

# VIRGINIA DEPARTMENT OF HEALTH

## Office of Licensure and Certification

### Division of Certificate of Public Need

#### Staff Analysis

March 23, 2026

#### **COPN Request No. VA-8865**

Patrick Henry Hospital, Inc.

Smithfield, Virginia

Add 26 Nursing Home beds through Relocation

#### **Applicant**

Patrick Henry Hospital, Inc. (“Patrick Henry”) is a single-member non-stock corporation formed primarily for the purpose of acquiring, owning, managing, overseeing and supporting the operation of nursing homes. Patrick Henry is not a subsidiary of any other entity. Patrick Henry owns the facility in which the proposed project is located, Riverside Lifelong Health & Rehabilitation Smithfield (“Riverside LH&R Smithfield”), a skilled nursing facility with 34 licensed nursing home beds. Patrick Henry owns three other nursing homes in Virginia. The facility is in Smithfield, Virginia, 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. The proposed project is in Smithfield, which is in Isle of Wight County.

PD 20 had a population of about 1.2 million in 2020 and is projected to grow by just over 40,000 people, 3.3%, between 2020 and 2030. This is less than the population growth rate projected for Virginia during this decade, 5.8% (**Table 1**). The growth rates projected for 2020-2030 in the 65 and older age group are 33.8% in PD 20 compared to 26.3% in Virginia. Isle of Wight County, where the proposed project is located, is projected to see an overall population increase of 7.1% by 2030. This is a larger projected rate of growth than PD 20’s, but due to its relatively small population, this increase in Isle of Wight County is only 2,735 people (**Table 1**). The population in Isle of Wight County aged 65 is projected to grow by 34% during the 2020-2030 decade, consistent with PD 20 and outpacing the growth rate in Virginia for this population segment (**Table 1**). The older population is an important segment for the proposed project, as nursing home residents are primarily those aged 65 and older.

Figure 1. Map of Planning District 20

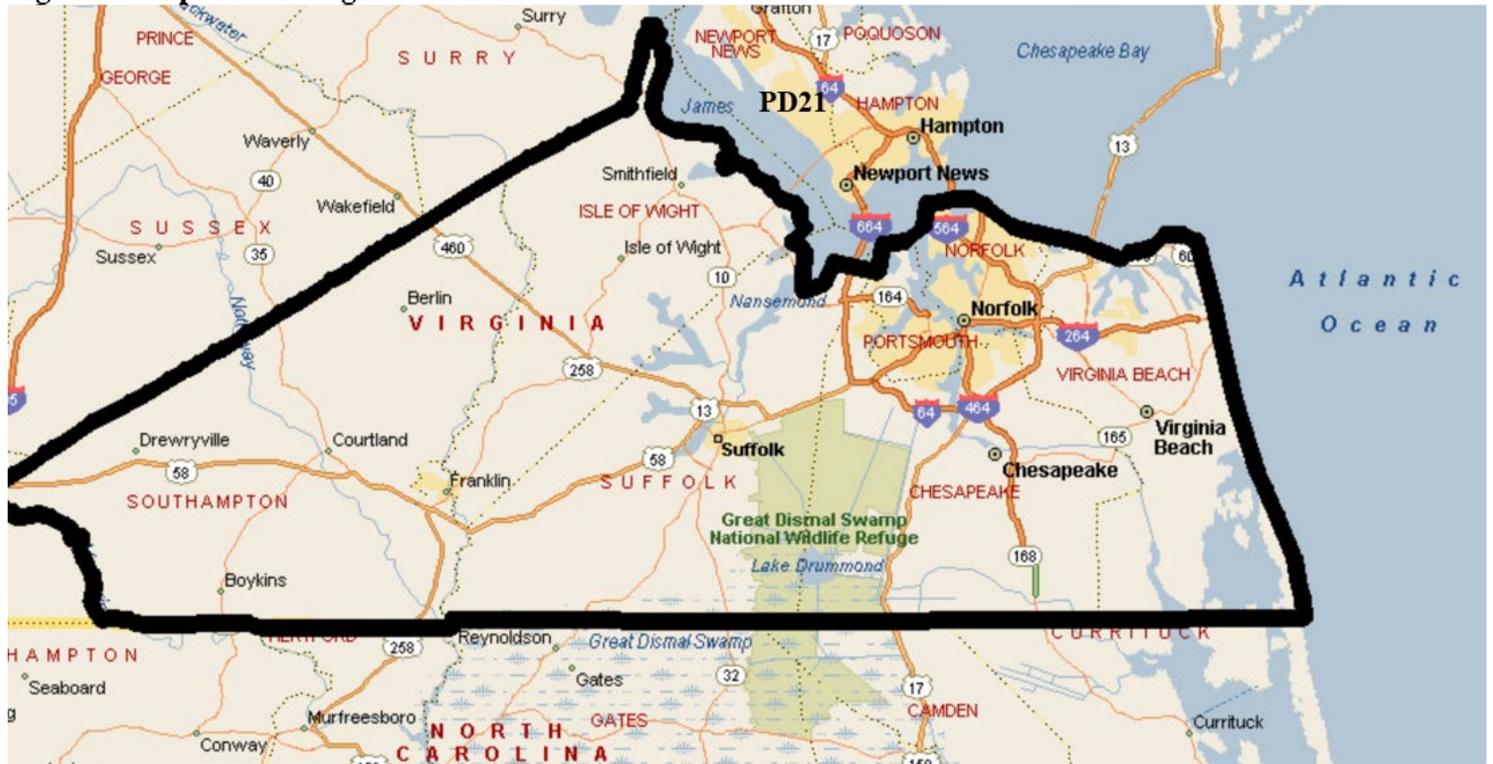


Table 1. PD 20 Population Data

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%
<b>PD 20 Totals</b>	<b>1,203,918</b>	<b>1,244,194</b>	<b>40,276</b>	<b>3.3%</b>	<b>178,096</b>	<b>238,297</b>	<b>60,201</b>	<b>33.8%</b>
<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

