

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

May 19, 2026

RE: COPN Request No. VA-8825

Virginia Plastic Surgery Center, LLC

Virginia Beach, Virginia

Establish an outpatient surgical hospital with two operating rooms

Applicant

The applicant, Virginia Plastic Surgery Center, LLC (VPSC) is a limited liability corporation authorized to do business in Virginia. Virginia Beach Phillip Holdings, LLC (VBPH), which was on the letter of intent with VPSC but not listed as a legal applicant, is the owner of the site of the proposed project. Both VPSC and VBPH are owned by Roshan Morbia and Joy Morbia. The proposed facility is in Planning District (PD) 20, Health Planning Region (HPR) V.

Background

PD 20 is in the southeast corner of Virginia, bordering the Atlantic Ocean and North Carolina (**Figure 1**). It includes the counties of Southampton and Isle of Wight and the independent cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk, and Virginia Beach. Travel is difficult in parts of PD 20, due to traffic and waterways requiring bridges, tunnels and tolls to traverse.

In 2020, PD 20 had a population of about 1.2 million and is projected to grow by just over 40,000 people, an increase of 3.3%, between 2020 and 2030. This is less than the population growth rate projected for Virginia during this decade, which is 5.8% (**Table 1**). The growth rate projected for 2020-2030 in the 65 and older age group is 33.8% in PD 20, compared to 26.3% in Virginia (**Table 1**). The City of Virginia Beach, where the proposed project is located, is projected to see an overall population increase of 3.2% by 2030, consistent with PD 20 growth. The population in Virginia Beach aged 65 is projected to grow by 36.8% during the 2020-2030 decade, outpacing growth rates in PD 20 and Virginia for this population segment.

Figure 1. Map of Planning District 20



Source: Microsoft Streets and Trips

Table 1. PD 20 Population Data

| Geographic Name | 2020 Census | 2030 Projection | Projected Population Change 2020-2030 | Projected % Change 2020-2030 | 2020 65+ Census | 2030 65+ Projection | Projected Population Change 65+ 2020-2030 | Projected Percent Change 65+ 2020-2030 |
|------------------------|------------------|------------------|---------------------------------------|------------------------------|------------------|---------------------|---|--|
| Isle of Wight County | 38,606 | 41,341 | 2,735 | 7.1% | 7,751 | 10,388 | 2,637 | 34.0% |
| Southampton County | 17,996 | 17,172 | -824 | -4.6% | 3,719 | 4,756 | 1,037 | 27.9% |
| City of Chesapeake | 249,422 | 272,670 | 23,248 | 9.3% | 36,045 | 50,838 | 14,793 | 41.0% |
| City of Franklin | 8,180 | 7,667 | -513 | -6.3% | 1,787 | 1,982 | 195 | 10.9% |
| City of Norfolk | 238,005 | 229,864 | -8,141 | -3.4% | 29,215 | 36,636 | 7,421 | 25.4% |
| City of Portsmouth | 97,915 | 98,857 | 942 | 1.0% | 15,496 | 19,321 | 3,825 | 24.7% |
| City of Suffolk | 94,324 | 102,571 | 8,247 | 8.7% | 14,708 | 19,474 | 4,766 | 32.4% |
| City of Virginia Beach | 459,470 | 474,052 | 14,582 | 3.2% | 69,375 | 94,903 | 25,528 | 36.8% |
| PD 20 Totals | 1,203,918 | 1,244,194 | 40,276 | 3.3% | 178,096 | 238,297 | 60,201 | 33.8% |
| <i>Virginia</i> | <i>8,631,393</i> | <i>9,129,002</i> | <i>497,609</i> | <i>5.8%</i> | <i>1,395,291</i> | <i>1,762,641</i> | <i>367,350</i> | <i>26.3%</i> |

Source: Weldon-Cooper Data, updated August 2024

According to Virginia Health Information (VHI), there were 138 general purpose operating rooms (GPORs) reported in PD 20 in 2024, the latest year for which such data are available (Table 2). In

the aggregate, GPORs in PD 20 had 203,205 hours of OR use time, an average of 1,473 per GPOR. This is 92.0% of the State Medical Facilities Plan (SMFP) standard for adding GPORs (1,600 hours per OR per year).

