOPN addresses this portion of the project in 12VAC5-230-570, which specifically addresses the relocation of beds, below.

12VAC5-230-550. Need for Pediatric Beds.

In the interest of brevity, this calculation has been omitted from this DCOPN staff analysis report as the applicant is not proposing to add pediatric beds.

12VAC5-230-560. Need for Intensive Care Beds.

In the interest of brevity, this calculation has been omitted from this DCOPN staff analysis report, as the applicant is not proposing to add new ICU beds to PD 11.

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;

Although the applicant reports that Virginia Baptist has not been cited for any life safety or building code deficiencies, the request to relocate 35 medical-surgical beds from Virginia Baptist to Lynchburg General stems from a need to bring the services in line with modern standards. The applicant discusses at length that Virginia Baptist does not meet modern day building codes or requirements for a state-of-the-art facility and these deficiencies can only be efficiently addressed though an off-site replacement because of the dated infrastructure at Virginia Baptist.

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;

Given the proximity of Lynchburg General to Virginia Baptist (approximately three miles), DCOPN concludes that the population currently served at Virginia Baptist will continue to have reasonable access to the medical-surgical beds at Lynchburg General.

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

The applicant has provided assurances that the 35 medical-surgical beds to be moved from Virginia Baptist to Lynchburg General will be delicensed when the service is operational at Lynchburg General.

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

a. A decrease in the licensed bed capacity;

The relocation of the medical-surgical beds from Virginia Baptist to Lynchburg General will be inventory neutral and there will be not change to the licensed bed capacity in PD 11.

b. A substantial cost savings; cost avoidance, or consolidation of underutilized facilities; or

Regarding this standard, the applicant explains:

> Off-site replacement of beds from Virginia Baptist to Lynchburg General will result in substantial cost savings and cost avoidance due to the costs associated with updating the current facility at Virginia Baptist. As previously discussed, the off-site replacement is the most reasonable, efficient and cost-effective manner in which to address the needs of

Planning District 11 residents for obstetrical and neonatal specialty care services provided in a modern, state-of-the-art facility.

c. Generally improved efficiency in the applicant's facility or facilities; and

Regarding this standard, the applicant explains:

Off-site replacement of medical/surgical obstetrical beds and specialty neonatal services from Virginia Baptist to Lynchburg General will improve operating efficiency due to the equipment and technological advancements that will be incorporated in the state-of-the-art spaces dedicated to the services in the new patient care tower being built on the Lynchburg General campus. The co-location of the services with an Emergency Department will eliminate the need for mother/infant transfers from the ED at Lynchburg General to the inpatient services at Virginia Baptist.

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

The relocation of 35 medical-surgical beds from Virginia Baptist to Lynchburg General is approximately a three-mile move. The medical-surgical beds will continue to be centrally located within PD 11.

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 proposed relocation should be approved only when the applicant can demonstrate that the proposed relocation will not materially harm existing providers.

Centra is the only provider of obstetrical and neonatal specialty care services in PD 11. Thus, there will be no effect on the utilization of other existing services.

12VAC5-230-580. Long-Term Acute Care Hospitals (LTACHs)

In the interest of brevity, this standard has been omitted, as the applicant is not proposing to add LTACH beds or to convert existing beds to LTACH beds.

12VAC5-230-590. Staffing.
Inpatient beds should be under the direction of one or more qualified physicians.

The applicant is an established provider of inpatient care beds and services and the applicant provided assurances that the existing and proposed inpatient beds will be under the direction of one or more qualified physicians.

The SMFP contains criteria/standards for the addition of Neonatal Special Care Services. They are as follows:

Part XIII
Perinatal and Obstetrical Services
Article 2
Neonatal Special Care Services

12VAC5-230-940. Travel time.

A. Intermediate level neonatal special care services should be located within 30 minutes driving time one way under normal driving conditions of hospitals providing general level newborn services using mapping software as determined by the commissioner.

