

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

November 19, 2024

COPN Request No. VA-8777

Sentara Princess Anne Hospital
Virginia Beach, Virginia
Add one operating room

Applicant

Sentara Princess Anne Hospital (SPAHS) is a 174-bed acute care hospital located in Virginia Beach, Virginia. SPAHS is a 501 (c)(3) not-for-profit, Virginia domiciled non-stock corporation. SPAHS is jointly owned by Sentara Healthcare (70%) and Bon Secours Mercy Health, Inc. (30%). SPAHS is located in Planning District (PD) 20 and Health Planning Region (HPR) V.

Background

According to Division of Certificate of Public Need (DCOPN) records, there are 160 operating rooms (ORs) located in PD 20, of which 118 are within acute care hospitals, and 42 are within Outpatient Surgical Hospitals (OSHs). Of the 160 ORs, 10 are dedicated cardiac ORs and 2 are trauma ORs, which are explicitly excluded from the general purpose OR (GPOR) need calculation in the State Medical Facilities Plan (SMFP). Of the remaining 148 GPORs, 13 additional ORs are restricted use ORs, which are not specifically excluded from the GPOR need calculation in the SMFP. Therefore, for purposes of the GPOR need calculation in the SMFP, DCOPN will consider a GPOR inventory of 148 GPORs (**Table 1**).

Table 1: PD 20 COPN Authorized GPOR Inventory

Facility	Total ORs	Dedicated Cardiac ORs	Restricted Use ORs	Trauma OR	Unrestricted GPORs
Acute Care Hospitals					
Bon Secours Harbor View Hospital	4	0	--	--	4
Bon Secours Maryview Medical Center	9	2	--	--	7
Bon Secours Southampton Memorial Hospital	3	0	--	--	3
Chesapeake Regional Medical Center	13	1	--	--	12
Children's Hospital of The King's Daughters	11	1	--	--	10
Riverside Smithfield Hospital	4	0	--	--	4
Sentara Leigh Hospital	17	0	--	--	17
Sentara Norfolk General Hospital	30	5	--	1	24

Facility	Total ORs	Dedicated Cardiac ORs	Restricted Use ORs	Trauma OR	Unrestricted GPORs
Sentara Obici Hospital	5	0	--	--	5
Sentara Princess Anne Hospital	10	0	--	--	10
Sentara Virginia Beach General Hospital	12	1	--	1	10
Total ORs in Acute Care Hospitals	118	10	0	2	106
Facility	Total ORs	Dedicated Cardiac ORs	Restricted Use ORs	Trauma OR	Unrestricted GPORs
Bayview Physicians	2	0	--	--	2
Bon Secours Surgery Center at Harbour View	6	0	--	--	6
Bon Secours Surgery Center at Virginia Beach	2	0	--	--	2
Center for Visual Surgical Excellence	2	0	2 (Ophthalmic)	--	--
Chesapeake Regional Surgery Center at Virginia Beach	2	0	--	--	2
CHKD Health & Surgery Center (Virginia Beach)	3	0	--	--	3
Excellence ASC	2	0	--	--	--
Sentara BelleHarbour Ambulatory Surgical Center	2	0	2 (Ophthalmic)	--	2
Leigh Orthopedic Surgery Center	2	0	--	--	2
Sentara Obici Ambulatory Surgery LLC	2	0	--	--	2
Sentara Princess Anne Ambulatory Surgery Center	4	0	--	--	4
Surgery Center of Chesapeake	4	0	2 (Ophthalmic)	--	2
Virginia Beach Ambulatory Surgery Center	4	0	--	--	4
Virginia Center for Eye Surgery	2	0	2 (Ophthalmic)	--	--
Virginia Surgery Center, LLC	5	0	5 (Ophthalmic)	--	--
Total ORs in OSHs	42	0	13	0	29
Grand Total	160	10	13	2	135

Source: DCOPN Records

Proposed Project

SPAHS proposes to expand its general surgical services by adding one GPOR through the conversion of an existing procedure room to a GPOR. SPAHS asserts an institutional need for the expansion of surgical services, citing SPAHS's 2022 GPOR utilization of 111.9%. If approved, SPAHS will have a total of 11 GPORs.