§ 32.1-102.3:2 of the Code of Virginia states that “[e]xcept for applications for continuing care retirement community nursing home bed projects...the Commissioner shall approve, authorize or accept applications for the issuance of any certificate of public need pursuant to this article only in response to Requests for Applications (RFAs) for any project which would result in an increase in

the number of beds in a planning district in which nursing facility or extended care services are provided, except as provided in § 32.1-102.3:7,” which allows the review of proposals involving the transfer of nursing facility beds from one PD to another. Patrick Henry is submitting COPN Request No. VA-8865 under this § 32.1-102.3:7 exception.

The applicant proposes to transfer beds from PD 21, which includes James City County, York County, Hampton City, Newport News City, Poquoson City and Williamsburg City. PD 21 is located just north of PD 20 (**Figure 1**). PD 21 had a population of 492,554 in 2020 and is projected to grow to 504,939 by 2030, a growth of only 2.5% during the decade. The 65 and older age group is projected to grow 28.7% during the same decade, a slightly higher rate of growth than Virginia’s for that age group, but lower than the growth rate of PD 20.

There were 37 nursing facilities that reported to Virginia Health Information (VHI) in PD 20 for 2024, the latest year for which such data are available. These facilities include three continuing care retirement communities (CCRCs) and two acute care facilities with certified long-term care beds. In total, there were 4,306 nursing facility beds, that were occupied at 87.1% in 2024 (**Table 1**). The addition of 26 beds to PD 20, as proposed, would decrease occupancy to 85.9%.

Since the time that data for 2024 were reported to VHI, COPN No. VA- 04869 authorized Our Lady of Perpetual Help Health Center to add 34 beds, to be relocated from Bon Secours Southampton Memorial Hospital (“Southampton”), expected to be completed in March 2027. This authorization left 95 beds at Southampton that were not pending relocation. COPN No. VA-04962 authorized the remaining 95 beds to become nursing home beds under new ownership as Fairview Rehabilitation and Healthcare Center, under the management of Fairview Propco, LLC, but remain in the same location (**Table 3**).

Also, since 2024, COPN No. VA-04946 authorized a new 100-bed facility in Suffolk, Bennett’s Creek Health and Rehab Center. Its 100 beds will be relocated from five other facilities within PD 20 (Autumn Care of Norfolk, Autumn Care of Portsmouth, Portside Health and Rehab Center, Sentara Nursing Center - Virginia Beach and Waterside Health & Rehab Center). The facility is expected to be completed in August 2028. **Table 3** reflects the authorized relocations of nursing facility beds within PD 20, with the total inventory of beds located in PD 20 remaining unchanged.

**Table 2. PD 20 Nursing Facility Utilization, 2024**

Facility Name	Total Licensed Nursing Beds	Total Patient Days	Licensed Bed Available Days	Occupancy Rate per Licensed Bed
Autumn Care of Chesapeake	117	40,131	42,822	93.7%
Autumn Care of Norfolk	120	40,624	43,920	92.5%
Autumn Care of Portsmouth	105	34,117	38,430	88.8%
Autumn Care of Suffolk	110	38,299	40,260	95.1%
Bay Pointe Rehabilitation and Nursing	112	36,139	40,992	88.2%
Bayside Health and Rehabilitation Center	60	20,100	21,960	91.5%
Birchwood Park Rehabilitation and Nursing	150	47,643	54,900	86.8%
Bon Secours Southampton Memorial Hospital - LTCU	129	32,650	47,214	69.2%
Chesapeake Health and Rehabilitation Center	180	63,117	65,880	95.8%
Colonial Health & Rehab Center	90	29,894	32,940	90.8%
Consulate Health Care of Norfolk	222	68,066	81,252	83.8%
Consulate Healthcare of Windsor	114	40,158	41,724	96.2%
Courtland Rehabilitation and Healthcare Center	90	31,910	32,940	96.9%
Cypress Pointe Rehabilitation and Nursing	90	29,352	32,940	89.1%
Greenbrier Regional Medical Center	120	36,623	43,920	83.4%
Harbors Edge Norfolk (C0074)	33	9,971	12,078	82.6%
Harbour Pointe Healthcare and Rehabilitation Center	169	51,029	61,854	82.5%
Kempsville Health & Rehab Center	90	30,582	32,940	92.8%
Lake Prince Woods (C0065)	40	9,160	14,640	62.6%
Lake Taylor Transitional Care Hospital LTCU	192	57,885	70,272	82.4%
Maimonides Health Center of Virginia Beach	120	31,209	33,000	94.6%
Nans Pointe Rehabilitation and Nursing	148	44,449	54,168	82.1%
Norfolk Health and Rehabilitation Center	180	61,574	65,880	93.5%
Northern Cardinal Rehabilitation and Nursing	120	37,014	43,920	84.3%
Norview Heights Rehabilitation and Nursing	60	20,080	21,960	91.4%
Oak Grove Health & Rehab Center	120	42,413	43,920	96.6%
Our Lady of Perpetual Help Center, Inc	30	10,310	10,980	93.9%
Portside Health and Rehab Center	132	42,220	48,312	87.4%
Portsmouth Health and Rehab	120	37,347	43,920	85.0%
Princess Anne Health and Rehabilitation Center	120	41,144	43,920	93.7%
<i>Riverside Healthy Living Community - Smithfield</i>	<i>34</i>	<i>10,677</i>	<i>12,444</i>	<i>85.8%</i>
Rosemont Health & Rehab Center	116	38,621	42,456	91.0%
Seaside Health Center	50	14,272	18,300	78.0%
Thalia Gardens Rehabilitation and Nursing	138	43,735	50,508	86.6%
Virginia Beach Healthcare and Rehabilitation Center	180	62,401	65,880	94.7%
Waterside Health and Rehab Center	197	42,322	72,102	58.7%
Westminster-Canterbury on Chesapeake Bay (C0038)	108	35,210	39,528	89.1%
<b>PD 20 Totals and Average</b>	<b>4,306</b>	<b>1,362,448</b>	<b>1,565,076</b>	<b>87.1%</b>

