

VIRGINIA DEPARTMENT OF HEALTH2

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

September 18, 2024

COPN Request No. VA-8772

The Virginia Home

Richmond, Virginia

Establish a nursing home with 130 relocated beds from within Planning District 15

Applicant

The Virginia Home (Virginia Home) is a Virginia non-stock corporation created by an Act of the Virginia General Assembly in 1894 and incorporated under the laws of Virginia in 1901. Virginia Home does not own or operate any other health care facilities in Virginia. Virginia Home is located in Richmond, Virginia and seeks to move to Mechanicsville, Virginia, both localities are in Health Planning Region (HPR) IV, Planning District (PD) 15.

Background

The applicant explains that Virginia Home is unique in that it is the only facility of its kind in Virginia and one of just a few facilities in the country providing residential, therapeutic, medical and nursing care to adults with irreversible physical disabilities including quadriplegia, cerebral palsy, multiple sclerosis, muscular dystrophy, brain and spinal cord injuries. Additionally, residents of Virginia Home are younger, with an average admission age of 52 years old. 74% of all Virginia Home residents are under age 65.

Division of Certificate of Public Need (DCOPN) records show that there are currently 33 nursing home facilities with 4,282 licensed nursing home beds located in PD 15 (**Table 1**). DCOPN notes that VHI data for 2022 did not contain utilization information for Manor Care Health Services – Imperial and Manor Care Health Services – Richmond. For the facilities that reported, Virginia Health Information (VHI) data for 2022, the last year for which such data are available, showed a collective utilization of 80.78% (**Table 1**).

Table 1. PD 15 Nursing Bed Inventory and 2022 Utilization

Facility Name	Licensed Nursing Beds	Patient Days	Available Days	Occupancy Rate
Ashland Nursing and Rehab	190	48,304	69,350	69.65%
Autumn Care of Mechanicsville	169	54,548	61,685	88.43%
August Healthcare (fka Little Sisters of the Poor)	32	9,840	11,680	84.25%
Beaufont Health Care Center	120	41,300	47,880	86.26%
Shalom Gardens Health and Rehabilitation	101	32,220	36,865	87.40%

Facility Name	Licensed Nursing Beds	Patient Days	Available Days	Occupancy Rate
Bonview Rehabilitation & Healthcare	196	47,793	65,464	73.01%
Canterbury Rehabilitation and Healthcare Center	190	63,651	69,350	91.78%
Cedarfield Pinnacle Living	60	19,171	21,900	87.54%
Children's Hospital of Richmond at VCU	47	9,725	17,155	56.69%
Covenant Woods	62	19,021	22,630	84.05%
Elizabeth Adam Crump	180	50,392	65,700	76.7%
Envoy at The Meadows	84	23,684	28,056	84.42%
Envoy of Westover Hills	174	45,149	58,116	77.69%
Glenburnie Rehabilitation and Nursing Center	125	43,421	45,625	95.17%
Hanover Healthcare Center	120	42,479	47,880	88.72%
The Haven at Brandermill Woods	60	16,038	21,900	73.23%
Health Care Center at Lucy Corr Village	216	62,412	78,840	79.16%
Henrico Health & Rehabilitation Center	120	36,872	47,880	77.01%
Hermitage Richmond	104	0	37,960	0%
Lakewood Manor Baptist Retirement Comm.	96	28,370	35,040	80.96%
The Laurels of Bon Air	124	39,963	45,260	88.30%
The Laurels of University Park	145	49,677	52,925	93.86%
The Laurels of Willow Creek	120	41,822	43,800	95.48%
Manor Care Health Services - Imperial	128	--	--	--
Manor Care Health Services - Richmond	194	--	--	--
Masonic Home of Virginia	67	7,689	24,455	31.44%
Our Lady of Hope	75	23,700	27,375	86.58%
Parham Health Care & Rehabilitation Center	180	60,203	71,820	83.82%
Sitter-Barfoot Veterans Care Center	200	54,916	73,000	75.23%
Tyler's Retreat at Iron Bridge	90	28,491	32,850	86.73%
The Virginia Home	130	47,011	47,450	99.07%
Westminster Canterbury of Richmond	158	50,498	57,670	87.56%
Westport Rehabilitation & Nursing Center	225	72,721	82,125	88.55%
Total	4,282	1,171,081	1,449,686	80.78%¹

Source: VHI (2022) and DCOPN Records

As shown in **Table 2**, Virginia Home’s 130 beds are extremely well utilized and operated at an average utilization of 99.1% from 2017-2022, which is an average of 1.2 vacant beds at any time. According to the applicant, Virginia Home maintains a consistent waitlist of up to 35 to 40 individuals.

