

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-8871

The Rector and Visitors of the University of Virginia on Behalf of the University of Virginia Medical Center

Add Two General Purpose Operating Rooms at an Existing Medical Facility

Applicant

The UVA Health Orthopedic Center Ivy Road (UVA Orthopedic Center Ivy) is a facility owned by Rector and Visitors of the University of Virginia on Behalf of the University of Virginia Medical Center (UVA Medical Center). The University of Virginia Medical Center-Hospitals and Clinics is a State-owned (public) organization located in the city of Charlottesville, Virginia. UVA Health Orthopedic Center is located at 2280 Ivy Road, Charlottesville, Virginia, in Planning District (PD) 10, Health Planning Region (HPR) 1.

Background

The City of Charlottesville is in PD 10 along with five counties: Albemarle County, Nelson County, Fluvanna County, Greene County, and Louisa County. The population of the PD is expected to be approximately 279,464 people in 2030, a 7.9% increase from the 2020 population (**Table 1**). Charlottesville City is expected to grow 5.1% from the 2020 population, approximating 48,920 people in 2030. The adult population in the city is expected to grow to 40,231 (an increase of 5.4%), while the population over 65 is expected to grow to 6,099 (increase of 11.9%) by 2030. The growth rate of the population as well as each subset is smaller than that of the PD, and of the state.

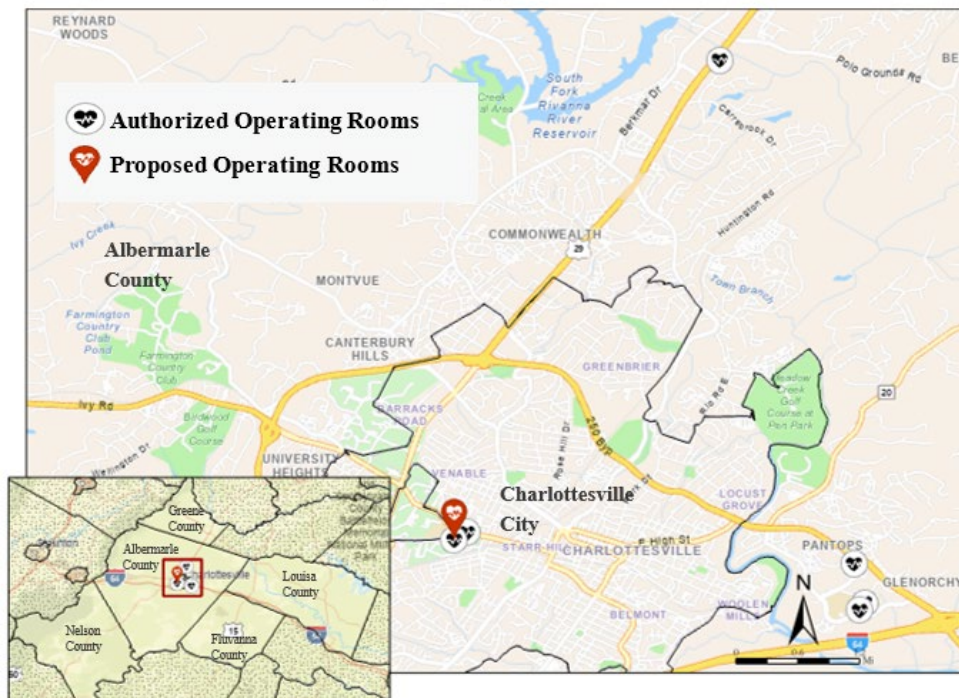
Table 1: Experienced and Predicted Population of PD 10

