

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

June 22, 2026

COPN Request No. VA-8873

Bon Secours – Hampton Roads Behavioral Health, LLC
Chesapeake, Virginia

Establish an Inpatient Psychiatric Hospital with 96 Beds

COPN Request No. VA-8875

1 Bon Secours ALF Real Estate, LLC
Portsmouth, Virginia

Establish a Psychiatric Specialty Hospital with 108 Inpatient Psychiatric Beds

Applicants

VA-8873 - Bon Secours – Hampton Roads Behavioral Health, LLC

Bon Secours – Hampton Roads Behavioral Health, LLC (BS-HRBH) is a limited liability company, a joint venture wholly owned by BSMH – Lifepoint IBHF MJV, LLC that is authorized to conduct business in Virginia. The members of BSMH – Lifepoint IBHF MJV, LLC include BSMH Services, LLC and LPNT BH Development 12, LLC, which is a subsidiary of Lifepoint Behavioral Health Services, a business unit of Lifepoint Health. The applicant does not have any subsidiaries. The proposed site of the facility is in leased space at 644 Independence Parkway, Chesapeake, Virginia, in Health Planning Region (HPR) V, Planning District (PD) 20.

VA-8875 - 1 Bon Secours ALF Real Estate, LLC

1 Bon Secours ALF Real Estate, LLC is a limited liability company that is authorized to conduct business in Virginia. The applicant owns the real estate facility and will contract with Portsmouth Behavioral Health, LLC (PBH), an affiliate of Hill Valley Healthcare, to operate the proposed facility. The proposed operator is also a limited liability company authorized to conduct business in Virginia. The applicant is solely owned by VA 2 ALF Real Estate Holdings, LLC, a Delaware limited liability company, and does not have any subsidiaries. The proposed site of the facility is 1 Bon Secours Way, Portsmouth, Virginia, in Health Planning Region (HPR) V, Planning District (PD) 20. DCOPN notes that, despite its legal name, the proposed project is not an affiliate of Bon Secours Mercy Health, but the name derives from the proposed site location at 1 Bon Secours Way.

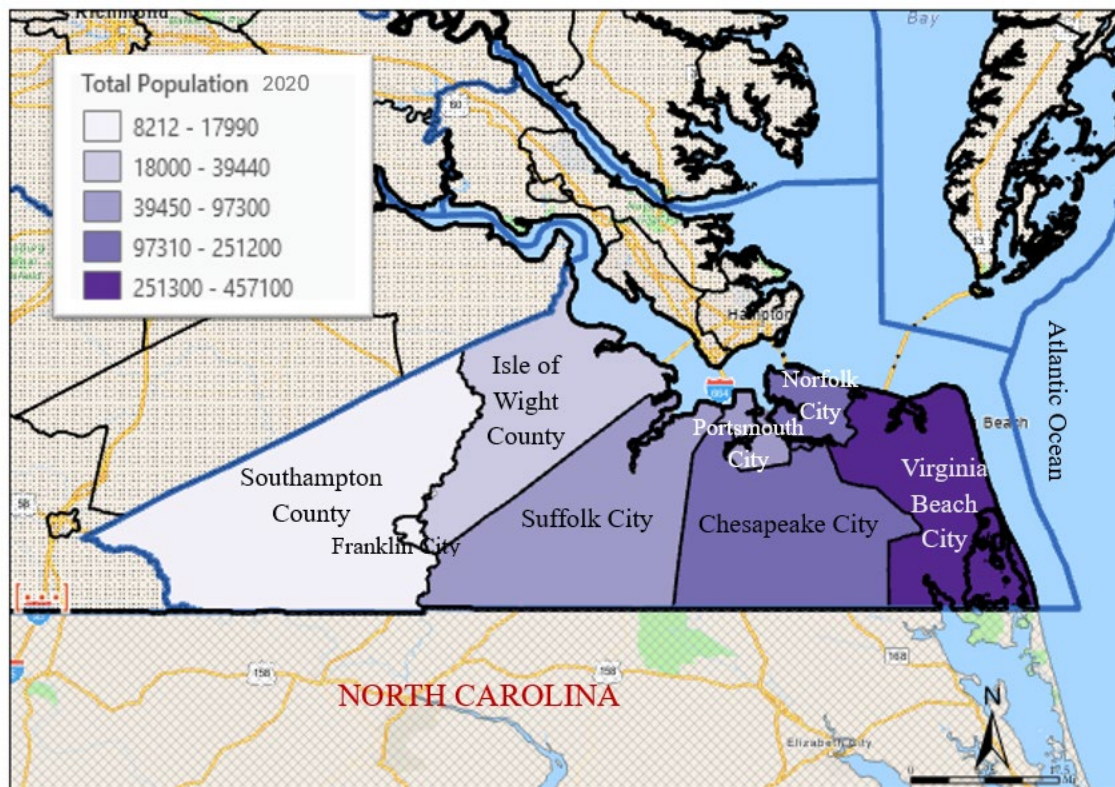
Background

Demographics

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

In 2020, PD 20 had a population of about 1.2 million and is projected to grow by just over 40,000 people, an increase of 3.3%, between 2020 and 2030. This is less than the population growth rate projected for Virginia during this decade, which is 5.8% (**Table 1**). The growth rate projected for 2020-2030 in the 65 and older age group is 33.8% in PD 20, compared to 26.3% in Virginia (**Table 1**).

Figure 1. Map of Planning District 20



Source: ArcGIS

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The City of Chesapeake, where the proposed BS-HRBH project is located, is projected to see an overall population increase of 23,248, 9.3% by 2030, far exceeding the Virginia and PD 20 growth rates (**Table 1/Figure 3**). The population in Chesapeake aged 65 and older is projected to grow by 14,793, 41.0% during the 2020-2030 decade, outpacing growth rates in PD 20 and Virginia for this population segment (**Table 1/Figure 3**).

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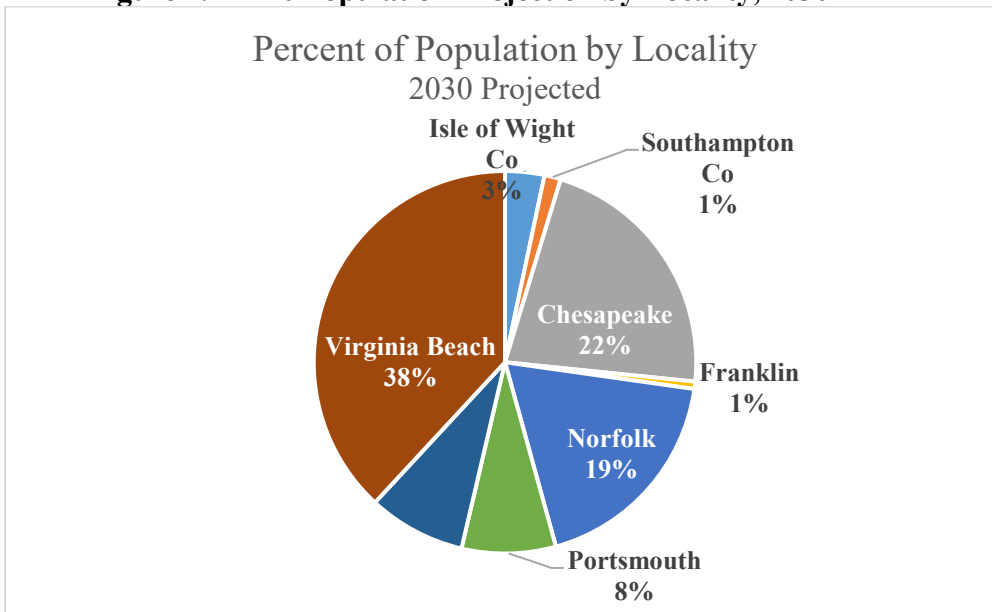
The City of Portsmouth, where the proposed PBH project is located, is projected to see an overall population increase of 942, 1.0%, by 2030. This is far less than the population growth rate projected for Virginia during this decade (5.8%). The growth rate projected for 2020 – 2030 in the 65 and older age group is 3,825, 24.7%, less than the growth rates in PD 20 and Virginia for this population segment (Table 1/Figure 3).