The total projected capital cost of the proposed project is \$98,958, all of which represents costs for equipment (**Table 2**). The applicant will fund the project using accumulated reserves. Accordingly, there are no financing costs associated with this project.

Table 2. SPAH Projected Capital Costs

Equipment Not Included in Construction Contract	\$98,958
Total Capital Costs	\$98,958

Source: COPN Request No. VA-8777

No construction is required. The applicant anticipates an opening date one month after COPN approval.

Project Definition

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

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

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

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

PD 20 had a population of about 1.2 million in 2020 and is projected to grow by just over 40,000 people and 3.3%, between 2020 and 2030. This is slightly less than the population growth rate projected for Virginia during this decade, 5.8%. Virginia Beach City, where the proposed project is located, is projected to grow by 3.2% and 14,582 people, between 2020 and 2030 (**Table 3**). The growth rates projected for 2020-2030 in the 65 and older age group are 36.8% in Virginia Beach City and 33.8% in PD 20 as a whole, compared to 26.3% in Virginia (**Table 3**).

Table 3. PD 20 Population Data

Locality	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 % 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%

Locality	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 % Change 65+ 2020-2030
Chesapeake City	249,422	272,670	23,248	9.3%	36,045	50,838	14,793	41.0%
Franklin City	8,180	7,667	-513	-6.3%	1,787	1,982	195	10.9%
Norfolk City	238,005	229,864	-8,141	-3.4%	29,215	36,636	7,421	25.4%
Portsmouth City	97,915	98,857	942	1.0%	15,496	19,321	3,825	24.7%
Suffolk City	94,324	102,571	8,247	8.7%	14,708	19,474	4,766	32.4%
Virginia Beach City	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%
Virginia	8,631,393	9,129,002	497,609	5.8%	1,395,291	1,762,641	367,350	26.3%

Source: Weldon-Cooper Data, updated August 2023

With respect to socioeconomic barriers, the poverty rate of PD 20 is higher than that of Virginia (**Table 4**). Virginia Beach City, the location of the proposed project has the third lowest poverty rate in PD 20.

Table 4. 2022 Poverty Rates, PD 20

Locality	Percent in Poverty
Isle of Wight County	8.5%
Southampton County	15.0%
Chesapeake City	8.7%
Franklin City	19.0%
Norfolk City	18.8%
Portsmouth City	19.8%
Suffolk City	11.6%
Virginia Beach City	9.9%
PD 20	12.3%
Virginia	10.6%

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

According to regional and statewide data regularly collected by Virginia Health Information (VHI), for 2022, the most recent year for which such data is available, the average amount of charity care provided by HPR V facilities was 1.9% of all reported total gross patient revenues (**Table 5**). Pursuant to § 32.1-102.4B of the Code of Virginia DCOPN must now place a charity care condition on every applicant seeking a COPN. Accordingly, should the State Health Commissioner (Commissioner) approve the proposed project, SPAH should be subject to charity care consistent with the Sentara Hampton Roads 4.8% system-wide charity care condition, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