Location	Experienced 2020			Predicted 2030			2020-2030 Change		
	Total	18+	65+	Total	18+	65+	Total	18+	65+
Albemarle County	112,395	87,614	21,772	124,016	97,383	27,353	10.3%	11.1%	25.6%
Nelson County	27,249	21,910	5,784	28,394	23,109	7,205	4.2%	5.5%	24.6%
Fluvanna County	20,552	15,959	3,758	22,376	17,667	5,202	8.9%	10.7%	38.4%
Greene County	37,596	29,943	7,702	41,436	33,222	10,411	10.2%	11.0%	35.2%
Louisa County	14,775	12,315	4,267	14,322	11,998	4,859	-3.1%	-2.6%	13.9%
City of Charlottesville	46,553	38,165	5,449	48,920	40,231	6,099	5.1%	5.4%	11.9%
PD 10	259,120	205,906	48,732	279,464	223,610	61,129	7.9%	8.6%	25.4%
Virginia	8,631,393	6,729,459	1,359,291	9,129,002	7,173,130	1,762,641	5.8%	6.6%	26.3%

Source: Weldon-Cooper Data

The City of Charlottesville is the location of the University of Virginia (UVA) and has associated medical facilities, which have led to the city being a hub of medical care in the PD. **Map 1** shows the location of facilities authorized for operating rooms in the PD. Each of the authorized locations is shown on the zoomed-in map, with the space of said map highlighted by the red square on the smaller image. In PD 10, all the authorized ORs are located within an approximately 5-mile radius of one another.

Map 1: Authorized Operating Rooms in PD 10



Source: ArcGIS, DCOPN Inventory, VHI Records

The breakdown of the 66 operating rooms (ORs) at each location in PD 10 is in **Table 2**. Four of the authorized ORs are specialized for cardiac or trauma, all located at UVA Medical Center. The specialized ORs are all authorized to UVA Medical Center and had a utilization of 147.6% in 2024 (**Table 2**). The total utilization for the 66 authorized ORs was 135.8%. The remaining 62 are general-purpose operating rooms (GPOR). The average utilization of GPORs was approximately 128.4% in 2024, the last year for which such data is available. For the analysis of this report, only the GPOR inventory and utilization will be considered.

Table 2: Operating Room Utilization in PD 10 (2024)

Facility Name	OR Type	Total ORs	Utilization
Sentara Martha Jefferson Hospital	General	9	101.2%
University of Virginia Medical Center	General	28	166.4%
Martha Jefferson Outpatient Surgery Center	Ambulatory Surgical	4	76.8%
Soaring Surgery Center	Ambulatory Surgical	1	47.9%
University of Virginia Medical Center	Ambulatory Surgical	12	126.5%
UVA Health Surgical Care Riverside	Ambulatory Surgical	4	68.3%
UVA Orthopedic Center	Ambulatory Surgical	4	60.9%
General and Ambulatory Surgical ORs		62	128.4%

Facility Name	OR Type	Total ORs	Utilization
University of Virginia Medical Center	Cardiac - Adult	1	107.9%
University of Virginia Medical Center	Cardiac - Pediatric	1	14.8%
University of Virginia Medical Center	Trauma	2	93.5%
Specialized ORs		4	77.4%
Total OR and Utilization		66	135.8%

Source: DCOPN Inventory, VHI Database

UVA Orthopedic Center Ivy was authorized for four GPORs for outpatient bases in 2018¹. The facility started services in October 2022 and had a utilization of 60.9% utilization in 2024. The facility “provides a full spectrum of orthopedic services, including sports medicine, hand, foot and ankle, spine, prosthetics and orthotics, physical therapy, advanced diagnostics and imaging, both indoor and outdoor rehabilitation spaces, and an outpatient pharmacy.” Beyond the four GPORs, UVA Orthopedic Center Ivy is authorized for two CT scanners² and two MRI scanners.

Proposed Project

UVA Orthopedic Center Ivy proposes to expand its surgical services with the addition of two GPORs restricted to orthopedic cases and musculoskeletal surgeries. It is currently authorized for four GPORs; approval of the proposed project will bring the total number to six with only the proposed two being restricted. The UVA Orthopedic Center Ivy is located on the UVA Medical Center main campus. When the facility was constructed, shell space for two ORs was left in the building for future expansion. The proposed project will have two GPORs in the shell spaces, requiring no additional infrastructure changes. The space of the proposed project will encompass approximately 40,400 square feet. The capital costs associated with the project are estimated at \$7,575,000 (Table 3). The cost includes remodeling of the space and the necessary equipment.