Table 1. PD 20 Population Data

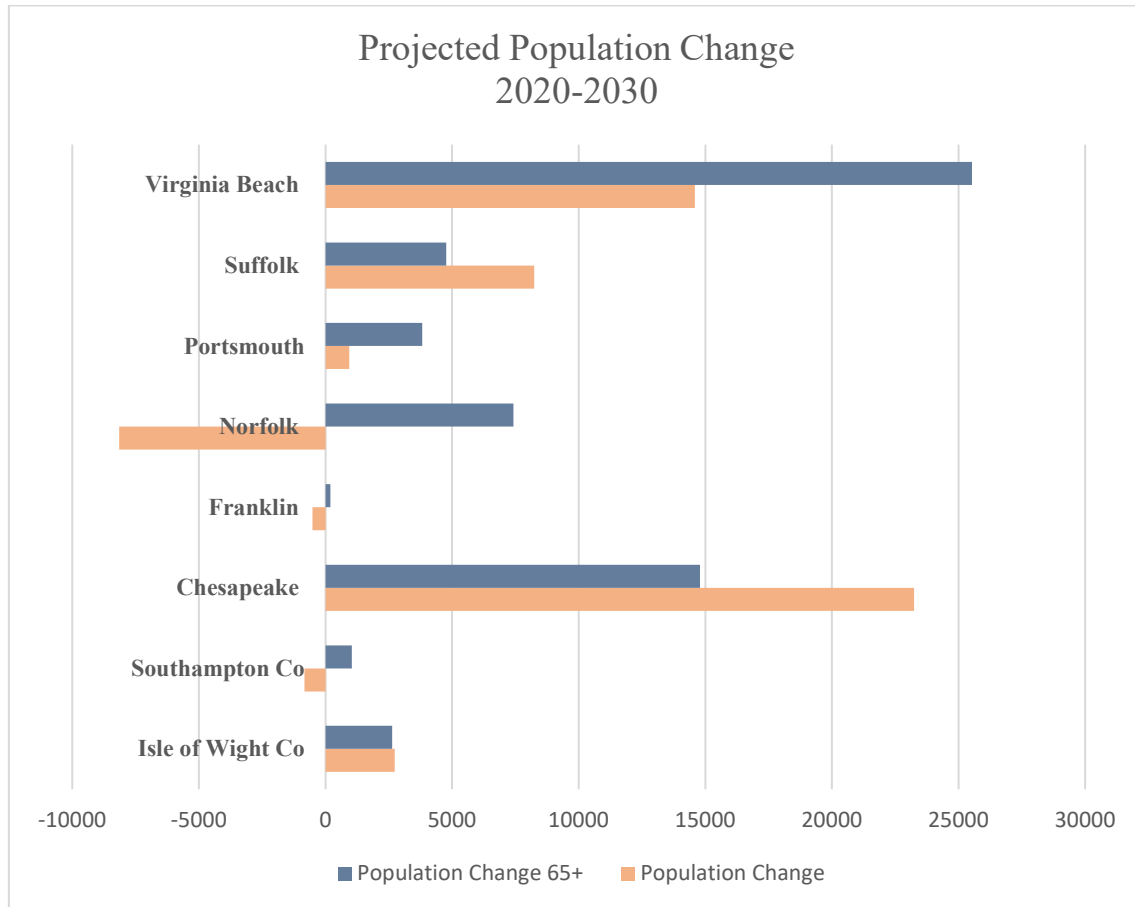
Geographic Name	2020 Census	2030 Projection	Projected Population Change 2020-2030	Projected % Change 2020-2030	2020 65 + Census	2030 65+ Projection	Projected Population Change 65+ 2020-2030	Projected Percent Change 65+ 2020-2030
Isle of Wight County	38,606	41,341	2,735	7.1%	7,751	10,388	2,637	34.0%
Southampton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

Source: Weldon-Cooper Data, updated August 2024

Figure 2. PD 20 Population Projection by Locality, 2030



Source: Weldon-Cooper Data, updated August 2024



Source: Weldon-Cooper Data, updated August 2024

Facilities

DCOPN notes that this analysis includes privately owned psychiatric facilities and excludes the nine state psychiatric hospitals that serve as the beds of last resort for patients with civil temporary detention orders (TDOs) per the “bed of last resort” legislation, SB260, 2014. This legislation required state hospitals to admit patients under civil TDOs if no other facility accepted them. Private psychiatric hospitals across Virginia care for about 90% of psychiatric inpatients while the nine state psychiatric hospitals care for 10%. “In 2023, seven of the nine state hospitals filled 95% or more of their staffed beds, and three regularly filled 100%. According to the industry standard, psychiatric facilities should not exceed 85% of staffed bed capacity to maintain a safe environment.”¹

According to Virginia Health Information (VHI), there were 340 licensed inpatient psychiatric beds (in private hospitals) reported for PD 20 in 2024, the latest year for which such data are available, 232 adult beds and 108 child and adolescent beds (**Table 2**). The SMFP specifically excludes from the bed need calculation “beds that have been vacant for six months or more; or are not currently staffed and cannot be staffed for acute psychiatric or substance abuse disorder patient admissions within 24 hours.” In 2024, 298 were staffed, which equates to 87.6% of licensed inpatient

¹ <https://jlarc.virginia.gov/landing-2023-virginias-state-psychiatric-hospitals.asp>

psychiatric beds in the PD. Licensed beds had an occupancy of 57.3% (Table 2) and staffed beds had an occupancy of 76.5%.

In addition to those reported in 2024, the Commissioner has authorized the introduction of psychiatric services with 20 psychiatric beds at Chesapeake Regional Medical Center (CRMC) (COPN No. VA-04732) which became operational June 1, 2026; and 24 more psychiatric beds at Kempsville Center for Behavioral Health (COPN No. VA-04557), bringing the total to 72. No extensions have been filed with DCOPN on this project since 2020; however, the facility reported 72 acute care child psychiatric beds to the Department of Behavioral Health and Developmental Services (DBHDS) in 2025. Including all of these, there is a total of 384 authorized inpatient psychiatric beds in PD 20 (Table 3).

Table 2. PD 20 Psychiatric Bed Utilization and Occupancy, 2024

Facility Name	Licensed Beds	Staffed Beds	Licensed Bed Available Days	Patient Days	Occupancy Rate, Licensed Beds
<i>Inpatient Adult</i>					
Bon Secours Maryview Medical Center	54	24	19,764	4,466	22.6%
Sentara Norfolk General Hospital	34	34	12,444	6,914	55.6%
Sentara Obici Hospital	20	20	7,320	4,110	56.1%
Sentara Virginia Beach General Hospital	24	24	8,784	6,618	75.3%
Virginia Beach Psychiatric Center	100	100	36,600	23,776	65.0%
PD 20 Adult Psych Beds, Totals and Average	232	202	84,912	45,884	54.0%
% of Licensed Adult Psych Beds that are Staffed:		87.1%			
<i>Inpatient Child/Adolescent</i>					
Children's Hospital of The King's Daughters	60	48	21,960	8,373	38.1%
Kempsville Center for Behavioral Health	48	48	17,568	11,342	64.6%
PD 20 Child/Adolescent Psych Beds, Totals and Average	108	96	39,528	19,715	49.9%
% of Licensed Child/Adolescent Psych Beds that are Staffed:		88.9%			
PD 20 Psych Beds, Totals and Average	340	298	145,668	83,452	57.3%
% of PD 20 Licensed Psych Beds that are Staffed:		87.6%			

Source: 2024 VHI

Table 3. Authorized Psychiatric Beds, PD 20

Facility	Psychiatric
Bon Secours Maryview Medical Center	54
Chesapeake Regional Medical Center ²	20
Children's Hospital of The King's Daughters	60
Kempsville Center for Behavioral Health ³	72
Sentara Norfolk General Hospital	34
Sentara Obici Hospital	20
Sentara Virginia Beach General Hospital	24
Virginia Beach Psychiatric Center	100
PD 20 Psychiatric Beds	384

Source: DCOPN Records

Proposed Projects

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BS-HRBH proposes to establish a 96-bed psychiatric hospital by transferring 44 of Bon Secours Maryview Medical Center’s (MMC’s) 54 inpatient psychiatric beds to the new facility in Chesapeake (leaving 10 at MMC in Portsmouth), and adding 52 inpatient psychiatric beds, new to the PD 20 inventory, at BS-HRBH. The proposed site is a newly constructed building, with approximately 69,000 square feet, to be located at 644 Independence Parkway in Chesapeake, Virginia. The facility will accept patients with TDOs. Projected capital costs of the project are \$103,156,063 (**Table 4**). BS-HRBH will not incur financing costs because it will lease the land and completed building. Its members will fund the purchase of equipment and cover contingencies through their accumulated reserves. Should the proposed project be approved, the target date of opening is 36 months after issuance of a COPN.

Table 4. Capital Costs, BS-HRBH

Direct Construction Costs	\$ -
Equipment not included in construction contract	\$ 4,500,000
Site Acquisition Costs	\$ 98,656,063
Site Preparation Cost	\$ -
Architectural and Engineering	\$ -
Other Consultant fees	\$ -
Total Capital Cost	\$ 103,156,063

Source: COPN Request No. VA-8873

² COPN No. VA-04732 authorized CRMC to introduce 20 psychiatric beds. The project became operational June 1, 2026.

³ Kempsville Center for Behavioral Health reported 48 beds in 2024. An additional 24 were authorized by COPN No. VA-04557, which are now operational. The beds at Kempsville Center for Behavioral Health are licensed by the Department of Behavioral Health and Developmental Services (DBHDS).

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The applicant proposes to construct a new 108-bed hospital for acute inpatient adult and geriatric psychiatric care. Its original application included adolescent psychiatric beds as well, but these have been eliminated from the proposal via email from the applicant’s legal counsel. The proposed 65,013 square foot building will be constructed at 1 Bon Secours Way, Portsmouth, Virginia, upon demolition of the former assisted living facility that currently stands on the property.

All 108 beds will be new to the PD 20 inventory of psychiatric beds. The operator of the psychiatric services, PBH, will be contracted to operate the proposed facility. PBH is an affiliate of Hill Valley Healthcare, which operates skilled, memory care and psychiatric facilities nationally, including 33 skilled nursing facilities in Virginia. The applicant states that the proposed facility will have specialized staffing and be appropriate for the treatment of high-acuity patients including patients with TDOs.

Capital costs are estimated at \$60,651,473, including \$4.3 million in conventional loan financing and \$229,473 in taxes during construction (**Table 5**). Should the proposed project be approved, the applicant anticipates opening 36 months after issuance of a COPN.