Table 2. Utilization of General Purpose Operating Rooms in 2024, PD 20

| Facility Name | Operating Rooms | Cases | OR Hours | Hours Per OR | % of SMFP |
|---|-----------------|----------------|----------------|--------------|---------------|
| <i>Acute Hospitals</i> | | | | | |
| Bon Secours Maryview Medical Center | 9 | 4,757 | 7,593 | 844 | 52.7% |
| Bon Secours Southampton Memorial Hospital | 3 | 954 | 961 | 320 | 20.0% |
| Chesapeake Regional Medical Center | 13 | 8,591 | 21,548 | 1,658 | 103.6% |
| Children's Hospital of The King's Daughters | 10 | 7,595 | 14,255 | 1,426 | 89.1% |
| Sentara Leigh Hospital | 17 | 13,866 | 30,949 | 1,821 | 113.8% |
| Sentara Norfolk General Hospital | 24 | 12,436 | 42,413 | 1,767 | 110.5% |
| Sentara Obici Hospital | 5 | 4,641 | 11,253 | 2,251 | 140.7% |
| Sentara Princess Anne Hospital | 10 | 7,539 | 19,320 | 1,932 | 120.7% |
| Sentara Virginia Beach General Hospital | 10 | 7,399 | 20,244 | 2,024 | 126.5% |
| PD 20 Acute Hospital GPOR Totals and Averages | 101 | 67,778 | 168,537 | 1,669 | 104.3% |
| <i>Outpatient Surgical Hospitals.</i> | | | | | |
| Advanced Vision Surgery Center LLC | 1 | 1,095 | 284 | 284 | 17.8% |
| Bayview Medical Center, Inc | 2 | 267 | 467 | 234 | 14.6% |
| Bon Secours Surgery Center at Harbour View, LLC | 6 | 3,686 | 1,536 | 256 | 16.0% |
| Chesapeake Regional Surgery Center at Virginia Beach, LLC | 2 | 5,266 | 5,693 | 2,847 | 177.9% |
| CHKD Health & Surgery Center (Virginia Beach) | 3 | 2,579 | 3,471 | 1,157 | 72.3% |
| CVP Surgery Center | 5 | 13,973 | 0 | 0 | 0.0% |
| Leigh Orthopedic Surgery Center, LLC | 2 | 3,562 | 4,100 | 2,050 | 128.1% |
| Physicians' Surgery Center of Tidewater | 2 | 3,281 | 4,102 | 2,051 | 128.2% |
| Princess Anne Ambulatory Surgery Center | 2 | 3,800 | 4,259 | 2,130 | 133.1% |
| Sentara BelleHarbour Ambulatory Surgery Center | 2 | 224 | 467 | 234 | 14.6% |
| Sentara Obici Ambulatory Surgery LLC | 2 | 2,893 | 2,945 | 1,473 | 92.0% |
| Sentara Virginia Beach Ambulatory Surgery Center | 4 | 3,132 | 5,124 | 1,281 | 80.1% |
| Surgery Center of Chesapeake | 4 | 2,520 | 2,505 | 626 | 39.1% |
| PD 20 OSH GPOR Totals and Averages | 37 | 45,183 | 34,669 | 937 | 58.6% |
| PD 20 Totals and Averages | 138 | 112,961 | 203,205 | 1,473 | 92.0% |

Source: 2024 VHI

Since GPORs and utilization were reported to VHI for 2024, a net increase of 14 GPORs has occurred, based on DCOPN records. There are currently 152 GPORs in PD 20, fourteen of which are restricted use ORs (restricted to a particular specialty, such as ophthalmology) (Table 3).

Table 3. Inventory of Authorized PD 20 GPORs, Difference Between 2024 VHI and Current Inventory