¹ As previously noted, VHI data for 2022 did not contain utilization information for Manor Care Health Services – Imperial and Manor Care Health Services – Richmond. The utilization displayed in **Table 1** was calculated without these two facilities.

Table 2. The Virginia Home Occupancy: 2017-2022

Year	Licensed Nursing Beds	Patient Days	Available Days	Occupancy Rate
2017	130	47,352	47,450	99.8%
2018	130	47,286	47,450	99.7%
2019	130	47,406	47,450	99.9%
2020	130	46,308	47,580	97.3%
2021	130	46,785	47,450	98.6%
2022	130	47,011	47,450	99.1%
Average Utilization 2017-2022				99.1%

Source: VHI (2017-2022)

Proposed Project

The applicant proposes to relocate its existing 130-bed facility from 1101 Hampton Street, Richmond, Virginia to a new location near the intersection of Pole Green and Bell Creek Roads in Hanover County. The applicant asserts that expanding Virginia Home at its current location is not feasible. Virginia Home is currently located within a 123,656 square foot, 130-bed nursing facility within Richmond’s historic Byrd Park neighborhood. The facility is over 90 years old and located in a landlocked 2.13-acre lot, surrounded by established communities on three sides and Byrd Park on the fourth side. There is limited parking for visitors and staff. Additionally, the sidewalks and streets are narrow, making it difficult for residents in power wheelchairs to navigate. Finally, the current building is functionally obsolete and has significant physical plant issues that cannot be reasonably remedied through renovations. Some of the issues include hallways that are too narrow to accommodate the number of residents and size of the motorized wheelchairs, narrow elevators that cannot hold an adequate number of residents at the same time, and communal shower and toilet areas for the residents. According to the applicant, relocating Virginia Home from a 2.13-acre campus to a 71-acre campus will allow it to design and construct a significantly larger, 189,671 square-foot facility. The proposed new campus will permit Virginia Home to provide all first-floor, larger bedrooms for its residents and eliminate communal showers and toilet areas. It will also provide for a larger therapy room, wider hallways, wide sidewalks and paths outdoors, and a pool for recreational and therapeutic purposes.

The projected capital costs of the proposed project are \$134,004,433, of which 73% represent direct construction costs (**Table 3**). Costs of the proposed project will be funded by the Virginia Home through a fundraising campaign (\$79,931,902), disbursements from its endowment (\$23,000,000), utilization of capital reserves (\$16,072,531) and proceeds from the sale of its current facility (\$15,000,000).

Table 3. The Virginia Home Capital Costs

Direct Construction Costs	\$98,200,000
Equipment Not Included in Construction Contract	\$8,158,371
Site Acquisition Costs	\$8,650,000
Site Preparation Costs	\$10,500,000
Architectural and Engineering Fees	\$6,312,531
Other Consultant Fees	\$887,758
Taxes During Construction	\$1,445,773
Total	\$134,004,433

Source: COPN Request No. VA-8772

The applicant projects that construction on the proposed project will begin within 18 months of COPN issuance and will be complete within 36 months of COPN issuance. The applicant further projects that resident services will begin within 36 months of COPN issuance.

Project Definition

Section 32.1-102.1:3 of the Code of Virginia (the Code) defines a project, in part, as “[e]stablishment of a medical care facility described in subsection A” and as the “[r]elocation of beds from an existing medical care facility described in subsection A to another existing medical care facility described in subsection A.” Section 32.1-102.1:3 of the Code defines a medical care facility, in part, as “[a]ny facility licensed as a nursing home, as defined in § 32.1-123.”

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

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

- 1. The extent to which the proposed 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;**

Regarding socioeconomic barriers to access to services, the applicant anticipates that the primary source of payment at Virginia Home will continue to be Medicaid. According to the applicant, currently, 98% of Virginia Home’s residents’ care is funded by Medicaid and all Virginia Home’s existing beds are certified to serve Medicaid recipients. The applicant has provided assurances that all persons needing services at Virginia Home will have access to such services without regard to payment source. **Table 4** below indicates that in 2021 and 2022, over 97% of Virginia Home’s nursing home bed utilization was attributed to Medicaid services. The applicant projects that this percentage will remain consistent in the first two years of operation at the new location.

Table 4. Virginia Home Actual and Projected Payor Source

Payment Source	Actual Patient Days				Projected Patient Days			
	2021	%	2022	%	Year 1	%	Year 2	%
Medicare	--	--	--	--	--	--	--	--
Medicaid	45,690	97.7%	45,915	97.7%	47,355	97.7%	52,265	97.7%
Other	1,095	2.3%	1,095	2.3%	1,120	2.3%	1,235	2.3%
Total	46,785	--	47,010	--	48,475	--	53,500	--

Source: COPN Request No. VA-8772

PD 15 had a population just over 1.1 million in 2020 and is projected to add nearly 100,000 to its population by 2030. PD 15’s projected growth of 8.9% by the end of the decade 2020-2030 higher than Virginia’s growth rate of 5.8%. (**Table 5**). Hanover County, where the proposed project will be located, is projected to grow by 8,395 people between 2020 and 2030. Hanover County has a higher rate of growth (7.6%) than projected for Virginia overall (5.8%).