Table 5. HPR V Charity Care Contributions: 2022

2022 Charity Care Contributions at or below 200% of Federal Poverty Level			
Hospital	Gross Patient Revenues	Adjusted Charity Care Contribution	% of Gross Patient Revenue:
Inpatient Hospitals			
Riverside Doctors' Hospital Williamsburg	\$235,047,426	\$7,344,864	3.1%
Sentara Norfolk General Hospital	\$3,864,668,030	\$109,016,224	2.8%
Riverside Shore Memorial Hospital	\$322,109,369	\$8,731,934	2.7%
Chesapeake Regional Medical Center	\$1,155,918,449	\$29,774,782	2.6%
Sentara Obici Hospital	\$1,129,233,332	\$28,033,924	2.5%
Sentara Careplex Hospital	\$1,034,820,882	\$23,699,497	2.3%
Riverside Walter Reed Hospital	\$331,866,869	\$7,551,194	2.3%
Riverside Regional Medical Center	\$2,771,854,623	\$59,626,052	2.2%
Sentara Virginia Beach General Hospital	\$1,541,137,501	\$32,477,460	2.1%
Sentara Leigh Hospital	\$1,751,776,448	\$36,872,093	2.1%
Virginia Beach Psychiatric Center	\$53,717,475	\$1,004,000	1.9%
Sentara Princess Anne Hospital	\$1,248,353,068	\$19,746,037	1.6%
VCU Health Tappahannock Hospital	\$180,355,500	\$2,408,281	1.3%
Sentara Williamsburg Regional Medical Center	\$752,613,462	\$8,404,028	1.1%
Bon Secours Mary Immaculate Hospital	\$709,536,813	\$7,318,928	1.0%
Bon Secours Maryview Medical Center	\$1,351,611,536	\$11,279,831	0.8%
Newport News Behavioral Health Center	\$30,706,561	\$244,159	0.8%
Bon Secours Southampton Medical Center	\$241,085,104	\$1,877,601	0.8%
Bon Secours Rappahannock General Hospital	\$92,843,633	\$716,430	0.8%
Riverside Rehabilitation Hospital	\$62,764,853	\$388,974	0.6%
Children's Hospital of the King's Daughters	\$1,343,335,333	\$3,354,180	0.2%
Hospital For Extended Recovery	\$26,673,737	\$14,488	0.1%
The Pavilion at Williamsburg Place	\$48,867,340	\$17,535	0.0%
Kempsville Center for Behavioral Health	\$44,555,478	\$0	0.0%
Lake Taylor Transitional Care Hospital	\$42,830,830	\$0	0.0%
Select Specialty Hospital-Hampton Roads	\$73,328,103	\$0	0.0%
Total Inpatient Facilities:			26
HPR V Inpatient Median			1.2%
HPR V Inpatient Total \$ & Mean%	\$20,441,611,755	\$399,902,496	2.0%
Outpatient Centers			
Riverside Peninsula Surgery Center	\$26,825,317	\$646,330	2.4%
Careplex Orthopaedic Ambulatory Surgery Center	\$54,808,248	\$1,290,094	2.4%
Sentara BelleHarbour Ambulatory Surgery Center	\$2,732,407	\$50,587	1.9%
Riverside Hampton Surgery Center	\$35,603,742	\$247,351	0.7%
CHKD Health & Surgery Center (Newport News)	\$18,626,720	\$91,323	0.5%
Sentara Princess Anne Ambulatory Surgery Management, LLC	\$45,406,534	\$191,358	0.4%
Riverside Doctors Surgery Center	\$38,658,425	\$155,389	0.4%
Bon Secours Mary Immaculate Ambulatory Surgery Center	\$28,531,734	\$114,059	0.4%
Bon Secours Surgery Center at Virginia Beach	\$41,672,833	\$80,023	0.2%
CHKD Health & Surgery Center (Virginia Beach)	\$33,722,353	\$62,513	0.2%
Sentara Obici Ambulatory Surgery LLC	\$18,535,929	\$17,065	0.1%
Sentara Leigh Orthopedic Surgery Center, LLC	\$107,157,116	\$13,664	0.0%

2022 Charity Care Contributions at or below 200% of Federal Poverty Level			
Hospital	Gross Patient Revenues	Adjusted Charity Care Contribution	% of Gross Patient Revenue:
Sentara Virginia Beach Ambulatory Surgery Center	\$21,565,567	\$2,700	0.0%
Bon Secours Surgery Center at Harbour View, L.L.C.	\$50,778,791	\$4,037	0.0%
Advanced Vision Surgery Center LLC	\$1,969,222	\$0	0.0%
Bayview Medical Center, Inc	\$4,246,866	\$0	0.0%
Center for Visual Surgical Excellence, LLC	\$9,769,037	\$0	0.0%
Chesapeake Regional Surgery Center at Virginia Beach, LLC	\$47,742,818	\$0	0.0%
CVP Surgery Center	\$19,000,461	\$0	0.0%
Sentara Port Warwick Surgery Center	\$1,740,580	\$0	0.0%
Surgery Center of Chesapeake	\$14,774,000	\$0	0.0%
Surgical Suites of Coastal Virginia	\$38,314,052	\$0	0.0%
Virginia Center for Eye Surgery	\$6,172,666	\$0	0.0%
Total Outpatient Facilities:			23
HPR V Outpatient Median			0.2%
HPR V Outpatient Total \$ & Mean%	\$668,355,418	\$2,966,493	0.4%
Total Facilities:			49
HPR V Median			0.5%
HPR V Total \$ & Mean%	\$21,109,967,173	\$402,868,989	1.9%

Source: VHI (2022)

DCOPN is not aware of any other geographic, socioeconomic, cultural, or transportation barriers to access to care.