Table 5. Capital Costs Portsmouth Behavioral Health

Direct Construction Costs	\$ 44,542,000
Equipment not included in construction contract	\$ 3,000,000
Site Acquisition Costs	\$ 525,000
Site Preparation Cost	\$ 3,040,000
Off-Site Costs	\$ 505,000
Architectural and Engineering	\$ 4,275,000
Other Consultant fees	\$ 250,000
Taxes During Construction	\$ 229,473
Conventional Loan Financing	\$ 4,285,000
Total Capital and Financing Cost	\$ 60,651,473

Source: COPN Request No. VA-8875

Project Definition

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part, as the “[e]stablishment of a medical care facility.” A medical care facility includes “[a]ny facility licensed as a hospital, as defined in § 32.1-123.”

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

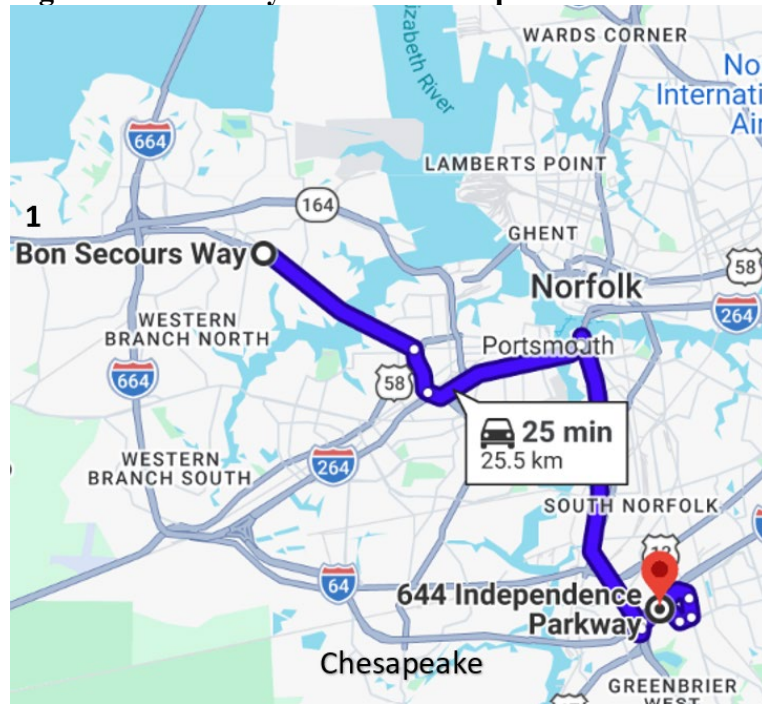
In determining whether a public need exists for a proposed project, the following factors shall be taken into account when applicable.

- 1. The extent to which the proposed service or facility will provide or increase access to needed services for residents of the area to be served, and the effects that the proposed**

service or facility will have on access to needed services in areas having distinct and unique geographic, socioeconomic, cultural, transportation, and other barriers to access to care.

The population of PD 20 is growing at a rate less than that of Virginia (3.8% versus 5.5%). The growth rate of the PD 20 population aged 65 and older projected for 2020-2030 is 33.8% in PD 20, compared to 26.3% in Virginia (**Table 1**). The projects under review are 15.9 miles/25 minutes apart, with normal traffic. Both applicants discuss the travel and transportation barriers associated with PD 20’s waterways, which often slow traffic around Chesapeake and Portsmouth with travelers’ options to traverse the area limited to a few bridges and tunnels (**Figure 4**).

Figure 4. Waterways around Chesapeake and Portsmouth



Source: Google Maps

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

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

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

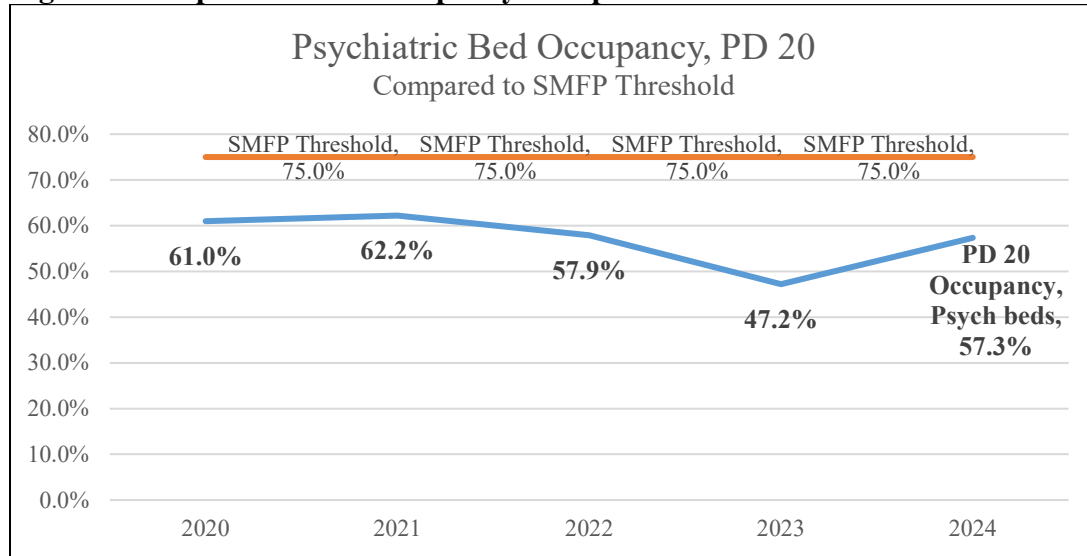
There is conflicting information regarding access to inpatient psychiatric care. Though **Figure 5** shows occupancy of licensed psychiatric beds (2020-2024) well below the 75% threshold for adding beds to the PD, barriers to access are creating pent-up demand for inpatient psychiatric care. These barriers are evidenced by patients across Virginia waiting days in emergency rooms for bed placement. For example, BS-HRBH states that MMC's emergency department hold for psychiatric patients waiting for bed placement averaged 21.3 hours in 2025 and had extreme cases in which such patients waited in its emergency department for as long as five days due to inability to place psychiatric patients in beds. Psychiatric patients held in emergency departments may eventually be placed hours away from their homes, placed in the state hospitals' overutilized "beds of last resort," or abandon their pursuit of help for their mental health issues. This abandonment has potential to end tragically.

Opposition to the proposed projects focuses on low utilization of psychiatric beds and legitimate concerns about the shortage of mental health human resources that are already spread thin. About 12% of PD 20 psychiatric beds were unstaffed in 2024. Occupancy of staffed beds was 76.5% that year, but 44 more psychiatric beds have become operational since the latest utilization data were published by VHI. The SMFP bed need methodology results in a calculated bed surplus because it is based on historic psychiatric and substance use patient days, not on actual demand for the services.

BS-HRBH states that MMC received 2,440 referrals to its inpatient behavioral health program and declined to admit 1,826 (75%) due to "facility restrictions and programmatic limitations in place at the time." PD 20 barriers to admission, such as lack of mental health professionals; professionals without appropriate training to care for higher acuity patients or those with aggressive behaviors; and inability to admit patients incompatible with existing inpatients at a given time, result in suppressed patient days in psychiatric beds in the PD.

If the declined referrals found psychiatric beds outside of PD 20, in state hospitals, or never received the psychiatric care sought at all, the patient days associated with those patients did not occur and would not be counted within PD 20's occupancy calculations, though admissions/beds were needed. **Table 2** shows that MMC had only 44.4% of its beds staffed in 2024, and occupancy of 22.6% of licensed beds.

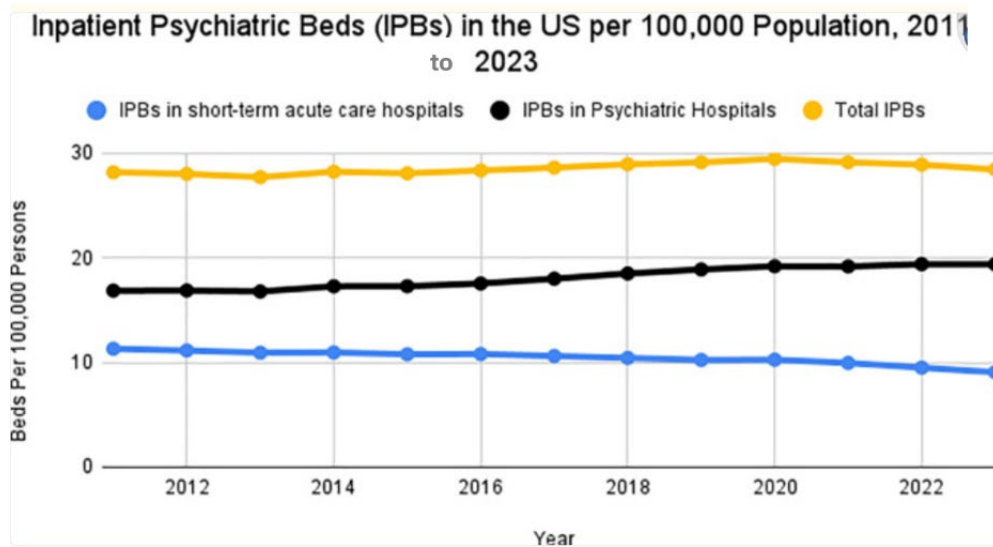
Figure 5. Graph of PD 20 Occupancy Compared to SMFP Threshold to Add Beds



Source: VHI and the SMFP

BS-HRBH notes that psychiatric beds per 100,000 is an additional data point that DCOPN has previously cited in its assessments. **Figure 6** shows this national statistic as consistently just under 30 inpatient psychiatric beds per 100,000 population. DCOPN calculates the PD 20 ratio of inpatient psychiatric beds per 100,000 population at 30.9. Though the PD 20 ratio is slightly higher than the national average, experts cited by the National Institute of Health concluded that the optimal number is 60 psychiatric beds per 100,000 and the minimum is 30.⁴ The range presented in this article sets the PD 20 ratio as a “mild shortage,” but existing providers would disagree.