Table 5. Population by Locality, PD 15

Locality	2020 Population	2030 Projected Population	Projected Growth 2020-2030	Percent Growth 2020-2030	65+ 2020 Population	Projected 65+ 2030 Population	Projected Growth 65+	Percent Growth 65+
Charles City	6,773	6,200	-573	-8.5%	1,776	2,184	408	23.0%
Chesterfield	364,548	406,942	42,394	11.6%	58,200	78,858	20,658	35.5%
Goochland	24,727	27,339	2,612	10.6%	5,721	7,865	2,144	37.5%
Hanover	109,979	118,374	8,395	7.6%	20,688	28,681	7,993	38.6%
Henrico	334,389	356,656	22,267	6.7%	55,596	71,680	16,084	28.9%
New Kent	22,945	27,067	4,122	18.0%	4,405	6,216	1,811	41.1%
Powhatan	30,333	32,152	1,819	6.0%	5,848	8,085	2,237	38.3%
Richmond	226,610	245,437	18,827	8.3%	29,874	36,307	6,433	21.5%
PD 15	1,120,304	1,220,167	99,863	8.9%	182,108	239,876	57,768	31.7%
Virginia	8,631,393	9,129,002	497,609	5.8%	1,395,291	1,762,641	367,350	26.3%

Source: United States Census Bureau at <https://data.census.gov/> and Weldon Cooper Center for Public Service, August 2023

DCOPN did not identify any other unique geographic, socioeconomic, cultural, transportation, or other barriers to care in the planning district.

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 nine letters of support for the proposed project from residents, family members of residents and employees of Virginia Home, which addressed:

- The Virginia Home provides compassionate and professional residential care to adult Virginians with irreversible physical disabilities, ensuring their lifelong comfort and security will never be compromised, regardless of their ability to pay.
- While the level of care provided by The Virginia Home is unmatched, the current facility leaves much to be desired, particularly when considering the unique needs of its residents. Specifically, the hallways are too narrow to accommodate the number of residents and the size of the motorized wheelchairs utilized by many residents. This is particularly problematic in the hallway leading to the therapy department, which is the main corridor on the first floor.
- The elevators are too narrow and cannot hold an adequate number of residents at the same time. This means there can be significant waiting periods to take the elevator down to the main floor where activities and therapies are provided.
- The facility is so outdated that it only offers communal toilets and shower areas for residents.

- The current facility faces challenges due to deferred maintenance making it difficult and costly to keep up with necessary repairs and general upkeep.
- The proposed new facility will remedy the logistical defects plaguing the current 90-year-old Virginia Home. Specifically:
 - The new facility will have 130 private rooms without communal toilets or showers.
 - The size of the campus will allow for the new facility to be constructed in a manner specifically designed for individuals with physical disabilities.
 - The new facility will include wide hallways indoors and wide sidewalks and paths outdoors to accommodate motorized wheelchairs.
 - The campus will be designed to allow residents to experience the outdoors in a park like setting.
 - The size of the campus will allow the Virginia Home to construct all bedrooms on one floor eliminating the need for residents to use elevators to access their rooms.
 - The new facility will have space to construct a pool for residents for both recreational and therapeutic purposes.
- The residential units at the new facility will be sized to provide for a staff to resident ration which will allow for economic savings while adequately supporting each resident.
- The residents of the Virginia Home require a different and higher level of care than the typical nursing home resident. The Virginia Home provides a range of services for its residents including: 24-hour nursing and medical care, physical, speech and occupational therapy, recreational therapy; counseling services for residents and their families; and private rooms.
- Virginia Home goes far beyond custodial care, the staff develops and seeks to improve the physical, social and emotional lives of the residents, helping them live meaningful lives no matter the challenges they face.
- The new facility will allow Virginia Home to incorporate the latest technology and engineering systems to support resident and staff safety and productivity, including the installation of a ventilation system to support infection control efforts in a way that is not possible at the current facility.

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-8772 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;

Neither DCOPN nor the applicant has 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. As previously discussed, the applicant asserts that it is not feasible to renovate or expand at Virginia Home's current location. Virginia Home is currently located within a 123,656 square foot, 130-bed nursing facility within Richmond's historic Byrd Park neighborhood that was built in the 1930s. The facility is over 90 years old and located in a landlocked 2.13-acre lot, surrounded by established communities on three sides and Byrd Park on the fourth side. Some of the issues with the physical plant include:

- Limited parking for visitors and staff;
- Narrow sidewalks and streets making it difficult for residents in power wheelchairs to navigate;
- Hallways that are too narrow to accommodate the number of residents and size of the motorized wheelchairs;
- Narrow elevators that cannot hold an adequate number of residents at the same time; and
- Communal shower and toilet areas for the residents.