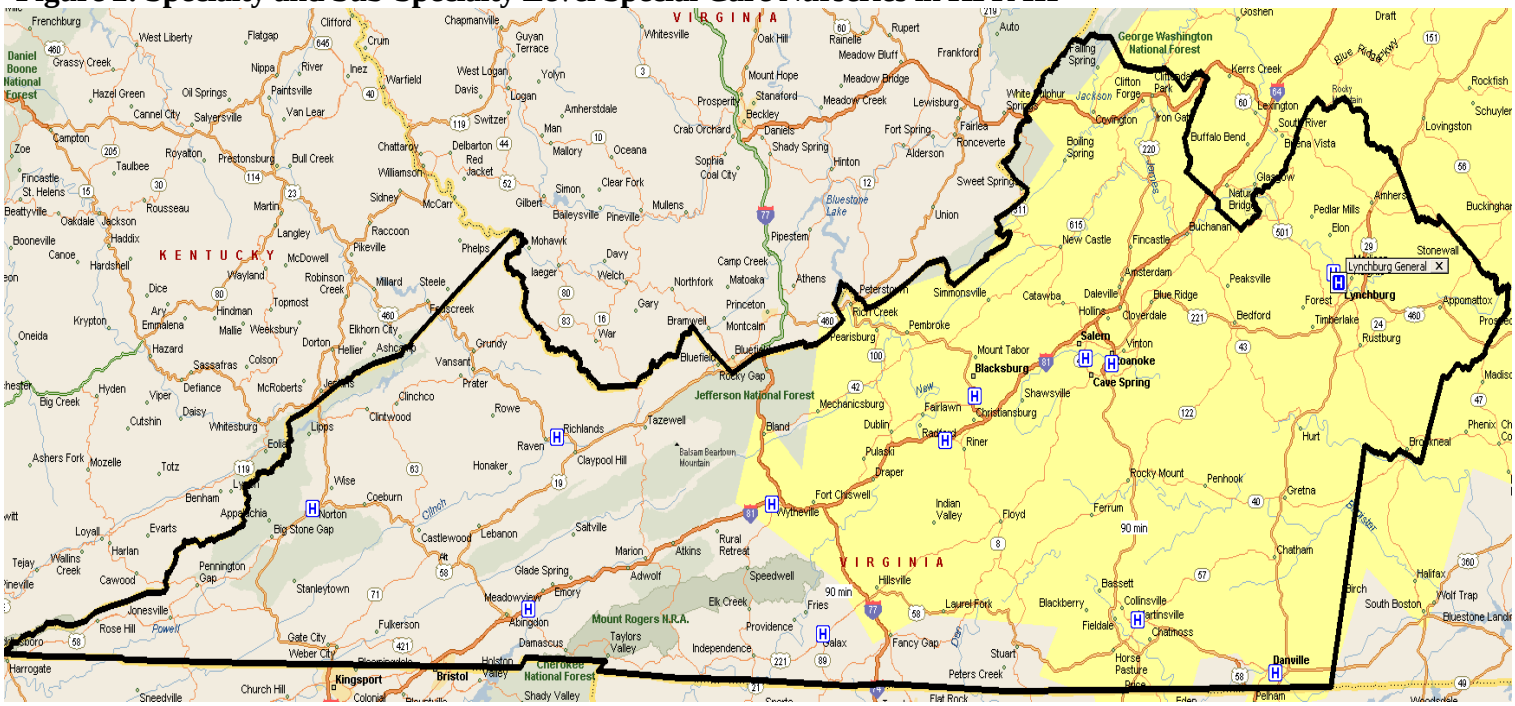
Not applicable. The applicant is not requesting to introduce intermediate level newborn services.

B. Specialty and subspecialty neonatal special care services should be located within 90 minutes driving time under normal conditions of hospitals providing general or intermediate level newborn services using mapping software as determined by the commissioner.

