

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-8868

Winchester Medical Center

Winchester, Virginia

Expand Surgical Service with the addition of Four General Purpose Operating Rooms (GPORs)

Applicant

Winchester Medical Center (WMC) is a Virginia nonstock 501(c)(3) corporation organized in 1984. WMC is a wholly owned subsidiary of Valley Health System. There are three subsidiaries wholly or partially owned by WMC—The Winchester Medical Center Foundation, Surgi-Center of Winchester, Inc., and Northern WV Home Health, LLC. WMC is located at 1840 Amherst Street, Winchester, Virginia 22601, within Planning District (PD) 7, in Health Planning Region (HPR) I.

Background

PD 7 includes the northernmost tip of the Commonwealth of Virginia, bordering West Virginia to its north and west. It includes the counties of Clarke, Frederick, Page, Shenandoah and Warren, and the independent city of Winchester (**Figure 1**). PD 7 had a population of 242,944 in 2020 and is projected to grow by 17,012 people, 7.0%, between 2020 and 2030. This is more than the population growth rate projected for Virginia during this decade, 5.8%. City of Winchester, where the proposed project is located, is projected to grow by 5.3%, adding just under 1,500 people between 2020 and 2030 (**Table 1**). The growth rates projected for 2020-2030 in the 65 and older age group, through aging and migration into the area, are 21.4% in Winchester and 33.5% in PD 7 overall, compared to 26.3% in Virginia (**Table 1**).