Table 3: Capital Costs

Direct Construction Cost	\$ 4,200,000
Equipment Not in Construction	\$ 2,800,000
Architect and Engineering Fees	\$ 500,000
Other Consultant Fees	\$ 75,000
Total Capital Costs	\$ 7,575,000

Source: COPN Request No. VA-8871

¹ COPN VA-04588

² The second CT scanner was authorized by COPN VA-04723 and is expected to be completed in September 2026.

The facility will provide surgical services at least five days a week, between the hours of 7:30 am to 5:30 pm. There will also be the availability for patients to stay on short-term stay units for up to 24 hours. Should the project be approved, services would begin in September 2027.

Project Definition

Section 32.1-102.1:3 of the Code of Virginia defines a project as the “[a]n increase in the total... operating rooms in an existing medical care facility described in subsection A;” medical care facilities are defined, in part, as “[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 City of Charlottesville, where the proposed project is located, had approximately 7,019 residents in poverty (16.5%) in 2024, the last year for which such data is available. The poverty rate is the highest of the PD, and larger than the average rate of PD 10 and Virginia (**Table 4**).

Table 4: Poverty Rate in PD 10 (2024)

Location	Population in Poverty	Estimated Total Population	Poverty Percentage
Albemarle County	9,142	110,145	8.3%
Nelson County	1,951	27,479	7.1%
Fluvanna County	1,805	21,488	8.4%
Greene County	3,486	42,000	8.3%
Louisa County	1,686	14,661	11.5%
City of Charlottesville	7,019	42,539	16.5%
PD 10	25,089	258,312	9.7%
Virginia	839,669	8,568,051	9.8%

Source: US Census SIAPE (2024)

There are two public transit systems available at the proposed location. The first, Jaunt, is a PD-wide program where residents can schedule transportation at least one day in advance between the hours of 8:30 am and 5 pm. Riders are picked up by drivers, with accommodation for disabilities as applicable. Jaunt rides are currently free³. The second public transit system available at the proposed location is the UVA bus system. Rides are available for anyone from 8

³ <https://ridejaunt.org/services/how-to-ride/>

am to 5 pm, with no cost associated with the rides. The bus stops at the proposed facility as well as various stops around the campus and parking lots.

While there are public bus routes available in the city, called Charlottesville Area Transit (CAT), the nearest stop to the facility is approximately one mile from the proposed site. Due to the purpose of the proposed project being surgical services offered for orthopedic cases and musculoskeletal surgeries, the necessary walk from the bus stop to the facility may discourage bus usage for patients traveling to and from appointments.

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.

The Chair of the Department of Orthopedic Surgery at the University of Virginia wrote in support of the project, stating that the additional operating rooms at the facility will meet increasing demand and decompress surgical volumes at UVA Medical Center.

Senator Creigh Deeds of the 11th District of Virginia wrote in support of the project, as did nineteen other physicians associated with UVA Medical Center. The letters, in aggregate state:

- UVA Medical Center allows for the provision of clinical opportunities for residents to provide high-quality care to patients. As a teaching hospital, physicians and nurses contribute to research on improving surgical care.
- The existing ORs are highly utilized, causing delays in scheduling care. Approval of the proposed project will allow for an increase in care access and enhance efficiency.
- Additional ORs will “relieve pressure on main hospital ORs” and allow for more emergent, inpatient, surgeries to be performed at the hospitals.

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-8871 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 comments on March 10, 2026. The public comment period closed on April 24, 2026. Other than the letters of commitment 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.

UVA Orthopedic Center Ivy had a utilization of 60.9% of the SMFP threshold for expansion in 2024, indicating that the facility can still take on additional capacity before needing to expand. The applicant states one of the reasons for the proposed project is to decant volumes from the UVA Medical Center⁴, main campus, which is performing approximately 154.4% of the SMFP threshold (Table 5). However, there is space for growth at the UVA Orthopedic Center Ivy before the need for expansion. As OR utilization is determined by the number of average hours in the OR, instructional time, as applicable, would be included in the utilization percentage. The application appears to be premature for the current surgical volume that the facility is performing.