There are two specialty (or higher) level nurseries in HPR III: Virginia Baptist (Specialty), and Carilion Roanoke Memorial Hospital (Subspecialty). Additionally, there are 10 hospitals offering general or intermediate level newborn services in HPR III: Carilion New River Valley (Intermediate), Johnston Memorial Hospital (Intermediate), LewisGale Medical Center (Intermediate), LewisGale Montgomery (Intermediate), Clinch Valley Medical Center (General), Norton Community Hospital (General), Sovah Health - Danville (General), Sovah Health – Martinsville (General), Twin County Regional Hospital (General), and Wythe County Community Hospital (General).

The heavy dark line in **Figure 2** is the boundary of HPR III. The white "H" symbols mark the locations of existing nurseries in HPR III. The blue "H" symbol marks the location of the proposed project. The yellow shading illustrates the area that is within 90 minutes driving time from the HPR III facilities that offer specialty or sub-specialty level nursery series. As demonstrated by **Figure 2**, there are four facilities that provide general or intermediate level newborn services in HPR III that are not within 90 minutes driving time from a facility that provides specialty or sub-specialty neonatal special care services. However, because Lynchburg General is only approximately three miles from Virginia Baptist, approval of the proposed project would not significantly increase geographic access to specialty neonatal special care in any meaningful way.

Figure 2: Specialty and Sub-Specialty Level Special Care Nurseries in HPR III



12VAC5-230-950. Need for new service.
No new level of neonatal service shall be offered by a hospital unless that hospital has first obtained a COPN granting approval to provide each level of service.

It is the express intent of the COPN Request to obtain COPN approval for the proposed project. Virginia Baptist has been authorized to provide neonatal special care services since at least 1976 with the issuance of COPN number VA-000204.

12VAC5-230-960. Intermediate level newborn services.

A. Existing intermediate level newborn services as designated in 12VAC5-410-443 should achieve 85% average annual occupancy before new intermediate level newborn services can be added to the health region.

B. Intermediate level newborn services as designated in 12VAC5-410-443 should contain a minimum of six bassinets.

C. No more than four bassinets for intermediate level newborn services as designated in 12VAC5-410-443 per 1,000 live births should be established in each health planning region.

Not applicable. The applicant is not requesting to introduce intermediate level newborn services.

12VAC5-230-970. Specialty level newborn services.

A. Existing specialty level newborn services as designated in 12VAC5-410-443 should achieve 85% average annual occupancy before any new specialty level newborn services can be added to the health planning region.

There are two providers of specialty or subspecialty care in HPR III, Carilion Roanoke Memorial Hospital (subspecialty) and Virginia Baptist (specialty). In 2021, Carilion Roanoke Memorial Hospital displayed a utilization of 61.27% for its 60 staffed subspecialty level bassinets, and Virginia Baptist displayed a utilization of 84.15% for its 13 staffed specialty level bassinets (**Table 2**). Therefore, the average utilization of all specialty and subspecialty level nurseries (which may also be used to provide specialty level care) in HPR III in 2021 was 72.71%.

As previously discussed, DCOPN notes that the definition of bed[6] in the SMFP excludes bassinets and, regardless of the service level, bassinets are neither COPN approved nor licensed as to the number of bassinets. Authorized facilities can change the number of bassinets at will. COPN authorization relates only to the level of neonatal special care, *i.e.* intermediate, specialty or subspecialty level. Therefore, the available number of such bassinets, either in total or at any specific level, is not a fixed number for any period of time. In other words, bassinets within approved special care nurseries may be utilized interchangeably at their approved level or at a lower level, but not at a higher level than approved within that facility. For example, specialty level nurseries may be used to provide intermediate level care.