Source: 2024 VHI

The applicant's facility is italicized.

**Table 3. Nursing Facility Inventory (includes Licensed LTC Hospital Beds), PD 20**

Facility	Licensed Nursing Facility Beds	Nursing Facility Beds after Authorized Relocations
Accordius Health at Bay Pointe LLC	112	112
Accordius Health at Courtland	90	90
Accordius Health at Nansemond Pointe LLC	148	148
Accordius Health at River Pointe LLC	138	138
Autumn Care of Chesapeake	117	117
Autumn Care of Norfolk	120	118
Autumn Care of Portsmouth	105	91
Autumn Care of Suffolk	110	110
Bayside Health & Rehab Center	60	60
Bennett's Creek Health and Rehab Center	0	100
Maimonides Health Center of Virginia Beach	120	120
Bon Secours/Maryview Nursing Center	120	120
Chesapeake Health and Rehab Center	180	180
The Citadel Virginia Beach LLC	150	150
Consulate Health Care of Norfolk	222	222
Consulate Health Care of Windsor	114	114
Greenbriar Regional Medical Center	120	120
Harbor's Edge**	33	33
Heritage Hall - Virginia Beach	90	90
Kempsville Health & Rehab	90	90
Lake Prince Woods**	40	40
Lake Taylor Transitional Care Hosp (LTC)*	192	192
Norfolk Health & Rehabilitation Center	180	180
Our Lady of Perpetual Help	30	64
Pelican Health Norfolk (Thornton Hall)	60	60
Portside Health and Rehab Center	132	124
Portsmouth Health and Rehab	120	120
Princess Ann Healthcare	120	120
<i>Riverside Healthy Living Community-Smithfield</i>	34	34
Seaside, Health Center at Atlantic Shores	50	50
Sentara Nursing Center - Chesapeake	120	120
Sentara Nursing Center - Virginia Beach (Rosemont Health & Rehab)	116	110
Sentara Nursing Center - Windermere	90	90
Signature Healthcare of Norfolk	169	169
Bon Secours Southampton Memorial Hospital LTC* (Fairview Rehabilitation and Healthcare Center)	129	95
Virginia Beach Healthcare & Rehab Center	180	180
Waterside Health & Rehab Center	197	127
Westminster-Canterbury on Chesapeake Bay**	108	108
<b>Total PD 20</b>	<b>4,306</b>	<b>4,306</b>

Source: DCOPN Records

\* Long-Term Care (LTC) beds in acute general hospitals

\*\*Continuing Care Retirement Communities

The applicant's facility is italicized.

To support the transfer of nursing facility beds from PD 21 resulting in an increase of nursing facility beds in PD 20, the applicant cites § [32.1-102.3:7](#) of the Code of Virginia (the “Bed Transfer Statute”) which states that “The Commissioner shall accept and may approve applications for the transfer of nursing facility beds from one planning district to another planning district when no Request for Applications has been issued” in cases in which the applicant can demonstrate: 1) there is a shortage of nursing facility beds in the planning district to which beds are proposed to be transferred; 2) the number of nursing facility beds in the planning district from which beds are proposed to be moved exceeds the need for such beds; 3) the proposed transfer of nursing facility beds would not result in creation of need for additional beds in the planning district from which the beds are proposed to be transferred; and 4) the nursing facility beds proposed to be transferred will be made available to individuals in need of nursing facility services in the planning district to which they are proposed to be transferred without regard to the source of payment for such services.”

Because the proposed project impacts PD 21, **Table 4** is included showing the utilization of nursing facilities in that PD. DCOPN notes that nursing facility bed occupancy in PD 21 is lower than that of PD 20 (84.8% versus 87.1%). Should PD 21 relocate 26 beds to PD 20 as proposed, its occupancy would increase to 86.1%, using 2024 patient days.