Table 5: UVA Medical Center and HOPD⁵ Utilization

Facility Name	GPOR	Utilization
UVA Medical Center	40 ⁶	154.4%
UVA Orthopedic Center Ivy	4	60.9%
	44	145.9%

Source: VHI Database (2024)

However, GPOR visits in the PD increased 18% between 2020 and 2024, with general surgical patient visits growing from 40,801 to 49,873 visits in that timeframe. While there have been four additional GPORs added to the PD during that time, all operated at UVA-owned facilities, the utilization of GPORs in the PD has consistently been over 115% the SMFP expansion threshold since 2020. For the UVA Orthopedic Center, there was a reported utilization of 60.9% in 2024 which is under the threshold for expansion. However, the center has been providing services for two years, in which the volume almost doubled each year (Table 6). There is also a deficit of 11 GPORs in the PD.

Table 6: UVA Orthopedic Center Ivy Utilization

Year of Operation	GPOR	Total Visits	Utilization
2023	4	902	37.7%
2024	4	1,552	60.9%

Source: VHI Database

(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 the northwestern Virginia region. Therefore, this consideration does not apply to the review of either proposed project.

⁴ UVA Health Surgical Care Riverside is owned by UVA Medical Center, but it will continue to function as a “separate community surgery center” until 2031. It is not a HOPD and located off the main campus, so it is not included in Table 5.

⁵ Hospital Outpatient Department (HOPD)

⁶ The number of ORs and utilization includes the inpatient (general) and ambulatory surgical ORs.

(iv) Any costs and benefits of the project.

The capital cost of the project is estimated to be \$7,575,000 (**Table 3**). This includes construction costs and the purchase of necessary equipment. Due to the existing shell space, there is no need for additional infrastructure. Construction costs cover the renovations needed for the spaces to undergo before beginning surgical services.

Of the capital costs, the direct construction costs are approximately 55% of the total cost. Direct construction costs also equate to an estimated \$104 per square foot of the proposed project. This is less than other comparable projects. COPN No. VA-04960 authorized the establishment of surgical services with four GPORs in PD 8 at a cost of approximately \$551 per square foot; COPN VA-04961 authorized the expansion of surgical services with the addition of four GPORs in PD 11 at a cost of approximately \$216 per square foot.

Table 3: Capital Costs *(as shown above)*

Direct Construction Cost	\$ 4,200,000
Equipment Not in Construction	\$ 2,800,000
Architect and Engineering Fees	\$ 500,000
Other Consultant Fees	\$ 75,000
Total Capital Costs	\$ 7,575,000

Source: COPN Request No. VA-8871

The applicant states that the benefits for the proposed project include “improved access for both elective and urgent procedures, and enhanced patient experience.”

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

In accordance with Section 32.1-102.4.B of the Code of Virginia, should the proposed project receive approval, the project will 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. Pursuant to the 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.

UVA Orthopedic Center Ivy proffered a charity care rate of 1.8% in the application’s Pro Forma. This rate is below the HPR average for the charity care reported in 2024 (**Table 7**). Should the project be approved, DCOPN recommends a charity care condition of 2.0% attached to the certificate, pursuant to the HPR I average.

Table 7: Charity Care Provided at 200% of the Federal Poverty Line (2024)

HPR I	Gross Patient Revenue	Charity Care Provided	Percent Provided
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%
UVA Transitional Care Hospital			
HPR I Inpatient Hospital Median			0.88%
HPR I Total Inpatient \$ & Mean %	\$ 20,158,661,161	\$ 407,248,912	2.0%

HPR I	Gross Patient Revenue	Charity Care Provided	Percent Provided
Outpatient Hospitals			
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%
Culpeper Surgery Center, LLC			
University of Virginia Medical Center--Battle Building (Outpatient Children's Hospital)			
University of Virginia Musculoskeletal Center at Ivy Mountain			
Monticello Community Surgery Center			
HPR I Outpatient Hospital Median			0.04%
HPR I Total Outpatient Hospital \$ & Mean %	\$ 392,232,354	\$ 3,536,494	0.90%
HPR I Hospital Median			0.90%
HPR I Total Hospital \$ & Mean %	\$ 20,550,893,515	\$ 410,785,406	2.00%