Figure 6. Psychiatric Beds per 100,000, U.S.



Source: <https://pmc.ncbi.nlm.nih.gov/articles/PMC12310024/>

⁴ <https://pmc.ncbi.nlm.nih.gov/articles/PMC8780043/>

Existing providers at the public hearings for the proposed projects noted staffing shortages as a barrier that restricts access to available infrastructure, limits the number of patients they can admit safely and drives down occupancy. They note that additional inpatient providers would exacerbate this barrier, competing for staff and spreading human resources over additional facilities and psychiatric beds.

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The growth in Chesapeake, the proposed location of BS-HRBH, is projected to be over 23,000 people, 9.3%, during the 2020-2030 decade, the highest growth rate of all the localities in PD 20. Its projected growth rate outpaces Virginia's, which is 5.8%. BS-HRBH proposes to move 44 beds out of MMC in Portsmouth to Chesapeake and add 52 more beds there. The projected growth rate of the population of Portsmouth is 1.0% during this decade (**Table 1/Figure 3**). In the past three years, MMC staffed 24 or fewer of its 54 psychiatric beds in Portsmouth. BS-HRBH's proposal would leave 10 psychiatric beds in Portsmouth at MMC. Bon Secours Hampton Roads has partnered with Lifepoint Behavioral Health Services (LBS), a national leader in providing behavioral health services which, the applicant asserts, has the resources to appropriately staff the project.

Chesapeake Regional Medical Center (CRMC) has established psychiatric services with 20 new psychiatric beds just opened in June 2026, 2.4 miles/8 minutes from the proposed BS-HRBH site. The proposed facility is near the intersection of I-64 and 464 in the City of Chesapeake. Public transportation stops about a mile from the proposed site. The applicant has stated it will work with the city to add a bus stop closer to the proposed site. The poverty rate in Chesapeake is 10.5%, comparable to that of PD 20, and higher than the 9.8% poverty rate across Virginia (**Table 6**).

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Portsmouth is the location of the proposed PBH. Its projected growth rate is 1.0%, less than 1,000 people, between 2020 and 2030. The proposal adds a new 108-bed psychiatric hospital in the same locality from which the competing applicant plans to move 44 beds. **Figure 4** shows waterways as geographic boundaries in the area, with Portsmouth surrounded on three sides and bisected by branches of the Elizabeth River. The applicant advocates for psychiatric services to be more available in a community with barriers to traversing the area for services.

The proposed PBH site is the former location of Karolwood Gardens assisted living facility, located in the Churchland region of Portsmouth just off I-664. It is near the Monitor Merrimac bridge tunnel and easily accessible from Interstates 264, 64 and 464. Hampton Roads Transit stops less than three tenths of a mile away. The poverty rate in Portsmouth is 15.2%, considerably higher than that of PD 20 (10.6%) or the state (9.8%) (**Table 6**).

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.**

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DCOPN received a letter of endorsement from MMC’s medical staff and 149 letters of support from government and business leaders, local health care providers, law enforcement and community members, including the former Commissioner of the Department of Behavioral Health and Developmental Services. These letters, in aggregate, expressed the following:

- MMC’s behavioral health unit has physical limitations that prevent effective utilization of the full bed complement.
- Patients board in the emergency department and are often placed outside of PD 20 away from their support systems, which can worsen conditions for patients in mental health crisis.
- The proposed facility will help ease the burden of law enforcement in transporting and overseeing patients needing a psychiatric hospital admission.
- Inpatient behavioral health needs far exceed resources in the community and increasing inpatient community-based psychiatric infrastructure is essential.
- A new state-of-the-art, dedicated behavioral health hospital in Chesapeake would substantially improve access to treatment, help attract and retain psychiatrists, advanced practice providers and other mental health professionals to the region and care for patients within their own community.

DCOPN also received two letters of opposition to the proposed project from Chesapeake Regional Medical Center (CRMC) on May 15, 2026, and from Universal Health Services (UHS) on May 28, 2026.

The letter from Chesapeake Regional Medical Center contends:

- The facility proposed by BS-HRBH is too large and too close to CRMC’s authorized 20-bed inpatient psychiatric unit that has just opened June 1, 2026.
- MMC’s inpatient psychiatric unit has operated below 26% occupancy of its authorized beds, yet it is requesting to nearly double its bed count.
- Nearly half of MMC’s patients live in Portsmouth and only 12.8% live in Chesapeake.
- BS-HRBH’s statements that its proposed facility will not harm existing providers is not credible.
- At a minimum, the proposed project is premature and should be delayed until CRMC’s project has been open and a meaningful assessment of its impact can be considered.

UHS’s letter asserts:

- UHS operates Virginia Beach Psychiatric Center and Kempsville Center for Behavioral Health in PD 20.
- Given significant underutilization of psychiatric beds in PD 20, including MMC’s, a new 96-bed psychiatric hospital is not needed.
- The proposed project would reduce volumes of existing providers, strain the regional workforce and destabilize essential community providers.

- BS-HRBH's own calculations project a psychiatric bed surplus, even using years with high-utilization and a projection more than five years in the future. Capacity in the PD could absorb volumes of psychiatric patients before new construction is needed.
- Demand for inpatient psychiatric services may be reduced in the coming years by Crisis Receiving Centers (CRCs) and Crisis Stabilization Units (CSUs), currently operating in Chesapeake, Virginia Beach and Suffolk. Virginia's state budget includes \$36 million to develop more of these CRCs and CSUs for rapid assessment, stabilization and next-step planning. These offer an alternative to emergency departments and connections to community services.
- Bon Secours is advertising for 9 behavioral health registered nurse positions, presumably for MMC's existing behavioral health services, part of a total of 77 registered nurse vacancies. This existing need for nurses calls into question the feasibility of hiring the 165 additional registered nurses needed for the proposed project.

BS-HRBH responded to these opposition letters with a letter on June 10, 2026 repeating that there is a need for inpatient psychiatric services in PD 20 and pointing to the significant community support for the proposed project. The letter states that the two letters of opposition are from existing providers with financial interest in limiting new capacity. The letter makes the following points:

- Psychiatric patient days have grown in recent years.
- CRCs and CSUs are not substitutes for inpatient psychiatric care.
- Bon Secours will retain 10 psychiatric beds at MMC to serve patients with co-occurring medical conditions.
- Approval of BS-HRBH will not harm CRMC because it offers complementary, not competing services.
- BS-HRBH quotes a letter of support from Shawn Avery, President and CEO of the Hampton Roads Workforce Council, making the point that the proposed project will serve as a catalyst for workforce growth rather than a redistribution of existing talent. It will create career opportunities, including for over 15,000 military service members in the area that separate from active duty annually, and attract new individuals into health care professions.
- The immediate past Commissioner of DBHDS asserted the project is needed.

CRMC and UHS each responded to BS-HRBH's June 10 letter on June 17, 2026. CRMC objected to BS-HRBH's claim that it would serve patients distinct from those that CRMC serves and outlined which patients would overlap. UHS reiterated arguments that there is a psychiatric bed surplus and no demonstrated demand for additional beds.

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DCOPN received eight letters of support from government leaders, business leaders and providers, some with longstanding experience with Hill Valley Healthcare, with which the operator of the proposed project, PBH, is affiliated. These letters, in aggregate, made the following points:

- The Portsmouth area faces a critical shortage of psychiatric services. Patients, families and local healthcare providers experience limited access and frequent delays in critically needed placements.

- Existing facilities do not meet the needs of Portsmouth residents today or in the future. There is a need for a dedicated psychiatric hospital.
- Hill Valley Healthcare (PBH affiliate) has a compelling record of successfully operating behavioral health facilities.
- Experience working with the applicant team has demonstrated their strong commitment to evidence-based design, operational strength, patient-centered care and genuine commitment to meeting community healthcare needs across Virginia. Observed experiences provide confidence in their ability to execute this project and operate it responsibly at the highest level.
- The proposed hospital is a thoughtful and well-conceived project that responds to a real and important need in the community.
- Behavioral health settings require a careful balance of safety, durability and therapeutic quality, which are priorities that proposed hospital reflects.
- The building design is sensitive to its surrounding context with scale, landscaping and site planning that minimizes visual and operational impact on neighboring properties.

In addition, DCOPN received written opposition from eight community members and groups concerned about the location of the proposed psychiatric hospital in a residential area, near apartments housing adults and children, a senior center, playgrounds, day care and elementary schools. In addition, residents of the surrounding area voiced concerns about the impact of the proposed project on property values. Several of these communications expressed disappointment in the review process and what they considered insufficient notification of the public hearing.

UHS also submitted an opposition letter stating:

- UHS operates Virginia Beach Psychiatric Center and Kempsville Center for Behavioral Health in PD 20.
- There is no calculated need for new psychiatric beds in PD 20.
- PD 20 psychiatric beds are underutilized.
- Development of an unneeded facility would threaten the stability of existing providers.
- The regional labor market cannot support an additional 165 new behavioral health positions; approval would exacerbate the existing workforce crisis.