**Table 4. PD 21 Nursing Facility Utilization, 2024**

Facility Name	Total Licensed Nursing Beds	Total Patient Days	Licensed Bed Available Days	Occupancy Rate per Licensed Bed
Bayside of Poquoson Health and Rehab	60	20,229	21,960	92.1%
Coliseum Nursing and Rehabilitation Center	180	50,068	65,880	76.0%
Consulate Healthcare at Williamsburg	90	31,402	32,940	95.3%
Hampton Health & Rehab Center	86	29,369	31,476	93.3%
James River Nursing and Rehabilitation Center	154	47,853	56,364	84.9%
Newport News Nursing and Rehabilitation Center	102	35,329	37,332	94.6%
Northampton Nursing and Rehabilitation Center	70	23,410	25,620	91.4%
Old Dominion Rehabilitation & Nursing	115	36,819	42,090	87.5%
<i>Patriots Colony (C0014)**</i>	<i>60</i>	<i>19,120</i>	<i>21,960</i>	<i>87.1%</i>
Regency Health and Rehabilitation Center	60	20,274	21,960	92.3%
The Chesapeake (C0029)**	52	17,330	19,032	91.1%
<i>The Gardens at Warwick Forest</i>	<i>209</i>	<i>70,980</i>	<i>76,494</i>	<i>92.8%</i>
The Newport Nursing and Rehabilitation Center	60	14,871	21,960	67.7%
Waterview Health & Rehab Center	130	41,670	47,580	87.6%
Williamsburg Landing (C0042)**	58	14,573	21,228	68.7%
Williamsburg Post Acute & Rehabilitation	130	25,055	47,450	52.8%
WindsorMeade Williamsburg (C0080)**	22	7,006	8,052	87.0%
York Nursing and Rehabilitation Center	80	27,800	29,280	95.0%
<b>PD 21 Totals and Average</b>	<b>1,718</b>	<b>533,158</b>	<b>628,658</b>	<b>84.8%</b>

Source: 2024 VHI

\* Long Term Care (LTC) beds in acute general hospitals

\*\*Continuing Care Retirement Communities

The applicant proposes to relocate beds from the facilities in italics.

The applicant facility, Riverside LH&R Smithfield, originally opened in 1980 with 95 beds, dually certified for Medicare and Medicaid, at its current location. A “significant safety issue identified during maintenance” led to the construction of a smaller building, a reduction to 34 beds, and decertification from Medicaid in 2013. The applicant reports that the smaller bed count has resulted in operational inefficiencies and challenges, and the elimination of Medicaid beds has resulted in inadequate bed supply for Medicaid patients and their placement outside the area for nursing care or discharge to home. Riverside LH&R Smithfield’s occupancy was 85.8% in 2024 (**Table 2**).

### **Proposed Project**

The applicant proposes to expand Riverside LH&R Smithfield, located at 101 John Rolfe Drive, Smithfield, by 26 nursing home beds, through relocation of 8 beds from Patriots Colony at Williamsburg (a CCRC), and 18 beds from Riverside Lifelong Health & Rehabilitation Warwick Forest. Both of these facilities are in PD 21. The proposal includes new construction of 14,575 gross square feet of space for the additional nursing home beds and support areas. The projected capital costs of the proposed project are \$7,063,440 (**Table 5**), which will be funded with accumulated reserves, such that no financing costs will be incurred.

**Table 5. Capital Costs, Riverside LH&R Smithfield, Add 26 Beds by Relocation**

Direct Construction Cost	\$5,646,237
Equipment not included in construction contract	\$305,400
Site Preparation Costs	\$572,860
Architectural and Engineering	\$508,943
Other Consulting Fees	\$30,000
<b>Total Capital Costs</b>	<b>\$7,063,440</b>

Source: COPN Request No. VA-8865

Should the proposed project be approved, the applicant expects that it will be operational 21 months after the issuance of a COPN.

**Project Definition**

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part, as “[a]n increase in the total number of beds...in an existing medical care facility described in subsection A.” A medical care facility includes “[a]ny facility licensed as a nursing home...”

**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.**

Isle of Wight County, where the proposed project is located, is projected to have a larger growth rate than Virginia’s, but due to its relatively small population, this increase in Isle of Wight County is only 2,735 people (**Table 1**). The population in Isle of Wight County aged 65 is projected to grow by 34% (2,637 people), also a higher growth rate than Virginia’s for this population segment, 6.3% (**Table 1**), but a relatively small number of people. With respect to socioeconomic barriers, the poverty rate of PD 20 is higher than that of Virginia (**Table 6**). Isle of Wight County has a poverty rate of 8.2%, lower than that of PD 20 at 10.6% and Virginia at 9.8%. The applicant asserts that the population in the county with Medicaid has a difficult time finding nursing home placement and often must find a bed outside of the area or be discharged home, without nursing care.

**Table 6. Poverty Rates and Median Household Income in Localities in PD 20**

Locality	People in 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
<b>PD 20</b>	<b>123,263</b>	<b>10.6%</b>	<b>\$ 84,547</b>
<b>Virginia</b>	<b>839,669</b>	<b>9.8%</b>	<b>\$ 92,116</b>

Source: [https://www.census.gov/data-tools/demo/saipe/#/?s\\_state=51&s\\_county=&s\\_district=&s\\_geography=county](https://www.census.gov/data-tools/demo/saipe/#/?s_state=51&s_county=&s_district=&s_geography=county)

Riverside LH&R Smithfield is in a residential area that offers convenient access to VA-10 and US-258, which connect Smithfield to surrounding communities and regional medical centers. Public transportation options in Smithfield are limited, but on-demand services such as taxis and rideshares are available.