Source: VHI Database

(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 SMFP contains the criteria and standards for operating rooms. They are as follows:

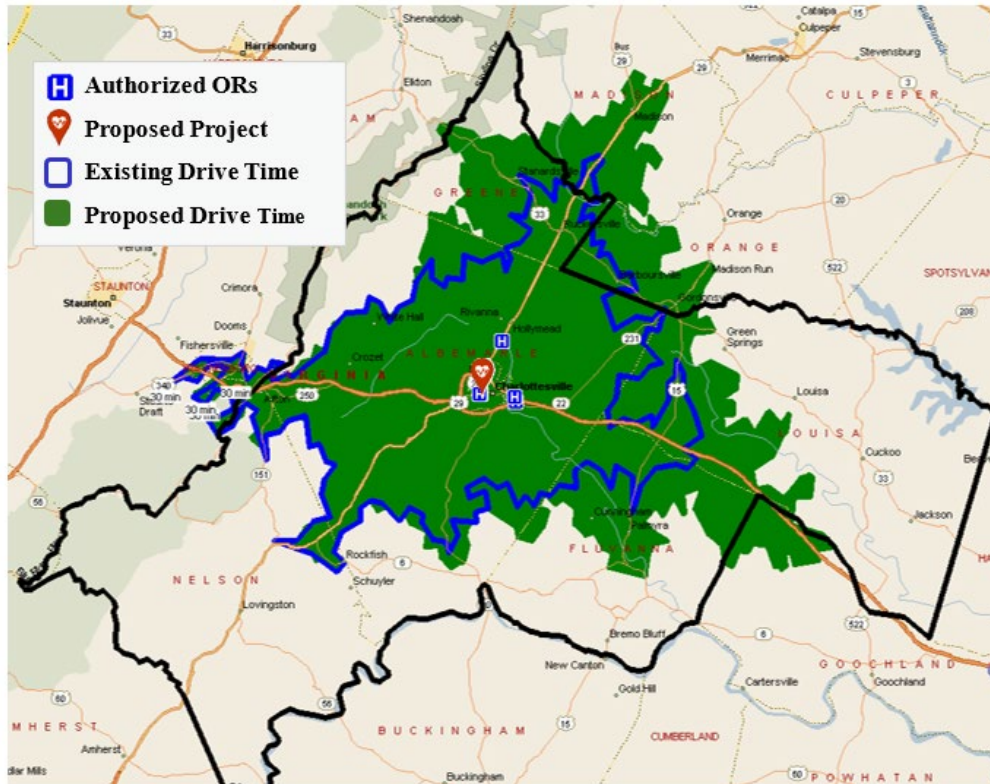
Part V.

Part V. General Surgical Services

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.

Map 2 shows the driving time accessibility from the existing authorized surgical services in PD 10, as well as the geographic access within 30 minutes' drive of the proposed project. The PD is outlined in black, with the existing time shown in green and the geographic access within 20 minutes' drive of the proposed site highlighted in blue. There are currently areas of PD 10 which do not have access to GPORs within a 30-minute one way drive time. Much of Louisa County and Nelson County, as well as the southern portion of Fluvanna and the northwestern portion of Albemarle County are outside of the distance from surgical services within the PD. The proposed project does not add geographic access to the PD.

Map 2: 30-Minute Drive Time (PD 10)



Source: Microsoft Streets and Trips (2008), DCOPN Inventory

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.

Based on the calculation, there is a need for 73 GPORs in PD 10. There are currently 62 authorized GPORs in the PD, meaning that there is a deficit of 11 ORs (**Figure 1**). The proposed project will add two additional GPORs, decreasing the deficit to 9.

Figure 1: Calculations of 12VAC5-230-500

$$\text{FOR} = \frac{((\text{ORV}/\text{POP}) \times (\text{ProPOP})) \times \text{AHORV}}{1,600}$$

$$\text{FOR} = \frac{((215,369 / 1,315,944) \times 281,498) \times 2.553}{1,600}$$

$$\text{FOR} = \frac{45,737.42 \times 2.553}{1,600}$$

$$\text{FOR} = \frac{116,784}{1,600}$$

FOR = 72.99 or 73

73 needed - 62 authorized = 11 ORs needed in the PD.