Figure 1. Map of PD 7

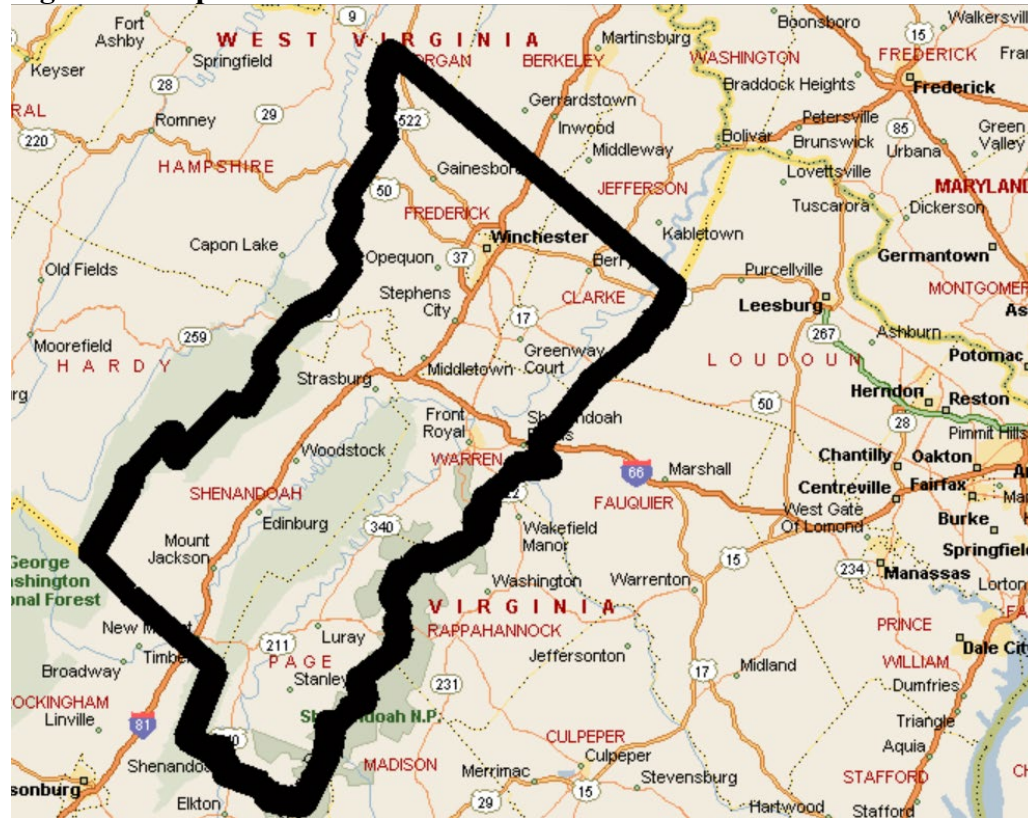


Table 1. Population Data, PD 7

Locality	2020 Census	2030 Projected	Projected population Change 2020-2030	Projected % Change 2020-2030	2020 65+ Census	2030 65+ Projected	Projected Population Change 65+ 2020-2030	Projected % Change 65+ 2020-2030
Clarke County	14,783	15,309	526	3.6%	3,248	4,225	977	30.1%
Frederick County	91,419	103,035	11,616	12.7%	16,440	22,438	5,998	36.5%
Page County	23,709	23,041	-668	-2.8%	5,389	6,368	979	18.2%
Shenandoah County	44,186	45,714	1,528	3.5%	9,902	11,523	1,621	16.4%
Warren County	40,727	43,250	2,523	6.2%	6,939	9,162	2,223	32.0%
City of Winchester	28,120	29,606	1,486	5.3%	4,696	5,699	1,003	21.4%
PD 7 totals	242,944	259,956	17,012	7.0%	44,490	59,414	14,924	33.5%
Virginia	8,631,393	9,129,002	497,609	5.8%	1,395,291	1,762,641	367,350	26.3%

Source: Weldon Cooper Center for Public Service. (2025).

WMC is a 495-bed, acute care facility that provides a comprehensive array of inpatient and outpatient services, including but not limited to cardiology, behavioral medicine services, surgery, orthopedics, neurosciences, oncology, women’s services, and pediatrics. WMC is the

region’s only Level II Trauma Center that serves a combined 13 counties in both Virginia and West Virginia and the City of Winchester, Virginia.

According to Virginia Health Information (VHI), there were 27 GPORs reported in PD 7 in 2024, the latest year for which such data are available (**Table 2**). The State Medical Facilities Plan (SMFP) defines GPORs at 12VAC5-230-500 as exclusive of dedicated cesarean section rooms, operating rooms designated exclusively for cardiac surgery, procedure rooms or VDH-designated trauma services. Division of Certificate of Public Need (DCOPN) notes that WMC has two cardiac ORs and one trauma OR, which are excluded from **Table 2** because they are not relevant to its request for GPORs.

Table 2. PD 7 General Purpose Operating Room Utilization

Facility	Total GPORs	Visits	OR Hours	Hours per OR	% of SMFP Threshold
Acute Care Hospitals					
Valley Health Shenandoah Memorial Hospital	3	962	1,002	334	21.0%
Valley Health Warren Memorial Hospital	2	1,281	1,808	904	57.0%
Valley Health Winchester Medical Center	18	12,596	25,466	1,415	88.0%
PD 7 Acute Care Hospital ORs	23	14,839	28,276	1,229	76.8%
Outpatient Surgical Hospitals (OSHs)					
Valley Health Surgery Center	3	2,814	3,027	1,009	63.0%
Winchester Eye Surgery Center, LLC	1	2,860	616	616	39.0%
PD 7 OSH ORs	4	5,674	3,643	911	56.9%
Total PD 7 ORs	27	20,513	31,919	1,182	73.9%

Source: VHI 2024

DCOPN notes that Valley Health Warren Memorial Hospital (WMH) reported two GPORs in 2024 (**Table 2**) but reported three GPORs in 2023. DCOPN records show three authorized GPORs at WMH. Additionally, Valley Health Page Memorial Hospital (PMH) reported one GPOR in 2023, but no volumes, and PMH did not report that GPOR in 2024. No additional GPORs have been authorized since the 2024 VHI reporting. Including the third authorized GPORs at Warren Memorial and the GPOR at Valley Page Memorial Hospital, apparently unused for more than twelve months, there are a total of 29 GPORs in PD 7.

Proposed Project

The applicant proposes to expand WMC’s surgical services by adding four GPORs within the hospital, at 1840 Amherst Street, Winchester, Virginia, by relocating PMH’s only GPOR to WMC, and adding three new GPORs to the inventory of PD 7. The proposal would result in a total of 22 GPORs, 2 cardiac ORs and 1 trauma OR. The applicant asserts an institutional need for the additional GPORs. The proposed project entails the new construction of 45,000 gross square feet

and 13,020 gross square feet of renovation. PMH’s GPOR, proposed to relocate to WMC, has reported no volumes since 2022. DCOPN notes that closing PMH’s surgical service leaves most of Page County without access to surgical services within a 30-minute drive time.

The total projected capital costs of the project are \$68,096,000 (**Table 3**). The applicant will fund the project with accumulated cash reserves and bond financing. Financing costs total \$53,470,429 for total capital and financing costs of \$121,566,429. Should the proposed project be approved, it is scheduled to open by December 29, 2028.