**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 a letter from Riverside LH&R Smithfield’s medical director and eight other letters of support from Virginia Senator Jordan, Virginia Delegate Wachsmann, the Isle of Wight Board of Supervisors, Smithfield Town Council, and several members of Riverside Health leadership, including the administrator of Riverside LH&R Warwick Forest and Riverside Health Patriots Colony, from which beds are proposed to be transferred. In aggregate, these letters expressed:

- The proposed project is critical to improving access to high-quality, coordinated post-acute and long-term care for the surrounding area.
- The addition of 26 dually certified beds will allow service locally to patients who rely on Medicaid as well as Medicare and expand timely access.
- Many patients of the new Riverside Smithfield Hospital are discharged to skilled nursing care and long-term care, which are currently limited. The proposed project will facilitate care transition for this new market demand for services.
- Riverside LH&R Warwick Forest receives patients from an area closer to the proposed project, who could receive care closer to home should the proposal be approved and beds from Warwick Forest be relocated to the applicant site.

- Warwick Forest will continue to have adequate capacity for its patients, and the proposal enables reconfiguration to more private rooms and more efficient and satisfactory care.
- Patriot's Colony was authorized to relocate 60 nursing home beds to a new building on its campus (COPN No. VA-04678), but the latest building plans accommodate only 52 beds, leaving 8 available to transfer to the applicant site.

#### 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-8865 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 January 9, 2026. The public comment period closed on February 24, 2026. Other than the letters 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.**

No alternative has been identified to the proposed project that meets the needs of the population in a less costly, more efficient or more effective manner. The proposal increases the inventory of nursing facility beds within PD 20 in an area of the PD where such beds are scarcer. It is more beneficial than the status quo because it increases the number of nursing facility beds dually certified for Medicare and Medicaid and specifically improves access for patients who rely on Medicaid. Increasing the applicant's bed count to a more efficient number of 60 beds moves the facility's balance sheet to a positive net income. The proposal facilitates efficient discharges from the newly opened Riverside Smithfield Hospital to post-acute and long-term care. Furthermore, it allows for the addition of the more desirable private beds at the facilities from which beds are proposed to transfer.

#### **(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 does not apply to the review of the proposed project.

#### **(iv) Any costs and benefits of the project.**

Total projected capital costs for the proposed project are \$7,063,440, funded by accumulated reserves such that no financing costs will be incurred. Direct construction costs are \$5,646,237 or

80% of total projected costs. This is equal to just over \$387 in direct construction cost per square foot. The estimated costs are consistent with other recently approved projects to add beds at a nursing home. For example, COPN No. VA-04915 authorized the addition of 20 beds at Heritage Hall Front Royal at \$400 of direct construction costs per square foot and COPN No. VA-04937 added 34 beds at Our Lady of Peace at \$346 of direct construction cost per square foot.

The applicant has described several benefits of the proposed project. The proposal increases the inventory of nursing facility beds within PD 20 in an area where such beds are scarcer, reducing the number of area residents that must seek nursing care outside of the county. It also increases the bed complement at Riverside LH&R Smithfield to 60 beds, which is more operationally efficient than its current 34 beds. According to the pro forma provided by the applicant (**Table 8**), the facility will move from a negative to positive net income in the first year after bringing the new beds online. With the additional beds, the applicant commits to dually certify all 60 beds at the facility, for Medicare and Medicaid, to improve access for patients who rely on Medicaid. With the opening of the new Riverside Smithfield Hospital less than four miles away, the added access of the proposed project will aid in efficiently discharging patients to post-acute or long-term care. Furthermore, it allows for the addition of the more desirable private beds at the PD 21 facilities from which beds are proposed to transfer.

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

Riverside LH&R Smithfield commits to dually certify all 60 beds should the project be approved.

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

DCOPN notes that Patriots Colony, one of the PD 21 facilities from which beds are proposed to be transferred, is a CCRC. Nursing facility beds in CCRCs are developed to meet the ongoing needs of the residents of the CCRC as they transition into a higher level of care. Their approval is based on the size of the overall CCRC and not on the population of the PD, and beds at a CCRC can be accepted without a Request for Applications. The addition of beds at a CCRC, therefore, is less restricted than it is at other types of nursing facility. Should the CCRC have need in the future to address the needs of its residents, it would be feasible for Patriots Colony to replenish these beds. Caution should be applied to ensure CCRCs don't become an unintended source through which to add nursing facility beds to facilities that are not CCRCs.

Also for consideration, the Centers for Medicare and Medicaid Services (CMS) has given the Riverside LH&R Smithfield a 4-star rating (out of 5) with component ratings for Health Inspections, Staffing and Quality Measures ratings of 4-, 5- and 5-stars, respectively.

**Figure 2. Riverside LH&R Smithfield, CMS Star Ratings**

### Overall rating



Above average

The overall rating is based on a nursing home's performance on 3 sources: health inspections, staffing, and quality measures.