| Facility | Total Authorized GPORs | Difference between 2024 VHI Reporting and Current Authorized Inventory |
|--|------------------------|---|
| <i>Acute Hospital</i> | | |
| Bon Secours Harbor View Hospital | 4 | Facility was not yet opened in 2024. (+4) |
| Bon Secours Maryview Medical Center | 7 | Facility reported 2 open heart ORs to VHI. (-2) |
| Bon Secours Southampton Memorial Hospital | 3 | |
| Chesapeake Regional Medical Center | 13 | Facility converted 1 GPOR to an open heart OR, and then added a GPOR. (net 0) |
| Children's Hospital of The King's Daughters | 10 | |
| Riverside Smithfield Hospital | 4 | Facility was not yet opened in 2024. (+4) |
| Sentara Leigh Hospital | 17 | |
| Sentara Norfolk General Hospital | 24 | |
| Sentara Obici Hospital | 5 | |
| Sentara Princess Anne Hospital | 11 | COPN No. VA-04913 added one GPOR not operational in 2024. (+1) |
| Sentara Virginia Beach General Hospital | 10 | |
| Acute Hospital GPORs | 108 | +7 |
| <i>Outpatient Surgical Hospital</i> | | |
| Advanced Vision Surgery Center LLC* | 1 | |
| Bayview Physicians | 2 | |
| Bon Secours Surgery Center at Harbour View | 6 | |
| Bon Secours Surgery Center at Virginia Beach (Physician Surgery Center of Tidewater) | 2 | |
| Center for Visual Surgical Excellence* | 2 | Facility was not yet opened in 2024. (+2) |
| Chesapeake Regional Surgery Center at Virginia Beach | 2 | |
| CHKD Health & Surgery Center (Virginia Beach) | 3 | |
| Excellence ASC* | 2 | Facility did not report to VHI in 2024. (+2) |
| Leigh Orthopedic Surgery Center | 2 | |
| Sentara BelleHarbour Ambulatory Surgical Center | 2 | |
| Sentara Obici Ambulatory Surgery LLC | 2 | |
| Sentara Princess Anne Ambulatory Surgery Center | 3 | COPN No. VA-04633 authorized an additional OR not reported. (+1) |
| Surgery Center of Chesapeake* (2 of 4 restricted) | 4 | |
| Virginia Beach Ambulatory Surgery Center | 4 | |
| Virginia Center for Eye Surgery* (CVP Surgery Center) | 2 | Facility did not report in 2024 (+2) |
| Virginia Surgery Center, LLC* | 5 | |
| OSH GPORs | 44 | +7 |
| Total GPORs, PD 20 | 152 | +14 |

Source: DCOPN Records; *Restricted use operating rooms

Proposed Project

The applicant, VPSC proposes the establishment of a medical care facility through the construction of two GPORs in 1,800 square feet of an existing physician’s office at 329 Phillip Avenue, Virginia Beach, Virginia. The site is owned by VBPH and leased to the applicant. Projected capital costs of the proposed project are \$1,249,677 (**Table 4**). The applicant will fund the proposal with proceeds from its operations. The application states that the target date of opening is January 1, 2026, which has already passed.

Table 4. Virginia Plastic Surgery Center, LLC Capital Costs

| | |
|------------------------------------|---------------------|
| Direct Construction Costs | \$ 605,552 |
| Site Acquisition Cost | \$ 634,125 |
| Architectural and Engineering Fees | \$ 10,000 |
| Total | \$ 1,249,677 |

Source: COPN Request No. VA-8825

Project Definition

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part, as the “(e)stablishment of a medical care facility.” A medical care facility includes “[a]ny specialized center or clinic or that portion of a physician's office developed for the provision of outpatient or ambulatory surgery...”

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

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

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

The population of PD 20 is growing at a slower rate than Virginia overall, and the City of Virginia Beach, where the proposed project is located, is growing at about the same rate as PD 20, as described above. The segment of the population in Virginia Beach that is over age 65 is growing at 36.8%, faster than that segment is growing in PD 20 (33.8%) or in Virginia (26.3%) (**Table 1**). The poverty rate in Virginia Beach is the lowest, at 7.9%, of the localities in PD 20, and lower than that of Virginia (**Table 5**).

The facility is near Interstate 264 between Exits 20 and 21. It is located on a secondary road that terminates at U.S. Highway 58 to the north and Virginia Beach Boulevard to the south. There are no socioeconomic or geographic barriers identified to access.