On November 5, 2021, the Commissioner issued COPN No. VA-04672, authorizing LewisGale Medical Center to introduce intermediate level neonatal special care services. The Commissioner adopted the findings, conclusions and recommended decision of the adjudication officer. With regard to the average annual occupancy standard, the adjudication officer observed:

> In large measure, the SMFP exists to provide detailed, precise standards for various resources and services, often based on observable practice and health professional principles that provide pragmatic, quantifiable measures to aid in making public need determinations…. In the case of neonatal services, however, the current iteration of the SMFP is less helpful. The SMFP counsels that a proposal to establish new intermediate level neonatal services, such as the LewisGale project, should not be approved unless all bassinets in existing intermediate level services in the HPR have reached 85 percent average occupancy…. The number of bassinets in a hospital's neonatal service is not regulated, making this standard malleable in operation…. While this particular standard is meaningful insofar as it derives from a discernible planning principle that the allocation of reviewable resources should follow and be commensurate with observable, quantifiable utilization and numerical need, as the Commissioner stated in 2020, it is problematic in deployment, unworkable in application, and ultimately, unenforceable as a regulatory standard.

As such, while the applicant does not meet this threshold, DCOPN recommends that the Commissioner, in this specific instance, does not allow this standard to bar the relocation of the

[6] 12VAC5-230-10

existing specialty neonatal care services three miles from Virginia Baptist to Lynchburg General because: (1) the relocation of Virginia Baptist's specialty neonatal care services would be inventory neutral as Virginia Baptist's neonatal care services would cease to operate when Lynchburg General's specialty neonatal care services opened; (2) Centra is the only provider of neonatal specialty care in PD 11; and (3) although the average annual utilization standard of this section of the SMFP has been determined to be "problematic in deployment, unworkable in application, and ultimately, unenforceable as a regulatory standard," the specialty and subspecialty level nurseries in HPR III was 72.71%, based on available data.

B. Specialty level newborn services as designated in 12VAC5-410-443 should contain a minimum of 18 bassinets.

As previously discussed, DCOPN notes that the available number of bassinets, either in total or at any specific level, is not required to be a fixed number for any period of time. COPN authorization relates only to the level of neonatal special care. Because hospitals may increase or decrease the number of bassinets without COPN authorization or notice, the availability and occupancy of existing bassinets reported to VHI by hospitals with special care nursery services may often be arbitrary. In 2021, Virginia Baptist reported a total of 52 bassinets to VHI, which could be converted into specialty bassinets without COPN authorization or notice. Therefore, DCOPN concludes that the applicant meets this standard.

C. No more than four bassinets for specialty level newborn services as designated in 12VAC5-410-443 per 1,000 live births should be established in each health planning region.

As previously discussed, DCOPN notes that the available number of bassinets, either in total or at any specific level, is not required to be a fixed number for any period of time. COPN authorization relates only to the level of neonatal special care. Because hospitals may increase or decrease the number of bassinets without COPN authorization or notice, the availability and occupancy of existing bassinets reported to VHI by hospitals with special care nursery services may often be arbitrary.

According to VHI data for 2021, the most recent year for which such data is available, there were 10,301 live births in HPR III (**Table 3**), representing a maximum of 42 specialty-level bassinets in HPR III. Also, according to VHI data for 2021, while there are only 13 bassinets currently existing in HPR III that are specifically designated as "specialty-level," as previously discussed, bassinets within COPN approved special care nurseries may be utilized interchangeably at their approved level or at a lower level, but not at a higher level than approved within that facility. Therefore, Carilion Roanoke Memorial Hospital, which is designated as subspecialty level may also provide specialty level care. DCOPN notes that this equates to 148 total bassinets at a facility that is authorized for specialty or subspecialty care in HPR III (60 subspecialty bassinets and 36 general bassinets staffed at Carilion Roanoke Memorial Hospital in 2021 and 13 specialty bassinets and 39 general bassinets staffed at Virginia Baptist in 2021). Thus, it could be argued that a large surplus of special care bassinets already exists in HPR III. However, as previously discussed, the proposed project is an inventory neutral relocation of services from Virginia

Baptist to Lynchburg General, and the availability of existing bassinets reported to VHI by hospitals with special care nursery services may often be arbitrary.