#### Health inspections



Above average

#### Staffing



Above average

#### Quality measures



Average

Source: <https://www.medicare.gov/care-compare/details/nursing-home/495332?id=cc51889e-41a1-4b79-ac3b-f683aac638b0&city=Smithfield&state=VA&zipcode=>

### 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 the addition of nursing beds. They are as follows:

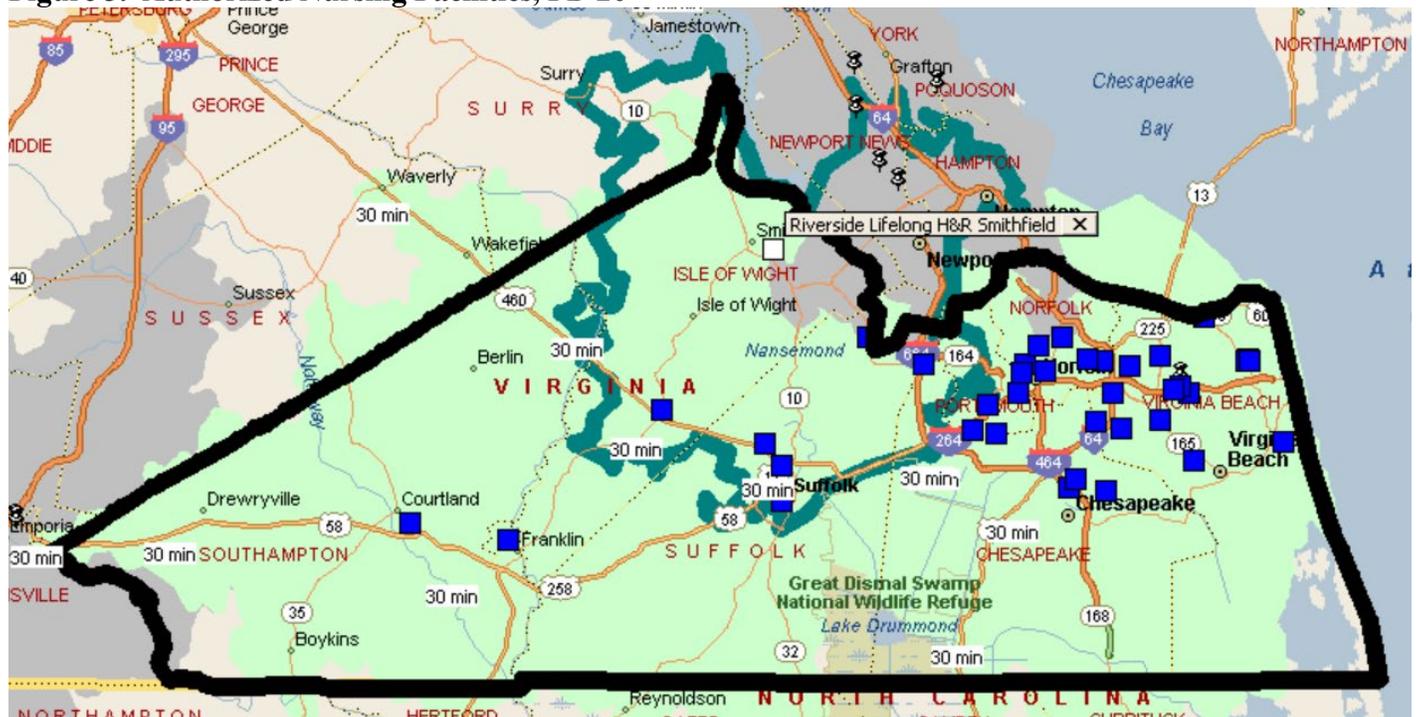
#### Part VII. Nursing Facilities

##### 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 3** identifies the boundary of PD 20. The dark blue squares indicate the locations of the authorized nursing home facilities in PD 20. The white square is the location of the proposed project, labeled “Riverside Lifelong H&R Smithfield,” which is an existing nursing facility. The shaded light green area is within the 30-minute drive time of existing nursing facilities in PD 20. The grey shaded area is within 30 minutes of nursing facilities outside of PD 20. The dark green boundary is the area within 30 minutes’ drive time of the proposed project. Nursing facilities are already accessible to over 95% of the population. The proposed project will not impact geographic accessibility within PD 20 but will provide access within 30 minutes’ drive to a small area of Surry County that currently drives longer than 30 minutes to access a nursing facility.

Figure 3. Authorized Nursing Facilities, PD 20



Source: DCOPN Mapping Software and Records

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

Public transit options in Smithfield are limited, primarily consisting of bus routes that connect to neighboring cities. Hampton Roads Transit has a route that runs from Smithfield Park n Ride to Newport News Transit Center. Taxi and ride-share services are available in the area for on-demand transportation.

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

The proposal improves geographic access within a 30-minute drive to a small rural area of Surry County, outside of PD 20. 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.**

Due to a lack of nursing home patient origin data, DCOPN has not been able to perform the nursing facility bed need calculation for several years. **Table 7** shows that there was a surplus of nursing facility beds in the last year for which the calculation was performed. Occupancy of Medicaid-certified (only) nursing facility beds in PD 20, as reported by VHI, far exceeded 93%, at 1200%. Medicaid occupancy calculated with Medicaid patient days as a percentage of Medicaid-certified plus dually certified bed available days was 63%.