Table 5. Poverty Rates and Median Household Income in Localities in PD 20

| Locality | Poverty Estimate | Poverty Percent | Median Household Income |
|----------------------|-------------------------|------------------------|--------------------------------|
| Isle of Wight County | 3,319 | 8.2% | \$ 93,107 |
| Southampton County | 2,097 | 12.7% | \$ 70,013 |
| Chesapeake City | 26,196 | 10.5% | \$ 90,226 |
| Franklin City | 1,626 | 19.7% | \$ 51,516 |
| Norfolk City | 32,115 | 15.3% | \$ 64,281 |
| Portsmouth City | 14,210 | 15.2% | \$ 61,783 |
| Suffolk City | 8,398 | 8.3% | \$ 93,557 |
| Virginia Beach City | 35,302 | 7.9% | \$ 93,989 |
| PD 20 | 123,263 | 10.6% | \$ 84,547 |
| Virginia | 839,669 | 9.8% | \$ 92,116 |

Source: https://www.census.gov/data-tools/demo/saiper/#/?s_state=51&s_county=&s_district=&s_geography=county

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

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

DCOPN received three letters of commitment from board-certified plastic surgeons, Drs. Xu, Morbia and Frojo, stating their support for the proposed project and affirming they will perform both cosmetic and medically necessary reconstructive surgeries at the proposed facility, should it be approved. These letters assert that the proposal will enhance access to high-quality, cost-effective surgical care in the region.

Public Hearing

§32.1-102.6B of the Code of Virginia directs DCOPN to hold one public hearing on each application 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-8825 is not competing with another project and DCOPN did not receive a request to conduct a public hearing for the proposed project. Thus, no public hearing was held.

DCOPN provided notice to the public regarding this project inviting public comment on March 10, 2026. The public comment period closed on April 24, 2026. Other than the letters of commitment from the physicians referenced above, no members of the public commented. There is no known opposition to the project.

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

The status quo is a reasonable alternative to the proposed project. There is abundant surgical capacity at existing facilities for the demand projected, and no compelling information has been provided by the applicant describing that there is a public need for the proposal. The applicant projects 500 surgeries per year in the proposed ORs. At the average hours per surgery calculated in the SMFP section below (1.799 hours), the applicant is projecting 900 hours of surgery in the two proposed ORs, or 28% of the SMFP standard.

(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 V designated by the Virginia Department of Health to serve as the Health Planning Agency for PD 20. Therefore, this consideration is not applicable to the review of the proposed project.

(iv) Any costs and benefits of the project.

Total projected capital costs for the proposed project are \$1,249,677 with no financing costs involved in the proposed project. The estimated costs are consistent with other recently approved projects to establish an OSH in an existing building. The proposal comes to \$336 in direct construction costs per square foot, within the range of COPN No. VA-04960, which authorized a capital cost of \$551 in direct costs per square foot for an OSH, and COPN No. VA-04914 authorized an OSH with direct costs per square foot of \$160 per square foot, for example.

The applicant has described several benefits to the proposed project, asserting that it is intended to serve patients for non-emergent reconstructive surgical care and allow patients to obtain such care more readily at a potentially lower cost. Patients would obtain care at a more convenient location than going to an inpatient hospital.

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

Though VPSC asserts that it will accept all patients regardless of their ability to pay for services or of their payor source, the pro forma provided in its application (**Table 9**) includes no allowance for charity care. The HPR V average charity care as a percentage of gross patient revenue was 1.8% in 2024, the latest year for which such data are available (**Table 6**). In accordance with section 32.1-102.4.B of the Code of Virginia, should the proposed project receive approval, the project would be conditioned to provide a level of charity care based on gross patient revenues derived from surgical services that is no less than the equivalent average for charity care contributions in HPR V. Pursuant to Code of Virginia language any COPN issued for this project will also be conditioned on the applicant's agreement to accept patients who are the recipients of Medicare and Medicaid.