DCOPN received a letter of response from 1 Bon Secours ALF Real Estate, LLC on June 18, 2026 making the following arguments:

- The need for inpatient psychiatric resources is not adequately captured by the SMFP calculation because these patients present unpredictably, require immediate placement and must be received by a facility that is both clinically appropriate and willing to accept them at the moment of crisis.
- In psychiatric context, need is demonstrated “not by theoretical surplus, but by whether patients in crisis can access timely inpatient stabilization without delay, boarding or diversion.
- Functional and geographic limitations of existing inpatient psychiatric beds in PD 20 artificially suppress utilization calculations.
- The occupancy of dedicated psychiatric hospitals is consistently approximately 10-20% higher than occupancy of psychiatric units in general acute care hospitals.

- PBH is not a threat to patient volumes of existing providers, as it is targeted toward underserved patient populations that are not reliably served, specifically TDOs and high-acuity patients.
- PBH has developed a comprehensive and realistic phased staffing plan; has engaged a dedicated recruiting partner; “PBH will contribute to the expansion of the regional behavioral health workforce by creating new clinical employment and training opportunities.”
- PBH will be a good neighbor, rehabilitating currently underutilized property and optimizing the layout on the property to orient its development toward adjacent commercial areas and away from the neighboring residential community.
- Rather than a negative safety impact, it is well documented that access to behavioral health resources improves community safety and reduces crime in the region.

Public Hearing

§32.1-102.6B of the Code of Virginia directs DCOPN to hold one public hearing on each application in the case of competing applications; or in response to a written request by an elected local government representative, a member of the General Assembly, the Commissioner, the applicant, or a member of the public. Public hearings were held for COPN Request Nos. VA-8873 and VA-8875 on May 7, 2026 at the Russell Memorial Library in Chesapeake, Virginia.

VA-8873 - Bon Secours – Hampton Roads Behavioral Health, LLC

Mr. Alex Brings from Bon Secours and Ms. Beckie Shauinger from Lifepoint Health presented the project, highlighting adult, geriatric and substance use disorder units as well as a “Help for Heroes,” program for veterans and first responders suffering from post-traumatic stress disorder and other serious mental conditions. Of 19 community members in attendance, 10 were in support of the proposed project and 5 opposed (others did not specify). Those that spoke in support told of the need for mental health resources in the community. Some speakers had lost loved ones due to mental conditions and some told of personal experiences with a fragmented system for mental health care and difficulty finding bed placement for loved ones. Those opposed represented existing inpatient psychiatric providers expressing concerns about the proposed project. One objected to locating a proposed hospital less than three miles from a new 20-bed psychiatric unit that had delayed opening to ensure full staffing. All opposed noted that there are staffing shortages currently, and acknowledged fears of more severe shortages in available staffing resources and financial destabilization of existing providers should additional inpatient psychiatric beds be added to the PD.

VA-8875 - 1 Bon Secours ALF Real Estate, LLC

Mr. Matt Cobb of Williams Mullen and Mr. Shimmy Idels from Hill Valley Health Care presented the project, highlighting the need for “real inpatient capacity,” specifically, for higher-acuity, complex and vulnerable adult and geriatric patients with acute psychosis, depression, suicidality and aggression. These patients would include indigent patients and patients under both voluntary and involuntary admissions. The applicant asserted that the proposed project would help decompress overutilized state hospitals, as it intends to serve patients similar to those currently admitted to state hospitals. Presenters noted that such facilities often raise concerns among adjacent neighborhoods, but the owners have experience designing sites, facilities and landscaping for safety and to minimize neighborhood impact .

Of the 27 at the public hearing, 18 indicated support and 3 opposed (others did not specify). Those that spoke in support talked about fragmented mental health care in the area and recounted frightening experiences highlighting the need for a mental health facility specifically in Portsmouth. Some speakers discussed the geographic barrier of the Elizabeth River and mental barriers it presents to Portsmouth residents hesitant to leave the community due bridges and tolls when seeking care outside of Portsmouth. Those that spoke in opposition again discussed the low psychiatric bed utilization and severe shortage of mental healthcare workers in PD 20 that would be exacerbated by the addition of more than one hundred additional beds in the PD to be staffed.

DCOPN provided notice to the public regarding these projects, inviting public comment on April 13, 2026. The public comment period closed on May 28, 2026. Letters of support and comments in opposition are summarized above.

(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.

In evaluating two freestanding, dedicated psychiatric hospitals less than 16 miles apart, one might serve as a reasonable alternative to the other; however, each proposal describes a unique and needed function. BS-HRBH is a project that promises to utilize existing authorized psychiatric beds (relocated from MMC) more fully, in conjunction with additional beds, a new facility with flexible unit configuration, and a partner, LBS, with national expertise in psychiatric care. This proposal relocates beds from Portsmouth to Chesapeake, citing population growth in Chesapeake, but public comments strongly support additional resources in Portsmouth, which is isolated by waterways and other barriers to accessing care outside the community.

The proposed 1 Bon Secours ALF Real Estate, LLC PBH facility addresses the need for access to inpatient psychiatric care in Portsmouth, and also the provision of psychiatric care for high-acuity patients, many of whom are being denied admission to private psychiatric beds and admitted to state hospitals. The applicant describes patients of its proposed facility as requiring higher levels of resources and specialized care that existing providers are not staffed or equipped to care for. As described, the proposed PBH facility will provide care for patients that existing providers cannot or choose not to admit, with existing staffing and patient cohorts.

VA-8873 - Bon Secours – Hampton Roads Behavioral Health, LLC

MMC's beds are unstaffed and underutilized, normally an indication that demand for the service is inadequate to fill beds. As discussed above, this does not appear to be the case, since MMC is turning away 75% of referrals. The applicant asserts that relocating underutilized beds to a new, purpose-built facility for psychiatric care, partnering with LBS and developing four proposed units will overcome the barriers of MMC's psychiatric unit that limit its use. The applicant contends that MMC is prevented from using its psychiatric beds efficiently because it is an older facility and one that does not allow separation of patients in ways that maximize admissions, such as acuity or safety concerns. The applicant considered updating its psychiatric services in place at MMC and determined that option to be cost-prohibitive compared to the proposed new facility.

DCOPN considered the alternative of relocating beds from MMC without adding beds to the PD inventory, but a 44-bed facility would not allow for the acceptance and separation of incompatible patients and is less likely to be financially feasible. The status quo maintains the conditions that contribute to underutilization of MMC's psychiatric beds. There is no reasonable alternative to the proposed project identified, that would meet the needs of the population in a less costly, more efficient or more effective manner, and the proposal is more beneficial than the status quo.

VA-8875 - 1 Bon Secours ALF Real Estate, LLC

The proposed PBH facility seeks to establish a private psychiatric hospital that specifically addresses the high-acuity patient segment that currently finds care at the highly utilized "beds of last resort," in the overutilized state psychiatric hospitals. These are the patients that are least likely to be admitted to a private psychiatric facility because they necessitate high-resource care. The applicant asserts that targeting this segment creates "real capacity" for patients to receive the level of psychiatric care that they need to improve. There is no reasonable alternative to the proposed project identified, that would meet the needs of the population in a less costly, more efficient or more effective manner, and the proposed project is more beneficial than the status quo.

(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.

VA-8873 - Bon Secours – Hampton Roads Behavioral Health, LLC

Projected capital costs of the project are \$103,156,063 (**Table 4**), or a total cost per square foot of \$1,495. BS-HRBH will not incur financing costs because it will lease the land and completed building. Its members will fund accumulated reserves to purchase equipment and cover contingencies. The estimated costs are within the range of other recently approved projects related to inpatient psychiatric services. COPN No. VA-04794, issued to The Pavilion at Williamsburg Place to add 32 beds was approved at \$1,619 per square foot, and COPN No. VA-04858, issued to Johnston Memorial Hospital for a 16-bed psychiatric unit authorized capital costs per square foot of \$1,216, for example.

The applicant has described several benefits to the proposed project, including the relocation of underutilized beds from MMC which enables the establishment of a 96-bed facility without adding 96 new beds to the PD 20 inventory. The proposed facility, with four 12-room (24-bed) units, is expected to be more efficient in terms of staffing and placement of patients in a unit with an appropriate patient cohort, so the proposed facility should be able to accept a higher number of referrals and have a higher percent occupancy than MMC. In this way, the applicant asserts that it will be able to recapture outmigration from the PD.

VA-8875 - 1 Bon Secours ALF Real Estate, LLC

Capital and financing costs are estimated at \$60,651,473, including approximately \$4.3 million in conventional loan financing and \$229,473 in taxes during construction (**Table 5**), for total cost per square foot of \$933. The estimated costs are within the range of other recently approved projects related to inpatient psychiatric services, and less than the proposed cost of BS-HRBH's proposal. The applicant has described several benefits to the proposed project, including a facility dedicated to the treatment of adult and geriatric patients, improving access for voluntary and involuntary admissions, including admissions under TDOs. It contends that the proposed facility will provide critical relief for state hospitals and reduce waits for patients in mental health crisis. The applicant asserts that the facility will provide a secure and therapeutic environment appropriate for the treatment of high-acuity psychiatric patients, with specialized staffing, safety features and programming. It will reduce reliance on distant facilities for psychiatric care and improve availability closer to home to support family involvement when appropriate, and effective transitions to outpatient and community-based services following discharge.