ORV		AHORV	
2020	40,801	2024	2.553
2021	40,152		
2022	36,894		
2023	47,649		
2024	49,873		
Total	215,369		

Population Calculations	
Pop	1,315,944
ProPop	279,464

Experienced Population Total (2020-2024) and Prediction (2030)

Location	2020	2021	2022	2023	2024	2030
Albemarle County	112,395	113,557	114,719	115,881	117,044	124,016
Nelson County	27,249	27,364	27,478	27,593	27,707	28,394
Fluvanna County	20,552	20,734	20,917	21,099	21,281	22,376
Greene County	37,596	37,980	38,364	38,748	39,132	41,436
Louisa County	14,775	14,730	14,684	14,639	14,594	14,322
City of Charlottesville	46,553	46,790	47,026	47,263	47,500	48,920
PD10	259,120	261,154	263,189	265,223	267,258	279,464
Virginia	8,631,393	8,681,154	8,730,915	8,780,676	8,830,437	9,129,002

Source: Weldon-Cooper Estimates

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.

This criterion is not applicable as the proposed project does not involve the relocation of an GPOR, but rather the addition of new GPORs to the existing facility.

12VAC5-230-510. Staffing.

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

The applicant states that surgical services will be performed under the direction of the “Associate Chief Medical Officer of Perioperative Services, as well as the Chair of the Department of Orthopedic Surgery, each of whom is board certified in her/his respective specialties.”

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.

UVA Orthopedic Center Ivy is part of the UVA Medical Center campus. UVA is the chief general surgical provider in the area, owning approximately 77.4% of the 62 GPORs and performing 81% of surgical procedures in the PD. As such, the proposed project will not increase institutional competition in the area, instead it will strengthen the presence of UVA and subsidiaries.

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 stated above, UVA Medical Center and its subsidiaries are authorized for approximately 77.4% of the GPORs in PD 10. The UVA affiliated GPORs had an average utilization of 139.4% of the SMFP expansion threshold in 2024, the last year for which data was available. The utilization was higher than the average rate of all GPORs in the PD (128.4%).

Table 8: Utilization of Medical Care Facilities Owned by UVA

Facility Name	GPORs	Utilization
UVA Medical Center	40 ⁷	154.4%
UVA Health Surgical Care Riverside	4	68.3%
UVA Orthopedic Center Ivy	4	60.9%
	44	139.4%

Source: VHI Database (2024)

The applicant stated that one of the purposes of the project was for increased availability to relocate orthopedic cases and musculoskeletal surgeries from UVA Medical Center to be performed on an outpatient basis at UVA Orthopedic Center Ivy. As the proposed project will also be restricted to orthopedic cases and musculoskeletal surgeries, it is not expected to significantly negatively impact existing providers.

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.

⁷ The number of ORs and utilization includes the inpatient (general) and ambulatory surgical ORs.

The applicant estimates a net income of \$60,596,662 the first year of operation with six GPORs, and a net income of \$61,808,596 in the second year (Table 9). Income will decrease slightly due to the recommended charity care rate of 2.0% being different from the 1.8% proffered. The difference is not expected to impact the feasibility of the project.

Table 9: Revenue and Expenses as on Pro Forma

	Year 1	Year 2
Gross Patient Revenue	\$ 180,827,366	\$ 184,443,913
Contractual Adjustments	\$ (118,089,668)	\$ (120,451,462)
Bad Debt	\$ (344,592)	\$ (351,483)
Charity Care (1.8%)	\$ (3,254,893)	\$ (3,319,990)
Other Income ⁸	\$ 1,458,449	\$ 1,487,618
Net Revenue	\$ 60,596,662	\$ 61,808,596
Direct and Indirect Costs	\$ (57,492,086)	\$ (58,641,928)
Net Income	\$ 60,596,662	\$ 61,808,596

Source: COPN Request No. VA-8871

The addition of two operating rooms will require 25.6 full-time equivalent staff. This includes 16.8 registered nurses, one patient care technician, one surgical support technician, 2.5 surgical technicians, and 1.3 radiologic technologists, and three sterilization processing staff. The total number of medical staff at the facility will equate to approximately 101.87 people. The applicant states that staff will be recruited through partnerships with nursing schools as well as networking through online job boards and social media.