Table 6: HPR V Charity Care Contributions, 2024

| HPR V | 2024 at 200% | | |
|--|------------------|--|------|
| | Gross Pt Rev | Total Charity Care Provided Below 200% | % |
| Inpatient Hospitals | | | |
| Riverside Shore Memorial Hospital | \$354,364,851 | \$16,373,174 | 4.6% |
| Riverside Doctors' Hospital Williamsburg | \$297,237,405 | \$12,131,900 | 4.1% |
| Riverside Walter Reed Hospital | \$387,098,512 | \$11,102,707 | 2.9% |
| Sentara Careplex Hospital | \$1,313,698,788 | \$37,496,919 | 2.9% |
| Sentara Obici Hospital | \$1,352,671,244 | \$35,372,773 | 2.6% |
| Sentara Virginia Beach General Hospital | \$1,825,705,099 | \$47,186,982 | 2.6% |
| Sentara Leigh Hospital | \$2,192,444,921 | \$50,952,088 | 2.3% |
| Sentara Norfolk General Hospital | \$4,894,539,810 | \$107,248,394 | 2.2% |
| Riverside Regional Medical Center | \$3,356,990,790 | \$63,591,379 | 1.9% |
| Chesapeake Regional Medical Center | \$1,357,755,934 | \$21,073,675 | 1.6% |
| Sentara Williamsburg Regional Medical Center | \$873,857,607 | \$13,241,461 | 1.5% |
| Sentara Princess Anne Hospital | \$1,544,557,025 | \$25,184,203 | 1.6% |
| Virginia Beach Psychiatric Center | \$54,267,999 | \$582,000 | 1.1% |
| VCU Health Tappahannock Hospital | \$235,011,627 | \$1,062,189 | 0.5% |
| Bon Secours Southampton Medical Center | \$230,185,097 | \$2,072,911 | 0.9% |
| Bon Secours Maryview Medical Center | \$1,541,147,853 | \$10,718,119 | 0.7% |
| Bon Secours Mary Immaculate Hospital | \$802,263,279 | \$3,656,976 | 0.5% |
| Bon Secours Rappahannock General Hospital | \$117,738,136 | \$595,586 | 0.5% |
| The Pavilion at Williamsburg Place | \$61,494,600 | \$227,828 | 0.4% |
| Newport News Behavioral Health Center | \$35,970,167 | \$108,740 | 0.3% |
| Children's Hospital of the King's Daughters | \$1,575,120,453 | \$3,920,403 | 0.3% |
| Hospital For Extended Recovery | \$34,590,910 | \$16,000 | 0.1% |
| Riverside Rehabilitation Hospital | \$109,190,304 | \$0 | 0.0% |
| Select Specialty Hospital-Hampton Roads | \$121,007,932 | \$0 | 0.0% |
| Kempsville Center for Behavioral Health | \$51,735,416 | \$0 | 0.0% |
| Lake Taylor Transitional Care Hospital | \$46,192,534 | \$0 | 0.0% |
| Total Inpatient Facilities: | | | 26 |
| HPR V Inpatient Total \$ & Mean% | \$24,766,838,293 | \$463,916,407 | 1.9% |

Table 6: HPR V Charity Care Contributions, 2024 -Cont.-

| HPR V | 2024 at 200% | | |
|--|------------------|--|------|
| | Gross Pt Rev | Total Charity Care Provided Below 200% | % |
| Outpatient Hospitals | | | |
| Riverside Peninsula Surgery Center | \$39,509,332 | \$1,248,200 | 3.2% |
| Careplex Orthopaedic Ambulatory Surgery Center | \$63,138,487 | \$1,593,954 | 2.5% |
| Sentara BelleHarbour Ambulatory Surgery Center | \$6,636,653 | \$138,219 | 2.1% |
| Riverside Hampton Surgery Center | \$39,901,658 | \$386,418 | 1.0% |
| Riverside Doctors Surgery Center | \$48,292,467 | \$345,699 | 0.7% |
| CHKD Health & Surgery Center (Virginia Beach) | \$41,975,738 | \$159,916 | 0.4% |
| Sentara Princess Anne Ambulatory Surgery Management, LLC | \$49,297,412 | \$174,534 | 0.4% |
| CHKD Health & Surgery Center (Newport News) | \$26,304,861 | \$80,552 | 0.3% |
| Bon Secours Mary Immaculate Ambulatory Surgery Center | \$26,840,062 | \$52,417 | 0.2% |
| Leigh Orthopedic Surgery Center, LLC | \$148,643,492 | \$4,500 | 0.0% |
| Bon Secours Surgery Center at Harbour View, LLC | \$103,392,678 | \$3,358 | 0.0% |
| Surgical Suites of Coastal Virginia | \$36,498,457 | \$0 | 0.0% |
| Sentara Obici Ambulatory Surgery LLC | \$60,137,996 | \$0 | 0.0% |
| Sentara Virginia Beach Ambulatory Surgery Center | \$30,832,912 | \$0 | 0.0% |
| Surgery Center of Chesapeake | \$28,311,404 | \$0 | 0.0% |
| CVP Surgery Center | \$59,660,549 | \$0 | 0.0% |
| Sentara Port Warwick Surgery Center | \$33,026,922 | \$0 | 0.0% |
| Bayview Medical Center, Inc | \$4,592,699 | \$0 | 0.0% |
| Advanced Vision Surgery Center LLC | \$1,858,446 | \$0 | 0.0% |
| Virginia Beach Health Center | \$2,647,444 | \$0 | 0.0% |
| Sentara Leigh Orthopedic Surgery Center, LLC | \$58,117,293 | \$0 | 0.0% |
| Total Outpatient Facilities: | | | 21 |
| HPR V Outpatient Total \$ & Mean% | \$909,616,962 | \$4,187,767 | 0.5% |
| Total Facilities: | | | 47 |
| HPR V Total \$ & Mean% | \$25,676,455,255 | \$468,104,174 | 1.8% |