**Table 7. Proposed Redistribution of Nursing Home Beds**

PD	Projected Net Need In 2022*	Previously Authorized Transfers	Proposed Bed Transfers	Projected Net Need After Proposed Project
PD 20	Surplus of 120	-13 <sup>1</sup>	+26	surplus of 133
PD 21	Deficit of 10	+60 <sup>2</sup>	-26	surplus of 24

\*Source: Request for Application, Nursing Home Bed Need Forecast for 2022 (latest available)

**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.**

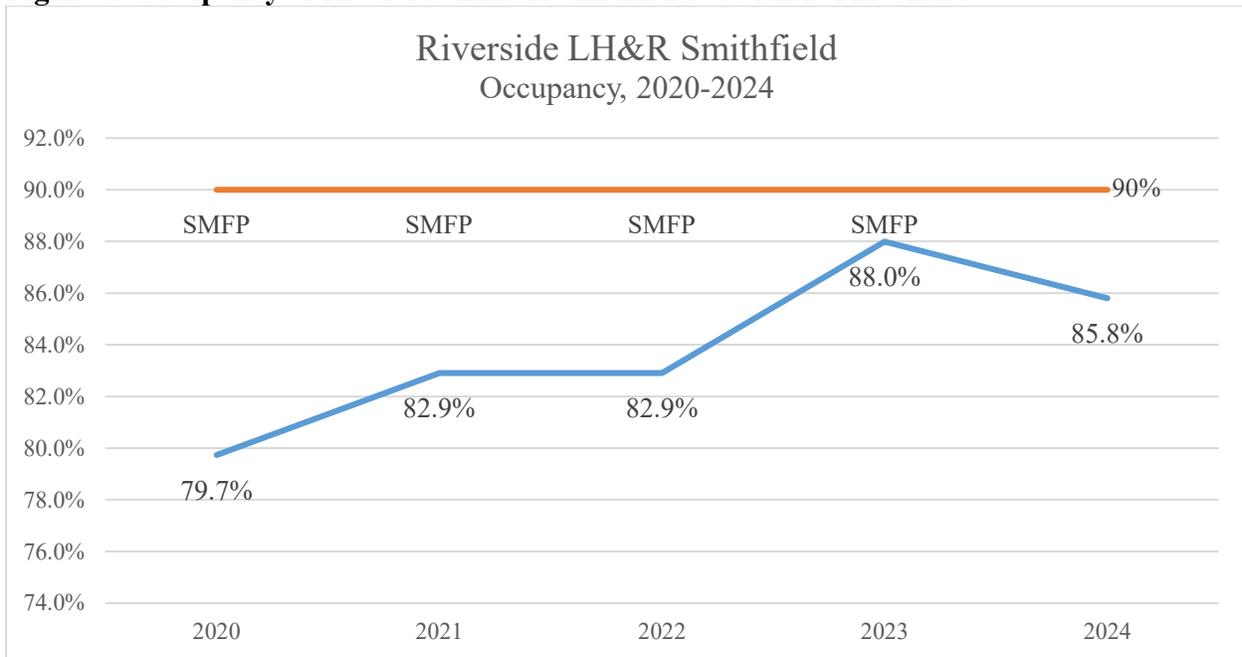
**Figure 4** shows that the applicant’s occupancy has not exceeded the threshold in the SMFP for expansion of bed capacity within the past five years. The applicant attributes this, in part, to its low number of licensed beds. In order to exceed 90% occupancy, Riverside LH&R would have to average no more than 3 empty beds. In addition, Riverside LH&R offers short stay services meeting the exception to the 90% occupancy threshold. Shorter stay post-acute services will be increasingly important as the new Riverside Smithfield Hospital patients are discharged to the applicant facility.

The applicant cites § 32.1-102.3:7 of the Code of Virginia (the “Bed Transfer Statute”) as authorization to transfer beds from one PD to another. It states that “The Commissioner shall accept and may approve applications for the transfer of nursing facility beds from one planning district to another planning district when no Request for Applications (RFA) has been issued” in cases in which the applicant can demonstrate: 1) there is a shortage of nursing facility beds in the planning district to which beds are proposed to be transferred; 2) the number of nursing facility beds in the planning district from which beds are proposed to be moved exceeds the need for such beds; 3) the proposed transfer of nursing facility beds would not result in creation of need for additional beds in the planning district from which the beds are proposed to be transferred; and 4) the nursing facility beds proposed to be transferred will be made available to individuals in need of nursing facility services in the planning district to which they are proposed to be transferred without regard to the source of payment for such services.

<sup>1</sup> COPN No. VA-04676 authorized the transfer of 13 beds out of PD 20 to PD 16.

<sup>2</sup> COPN No. VA-04584 authorized the transfer of 60 beds into PD 21.

**Figure 4. Occupancy of Riverside LH&R Smithfield vs SMFP Threshold**



With regard to the 4 criteria for applying the Bed Transfer Statute to relocate beds across PD lines, **Table 7** shows the estimated bed need in PDs 20 and 21 based on the latest bed need calculation available. 1) There is no shortage of beds in PD 20. Prior to the proposed addition of 26 beds, there is a calculated surplus in PD 20 of 107 beds. This criterion is not satisfied. 2) Prior to the proposed relocation of beds out of PD 21, there is a surplus of 50 beds; the applicant seeks to relocate 26, less than the surplus of 50 currently in PD 21. This criterion is satisfied. 3) Due to the previous transfer of nursing facility beds into PD 21, transferring 26 back out to PD 20 does not create a need for additional beds in PD 21. This criterion is satisfied. 4) The applicant has provided assurances that all beds at Riverside LH&R will be dually certified for Medicare and Medicaid. This criterion is satisfied.