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

(i) the level of community support for the proposed project demonstrated by people, businesses, and governmental leaders representing the area to be served;

DCOPN received four letters of support for the proposed project. Collectively, these letters articulate several benefits of the project, including:

- Additional operating room capacity will allow for greater availability, improved efficiency, decreased patient wait time, and increased patient satisfaction.
- The project will help meet the current and growing demand for surgery services.
- The procedure room having a COPN as a GPOR will allow for SPAH to address the high volumes of surgeries being performed and requested to be performed at SPAH with very low capital cost.
- Currently, the SPAH operating rooms have been operating above the [SMFP] threshold, indicating that SPAH has an institutional need to expand operating room services.

Public Hearing

Section 32.1-102.6 B of the Code of Virginia directs DCOPN to hold one public hearing on each application in a location in the county or city in which the project is proposed or a contiguous county or city 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-8777 is not competing with another project in this batch cycle and DCOPN did not receive a request to conduct a public hearing for the proposed project. Thus, no public hearing was held.

(ii) the availability of reasonable alternatives to the proposed project that would meet the needs of the people in the area to be served in a less costly, more efficient, or more effective manner;

Neither DCOPN nor the applicant identified a reasonable alternative to the proposed project that would meet the needs of the people in the area to be served in a less costly, more efficient, or more effective manner. As previously discussed, SPAH has expressed an institutional need to expand its surgical services by adding an 11th GPOR. As noted in **Table 9** below, for 2022, the most recent year for which VHI data is available, the 10 GPORs at SPAH operated at a utilization rate of 111.9%. Additionally, as discussed in more detail below, the Sentara Health System is working on a plan to increase utilization at its underutilized GPORs at Sentara BelleHarbour Ambulatory Surgery Center. Therefore, DCOPN concludes that Sentara Health System does not have any GPORs that would be appropriate for reallocation. In summary, for the reasons discussed, the status quo is not a preferable alternative to the proposed project, as SPAH's existing GPORs are overutilized.

(iii) any recommendation or report of the regional health planning agency regarding an application for a certificate that is required to be submitted to the Commissioner pursuant to subsection B of § 32.1-102.6;

Currently there is no organization in HPR V designated by the Virginia Department of Health to serve as the Health Planning Agency for PD 20. Therefore, this consideration is not applicable to the review of the proposed projects.

(iv) any costs and benefits of the proposed project;

As demonstrated by **Table 2**, the projected capital costs of the proposed project are \$98,957.75, all of which represents costs for equipment. The applicant will fund the project using accumulated reserves. Accordingly, there are no financing costs associated with this project. DCOPN concludes that when compared to similar projects, these costs are reasonable, if not low. For example, COPN No. VA-04792 issued to Chippenham Ambulatory Surgery Center, LLC to add one general purpose operating room is anticipated to cost approximately \$1,509,700.

The applicant identified numerous benefits of the proposed project, including:

- The community impact, exceptional consumer experience, and transformative growth will all be positively impacted by the approval of an 11th GPOR at SPAH. As the project is located

within a Sentara hospital, it will benefit from Sentara's seamlessly connected systems, engaged colleagues, and inclusive culture.