Table 3. Capital Costs WMC, Add Four GPORs

Direct Construction Cost	\$ 47,785,000
Equipment not included in construction contract	\$ 12,118,000
Site Preparation Cost	\$ 3,040,000
Architectural and Engineering	\$ 4,503,000
Other Consultant fees	\$ 650,000
Total Capital Costs	\$ 68,096,000

Source: COPN Request No. VA-8868

Project Definition

Section 32.1-102.1 of the Code of Virginia defines a project, in part, as “an increase in the total number of...operating rooms...in an existing medical care facility.” A medical care facility includes “general hospitals...”

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 City of Winchester has a growth rate just below that of the state, and its growth in the important 65 and older segment is also projected to be less than that of Virginia. DCOPN notes that the relocation of PMH’s only GPOR reduces geographic access and leaves much of Page County greater than a 30-minute drive to a surgical service. Regarding socioeconomic barriers, the poverty rate in PD 7 is higher than that of Virginia (**Table 4**). Winchester, the location of the proposed project, has a poverty rate of 16.2%, the highest in PD 7 and significantly higher than that of PD 7 and Virginia.

Table 4. Poverty Rates, PD 7

Locality	Percent in Poverty
Clarke County	7.3%
Frederick County	7.4%
Page County	14.2%
Shenandoah County	9.9%
Warren County	9.3%
City of Winchester	16.2%
PD 7 Percent in Poverty	10.7%
Virginia	10.2%

Source: <https://www.census.gov/data-tools/demo/saipe/>

The facility is situated in the City of Winchester at the intersections of Route 50 West and Route 37 and is easily accessible via major transportation routes, including Interstates 66 and 81. WMC has a helipad for receiving and dispatching emergency air transport. In addition, a local bus service provided by the City of Winchester provides access to the WMC campus for residents.

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 resolution from WMC’s medical staff in support of the proposed project. In addition, DCOPN received 26 letters of support from individual physicians and community leaders. Each letter expresses strong support for expanding surgical services at WMC. They state that the community has experienced a steady rise in surgical needs, which has taxed WMC’s surgical infrastructure and created delays to patient care. They state that the proposal will enhance local access and reduce the burden of traveling for care.

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-8868 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 August 24, 2026. Other than the letters of support referenced above, no members of the public commented. There is no known opposition to the project.

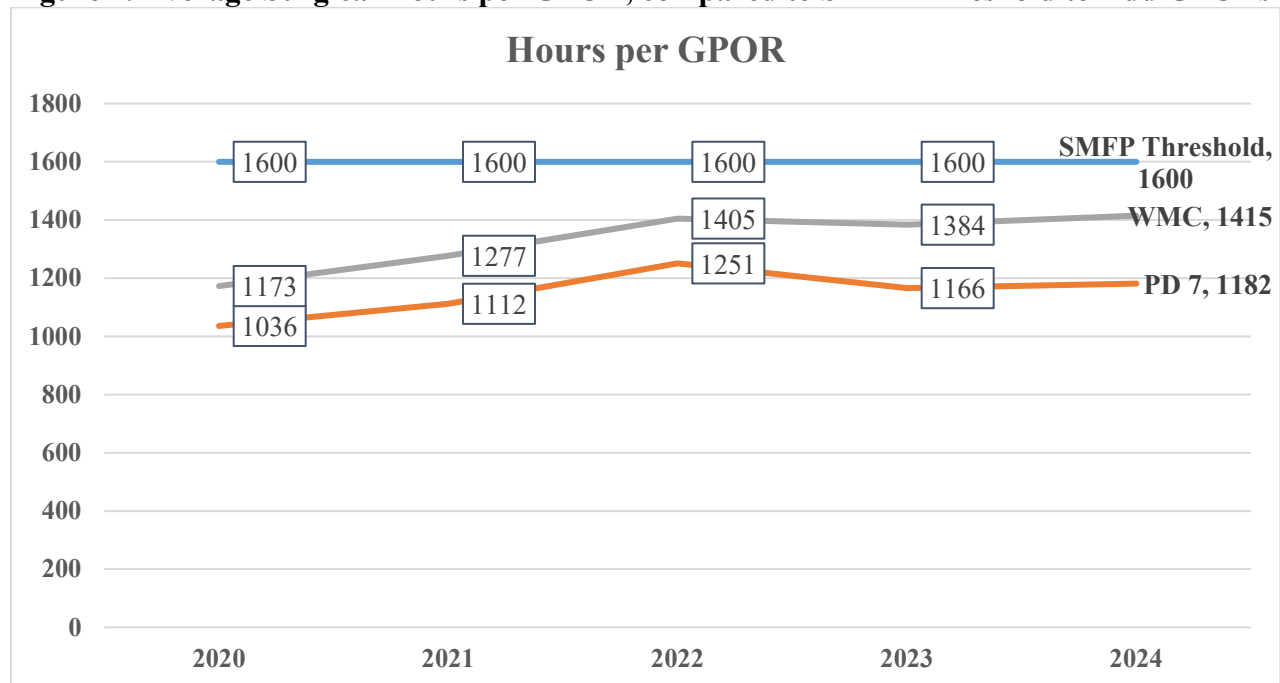
(ii) The availability of reasonable alternatives to the proposed service or facility that would meet the needs of the population in a less costly, more efficient, or more effective manner.