Source: VHI, 2024

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

There are no other factors, not addressed elsewhere in the analysis, relevant to the determination of a public need for either project.

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

Section 32.1-102.2:1 of the Code of Virginia calls for the State Health Services Plan Task Force to develop 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 general surgical services. They are as follows:

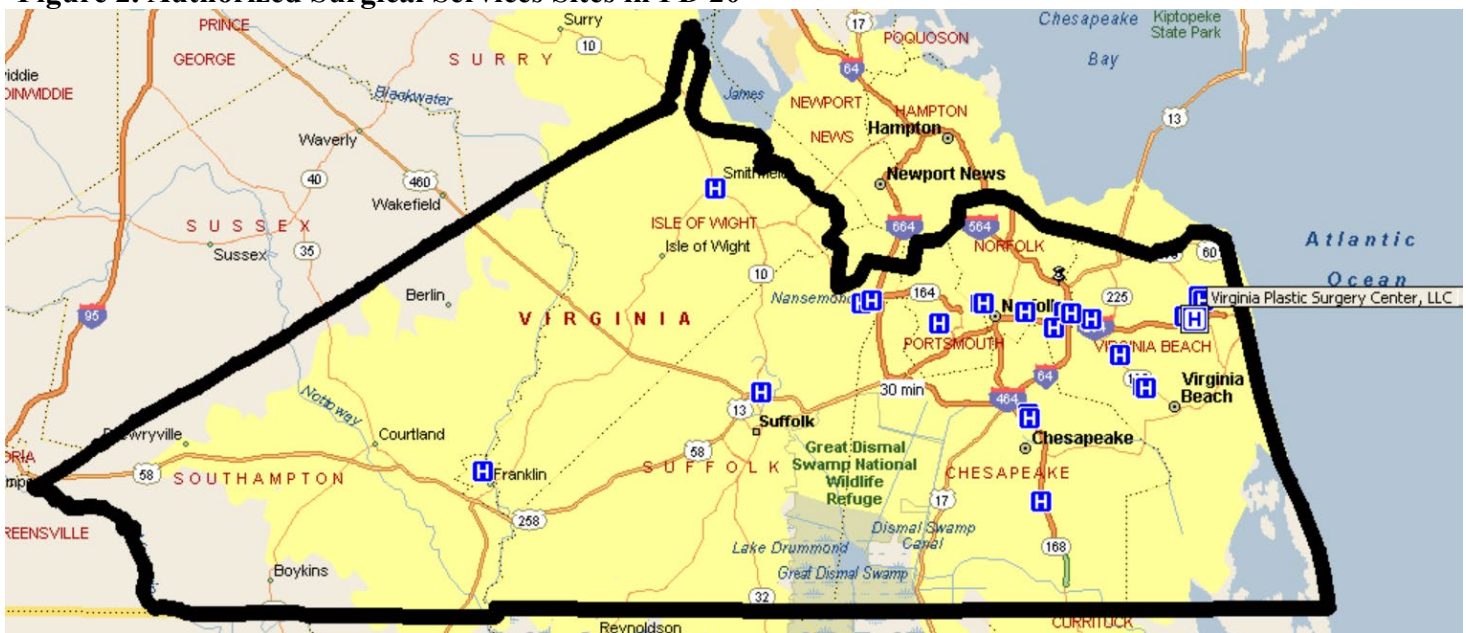
**Part V General Surgical Services
 Criteria and Standards for General Surgical Services**

12VAC5-230-490. Travel Time.

Surgical services should be available within 30 minutes driving time one way under normal conditions for 95% of the population of the health planning district using mapping software as determined by the commissioner.