According to the applicant, relocating Virginia Home from a 2.13-acre campus to a 71-acre campus will allow it to design and construct a significantly larger, 189,671 square-foot facility. The new facility will have 130 private rooms – all on the first floor with larger bedrooms for its residents and no communal showers and toilet areas. It will also provide for a larger therapy room, wider hallways, wide sidewalks and paths outdoors, and a pool or recreational and therapeutic purposes.

As shown in **Table 2** above, Virginia Home's 130 beds are extremely well utilized and operated at an average utilization of 99.1% from 2017-2022. According to the applicant, Virginia Home maintains a consistent waitlist of up to 35 to 40 individuals.

(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 IV designated by the Virginia Department of Health to serve as the Health Planning Agency for PD 15. 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 estimated capital costs of the proposed project are \$134,004,433, 73%% of which represent direct construction costs. Costs of the proposed project

will be funded by the Virginia Home through a fundraising campaign (\$79,931,902), disbursements from its endowment (\$23,000,000), utilization of capital reserves (\$16,072,531) and proceeds from the sale of its current facility (\$15,000,000). With regard to the high capital costs, the applicant explains:

Due to the population Virginia Home serves, its physical plant needs differ significantly from a traditional nursing home. The construction of a facility to meet the unique needs of residents with irreversible physical disabilities requiring the use of motorized wheelchairs to ambulate is going to require a larger building to be constructed at a higher cost than a traditional nursing home. The Virginia Home is not constructing a typical nursing home, rather its project will result in a facility and campus designed for its residents and non-resident members of the community requiring supports for irreversible physical disabilities. In that context, its capital costs are reasonable and appropriate.

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

- Serving Medicaid recipients is at the core of Virginia Home's mission. In fact, 98% of Virginia Home's residents are Medicaid recipients. Relocating its campus will expand access for Virginia's Medicaid population with irreversible physical disabilities.
- Relocating Virginia Home from a 2.13-acre campus to a 71-acre campus will allow it to design and construct a facility for the next 100 years. The proposed new campus will allow Virginia Home to construct a significantly larger 189,671 square foot facility. The additional space will permit Virginia Home to provide larger rooms for its residents and eliminate communal showers and toilet areas. It will also provide for a larger room for residents to receive the therapy they need.
- The proposed project will result in a facility with all private rooms for residents.
- The size of the campus will allow the Virginia Home to construct its facility in a manner specifically designed for individuals with irreversible physical disabilities requiring wide hallways indoors and wide sidewalks and paths outdoors to accommodate the motorized wheelchairs utilized by residents.
- The campus will allow residents to experience the outdoors in a park like setting. The proposed new campus will also have space to construct a pool for recreational and therapeutic purposes for its residents.
- The size of the campus will permit Virginia Home to construct all bedrooms on the first floor, eliminating the need for residents to use cramped elevators to access their rooms or facilities.
- Due to the uniqueness of the Virginia Home, the project is not expected to impact other nursing homes within PD 15.

- In many ways the current building is functionally obsolete and has significant physical plant issues that cannot reasonably be remedied through renovation. Relocating Virginia Home is necessary.

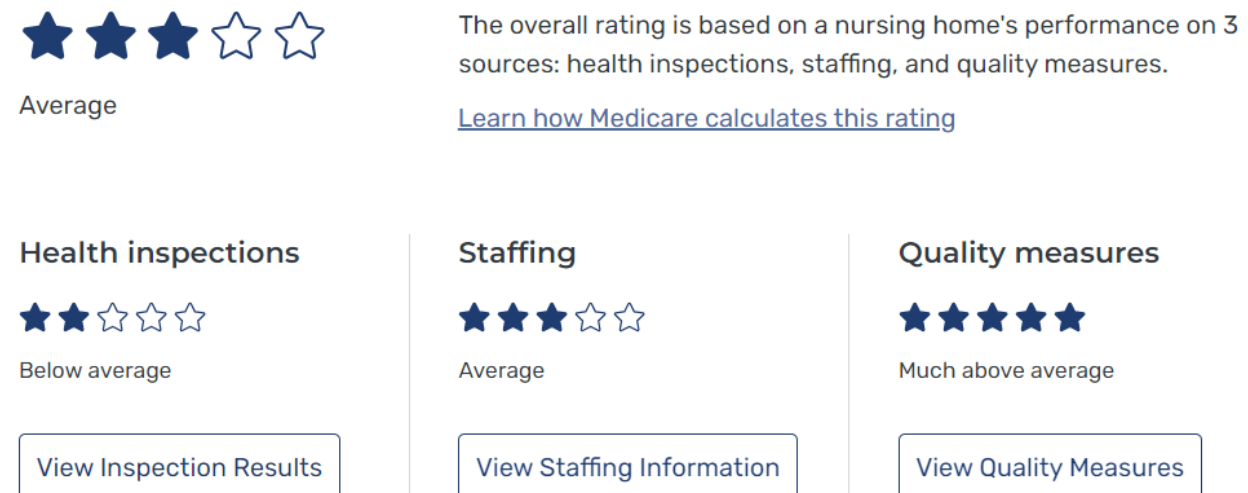
(v) the financial accessibility of the proposed project to the people in the area to be served, including indigent people; and