Maintaining the status quo remains the best alternative to meet the needs of the population in the least costly, most efficient manner. **Figure 2** clearly illustrates that neither PD 7 in the aggregate nor WMC individually has experienced average hours per operating room above the SMFP threshold to add GPORs. Valley Health owns both PMH and WMC. Currently, WMC is licensed for 18 GPORs, while PMH is licensed for one (**Table 2**). PMH reported zero operating room hours in 2023 and 2024. WMC reported 25,466 operating room hours in its 18 GPORs in 2024, an average of 1,415 hours per operating room, or 88.4% of the SMFP threshold for adding ORs, and failing to document an institutional need for one, much less four GPORs.

In its application, WMC appears to have the mistaken impression that 80% of the SMFP standard is sufficient to demonstrate institutional need, but the standard is 100% of an average of 1600 GPOR hours per OR. DCOPN sometimes examines utilization that is experienced by the applicant but not yet published, as a component in determining the need for a project; however, even projections included in COPN Request No. VA-8868 show 95% of the SMFP threshold in three years (2029). WMC’s own projections do not demonstrate need for additional OR capacity. DCOPN also notes that these calculations include WMC’s cardiac and trauma operating rooms and hours. This is not consistent with the SMFP required calculation of utilization.

There is adequate capacity for substantially more surgical hours before the expense of the proposed project would be justified. The proposed project would result in a total of 22 GPORs, and at 2024 volumes, this would reduce average utilization to 1,158 hours per GPOR, 72.4% of the SMFP standard.

Figure 2. Average Surgical Hours per GPOR, compared to SMFP Threshold to Add GPORs



Source: VHI Data and SMFP threshold for adding GPORs

(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 I designated by the Virginia Department of Health to serve as the Health Planning Agency for PD 7. 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 \$68,096,000, with \$47,785,000 (70.2%) in direct construction costs, which will be funded with accumulated reserves and bond financing. This equates to \$824 in direct construction cost per square foot. This cost is in the range of recently authorized, similar projects. COPN No. VA-04942 was authorized for approximately \$780 in direct construction cost per square foot and COPN No. VA-04890 for \$1,182 per square foot. The proposed project, however, includes additional financing costs total \$53,470,429 for total capital and financing costs of \$121,566,429.

Benefits cited by the applicant include the modernization and expansion of WMC's existing surgical platform, improvement in scheduling flexibility, reduction of patient delays and enhancement of WMC's ability to accommodate urgent and emergent cases without disrupting scheduled procedures. The applicant asserts that the proposed project will allow for better management of add-on cases and longer-than-expected surgeries, as well as its ability to meet WMC's high-acuity service population, including trauma OR availability.

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

WMC provided charity care in the amount of 0.6% in 2024, the latest year for which such data are available. This is well below the HPR I average of 2.0% (**Table 5**). The proforma provided by the applicant, **Table 8**, assumes charity care at 0.6% of gross patient revenues, consistent with WMC's charity care as a percentage of gross patient revenues in 2024, but not the HPR I average.