The heavy black line in **Figure 2** represents the boundary of PD 20. The labeled white “H” symbol marks the location of the proposed project. The blue symbols with white Hs mark the locations of existing operating rooms within PD 20. The yellow shaded area represents the area of PD 20 that is within 30 minutes’ drive time of existing PD 20 surgical services. The unshaded areas are rural, with Berlin, Boykins and Drewryville, Virginia making up less than 0.4% of the PD 20 population. It is evident that surgical services currently exist within a 30-minute drive time for at least 95% of the population of PD 20.

Figure 2. Authorized Surgical Services Sites in PD 20



Source: Microsoft Streets & Trips

12VAC5-230-500. Need for New Service.

A. The combined number of inpatient and outpatient general purpose surgical operating rooms needed in a health planning district, exclusive of procedure rooms, dedicated cesarean section rooms, operating rooms designated exclusively for cardiac surgery, procedures rooms or VDH-designated trauma services, shall be determined as follows:

$$\text{FOR} = \frac{((\text{ORV}/\text{POP}) \times (\text{PROPOP})) \times \text{AHORV}}{1600}$$

Where:

ORV = the sum of total inpatient and outpatient general purpose operating room visits in the health planning district in the most recent five years for which general purpose operating room utilization data has been reported by VHI; and

POP = the sum of total population in the health planning district as reported by a demographic entity as determined by the commissioner, for the same five-year period as used in determining ORV.

PROPOP = the projected population of the health planning district five years from the current year as reported by a demographic program as determined by the commissioner.

AHORV = the average hours per general purpose operating room visit in the health planning district for the most recent year for which average hours per general purpose operating room visits have been calculated as reported by VHI.

FOR = future general purpose operating rooms needed in the health planning district five years from the current year.

1600 = available service hours per operating room per year based on 80% utilization of an operating room available 40 hours per week, 50 weeks per year.

The preceding formula can be used to affirm whether there is currently an excess of GPORs in PD 20. It can also determine the overall need for GPORs within PD 20 five years from the current year, i.e., in the year 2031. Based on GPOR utilization data submitted to and compiled by VHI, for the five-year period of 2020-2024, which is the most recent five-year period for which relevant data are available, the total and average number of reported inpatient and outpatient operating room visits is shown below in **Table 7**.

Table 7. Inpatient and Outpatient GPOR Visits in PD20: 2020-2024

| Year | Total Inpatient & Outpatient GPOR Visits |
|--------------|---|
| 2020 | 102,823 |
| 2021 | 113,795 |
| 2022 | 115,195 |
| 2023 | 114,975 |
| 2024 | 112,961 |
| Total | 559,749 |
| Average | 111,950 |

Source: VHI (2020-2024)

Based on actual population counts and projections derived from the 2020 U.S. Census as compiled by Weldon Cooper and DCOPN interpolations, **Table 8** population estimates for PD 20 for the five years 2020-2024, and for 2031 are as follows:

Table 8. PD 20 Population: 2020-2024 and 2031

| Year | Population |
|--------------|------------------|
| 2020 | 1,203,918 |
| 2021 | 1,207,946 |
| 2022 | 1,211,973 |
| 2023 | 1,216,001 |
| 2024 | 1,220,028 |
| Total | 6,059,866 |
| 2031 | 1,248,531 |

Source: U.S. Census Bureau 2020, Weldon Cooper Center formatting/presentation and DCOPN interpolations.

Table 8 shows the cumulative total population of PD 20 for the five-year period 2020-2024, was 6,059,866, while the population of PD 20 in the year 2031 (PROPOP – five years from the current year) is projected to be 1,248,531. These figures are necessary for SMP’s formula for determining GPOR need, as follows:

| ORV | ÷ | POP | = | CSUR |
|--------------------------------------|---|---------------------------------------|---|------------------------------------|
| Total PD 20 GPOR Visits 2020 to 2024 | | PD 20 Historical Population 2020-2024 | | Calculated GPOR Use Rate 2020-2024 |
| 559,749 | | 6,059,866 | | 0.092 |

| CSUR | X | PROPOP | = | PORV |
|------------------------------------|---|---------------------------------|---|----------------------------|
| Calculated GPOR Use Rate 2020-2024 | | PD 20 Projected Population 2031 | | Projected GPOR Visits 2031 |
| 0.092 | | 1,248,531 | | 114,865 |