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.

(i) The proposed project does not introduce new technology to the PD, but rather expands existing surgical services already provided at UVA Orthopedic Center Ivy. (ii) The proposed project would allow for orthopedic cases and musculoskeletal surgeries currently occurring at UVA Medical Center to be performed outside of the hospital on an outpatient basis. There is the ability to transfer patients to a hospital should there be an unforeseen emergency. (iii) The applicant stated that there is cooperation with local hospitals and partnering physicians. (iv) No other factors were deemed appropriate by the Commissioner.

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.

⁸ The applicant clarified this line includes supplemental reimbursement recognized through report settlements.

UVA Medical Center is an academic medical center. (i) The mission of UVA Medical Center is to “provide advanced care for severely ill patients with complex needs when other hospitals cannot.” (ii) The applicant stated that care for the indigent or underserved population will improve through “improving access and reducing delays that disproportionately affect patients with the fewest resources.”

DCOPN Staff Findings and Conclusions

The UVA Health Orthopedic Center Ivy Road (UVA Orthopedic Center Ivy) is proposing for the addition of two GPORs dedicated to orthopedic cases and musculoskeletal surgeries. It is currently authorized for four outpatient ORs; the approval of the proposed project will bring the total number to six. Capital costs associated with the project are estimated at \$7,575,000.

There are three public transit systems available at the proposed location that provide free transportation to the facility or nearby stops. DCOPN received twenty letters of support for the proposed project and no letters of opposition. While UVA Orthopedic Center Ivy had a 60.9% utilization of the SMFP threshold for expansion, general surgical visits in the PD have been increasing over the past five years and there is a deficit of 11 GPORs in the PD. Should the project be approved, DCOPN recommends a charity care condition of 2.0% attached to the certificate, pursuant to the HPR I average.

There is a calculated need for 73 GPORs in PD 10, meaning that there is a deficit of 11 ORs. The proposed project will add two additional ORs, decreasing the deficit to 9. The proposed project will not increase institutional competition in the PD or increase geographic access to surgical services in the PD. It will allow for a rearrangement of orthopedic cases and musculoskeletal surgeries from UVA Medical Center to be performed on an outpatient basis. The proposed project is feasible and is not expected to significantly negatively impact existing providers. Should the proposed project be approved, the certificate will be restricted to orthopedic cases and musculoskeletal surgeries.

DCOPN Staff Recommendations

The Division of Certificate of Public Need recommends **conditional approval** of Rector and Visitors of University of Virginia on Behalf of the University of Virginia Medical Center’s Certificate of Public Need Request number VA-8871 to expand general surgical services for the following reasons:

1. The project is generally consistent with the applicable criteria and standards the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. A reasonable, less costly, more efficient alternative to the proposed project does not exist and the proposal is more beneficial than the status quo.

3. There is a calculated deficit of eleven general operating rooms in the PD and the addition of the ORs is not expected to significantly negatively impact existing providers.
4. There is no known opposition to the project.

DCOPN's recommendation is contingent upon the Rector and Visitors of the University of Virginia, on Behalf of the University of Virginia Medical Center (UVA Medical Center), agreement to the following charity conditions:

Rector and Visitors of University of Virginia on Behalf of the University of Virginia Medical Center (UVA Medical Center) will provide surgical services to all persons in need of these services, regardless of their ability to pay, and will provide as charity care to all indigent persons free services or rate reductions in services and facilitate the development and operation of primary care services to medically underserved persons in an aggregate amount equal to at least 2.0% of UVA Medical Center gross patient services revenue derived from general surgical services. Compliance with this condition will be documented to the Division of Certificate of Public Need annually by providing audited or appropriately certified financial statements documenting compliance with the preceding requirement.