D. Proposals to establish specialty level services as designated in 12VAC5-410-443 shall demonstrate that service volumes of existing specialty level newborn service providers located within the travel time listed in 12VAC5-230-940 will not be significantly reduced.

As previously discussed, the proposed project is an inventory neutral relocation of approximately three miles within the City of Lynchburg. If the Commissioner approves the proposed project, the population currently served at Virginia Baptist will instead be served at Lynchburg General. Thus, the relocation is unlikely to affect the utilization of existing services.

12VAC5-230-980. Subspecialty level newborn services.

A. Existing subspecialty level newborn services as designated in 12VAC5-410-443 should achieve 85% average annual occupancy before any new subspecialty level newborn services can be added to the health planning region.

B. Subspecialty level newborn bassinets as designated in 12VAC5-410-443 should contain a minimum of 18 bassinets.

C. No more than four bassinets for subspecialty level newborn services as designated in 12VAC50410-443 per 1,000 live births should be established in each health planning region.

D. Proposals to establish subspecialty level newborn services as designated in 12VAC5-410-443 shall demonstrate that service volumes of existing subspecialty level newborn providers located within the travel times listed in 12VAC5-230-940 will not be significantly reduced.

Not applicable. The applicant is not requesting to introduce subspecialty level newborn services.

12VAC5-230-990. Neonatal services.
The application shall identify the service area and the levels of service of all the hospitals to be served by the proposed service.

The applicant identified the service area and the levels of service of all hospitals to be served by the proposed service. The applicant indicates that Lynchburg General will service the neonatal needs of residents of PD 11, including the City of Lynchburg, and portions of Amherst, Appomattox, Bedford and Campbell counties. Additionally, Lynchburg General will continue to accept and facilitate the transfer of neonates from Centra Southside Community Hospital, located in Farmville in PD 14. The applicant reports that in 2022, Virginia Baptist treated 21 neonates who were transferred from Centra Southside Community Hospital.

12VAC5-230-1000. Staffing.
All levels of neonatal special care services should be under the direction or supervision of one or more qualified physicians as described in 12VAC5-410-443.

The applicant has provided assurances that the neonatal special care services provided at Lynchburg General will be under the direction and supervision of Pediatrix Neonatology of Virginia and Dr. Keith Taylor, the chief neonatologist.

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;

Centra is the only provider of obstetrical and neonatal specialty care services in PD 11 and Virginia Baptist and Lynchburg General are approximately three miles apart. Therefore, it is unlikely that the proposed project will foster institutional competition or will improve access to essential health care services for all people in the area to be served.

The applicant provided the following regarding this consideration:

> The proposed project is not intended to foster institutional competition since Centra Health is the only provider of obstetrical and neonatal services in the area to be served. Nonetheless, the project will improve access to essential health care services for residents of the area by offering the services in a state-of-the-art facility with an innovative designed, specifically responsive to the needs of medical professionals, clinicians, and mothers and their newborns. In addition, the services will be co-located with emergency services, improving access to care and minimizing potential disruptions caused by transfers.

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;

Centra is the only provider of obstetrical and neonatal specialty care services in PD 11. Thus, there will be no effect on the utilization of existing services.

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, DCOPN contends that the projected costs are somewhat high when compared to similar projects. However, the applicant will fund the project using accumulated reserves. Accordingly, there are no financing costs associated with this project. The Pro Forma Income Statement provided by the applicant (**Table 8)** projects a net profit of $11,435,040 from in the first year of operation, and a net profit of $11,954,905 in the second year of operation, indicating that the proposed project will prove financially feasible both in the immediate and in the long-term.