AHORV is the average hours per operating room visit in the planning district for the most recent year for which average hours per operating room visit have been calculated using information collected by the Virginia Department of Health.

$$\text{AHORV} = \frac{\text{total operating room hours reported to VHI in 2024 (Table 1)}}{\text{total operating room visits reported to VHI for that same year (Table 7)}}$$

$$= 203,205/112,961$$

$$\text{AHORV} = 1.799$$

$$\text{FOR} = \frac{114,865 \times 1.799}{1600} = 129.2 \text{ (130) GPORs needed in 2031}$$

$$\text{PD 20 Inventory of GPORs} = 152$$

DCOPN has calculated a **surplus of 22 GPORs** in PD 20 for the 2031 planning year.

Fourteen of the GPORs are restricted use operating rooms; however, the SMFP does not exclude restricted use operating rooms from its calculation. Furthermore, the surplus of GPORs in PD 20 is more than the total number of restricted use operating rooms.

B. Projects involving the relocation of existing operating rooms within a health planning district may be authorized when it can be reasonably documented that such relocation will: (i) improve the distribution of surgical services within a health planning district ; (ii) result in the provision of the same surgical services at a lower cost to surgical patients in the health planning district; or (iii) optimize the number of operations in the health planning district that are performed on an outpatient basis.

Not applicable. The applicant is not seeking to relocate existing operating rooms.

12VAC5-230-510. Staffing.

Surgical services should be under the direction or supervision of one or more qualified physicians.

The applicant has provided assurances that the requested GPOR will be under the direction or supervision of one or more qualified physician.

Required Considerations Continued

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

Sentara controls approximately 54% of GPORs in PD 20, and the proposed project adds two GPORs not controlled by Sentara, the dominant surgical provider in PD 20. The applicant however, is projecting small volumes and the proposal is unlikely to impact volumes, prices or costs of existing providers in PD 20.

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

As previously discussed, DCOPN has calculated a net surplus of 22 GPORs in PD 20 for the 2031 planning year. If approved, the proposed project would add to the surplus. The applicant

does not currently operate ORs in PD 20 and it projects approximately 900 annual hours of OR time, not enough to justify its own OR in a PD that already has a large surplus.

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

Projected capital costs of the proposed project are reasonable, and the applicant projects a net income of approximately \$1.8 million in its first year of operation and \$1.9 million the second year (**Table 9**). The applicant expects that it will need 8 additional staff members to operate the two requested ORs.

Table 9. Proforma Virginia Plastic Surgery Center, LLC

| | Year 1 | Year 2 |
|--------------------------|--------------------|--------------------|
| Gross Revenue | \$750,000 | \$750,000 |
| Charity Care | \$0 | \$0 |
| Total Net Revenue | \$750,000 | \$750,000 |
| Total Expenses | \$610,000 | \$610,000 |
| Net Income | \$1,775,283 | \$1,875,126 |

Source: COPN Request No. VA-8825

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

The proposal does not provide innovations in the delivery of health services but does allow for delivery of surgical care in an outpatient facility. No cooperative efforts were identified to meet regional needs.

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

Virginia Plastic Surgery Center, LLC's proposal to establish a medical care facility for the provision of surgical services with two operating rooms, is in an area of the Commonwealth experiencing lower than average growth. The proposal is inconsistent with the applicable standards and criteria of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia. There is a large surplus of ORs in PD 20 and the proposal would add two GPORs to the surplus. There is documented support only from the physicians affiliated with the project, and no known opposition.

The proposal projects capital costs that are reasonable and consistent with similar, recently authorized projects across Virginia. Furthermore, the proposal is wholly feasible; however, the status quo is a reasonable alternative to the proposed project.

DCOPN Staff Recommendations

The Division of Certificate of Public Need recommends **denial** of Virginia Plastic Surgery Center, LLC's COPN Request number VA-8825 to establish a medical facility for the provision of surgical services with two operating rooms in Virginia Beach Virginia, for the following reasons:

1. The proposal is inconsistent with the applicable standards and criteria of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The proposed site is in a locality with a moderate growth rate, less than that of Virginia and the lowest poverty rate in PD 20.
3. Planning District 20 has a surplus of 22 operating rooms, and the proposal adds to the surplus.
4. The status quo is a reasonable alternative to the proposed project.