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 I, 2.0%. Pursuant to the Code of Virginia, 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 5. Charity Care as a Percent of Gross Patient Revenue in HPR I

HPR I	2024 at 200%		
	Gross Pt Rev	Total Charity Care Provided Below 200%	%
Inpatient Hospitals			
UVA Health Culpeper Medical Center	\$ 608,478,177	\$ 34,259,884	5.6%
University of Virginia Medical Center	\$ 8,921,363,447	\$ 267,814,182	3.0%
Sentara RMH Medical Center	\$ 1,299,093,095	\$ 34,179,211	2.6%
UVA Encompass Health Rehabilitation Hospital	\$ 47,227,845	\$ 2,302,674	4.9%
Sentara Martha Jefferson Hospital	\$ 976,480,538	\$ 17,411,990	1.8%
Carilion Rockbridge Community Hospital	\$ 245,348,553	\$ 2,154,977	0.9%
Spotsylvania Regional Medical Center	\$ 1,018,743,482	\$ 8,957,162	0.9%
Augusta Health	\$ 1,602,399,846	\$ 12,298,471	0.8%
Bath Community Hospital	\$ 29,576,578	\$ 172,931	0.6%
Valley Health Winchester Medical Center	\$ 2,123,358,824	\$ 11,908,546	0.6%
Stafford Hospital Center	\$ 370,363,474	\$ 1,843,906	0.5%
Mary Washington Hospital	\$ 1,802,440,824	\$ 8,931,031	0.5%
Valley Health Shenandoah Memorial Hospital	\$ 211,090,921	\$ 1,039,184	0.5%
Fauquier Hospital	\$ 502,348,786	\$ 2,450,797	0.5%
Valley Health Warren Memorial Hospital	\$ 265,287,099	\$ 1,197,376	0.5%
Valley Health Page Memorial Hospital	\$ 95,416,374	\$ 314,135	0.3%
Encompass Health Rehab Hosp of Fredericksburg	\$ 39,643,298	\$ 12,455	0.0%
HPR I Total Inpatient \$ & Mean %	\$ 20,158,661,161	\$ 407,248,912	2.0%
Outpatient Centers			
Martha Jefferson Outpatient Surgery Center	\$ 27,600,926	\$ 837,961	3.0%
UVA Health Surgical Care Riverside	\$ 39,804,288	\$ 921,933	2.3%
UVA Orthopedic Center	\$ 98,920,765	\$ 1,552,249	1.6%
Fredericksburg Ambulatory Surgery Center	\$ 71,232,608	\$ 178,939	0.3%
Surgery Center of Central Virginia	\$ 113,613,804	\$ 40,762	0.0%
Rockingham Eye Surgery Center	\$ 13,818,185	\$ 4,650	0.0%
Soaring Surgery Center	\$ 2,677,434	\$ -	0.0%
Valley Health Surgery Center	\$ 19,528,899	\$ -	0.0%
Winchester Eye Surgery Center, LLC	\$ 5,035,445	\$ -	0.0%
HPR I Total Outpatient Hospital \$ & Mean %	\$ 392,232,354	\$ 3,536,494	0.9%
HPR I Total Hospital \$ & Mean %	\$ 20,550,893,515	\$ 410,785,406	2.0%

Source: 2024 VHI

(vi) At the discretion of the Commissioner, any other factors 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 black border in **Figure 3** outlines PD 7. The H icons show the locations of hospital-based surgical services providers, while the blue dots are OSHs. **Figure 4** is a map that enlarges the northern portion of PD 7 to visualize the OSHs better. The blue H with the white background locates WMC, the site of the proposed project. The green shaded area illustrates the area that falls within a 30-minute drive time of a surgical service in PD 7. The light green shading represents the area that would lose access to surgical services within a 30-minute drive, should PMH's only GPOR relocate to WMC. As previously noted, Valley Health Page Memorial Hospital has previously reported a GPOR with no volumes documented since 2022. Because WMC is an existing provider of surgical services, the proposed project does not increase geographic access to surgical services in PD 7.