As shown in **Table 4**, in 2021 and 2022, over 97% of Virginia Home’s nursing home bed utilization was attributed to Medicaid services. The applicant projects that this percentage will remain consistent in the first two years of operation at the new location.

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

For 2024, Virginia Home achieved an overall rating of three out of five stars (average). It also achieved two out of five (below average) in the component areas of Health Inspections, and three out of five (average) on Staffing. Finally, it achieved five out of five (much above average) in the component area of Quality Measures (**Figure 1**).

Figure 1. CMS Star Ratings for Virginia Home
Overall rating



Source: <https://www.medicare.gov/care-compare/details/nursing-home/49E084?id=b2b70fd6-26d5-4d0a-84fa-6184f5b8ca08&city=Richmond&state=VA&zipcode=>

The applicant also provided this additional information:

While not a COPN reviewable service, it is important for the Commissioner to understand Virginia Home plans to establish a day program to serve individuals with irreversible physical disabilities who are on the residential waitlist or who do not require the full-time care provided to residents of Virginia Home. There is simply no room at its current location to add this needed service.

The Virginia Home's long-term vision for the campus includes setting aside space for potential independent living options for those who participate in the day program. It also envisions establishing an adaptive sports complex where residents and individuals with irreversible physical disabilities who reside outside Virginia Home can participate in an active lifestyle as well as athletic activities and endeavors.

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

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

The State Medical Facilities Plan (SMFP) contains the criteria and standards for the addition of nursing beds. They are as follows:

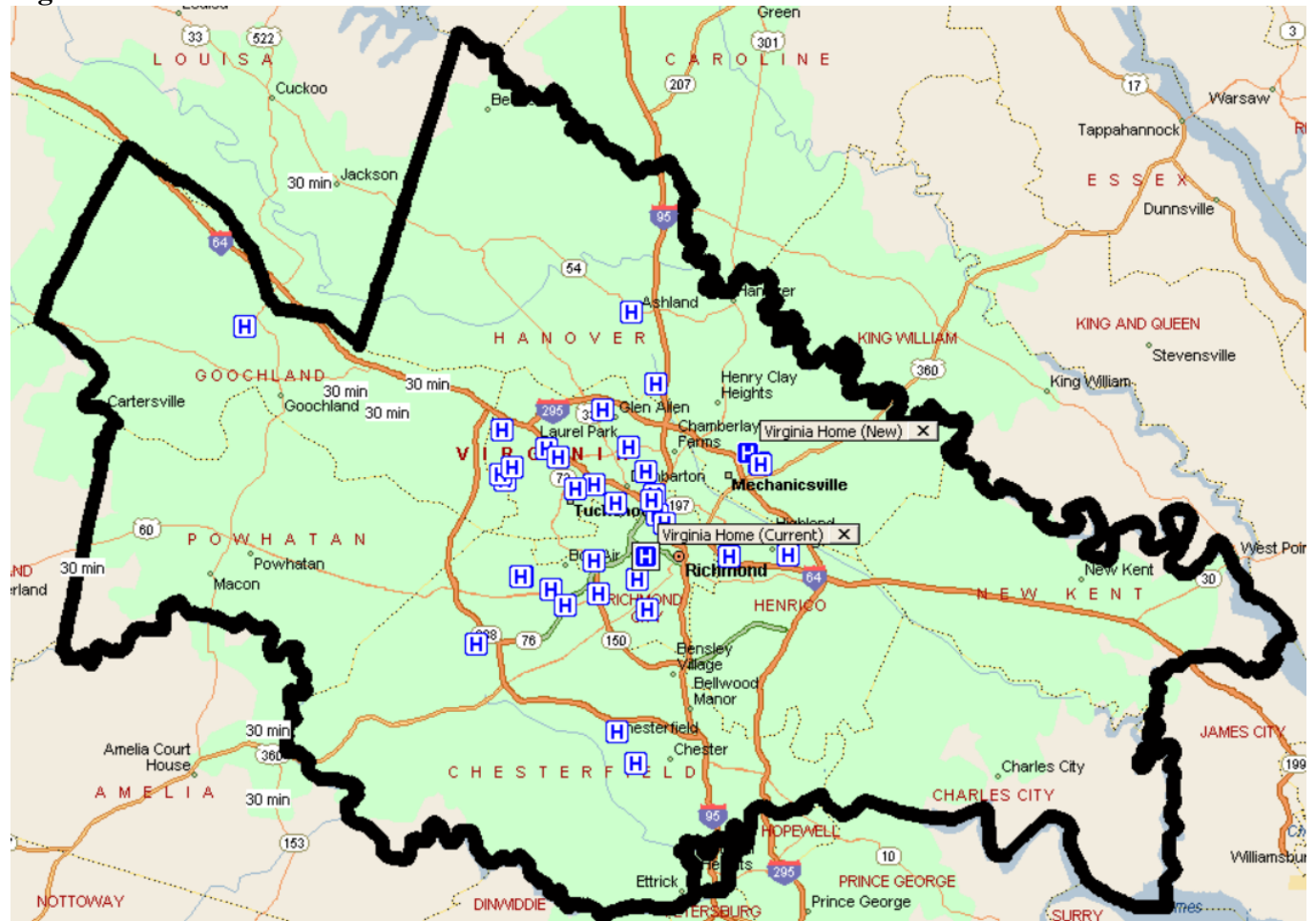
Part VII. Nursing Facilities

12VAC5-230-600. Travel Time.

- A. Nursing facility beds should be accessible within 30 minutes driving time one way under normal conditions of 95% of the population in a health planning district using mapping software as determined by the commissioner**

The heavy black line in **Figure 2** identifies the boundary of PD 15. The white H symbols indicate the locations of the nursing home facilities in the planning district, with the blue symbols marking the current and proposed locations of Virginia Home. The shaded green area is within the 30-minute drive time of existing nursing facilities in PD 15. With only a small, sparsely populated area of PD 15 outside of a 30-minute drive, nursing facilities are already accessible to 95% of the population.

Figure 2



B. Nursing facilities should be accessible by public transportation when such systems exist in an area.

The applicant states that no public transportation services are available at the proposed site.

C. Preference may be given to proposals that improve geographic access and reduce travel time to nursing facilities within a health planning district.

The proposed project is not competing with another project. Accordingly, this standard is not applicable.

12VAC5-230-610. Need for New Service.

A. A health planning district should be considered to have a need for additional nursing facility beds when:

- 1. The bed need forecast exceeds the current inventory of beds for the health planning district; and**

2. The average annual occupancy of all existing and authorized Medicaid-certified nursing facility beds in the health planning district was at least 93%, excluding the bed inventory and utilization of the Virginia Veterans Care Centers.
EXCEPTION: When there are facilities that have been in operation less than three years in the health planning district, their occupancy can be excluded from the calculation of average occupancy if the facilities had an annual occupancy of at least 93% in one of its first three years of operation.

B. No health planning district should be considered in need of additional beds if there are unconstructed beds designated as Medicaid certified. This presumption of ‘no need’ for additional beds extends for three years from the issuance date of the certificate.

C. The bed need forecast will be computed as follows:

$$\text{PDBN} = (\text{UR64} \times \text{PP64}) + (\text{UR69} \times \text{PP69}) + (\text{UR74} + \text{PP74}) + \text{UR79} + \text{PP79} + \text{UR84} + \text{PP84} + \text{UR85} + \text{PP85}$$

Where:

- PDBN = Planning district bed need.
- UR64 = The nursing home bed use rate of the population aged 0 to 64 in the health planning district as determined in the most recent nursing home patient origin study authorized by VHI.
- PP64 = The population aged 0 to 64 projected for the health planning district three years from the current year as most recently published by a demographic program as determined by the commissioner.
- UR69 = The nursing home bed use rate of the population aged 65 to 69 in the health planning district as determined in the most recent nursing home patient origin study authorized by VHI.
- PP69 = The population aged 65 to 69 projected for the health planning district three years from the current year as most recently published by a demographic program as determined by the commissioner.
- UR74 = The nursing home bed use rate of the population aged 70 to 74 in the health planning district as determined in the most recent nursing home patient origin study authorized by VHI.
- PP74 = The population aged 70 to 74 projected for the health planning district three years from the current year as most recently published by a demographic program as determined by the commissioner.
- UR79 = The nursing home bed use rate of the population aged 75 to 79 in the health planning district as determined in the most recent nursing home patient origin study authorized by VHI.
- PP79 = The population aged 75 to 79 projected for the health planning district three years from the current year as most recently published by a demographic program as determined by the commissioner.
- UR84 = The nursing home bed use rate of the population aged 80 to 84 in the health planning district as determined in the most recent nursing home patient origin study authorized by VHI.
- PP84 = The population aged 80 to 84 projected for the health planning district three years from the current year as most recently published by a demographic program as determined by the commissioner.