Table 8. Lynchburg General Pro Forma Income Statement for Mother/Baby Services

	Year 1	Year 2
Total Gross Revenue	**$105,070,884**	**$110,388,594**
Contractual Allowances	($63,609,450)	($66,828,762)
Charity Care	($735,496)	($772,720)
Bad Debt	($210,142)	($220,777)
Net Revenue	**$40,515,796**	**$42,566,335**
Total Operating Expenses	$29,080,756	$30,611,430
Net Income	**$11,435,040**	**$11,954,905**

Source: COPN Request No. VA-8712

With regard to staffing, the applicant anticipates the need for 128 full time equivalent (FTE) employees to staff the proposed project. These FTEs include 112 registered nurses and 16 administration-business office professionals. The applicant explains:

> Centra is one of the largest employers in Planning Districts 11 and 14. All existing 128 FTEs in Women's Services staff for the relevant services including Labor & Delivery, nursery services (Neonatal Intensive Care Unit), and mother/baby unit (medical surgical obstetrical postpartum beds) currently at Virginia Baptist are expected to relocate to Lynchburg General when the services relocate. As a result, additional staffing needs should be minimal and easily met in light of Centra's ongoing recruitment efforts for all services, including Women's Services. If necessary, Centra will leverage its recruiting efforts to ensure that the relocated services are fully staffed with qualified and experienced providers at their new location.

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 applicant asserts that approval of the proposed project will allow it to accommodate state-of-the-art neonatal special care services that is unable to accommodate at Virginia Baptist. The applicant further asserts that Virginia Baptist cannot be renovated to accommodate these services, such as private rooms with windows.

The proposed project would not introduce any services that could be offered on an outpatient basis, nor are there any cooperative efforts to meet healthcare needs. DCOPN did not identify any other discretionary factors to bring to the Commissioner's attention.

8. In the case of a project proposed by or affecting a teaching hospital associated with a public institution of higher education or a medical school in the area to be served, (i) the unique research, training, and clinical mission of the teaching hospital or medical school, 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.

The applicant is not a teaching hospital or affiliated with a public institution of higher education or medical school in the area to be served. The proposed project would not contribute to the unique research, training, or clinical mission of a teaching hospital or medical school.

DCOPN Findings and Conclusions

DCOPN finds that Centra Health, Inc's COPN Request No. VA-8712 to add 35 medical surgical beds and a specialty level neonatal intensive care unit at Lynchburg General by relocation from Virginia Baptist is generally consistent with the applicable criteria and standards of the SMFP and the eight Required Considerations of the Code of Virginia. The proposed project is an inventory neutral relocation of approximately three miles within the City of Lynchburg. The population currently served at Virginia Baptist will continue to have reasonable access to the medical-surgical beds at Lynchburg General. Moreover, Centra is the only provider of obstetrical and neonatal specialty care services in PD 11, and the population currently served at Virginia Baptist will instead be served at Lynchburg General. Thus, there will be no effect on the utilization of existing services. Furthermore, the proposed project is more advantageous than maintaining the status quo because Virginia Baptist is dated and unable to be modernized in a cost-effective manner. Finally, DCOPN finds that the proposed project will prove financially feasible both in the immediate and in the long-term.

DCOPN Staff Recommendation

The Division of Certificate of Public Need recommends **conditional approval** of Centra Health, Inc's COPN Request No. VA-8712 to add 35 medical surgical beds and a specialty level neonatal intensive care unit at Lynchburg General by relocation from Virginia Baptist for the following reasons:

1. The 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. A reasonable, less costly, more efficient alternative to the proposed project does not exist.

3. The proposed project is an inventory neutral relocation of the only obstetrical and neonatal specialty care in PD 11.

4. There is no known opposition to the project.

5. The proposed project appears economically viable in the immediate and in the long-term.

DCOPN's recommendation is contingent upon Centra Health, Inc's agreement to the following charity care condition:

Centra Health, Inc. will provide inpatient bed and specialty care neonatal intensive care services to all persons in need of these services, regardless of their ability to pay, and will provide as charity care to all indigent persons free services or rate reductions in services and facilitate the development and operation of primary care services to medically underserved persons in an aggregate amount equal to at least 0.51% of Centra Health, Inc.'s total patient services revenue derived from inpatient bed and specialty care neonatal intensive care 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 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 Health, Inc. will provide inpatient bed and specialty care neonatal intensive care 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 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.