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

Both applicants assert they will accept all patients without regard to ability to pay or payor source. Both applicants will take patients under TDOs. 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 inpatient psychiatric services that is no less than the equivalent average for charity care contributions in HPR V, 1.8% in 2024, the latest year for which data are available. BS-HRBH has included 1.8% charity care in its pro forma (**Table 7**), while PBH has proffered 2.6% charity care (**Table 8**). Pursuant to Code of Virginia language any COPN issued for this project will also be conditioned on the applicant's agreement to accept patients who are the recipients of Medicare and Medicaid.

(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 the proposed 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 criteria/standards for the relocation of licensed beds and for psychiatric services. They are as follows:

VA-8873 - Bon Secours – Hampton Roads Behavioral Health, LLC proposes the relocation of 44 of the 96 beds proposed, so the following standards are applicable:

12VAC5-230-570. Expansion or relocation of services.

A. Proposals to relocate beds to a location not contiguous to the existing site should be approved only when:

1. Off-site replacement is necessary to correct life safety or building code deficiencies;

VA-8873 - Bon Secours – Hampton Roads Behavioral Health, LLC

The existing facility has not been cited for life safety or building code deficiencies.

VA-8875 - 1 Bon Secours ALF Real Estate, LLC

Expansion or relocation standards are not applicable to the proposed project.

2. The population currently served by the beds to be moved will have reasonable access to the beds at the new site, or to neighboring inpatient facilities;

VA-8873 - Bon Secours – Hampton Roads Behavioral Health, LLC

The proposed project will be reasonably accessible to MMC's current patient population.

VA-8875 - 1 Bon Secours ALF Real Estate, LLC

Expansion or relocation standards are not applicable to the proposed project.

3. The number of beds to be moved off-site is taken out of service at the existing facility;

VA-8873 - Bon Secours – Hampton Roads Behavioral Health, LLC

The 44 beds to be relocated to BS-HRBH will be de-licensed at MMC after the proposed facility is opened. MMC will continue to operate 10 psychiatric beds in Portsmouth.

VA-8875 - 1 Bon Secours ALF Real Estate, LLC

Expansion or relocation standards are not applicable to the proposed project.

4. The off-site replacement of beds results in:

a. A decrease in the licensed bed capacity;

b. A substantial cost savings, cost avoidance, or consolidation of underutilized facilities; or

c. Generally improved operating efficiency in the applicant's facility or facilities; and

VA-8873 - Bon Secours – Hampton Roads Behavioral Health, LLC

The proposed project will not result in a decrease in licensed bed capacity, but it represents a cost savings compared to renovating MMC's beds in place to a facility that would be operationally efficient. The proposed facility would include four 12-room units that the applicant contends would offer staffing efficiencies and enable more patient placement with compatible patient cohorts.

VA-8875 - 1 Bon Secours ALF Real Estate, LLC

Expansion or relocation standards are not applicable to the proposed project.

5. The relocation results in improved distribution of existing resources to meet community needs.

VA-8873 - Bon Secours – Hampton Roads Behavioral Health, LLC

The applicant asserts that relocating underutilized beds to an area experiencing much higher population growth than Portsmouth, is an improved distribution of resources, while leaving ten beds at MMC is adequate to care for the population needing psychiatric services in Portsmouth. DCOPN notes that the competing PBH project is in Portsmouth and proposes to add a new 108-bed facility there.

VA-8875 - 1 Bon Secours ALF Real Estate, LLC

Expansion or relocation standards are not applicable to the proposed project.

B. Proposals to relocate beds within a health planning district where underutilized beds are within 30 minutes driving time one way under normal conditions of the site of the proposed relocation should be approved only when the applicant can demonstrate that the proposed relocation will not materially harm existing providers.

VA-8873 - Bon Secours – Hampton Roads Behavioral Health, LLC

BS-HRBH asserts that CRMC's newly opened psychiatric unit has the ability to accept patients with co-occurring medical diagnoses which, as a freestanding psychiatric facility, its proposed project will not. CRMC asserts that the proposed project will draw from its patient base. The applicant additionally asserts that the unmet demand for inpatient psychiatric services in PD 20 will ensure that the proposed project will not substantially reduce patient volumes at other providers within PD 20. Existing providers contend that additional inpatient psychiatric beds will materially harm their ability to staff beds, as human resources for mental health services are already stretched thin. The applicant expects to be able to attract staffing from outside the PD and cites the Hampton Roads Workforce Council in stating that staffing resources can be developed from within PD 20.

VA-8875 - 1 Bon Secours ALF Real Estate, LLC

Expansion or relocation standards are not applicable to the proposed project.

Part XII. Mental Health Services

Article 1. Acute Psychiatric and Acute Substance Abuse Disorder Treatment Services

12VAC5-230-840. Travel Time.

Acute psychiatric and acute substance abuse disorder treatment services should be available within 60 minutes driving time one way under normal conditions of 95% of the population using mapping software as determined by the commissioner.

The heavy dark line in **Figure 7** is the boundary of PD 20. The blue background “H” symbols mark the location of existing inpatient psychiatric beds. The white background “H” symbols mark the location of the proposed projects. The yellow shaded area is the area within 60 minutes driving-time one-way under normal traffic conditions of existing inpatient psychiatric and substance abuse services in PD 20. The entirety of the population of PD 20 is within one hour of psychiatric and substance abuse treatment services except for a small, sparsely populated area in the southwest corner. This illustrates that at least 95% of the population of PD 20 is within one hour of inpatient psychiatric services. The proposed projects will not increase geographic access.

Figure 7. PD 20 Inpatient Psychiatric Hospital Beds



Source: Microsoft Streets & Trips

12VAC5-230-850. Continuity; Integration.

A. Existing and proposed acute psychiatric and acute substance abuse disorder treatment providers shall have established plans for the provision of services to indigent patients that include:

- 1. The minimum number of unreimbursed patient days to be provided to indigent patients who are not Medicaid recipients;**
- 2. The minimum number of Medicaid-reimbursed patient days to be provided, unless the existing or proposed facility is ineligible for Medicaid participation;**

3. The minimum number of unreimbursed patient days to be provided to local community services boards; and

4. A description of the methods to be utilized in implementing the indigent patient service plan and assuring the provision of the projected levels of unreimbursed and Medicaid-reimbursed patient days.

DCOPN notes that few existing psychiatric facilities meet the criteria and standards set forth in 12VAC5-230-850. While some facilities may allocate a specific number of beds for community services board (CSB) patients, the identification of the number of unreimbursed patient days to be provided to indigent patients who are not Medicaid recipients, the minimum number of Medicaid-reimbursed days, the minimum number of unreimbursed patient days to be provided to local CSBs, and a description of the methods to be utilized in implementing the indigent patient service plan, have not been addressed by DCOPN in recent reviews.

VA-8873 - Bon Secours – Hampton Roads Behavioral Health, LLC

The applicant states that it will work closely with CSBs to help meet the needs for TDO placements. Additionally, it will ensure its services are available to all those in need regardless of their ability to pay. BS-HRBH will provide charity care at a level no less than the HPR V average, which was 1.8% in 2024, the latest year for which such data are available from VHI. Should the proposal be approved, the applicant will be conditioned on 1.8% charity care as a percentage of gross patient revenue.

VA-8875 - 1 Bon Secours ALF Real Estate, LLC

The applicant states that PBH's mission is to provide high quality psychiatric care to all patients regardless of their ability to pay for services or payment source, and its long term strategic plan includes implementation of a robust charity care policy which ensures its services are financially available to all patients, including uninsured, underinsured and indigent patients. Medicaid and emergency Medicaid coverage is available for many who might otherwise qualify for charity care. PBH will be conditioned at the level proffered in the proforma provided (**Table 8**), 2.6% charity care as a percentage of gross patient revenue.

B. Proposed acute psychiatric and acute substance abuse disorder treatment providers shall have formal agreements with the appropriate local community services boards or behavioral health authority that:

- 1. Specify the number of patient days that will be provided to the community service board;**
- 2. Describe the mechanisms to monitor compliance with charity care provisions;**
- 3. Provide for effective discharge planning for all patients, including return to the patient's place of origin or home state if not Virginia; and**
- 4. Consider admission priorities based on relative medical necessity.**

DCOPN notes that few existing psychiatric facilities meet the criteria and standards set forth in 12VAC5-230-850 and it has not been addressed by DCOPN in recent reviews as a reason to deny proposed projects.

VA-8873 - Bon Secours – Hampton Roads Behavioral Health, LLC

The applicant has asserted that it will coordinate with CSBs and help meet their needs for TDO placements. BS-HRBH will consider admission priorities based on relative medical necessity.

VA-8875 - 1 Bon Secours ALF Real Estate, LLC

The applicant asserts that it will work closely with local CSBs to specify an appropriate number of patient days, should the proposal be approved. It will implement formal policies and procedures to ensure consistent provision and monitoring of charity care with key tenets of accepting patients in crisis regardless of ability to pay, specifically including patients under TDOs, and working with local CSBs to coordinate care for the indigent population. PBH will implement financial screening procedures to identify patients who may qualify for charity care.

The applicant projects that more than half of PBH's discharges will be Medicaid patients during its first year and asserts that affiliated Hill Valley Healthcare facilities in the area have developed relationships with local CSBs, and PBH will work closely with them. The pro forma provided by the applicant (**Table 8**) projects 2.6% charity care, significantly higher than the HPR V average of 1.8%. Should the proposal be approved, the applicant will be conditioned on 2.6% charity care as a percentage of gross patient revenue.