- **UR85+** = The nursing home bed use rate of the population aged 85 and older in the health planning district as determined in the most recent nursing home patient origin study authorized by VHI.
- **PP85+** = The population aged 85 and older projected for the health planning district three years from the current year as most recently published by a demographic program as determined by the commissioner.

Health planning district bed need forecasts will be rounded as follows:

<u>Health Planning District Bed Need</u>	<u>Rounded Bed Need</u>
1-29	0
30-44	30
45-84	60
85-104	90
105-134	120
135-164	150
165-194	180
195-224	210
225+	240

EXCEPTION: When a health planning district has:

1. Two or more nursing facilities;
 2. Had an average annual occupancy rate in excess of 93% for the most recent two years for which bed utilization has been reported to VHI; and
 3. Has a forecasted bed need of 15 to 29 beds, then the bed need for this health planning district will be rounded to 30.
- D.** No new freestanding nursing facilities of less than 90 beds should be authorized. However, consideration may be given to a new freestanding facility with fewer than 90 nursing facility beds when the applicant can demonstrate that such a facility is justified based on a locality's preference for such smaller facility and there is a documented poor distribution of nursing facility beds within the health planning district.
- E.** When evaluating the capital cost of a project, consideration may be given to projects that use the current methodology as determined by the Department of Medical Assistance Services.
- F.** Preference may be given to projects that replace outdated and functionally obsolete facilities with modern facilities that result in the more cost-efficient resident services in a more aesthetically pleasing and comfortable environment.

Not applicable. The proposed project does not seek to add a new service.

12VAC5-230-620. Expansion of Services.

Proposals to increase an existing nursing facility's bed capacity should not be approved unless the facility has operated for at least two years and the average annual occupancy of the facility's existing beds was at least 90% in the relevant reporting period as reported to VHI.

Note: Exceptions will be considered for facilities that operated at less than 90% average annual occupancy in the most recent year for which bed utilization has been reported when the facility offers short stay services causing an average annual occupancy lower than 90% for the facility.

Not applicable. The applicant does not seek to expand an existing facility.

12VAC5-230-630. Continuing Care Retirement Communities.

Proposals for the development of new nursing facilities or the expansion of existing facilities by continuing care retirement communities (CCRC) will be considered when:

1. The facility is registered with the State Corporation Commission as a continuing care provider pursuant to Chapter 49 (§38.2-4900 et seq.) of Title 38.2 of the Code of Virginia;
2. The number of nursing facility beds requested in the initial application does not exceed the lesser of 20% of the continuing care retirement community's total number of beds that are not nursing home beds or 60 beds;
3. The number of new nursing facility beds requested in any subsequent application does not cause the continuing care retirement community's total number of nursing home beds to exceed 20% of its total number of beds that are not nursing facility beds; and
4. The continuing care retirement community has established a qualified resident assistance policy.

This provision is not applicable to the proposed project, as the applicant is not a continuing care retirement community.

12VAC5-230-640. Staffing.

Nursing facilities shall be under the direction or supervision of a licensed nursing home administrator and staffed by licensed and certified nursing personnel qualified as required by law.

The applicant asserts that Virginia Home's staff includes a licensed nursing home administrator and licensed and certified nursing professionals. The applicant further asserts that Virginia Home will continue to be staffed by sufficient professional and non-professional staff to meet the needs of its residents and all regulatory requirements.

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, Virginia Home is unique in that it is the only facility of its kind in Virginia, and one of just a few facilities in the country, providing residential, therapeutic, medical and nursing care to adults with irreversible physical disabilities including quadriplegia, cerebral palsy, multiple sclerosis, muscular dystrophy, brain and spinal cord injuries. The proposed project is not meant to, and will not, foster beneficial competition in the area.

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 previously discussed, Virginia Home is unique in that it is the only facility of its kind in Virginia. Additionally, Virginia Home’s beds are extremely well utilized. The proposed project is inventory neutral relocation of Virginia Home’s existing beds to a purpose-built facility that will better suit the needs of its residents. It is unlikely that the proposed project will have any negative effect on PD 15’s existing health care system.

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;

The Pro Forma Income Statement (**Table 6**) provided by the applicant anticipates a net profit of \$657,213 in year one and \$2,145,999 in year two, illustrating that the proposed project is financially feasible in the immediate and the long-term. As already discussed, the projected capital costs for the proposed project are high, which the applicant explains that the unique nature of the facility requires specialized, expensive construction. Costs of the proposed project will be funded by the Virginia Home through a fundraising campaign (\$79,931,902), disbursements from its endowment (\$23,000,000), utilization of capital reserves (\$16,072,531) and proceeds from the sale of its current facility (\$15,000,000).