Figure 3. Map of Authorized Surgical Services Sites in PD 7

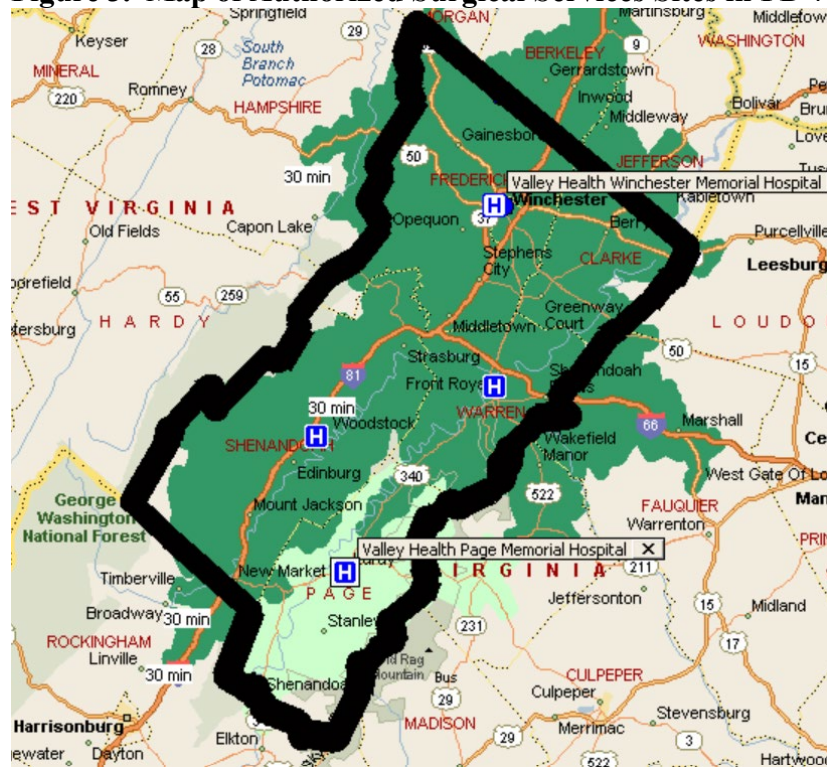
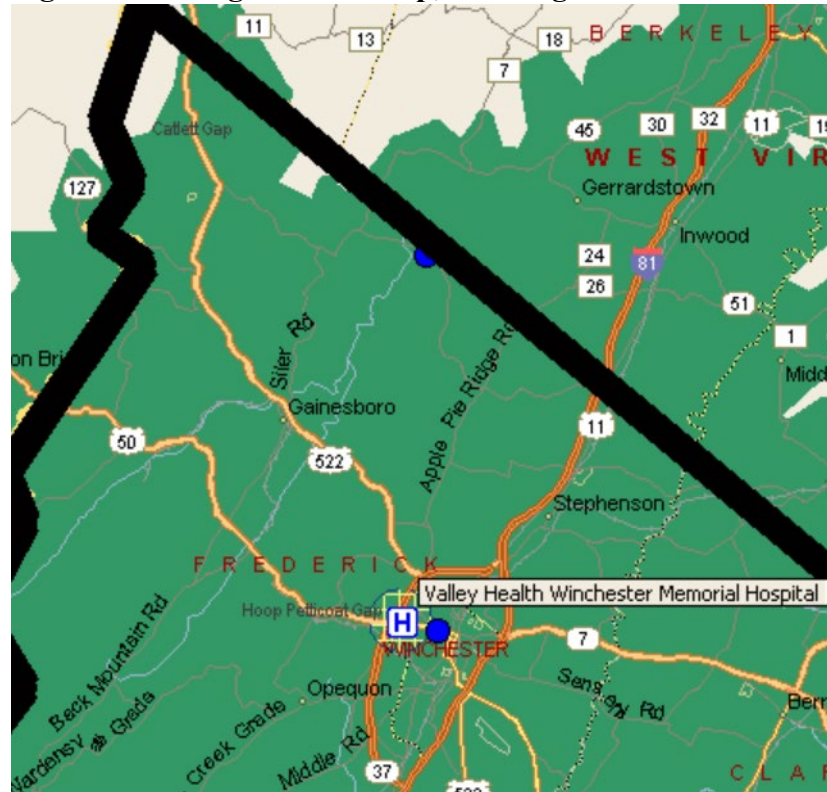


Figure 4. Enlargement of Map, Showing OSHs in PD 7



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:

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

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 7. It can also determine the overall need for GPORs within PD 7, 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 are shown below in **Table 6**.

Table 6. Inpatient and Outpatient GPOR Visits in PD 7: 2020-2024

Year	Total Inpatient & Outpatient GPOR Visits
2020	18,698
2021	20,554
2022	24,319
2023	23,479
2024	20,513
Total	107,563
<i>Average</i>	<i>21,513</i>

Source: VHI (2020-2024)

Based on actual population counts and projections derived from the 2024 U.S. Census as compiled by Weldon Cooper and DCOPN interpolations:

Table 7. Population estimates for PD 7 for the five years 2020-2024 and 2030 are as follows:

Year	Population
2020	242,944
2021	244,645
2022	246,346
2023	248,047
2024	249,749
Total	1,231,732
2031	261,657

Source: University of Virginia Weldon Cooper Center for Public Service. (2025). Virginia Population Estimates.