- Having 11 rooms that meet GPOR requirements and 10 authorized GPORs has allowed SPAH to use one room as a procedure room and the others for surgeries. However, the growth SPAH is experiencing has made this solution no longer effective.
- SPAH's neurosurgery program has been growing and having the additional GPOR would allow SPAH to meet the needs of patients and physicians by allowing for more efficient and timely scheduling of both emergent and non-emergent surgeries for SPAH and area providers.
- Maintaining low costs while increasing capacity through the efficient use of existing space aligns with Sentara's mission to improve health every day and our values of people, quality, patient safety, service, and integrity. Sentara is utilizing existing space within the hospital, rather than a whole new build-out to accommodate the GPOR. Using existing space adjacent to the other GPORs allows for both operational and cost efficiency.
- We project that authorizing SPAH to utilize the procedure room as a GPOR will result in approximately 113.6% and 118.1% utilization per GPOR in 2025 and 2026, respectively (Table 2). Without approval for the 11th GPOR, the utilization per 10 GPORs is projected to be 125.0% and 130.1% for 2025 and 2026, respectively. Authorizing the 11th GPOR will allow SPAH to maintain an efficient use of its assets while maintaining appropriate scheduling times for physicians and patients.
- As no additional staff is required to convert the procedure room to a general-purpose operating room, the project will not have any impact on the staffing of other area providers.
- Authorizing an 11th GPOR at SPAH would facilitate beneficial competition by increasing the available GPOR time allotted to a variety of providers, not only Sentara providers.

(v) the financial accessibility of the proposed project to the people in the area to be served, including indigent people; and

The applicant has provided assurances that Sentara will continue to provide care for those in need of healthcare services, regardless of their ability to pay. The Pro Forma Income Statement provided by the applicant does not specifically address charity care (**Table 6**). As previously discussed, if the Commissioner approves the proposed project, SNGH should be subject to charity care consistent with the Sentara Hampton Roads 4.8% system-wide charity care condition, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

Table 6. SPAH Pro Forma Income Statement

	Year 1	Year 2
Total Gross Revenue	\$391,092,628	\$424,992,682
Deductions from Revenue	(\$265,916,728)	(\$290,666,459)
Net Patient Services Revenue	\$125,175,900	\$134,326,222
Total Expenses	(\$118,858,004)	(\$126,081,770)
Excess of Revenue Over Expenses	\$6,317,896	\$8,244,452

Source: COPN Request No. VA-8777

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

DCOPN did not identify any other discretionary factors, not discussed elsewhere in this staff analysis report, to bring to the attention of the Commissioner as may be relevant to determining a public need for the proposed projects.

3. The extent to which the application is consistent with the State Health Services 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, these regulations provide the best available criteria and DCOPN will consider the consistency of the proposed project with the predecessor of the SHSP, the State Medical Facilities Plan (SMFP).

Part V of the SMFP contains criteria/standards for the addition of general-purpose operating rooms. They are as follows:

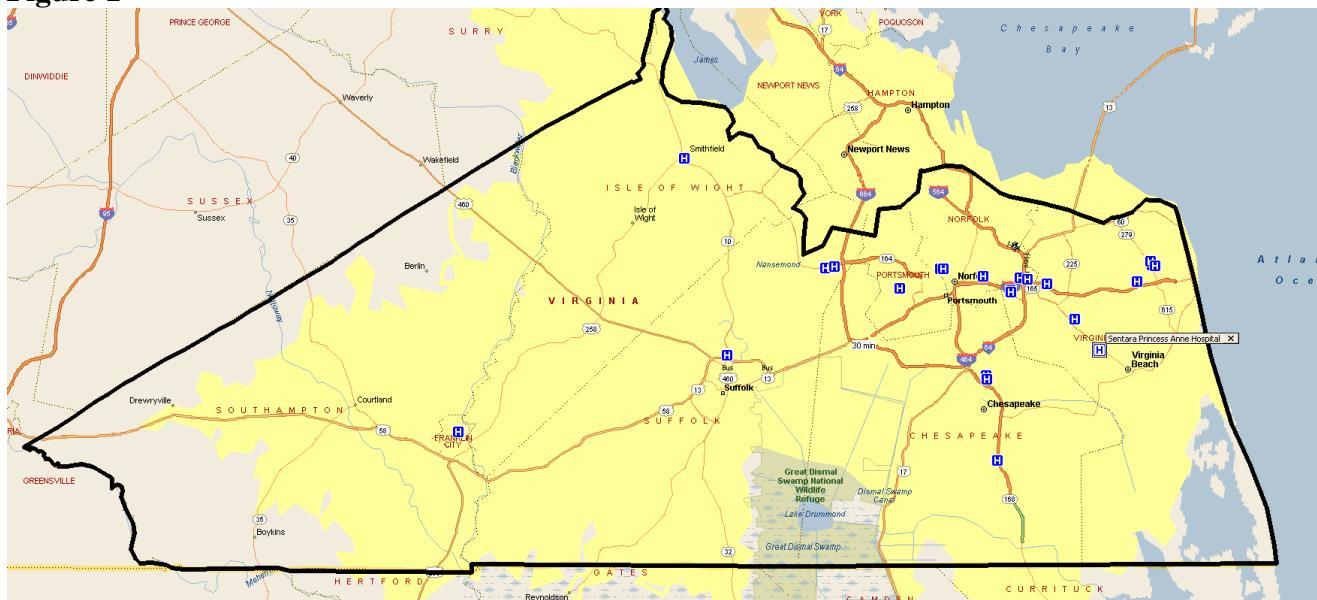
Part V General Surgical Services
Criteria and Standards for General Surgical Services