PBH will implement comprehensive, patient-centered discharge planning designed to ensure safe transition of care, continuity and reduction in avoidable readmissions. This planning will begin at admission and include active coordination with the patient's exiting providers. All patients will be screened for substance use disorders and appropriate post-discharge treatment will be determined. Patients may be referred to residential treatment, partial hospitalization Intensive outpatient, substance use treatment or community-based case management or Assertive Community Treatment, where indicated.

PBH will establish and maintain standardized admission criteria to determine appropriateness for inpatient psychiatric treatment, grounded in medical necessity, clinical acuity and patient safety considerations.

C. Providers of acute psychiatric and acute substance abuse disorder treatment serving large geographic areas should establish satellite outpatient facilities to improve patient access where appropriate and feasible.

VA-8873 - Bon Secours – Hampton Roads Behavioral Health, LLC

Though the applicant is not proposing to establish a satellite outpatient facility, the proposed facility will improve access and provide an expanded and comprehensive spectrum of outpatient services, to include intensive outpatient and a partial hospitalization program.

VA-8875 - 1 Bon Secours ALF Real Estate, LLC

The applicant intends to offer both inpatient and outpatient psychiatric services and may expand its outpatient services in the future.

12VAC5-230-860. Need for New Service.

A. The combined number of acute psychiatric and acute substance abuse disorder treatment beds needed in a health planning district with existing acute psychiatric or acute substance abuse disorder treatment beds or both will be determined as follows:

$$((UR \times PROPOP)/365)/.75$$

Where:

UR = the use rate of the health planning district expressed as the average acute psychiatric and acute substance abuse disorder treatment patient days per population reported for the most recent five-year period; and

PROPOP = the projected population of the health planning district five years from the current year as reported in the most recent published projections by a demographic entity as determined by the Commissioner of the Department of Mental Health, Mental Retardation and Substance Abuse Services.

For purposes of this methodology, no beds shall be included in the inventory of psychiatric or substance abuse disorder beds when these beds (i) are in facilities operated by the Department of Mental Health, Mental Retardation and Substance Abuse Services; (ii) have been converted to other uses; (iii) have been vacant for six months or more; or (iv) are not currently staffed and cannot be staffed for acute psychiatric or substance abuse disorder patient admissions within 24 hours.

The number of mental health beds needed in PD 20 is calculated as follows:

Table 7. Psychiatric and Substance Use Treatment Bed Need Calculation, PD 20

	2020	2021	2022	2023	2024	TOTAL 2020-2024	2031
Psychiatric and SA Patient Days	70,068	73,182	72,321	61,990	83,452	361,013	
Population	1,203,918	1,203,918	1,203,918	1,203,918	1,203,918	6,019,590	1,248,531
5-Year Utilization Rate	<i>5 Yr Total Days/5 Yr Total Population</i>					0.060	0.060
Projected Patient Days in 5 Years	<i>Utilization Rate x Projected Population in 5 Yrs</i>						74,912
Psych & SA Beds Needed in 5 Years (75% occupancy)	<i>(Projected Patient Days/365 Days)/.75</i>						274
Current Staffed Psych & SA Bed+ authorized but not yet in service:							342

Sources: VHI, Weldon Cooper Center for Public Service, August 2024 update

Surplus 68

Utilization of staffed psychiatric beds in the PD was 76.5% in 2024, over the SMFP threshold to expand bed capacity; however, 44 beds have been added since the latest data were published. Based on the formula above, DCOPN calculates a surplus of 68 psychiatric and substance use beds in PD 20, counting staffed psychiatric beds (298) and beds authorized but not yet in service (44).

B. Subject to the provisions of 12VAC5-230-70, no additional acute psychiatric or acute substance abuse disorder treatment beds should be authorized for a health planning district with existing acute psychiatric or acute substance abuse disorder treatment beds or both if the existing inventory of such beds is greater than the need identified using the above methodology.

Preference may also be given to the addition of acute psychiatric or acute substance abuse beds dedicated for the treatment of geriatric patients in health planning districts with an excess supply of beds when such additions are justified on the basis of the specialized treatment needs of geriatric patients.

There is an acknowledged deficit in psychiatric resources across Virginia, such that the previous governor of Virginia implemented a multi-year plan to address the need. Maldistribution of beds as well as shortage of appropriately trained human resources to staff existing beds may be contributing factors in long waits for inpatient placements. The calculated surplus of 68 beds in PD 20 is inconsistent with the expressions of psychiatric bed need and wait times described by the applicants, public comments, or the Joint Legislative Audit and Review Commission (JLARC) “Virginia’s State Psychiatric Hospitals” Report to the Governor and General Assembly of Virginia; December 11, 2023.

PD 20 psychiatric and substance abuse patients routinely must be placed great distances from their residences or forego mental health care. Because the utilization rate is based on patient days associated with patients actually placed in an inpatient bed in PD 20, the placement of patients outside of PD 20 due to the lack of bed availability impacts the need calculation. It eliminates patient days from the calculation of the mental health bed utilization rate for the PD 20 population. The prescribed bed need calculation appears to underestimate bed need when patient days have been suppressed historically due to lack of access. Significantly, VHI data do not include state psychiatric facilities, several of which have reported utilization over 100% capacity according to a December 2023 report from the Joint Legislative Audit and Review Commission (JLARC)⁵.

DCOPN concludes that the demonstrated wait times, burden on the area’s resources and statewide need supersede the calculated bed surplus in PD 20. Evidence suggests that the SMFP calculation underestimates community need for psychiatric beds. DCOPN recommends that, in this particular instance, the Commissioner approve the proposed projects despite the calculated surplus because the proposed projects are more advantageous than the alternative of the status quo.

⁵ <https://jlarc.virginia.gov/landing-2023-virginias-state-psychiatric-hospitals.asp>

VA-8873 - Bon Secours – Hampton Roads Behavioral Health, LLC

The proposed project includes dedicated geriatric units.

VA-8875 - 1 Bon Secours ALF Real Estate, LLC

While the applicant does not plan to have dedicated geriatric beds, it will admit geriatric patients, including those from long term care communities. The applicant also has deep ties with these communities through Hill Valley Healthcare, which operates 33 long-term care facilities in the Commonwealth.

C. No existing acute psychiatric or acute substance disorder abuse treatment beds should be relocated unless it can be reasonably projected that the relocation will not have a negative impact on the ability of existing acute psychiatric or substance abuse disorder treatment providers or both to continue to provide historic levels of service to Medicaid or other indigent patients.

VA-8873 - Bon Secours – Hampton Roads Behavioral Health, LLC

It is unlikely the proposed relocation of mental health beds will impact the ability of existing providers to provide historic levels of service to Medicaid or other indigent patients.

VA-8875 - 1 Bon Secours ALF Real Estate, LLC

The applicant is not proposing relocation of beds.

D. The combined number of acute psychiatric and acute substance abuse disorder treatment beds needed in a health planning district without existing acute psychiatric or acute substance abuse disorder treatment beds will be determined as follows:

$$((UR \times PROPOP)/365)/.75$$

Where:

UR = the use rate of the health planning region in which the health planning district is located expressed as the average acute psychiatric and acute substance abuse disorder treatment patient days per population reported for the most recent five-year period;

PROPOP = the projected population of the health planning district five years from the current year as reported in the most recent published projections by a demographic entity as determined by the Commissioner of the Department of Mental Health, Mental Retardation and Substance Abuse Services.

Not applicable. Inpatient psychiatric services currently exist in PD 20.

E. Preference may be given to the development of needed acute psychiatric beds through the conversion of unused general hospital beds. Preference will also be given to proposals for acute psychiatric and substance abuse beds demonstrating a willingness to accept persons under temporary detention orders (TDO) and that have contractual agreements to serve

populations served by community services boards, whether through conversion of underutilized general hospital beds or development of new beds.

Neither applicant proposes to convert general hospital beds to psychiatric beds. Both applicants maintain that they will accept people under TDOs and plan to coordinate with the local CSB to meet needs should the Commissioner approve their respective projects.

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.

Inpatient psychiatric services in PD 20 are distributed across several different parent companies such that unhealthy market concentration does not exist. The proposed projects do not foster beneficial 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.

Bon Secours, Chesapeake and Sentara are health systems that operate acute care hospitals in PD 20 and each system offers psychiatric beds, as does Children's Hospital of the King's Daughters. CRMC's 20 inpatient psychiatric beds are newly opened. UHS also provides inpatient psychiatric services at two facilities without general medical acute care beds.

VA-8873 - Bon Secours – Hampton Roads Behavioral Health, LLC

The proposed project represents, in part, a relocation of 44 underutilized psychiatric beds from another Bon Secours facility, MMC. The applicant asserts that the proposed facility will be structured with separate units that will allow the admission and care of patients in various cohorts that MMC's older facility is not currently able to accommodate.

VA-8875 - 1 Bon Secours ALF Real Estate, LLC

PBH, the operator of the proposed facility, is affiliated with Hill Valley Healthcare, which operates 33 long term care facilities in Virginia, including some in PD 20. It operates psychiatric facilities and long term care facilities across other states as well. DCOPN notes that despite its legal name, the proposed facility is not a part of Bon Secours Mercy Health.

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.

VA-8873 - Bon Secours – Hampton Roads Behavioral Health, LLC

Projected capital costs of \$103,156,063 (**Table 4**) are reasonable when compared to other recently authorized, similar projects. The applicant will not incur financing costs because it will lease the land and the completed building. Its members will fund equipment purchases and cover contingencies

from their accumulated reserves. The pro forma income statement provided by the applicant projects a net loss of \$5.5 million before taxes in its first year of operation, and a net income before taxes of \$514,311 in the second year of operation (**Table 7**).