There was no RFA issued, and only three of the four criteria were satisfied; however, due to a lack of nursing home patient origin data, the nursing facility bed need calculation has not been updated in several years. Another data point that has been used in assessing public need for nursing home beds is a comparison of occupancy across the relevant PDs. As noted previously, PD 20 had an average nursing facility bed occupancy of 87.1% in 2024 (**Table 2**) and, should the proposed project be approved, the occupancy calculated with 2024 patient days and 26 additional beds is 85.9%. PD 21 had an average occupancy of 84.8% in 2024 (**Table 4**). Should PD 21 relocate 26 beds to PD 20 as proposed, its occupancy would increase to 86.1%.

**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 the facility is and will be staffed appropriately to comply with all regulatory requirements.

**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.**

The proposed project does not foster institutional competition. It adds a small number of beds in PD 20 (less than 1% of the number of PD 20 nursing facility beds) in an area of PD 20 where nursing facility beds are sparse (**Figure 3**).

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.**

Riverside LH&R Smithfield is affiliated with the broader Riverside Health system of hospitals, specialists and ambulatory services. The facility is about 4 miles from the newly opened Riverside Smithfield Hospital. The proposal expands access to post-acute care as well as long-term care. The availability of post-acute beds, particularly beds that are dually certified for Medicaid and Medicare, creates efficiencies and improvements in access, and in discharging patients to the appropriate level of care.

**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.**

Capital costs of the proposed project are \$7,063,440 (Table 5), and its direct cost per square foot is reasonable and comparable to similar, recently authorized projects. The pro forma provided by the applicant (Table 8) shows a net income before taxes of \$73,837 the first year of operation and \$76,051 the second year. Though net income is relatively small, the pro forma provided demonstrates that increasing the facility’s bed count to a more efficient 60 beds takes the applicant facility from a loss of \$1.4 million (2024) and \$545,106 to a positive net income. The applicant anticipates an increase of 25 full-time equivalents (FTEs), with most of the new roles being for Certified Nursing Assistants (CNAs) and a small number of leadership and nursing personnel. Riverside Health has several workforce development initiatives to aid in recruitment and training and ensure a pipeline of personnel resources, including the Earn and Learn Program and Riverside’s Nursing Leadership Academy.

**Table 8. Pro forma, Riverside LH&R Smithfield, Addition of 26 Beds**

	Year 1	Year 2
<b>Revenue</b>	<b>\$20,703,098</b>	<b>\$21,324,191</b>
Deductions	\$6,133,719	\$6,317,731
<b>Net Patient Revenue</b>	<b>\$14,569,379</b>	<b>\$15,006,460</b>
<b>Other Revenue</b>	<b>\$98,614</b>	<b>\$101,572</b>
<b>Total Net Revenue</b>	<b>\$14,667,993</b>	<b>\$15,108,032</b>
<b>Total Expenses</b>	<b>\$14,594,156</b>	<b>\$15,031,981</b>
<b>Net Income Before Taxes</b>	<b>\$73,837</b>	<b>\$76,051</b>

Source: COPN Request No. VA-8865

**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 financing and delivery of health services or enhance outpatient services or cooperative efforts to meet regional healthcare 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**

Patrick Henry Hospital, Inc. proposes increasing the bed complement at Riverside LH&R Smithfield from 34 to 60 beds through the relocation of 26 beds from PD 21. Though the proposed project meets only three of the four criteria to accept a nursing facility application to transfer beds from outside of a project's PD in the absence of an RFA, data have not been available to perform the bed need calculation to substantiate an RFA for several years. The proposal is otherwise generally consistent with the applicable standards and criteria of the State Medical Facilities Plan and the 8 Required Considerations of the Code of Virginia. Neither DCOPN nor the applicant identified a reasonable alternative that meets the needs of the population in a less costly, more efficient or more effective manner. Furthermore, it is more beneficial than the status quo.

The proposal improves financial access by increasing the number of beds to a more operationally efficient number, enabling the applicant to dually certify all its beds for Medicare and Medicaid and improve its financial stability. Not only is the proposal wholly feasible in the immediate and long term, but it also enhances the financial position of the applicant to produce a positive net income. Projected capital costs are reasonable and there is no known opposition to the proposed project.

### **DCOPN Staff Recommendations**

The Division of Certificate of Public Need recommends **approval** of Patric Henry Hospital, Inc.'s COPN Request No. VA-8865 to add 26 nursing facility beds at Riverside Lifelong Health and Rehabilitation Smithfield for the following reasons:

1. The proposal to add 26 nursing facility beds at Riverside Lifelong Health and Rehabilitation Smithfield is generally consistent with the applicable standards and criteria of the State Medical Facilities Plan and the 8 Required Considerations of the Code of Virginia.
2. The proposed project improves financial accessibility in the area.
3. The proposed project is more beneficial than the status quo and no alternative has been identified to the proposed project that meets the needs of the population in a less costly, more efficient or more effective manner.
4. The proposal is wholly feasible.
5. The capital costs of the proposed project are reasonable.
6. There is no known opposition to the project.