Based on the above population estimates from the 2024 U.S. Census and population projections, the cumulative total population of PD 7 for the five years from 2020 to 2024 was 1,231,732. The population of PD 7 in the year 2031 (PROPOP - five years from the current year) is projected to be 261657. These figures are necessary for the application of the preceding formula, as follows:

$$\text{ORV} \div \text{POP} = \text{CSUR}$$

Total PD 7 GPOR Visit 2020-2024	PD 7 Historical Population 2020-2024	Calculated GPOR Use Rate 2020-2024
107,563	1,231,732	0.087

$$\text{CSUR} \times \text{PROPOP} = \text{PORV}$$

Calculated GPOR Use Rate 2020-2024	PD 7 Projected Population 2030	Projected GPOR Visits 2030
0.087	261,657	22,764

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 has been calculated using information collected by VHI.

AHORV =

$$\frac{\text{total operating room hours reported to VHI in 2024 (Table 2)}}{\text{total operating room visits reported to VHI for that same year (Table 6)}} = 31,919/20,513$$

AHORV= 1.556

$$\text{FOR} = 0.087 \times 261,657 \times 1.556 / 1600 = 35,421/1600 = 22.13 \text{ (23) GPORs needed in 2031}$$

PD 7 Inventory of GPORs = 29

$$29 - 23 = \text{Surplus of 6}$$

DCOPN has calculated a surplus of 6 GPORs in PD 7 for the year 2031 planning.

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.

Relocation of PMH’s only operating room to WMC will not improve the distribution of surgical services in PD 7, but will leave Page County without access to surgical services within a 30-minute drive. The proposal will not result in lower costs to surgical patients nor change the number of operations performed on an outpatient basis.

12VAC5-230-130. Staffing.

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

12VAC5-230-80. When institutional expansion needed.

A. Notwithstanding any other provisions of this chapter, the commissioner may grant approval for the expansion of services at an existing medical care facility in a health planning district with an excess supply of such services when the proposed expansion can be justified on the basis of a facility's need having exceeded its current service capacity to provide such service or on the geographic remoteness of the facility.

WMC's projections included in COPN Request No. VA-8868 show 95% of the SMFP threshold in three years (2029). WMC's own projections do not demonstrate need for additional OR capacity within the next three years. In addition, DCOPN notes that the utilization table on page 27 of WMC's application includes WMC's cardiac and trauma operating rooms and surgical hours, which is not consistent with the SMFP required calculation of utilization. WMC Surgical Hours presented in this table for 2025, inclusive of its cardiac and trauma rooms, was 32,488.

When asked for WMC's GPOR hours for 2025 (not yet published), exclusive of hours in its cardiac and trauma ORs, the response was, "That number of surgical GPOR hours (exclusive of hours for Trauma and Cardiac Surgery) is 38,307," which is higher than the number of hours presented in the application that included trauma and cardiac hours (32,488). The discrepancy was explained because several months had passed since the 2025 year-end numbers were pulled for the application. DCOPN notes that the GPOR hours provided in response to this post-application clarification request were 50% higher than published GPOR hours for the previous year (2024). Due to this drastic increase in GPOR hours from 2024, DCOPN did not include these unofficial, unpublished hours in its analysis.

B. If a facility with an institutional need to expand is part of a health system, the underutilized services at other facilities within the health system should be reallocated, when appropriate, to the facility with the institutional need to expand before additional services are approved for the applicant. However, underutilized services located at a health system's geographically remote facility may be disregarded when determining institutional need for the proposed project.

PD 7 has a surplus of six GPORs, and WMC has not demonstrated an institutional need for additional GPORs (**Figure 2**). If PMH has abandoned its surgical services, relocation of its GPOR WMC would represent a use for an underutilized service; however, with a surplus in the PD and no institutional need, the status quo is more beneficial than the proposed project.

C. This section is not applicable to nursing facilities pursuant to § 32.1-102.3:2 of the Code of Virginia.

WMC is not a nursing facility.

D. Applicants shall not use this section to justify a need to establish new services.

WMC is requesting an expansion, not the establishment of a new service.

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.**

Valley Health is the only healthcare system in PD 7, with no institutional competition within the district. The proposed project does not impact institutional competition.