Staffing for the proposed project is a concern, as 164.7 full time equivalent (FTE) staff are needed in an area where mental health professionals are scarce. Although the applicant contends that a good portion of the staff will transfer from MMC with the relocation of 44 beds, the proposed facility is 13 miles and 20 minutes away from MMC, potentially adding to employees’ commutes. The applicant cites Bon Secours Mercy Health’s school of nursing health professionals and collaboration with colleges, universities and allied health schools and programs as sources of staff and training. It also notes that LBS is a national leader in providing behavioral health services and has the resources to appropriately staff the program and attract qualified, experienced staff to the area.

Table 7. Pro forma, Bon Secours HRBH, LLC Behavioral Health Hospital

	Year 1	Year 2
Revenue	\$38,078,396	\$68,993,438
Charity Care	\$628,623	\$1,132,972
Other Deductions	\$21,535,017	\$38,706,103
Net Revenue	\$15,914,756	\$29,154,363
Total Expenses	\$21,400,602	\$28,640,052
Net Income Before Taxes	(\$5,485,846)	\$514,311

Source: COPN Request No. VA-8873

VA-8875 - 1 Bon Secours ALF Real Estate, LLC

Projected capital and financing costs of \$60,651,473 are reasonable when compared to other recently authorized, similar projects, and less than the proposed cost of BS-HRBH’s proposal. The pro forma income statement provided by the applicant projects a net loss of \$417,655 in its first year of operation, and a net income before taxes of over \$4.7 million in the second year of operation (**Table 8**).

Table 8. Proforma, 1 Bon Secours ALF Real Estate LLC Psychiatric Hospital

	Year 1	Year 2
Revenue	\$17,617,820	\$32,032,400
Charity Care	\$457,710	\$832,200
Other Deductions	\$1,025,641	\$1,025,641
Net Revenue	\$16,134,469	\$30,174,559
Total Expenses	\$16,552,124	\$25,416,499
Net Income Before Taxes	(\$417,655)	\$4,758,060

Source: COPN Request No. VA-8875

Staffing for the proposed project is a concern, as 134 full time equivalent (FTE) staff are needed in an area where mental health professionals are scarce. The applicant has a phased staffing plan to align with census growth and ramp up the number of employees as needed, and it contends that

PBH will have staffing levels exceeding DBHDS requirements and industry standards. The applicant will rely on PBH's affiliation with Hill Valley Healthcare, its "sophisticated recruitment department" and experience working with local educational institutions and trade programs.

Both proposed projects will be developed over three years and DCOPN advises developing their workforce over the entire time period.

- 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 proposed projects do not provide innovation in the delivery of health services but do include outpatient services.

Though no collaborations have been proposed in this arena, all psychiatric providers and patients would benefit from partnerships in promoting and training mental health professionals in the PD.

- 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. Neither applicant is 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 population of PD 20 is projected to grow by a rate of 3.3% during the 2020–2030 decade, less than that of Virginia (5.8%). Only 87.6% of existing psychiatric beds in the PD are staffed. Utilization of staffed psychiatric beds in the PD was 76.5% in 2024, over the SMFP threshold to expand bed capacity; however, 44 beds have been added since the latest data were published. Based on days-long waits for psychiatric bed placement in emergency departments across the commonwealth and dangerously high utilization of state psychiatric hospitals' beds of last resort, DCOPN concludes there is pent-up demand for psychiatric care and ongoing need for inpatient psychiatric beds.

VA-8873 - Bon Secours – Hampton Roads Behavioral Health, LLC

DCOPN finds Bon Secours – Hampton Roads Behavioral Health, LLC's request to establish a 96-bed psychiatric hospital to be generally consistent with the applicable criteria and standards of the SMFP and the eight required considerations of the Code of Virginia. It improves access to psychiatric services in PD 20. Existing providers oppose the proposed project but there is no

evidence that approval of COPN Request No. VA-8873 is likely to reduce patient volumes of existing providers significantly. There is concern, however, that staffing difficulties may be exacerbated. There is no alternative identified to the proposed project that is less costly, more efficient and more effective than the proposed project. Furthermore, it is likely to enable better utilization of MMC's existing underutilized psychiatric beds, to be relocated from an older facility at which it is cost-prohibitive to build. It is more beneficial than the status quo. Projected costs are reasonable and the proposal is feasible in the long term, with substantial staffing relocating from MMC with the psychiatric beds.

VA-8875 - 1 Bon Secours ALF Real Estate, LLC

DCOPN finds 1 Bon Secours ALF Real Estate, LLC's request to establish a 108-bed psychiatric hospital to be generally consistent with the applicable criteria and standards of the SMFP and the eight required considerations of the Code of Virginia. It improves access to psychiatric services in PD 20, particularly for high-acuity patients that existing providers often do not admit. Existing providers oppose the proposed project but there is no evidence that approval of COPN Request No. VA-8875 is likely to reduce patient volumes of existing providers significantly. There is concern, however, that staffing difficulties may be exacerbated. There is both support and opposition from residents of Portsmouth for the proposal. The applicant acknowledges that concerns are common among residents surrounding psychiatric facilities and will seek to alleviate them with site planning, safety features and landscaping.

There is no alternative identified to the proposed project that is less costly, more efficient and more effective than the proposed project. Furthermore, it is likely to enhance access in a community with geographical barriers to seeking care outside the area. The proposed project also addresses barriers to placement of high-acuity psychiatric patients that currently endure long wait times, find placement at distant facilities or state hospitals, or forego care altogether due to access barriers. The proposed project is more beneficial than the status quo. Capital costs projected for the proposal are reasonable and it is feasible in the long term.

DCOPN Staff Recommendations

VA-8873 - Bon Secours – Hampton Roads Behavioral Health, LLC

The Division of Certificate of Public Need recommends **conditional approval** of Bon Secours – Hampton Roads Behavioral Health, LLC's COPN Request Number VA-8873 to establish a 96-bed inpatient behavioral health hospital in Chesapeake, Virginia, for the following reasons:

1. The proposal to establish a 96-bed behavioral health hospital is generally consistent with the applicable standards and criteria of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. Relocation of underutilized beds at MMC's older unit to the proposed new purpose-built facility will address barriers to access to psychiatric services in PD 20.
3. The proposal is unlikely to impact volumes of existing providers significantly.

4. Capital costs are reasonable and there the proposal is feasible in the long term.
5. There is no reasonable alternative identified to the proposed project that would meet the needs of the population in a less costly, more efficient or more effective manner, and it is more beneficial than the status quo.

DCOPN's recommendation is contingent upon Bon Secours – Hampton Roads Behavioral Health, LLC's agreement to the following charity care conditions:

Bon Secours – Hampton Roads Behavioral Health, LLC will provide psychiatric services to all persons in need of this service, regardless of their ability to pay, and will facilitate the development and operation of primary medical care services to medically underserved persons in PD 20 in an aggregate amount equal to at least 1.8% of Bon Secours – Hampton Roads Behavioral Health, LLC's gross patient revenue derived from psychiatric services. Compliance with this condition will be documented to the Division of Certificate of Public Need annually by providing audited or otherwise appropriately certified financial statements.

Bon Secours – Hampton Roads Behavioral Health, LLC will provide psychiatric services to individuals who are eligible for benefits under Title XVIII of the Social Security Act (42 U.S.C. § 1395 et seq.), Title XIX of the Social Security Act (42 U.S.C. § 1396 et seq.), and 10 U.S.C. § 1071 et seq. Additionally, Bon Secours – Hampton Roads Behavioral Health, LLC will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.

VA-8875 - 1 Bon Secours ALF Real Estate, LLC

The Division of Certificate of Public Need recommends **conditional approval** of 1 Bon Secours ALF Real Estate, LLC's COPN Request Number VA-8875 to establish a 108-bed inpatient psychiatric hospital in Portsmouth, Virginia, for the following reasons:

1. The proposal to establish a 108-bed behavioral health hospital is generally consistent with the applicable standards and criteria of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The proposal promises facilities and specialized staffing to care for high-acuity patients that existing private providers are unable to accept for admission, reducing waits for admission, distant bed placements and placement at state hospitals.
3. The proposal is unlikely to impact volumes of existing providers significantly.
4. Capital costs are reasonable and there the proposal is feasible in the long term.
5. There is no reasonable alternative identified to the proposed project that would meet the needs of the population in a less costly, more efficient or more effective manner, and it is more beneficial than the status quo.

DCOPN's recommendation is contingent upon 1 Bon Secours ALF Real Estate, LLC's agreement to the following charity care conditions:

1 Bon Secours ALF Real Estate, LLC will provide psychiatric services to all persons in need of this service, regardless of their ability to pay, and will facilitate the development and operation of primary medical care services to medically underserved persons in PD 20 in an aggregate amount equal to at least 2.6% of 1 Bon Secours ALF Real Estate, LLC's gross patient revenue derived from psychiatric services. Compliance with this condition will be documented to the Division of Certificate of Public Need annually by providing audited or otherwise appropriately certified financial statements.

1 Bon Secours ALF Real Estate, LLC will provide psychiatric services to individuals who are eligible for benefits under Title XVIII of the Social Security Act (42 U.S.C. § 1395 et seq.), Title XIX of the Social Security Act (42 U.S.C. § 1396 et seq.), and 10 U.S.C. § 1071 et seq. Additionally, 1 Bon Secours ALF Real Estate, LLC will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.