Table 6. Virginia Home Pro Forma Income Statement

	Year 1	Year 2
Total Gross Patient Care Services Revenue	\$32,030,200	\$32,257,600
Deductions from Revenue	--	--
Net Patient Care Services Revenue	\$32,030,200	\$32,257,600
Other (Non-Patient Care) Revenue	\$45,300	\$47,800
Total-Net Revenue	\$32,075,500	\$35,305,400
Direct Patient Care Expenses	\$11,455,006	\$11,749,744
Indirect Patient Care Expenses	\$13,080,361	\$14,526,737
Capital-Related Expenses	\$6,882,920	\$6,882,920
Total Expenses	\$31,418,287	\$33,159,401
Per Diem Expenses	\$648.13	\$619.80
Net Income (before income taxes)	\$657,213	\$2,145,999

Source: COPN Request No. VA-8772

With regard to staffing, the applicant anticipates the need to hire 17.5 full-time equivalent (FTE) employees. These FTEs include:

- 3 Registered Nurses
- 1 Certified Nurse Assistant
- 1 Occupational Therapist
- 1 MSW Social Worker
- 1 Activity Assistant
- 3 Other Activity Service
- 1 Dietary Aide
- 1 Housekeeping Aide
- 1 Laundry Aide
- 1 Supply Clerk
- 2.5 Other Administration
- 1 Computer Support Technician

The Virginia Home uses several recruiting sources, including referrals, program clinicals and internship opportunities and online sites. The applicant asserts that Virginia Home has a long track record of successfully recruiting and retaining highly qualified professional employees and its greatest recruitment channel is word of mouth. The applicant explains “The Virginia Home is a great place to work, and its dedicated staff love their jobs, which attract applicants whenever positions are open.” DCOPN notes that at the time of this staff report, Virginia Home’s careers page lists one opening, for a Dietary Supervisor.

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 is not proposing to introduce new technology that promotes quality, cost effectiveness, or both in the delivery of health care services. Nor is the applicant proposing the potential for provision of health care services on an outpatient basis. The applicant does not provide, nor has it proposed to provide, improvements or innovations in the financing and delivery of health services as demonstrated by cooperative efforts to meet regional health care needs. DCOPN did not identify any other factors, not addressed 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.**
 - (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 the proposed project to establish a nursing home with 130 relocated beds from within PD 15 is 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, the applicant asserts that it is not feasible to renovate or expand at Virginia Home's current location. The facility is over 90 years old and located in a landlocked 2.13-acre lot, surrounded by established communities on three sides and Byrd Park on the fourth side. The facility also suffers from physical plant issues that cannot be rectified. The new facility will have 130 private rooms- all on the first floor with larger bedrooms for its residents and no communal showers and toilet areas. It will also provide for a larger therapy room, wider hallways, wide sidewalks and paths outdoors, and a pool or recreational and therapeutic purposes.

The Virginia Home, unlike the more "traditional" nursing home that will typically provide skilled care for the elderly, where the average length of stay is no more than a year² and some short-stay rehabilitation, residents of the Virginia Home are younger, disabled but not aged and sick, do not come to the Virginia Home directly from a hospital episode and will live in the Virginia Home for many years, some working outside the facility. As such the need for more spacious accommodations and better amenities to meet the social and very long-term health care needs of the residents exceeds that of the "typical" nursing home. That is in addition to the structural building needs of a resident population that is independent in their mobility, albeit via large, motorized wheelchairs that require wide corridors to handle the traffic and who are able to benefit, when available, from the opportunity to be outside on the grounds. These additional considerations come at an increased price.

Furthermore, Virginia Home's 130 beds are extremely well utilized and operated at an average utilization of 99.1% from 2017-2022. According to the applicant, Virginia Home maintains a consistent waitlist of up to 35 to 40 individuals. Finally, there is no known opposition to the proposed project.

² U.S. Department of Health and Human Services, Administration for Community Living, <https://acl.gov/ltc/basic-needs/how-much-care-will-you-need>

DCOPN Staff Recommendations

The Division of Certificate of Public Need recommends **approval** of The Virginia Home's COPN Request No. VA-8772 to establish a nursing home with 130 relocated beds from within Planning District 15. DCOPN's recommendation is based on the following findings:

1. The project is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia.
2. The project does not add nursing home beds to the inventory of PD 15 but relocates 130 to a purpose-built facility more suited to the specific needs of the patients the applicant serves.
3. The proposed project is more advantageous than the status quo.
4. The proposed project appears economically viable in the immediate and the long-term.
5. There is no known opposition to the proposed project.