12VAC5-230-490. Travel Time.

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

The heavy black line in **Figure 1** represents the boundary of PD 20. The white “H” symbol marks the location of the proposed project. The blue “H” symbols mark the locations of existing operating rooms within PD 20. The yellow shaded area represents the areas of PD 20 that are within 30 minutes’ drive time of existing PD 20 surgical services. Given the amount and location of shaded area, it is evident that surgical services currently exist within a 30-minute drive time for at least 95% of the population of PD 20.

Figure 1



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:

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

Where:

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

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

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

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

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

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

The preceding formula can be used to affirm whether there is currently an excess of GPORs in PD 20. The preceding formula can also determine the overall need for GPORs within PD 20 five years from the current year, i.e., in the year 2029. Based on GPOR utilization data submitted to and compiled by VHI, for the five-year period of 2018-2022, which is the most recent five-year period for which relevant data is available, the total and average number of reported inpatient and outpatient operating room visits is shown below in **Table 7**.

Table 7. Inpatient and Outpatient GPOR Visits in PD20: 2018-2022

Year	Total Inpatient & Outpatient GPOR Visits
2018	113,402
2019	112,617
2020	102,823
2021	113,795
2022	115,195
Total	557,832
Average	111,566

Source: VHI (2018-2022)

Based on actual population counts derived as a result of the 2010 U.S. Census, and population projections as compiled by Weldon Cooper, **Table 8** presents the U.S. Census' baseline population estimates for PD 20 for the five years 2018-2022 as follows:

Table 8. PD 20 Population: 2018-2022 and 2029

Year	Population
2018	1,190,659
2019	1,197,962
2020	1,205,664
2021	1,211,145
2022	1,214,907
Total	6,020,337
2029	1,249,269

Source: U.S. Census, Weldon Cooper Center Projections (August 2019)

Based on the above population estimates from the 2010 U.S. Census and population projections as compiled by Weldon Cooper, the cumulative total population of PD 20 for the five-year period 2018-2022, was 6,020,337, while the population of PD 20 in the year 2029 (PROPOP – five years from the current year) is projected to be 1,204,067. These figures are necessary for the application of the preceding formula, as follows:

ORV	÷	POP	=	CSUR
Total PD 20 GPOR Visits 2018 to 2022		PD 20 Historical Population 2018-2022		Calculated GPOR Use Rate 2018-2022
557,832		6,020,337		0.0927

CSUR	X	PROPOP	=	PORV
Calculated GPOR Use Rate 2018-2022		PD 20 Projected Population 2029		Projected GPOR Visits 2029
0.0927		1,249,269		115,807

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

AHORV = 208,823 total inpatient and outpatient operating room hours (**Table 9**) reported to VHI in 2022, divided by 115,195 total inpatient and outpatient operating room visits reported to VHI for that same year (**Table 7**).

$$\text{AHORV} = 1.8128$$

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

$$1600$$

$$\text{FOR} = ((557,832 / 6,020,337) \times (1,249,269)) \times 1.8128$$

$$1600$$

$$\text{FOR} = 209,935.36 / 1600$$

FOR = 131.21 (132) General Purpose Operating Rooms Needed in PD 20 in 2029
Current PD 20 GPOR Inventory: 148 (Table 1)

Net Surplus: 16 GPORs for 2029 Planning Year

As shown above, DCOPN has calculated a surplus of 16 GPORs in PD 20 for the 2029 planning year. Additionally, as shown in **Table 9**, in 2022, the 140 GPORs in PD 20 in operation for that year displayed a collective utilization of 93.2%.