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.

WMC is the largest of the acute care hospitals within the Valley Health System, the sole healthcare system in PD 7, and the provider of the PD’s highest-acuity services. In addition to WMC, the Valley Health System includes Warren Memorial Hospital, Page Memorial Hospital, Shenandoah Memorial Hospital, and the Valley Health Surgery Center.

As previously discussed, DCOPN has calculated a net surplus of six GPORs in PD 7 for the 2031 planning year. Access to surgical services at WMC is essential infrastructure for many of the services it provides, but there is no evidence that WMC requires additional surgical capacity.

Table 2 shows that WMC’s GPORs operated at 88.0% of the SMFP threshold, and collectively, the Valley Health System operated at 72.5% of the SMFP threshold to add operating rooms.

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.

Total projected capital costs for the proposed project are \$68,096,000, which will be funded with accumulated reserves and bond financing. The direct construction cost per square foot for the proposed project is in the range of recently authorized, similar projects; however, the proposed project requires additional costs for financing, at \$53,470,429, for total capital and financing costs of \$121,566,429. The proforma provided by the applicant projects net income before taxes of \$549,573 in the first year of operation and \$4,832,096 in the second year of operation (**Table 8**).

With regard to staffing, the applicant states that the proposed project requires 53 additional full-time equivalent staff members. There are currently 632 vacant positions (including 243 RN vacancies) out of 2,593, 24.4% of the required workforce. This is before the implementation of the proposed project. The high vacancy rate calls into question the applicant’s ability to add 53 more employees to its staff.

Table 8. Proforma, WMC Add Four GPORs

	Year 1	Year 2
Revenue	\$ 21,025,619	\$ 44,294,184
Charity Care	\$ 126,154	\$ 265,765
Other Deductions	\$ 12,552,295	\$ 26,665,099
Net Revenue	\$ 8,347,170	\$ 17,363,320
Total Expenses	\$ 4,181,410	\$ 8,915,037
Depreciation	\$ 3,616,187	\$ 3,616,187
Net Income Before Taxes	\$ 549,573	\$ 4,832,096

Source: COPN Request No. VA-8868

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. The intention is to provide the same services now available in newly built and renovated space. It also does not allow for the delivery of care in an outpatient facility. As to cooperative efforts, WMC does have transfer agreements with several other existing providers, and delivers higher acuity services to patients of surrounding community hospitals.

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

The proposed project is located in an area of the Commonwealth experiencing lower than average population growth, both overall and in the important 65 and older segment. It has the support of the medical staff at Winchester Medical Center (WMC) and community leaders and no documented opposition. The status quo is a reasonable alternative to the proposed project that would meet the population's needs in a less costly, more efficient, or more effective manner. The costs associated with the proposal are reasonable, but financing costs add significantly to the total expense. In addition, there is a surplus of GPORs in the PD and the applicant fails to demonstrate institutional need. There is little benefit to the proposal. Overall, the proposal appears financially feasible, but with existing employee vacancies, DCOPN questions the feasibility of recruiting the substantial number of additional employees required to operate the proposed project.

DCOPN finds that WMC's COPN Request Number VA-8868 to expand its surgical services with the addition of four GPORs is **not consistent** with the applicable criteria and standards of the State Medical Facilities Plan (SMFP) and the Eight Required Considerations of the Code of Virginia. Furthermore, the relocation of the sole GPOR from PMH to WMC reduces geographic access to patients in Page County. This project is premature for the limited amount of growth projected and the existing GPORs excess capacity already in PD 7.

DCOPN Staff Recommendations

The Division of Certificate of Public Need recommends **denial** of Valley Health Winchester Medical Center's COPN Request number VA-8868 to expand surgical services with the addition of four GPORs, including the relocation of an underutilized OR from Valley Health Page Memorial Hospital and the addition of three new GPORs, for the following reasons:

1. The proposal to expand surgical services at Valley Health Winchester Medical Center with the addition of four GPORs is not consistent with the applicable standards and criteria of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. There is a surplus of GPORs in PD 7 and the applicant fails to demonstrate an institutional need for additional operating room capacity.
3. The proposed project is in a marginally growing region of the Commonwealth.
4. DCOPN questions the feasibility of acquiring an adequate number of health care staff to operate the proposed project.
5. The status quo is a reasonable alternative to the proposal that would meet the needs of the population in a less costly, more efficient, or more effective manner.