Table 9. 2022 PD 20 General Purpose Operating Room Utilization

Facility	Operating Rooms	Total Hours	Use Per OR	Utilization Rate
Bayview Medical Center, Inc	2	774	387.0	24.2%
Bon Secours Maryview Medical Center	9	7,398	822.0	51.4%
Bon Secours Southampton Memorial Hospital	3	2,107	702.3	43.9%
Bon Secours Surgery Center at Harbour View, L.L.C.	6	3,696	616.0	38.5%
Bon Secours Surgery Center at Virginia Beach	2	2,787	1,393.5	87.1%
Center for Visual Surgical Excellence, LLC	2	1,492	746.0	46.6%
Chesapeake Regional Medical Center	13	17,091	1,314.7	82.2%
Chesapeake Regional Surgery Center at Virginia Beach, LLC	2	5,186	2,593.0	162.1%
Children's Hospital of The King's Daughters	10	16,093	1,609.3	100.6%

Facility	Operating Rooms	Total Hours	Use Per OR	Utilization Rate
Bayview Medical Center, Inc	2	774	387.0	24.2%
Bon Secours Maryview Medical Center	9	7,398	822.0	51.4%
CHKD Health & Surgery Center (Virginia Beach)	3	3,053	1,017.7	63.6%
CVP Surgery Center	4	9,726	2,431.5	152.0%
Leigh Orthopedic Surgery Center, LLC	2	3,680	1,840.0	115.0%
Princess Anne Ambulatory Surgery Management, LLC	2	4,047	2,023.5	126.5%
Sentara BelleHarbour Ambulatory Surgery Center	2	219	109.5	6.8%
Sentara Leigh Hospital	17	29,838	1,755.2	109.7%
Sentara Norfolk General Hospital	24	39,891	1,662.1	103.9%
Sentara Obici Ambulatory Surgery LLC	2	1,738	869.0	54.3%
Sentara Obici Hospital	5	10,829	2,165.8	135.4%
Sentara Princess Anne Hospital	10	17,899	1,789.9	111.9%
Sentara Virginia Beach Ambulatory Surgery Center	4	5,429	1,357.3	84.8%
Sentara Virginia Beach General Hospital	10	19,705	1,970.5	123.2%
Surgery Center of Chesapeake	4	3,640	910.0	56.9%
Virginia Center for Eye Surgery	2	2,505	1,252.5	78.3%
Total	140	208,823	1,491.6	93.2%

Source: VHI (2022) and DCOPN records

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

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

12VAC5-230-510. Staffing.

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

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

12VAC5-230-80. When Institutional Expansion is Needed.

- 1. Notwithstanding any other provisions of this chapter, the commissioner may grant approval for the expansion of services at an existing medical facility in a health planning district with an excess supply of such services when the proposed expansion can be justified on the basis of a facility's need having exceeded its current service capacity to provide such service or on the geographic remoteness of the facility.**
- 2. If a facility with an institutional need to expand is part of a health system, the underutilized services at other facilities within the health system should be reallocated, when appropriate, to the facility with the institutional need to expand before additional services are approved for the applicant. However, underutilized services located at a health**

system's geographically remote facility may be disregarded when determining institutional need for the proposed project.

3. This section is not applicable to nursing facilities pursuant to §32.1-102.3:2 of the Code of Virginia.
4. Applicants shall not use this section to justify a need to establish new services.

SPAH has expressed an institutional need to add an 11th GPOR. As shown in **Table 9** above, for 2022, the most recent year for which VHI data is available, the existing 10 GPORs at SPAH reported 17,899 surgical hours and operated at a utilization rate of 111.9%, above the SMFP threshold for expansion. Furthermore, the applicant reports that it operated at 115.6% utilization in 2023 and anticipates being at 120.2% utilization for 2024. Finally, the applicant projects 113.6% utilization for 2025 and 118.1% utilization for 2026, even with the 11th GPOR.

The applicant is part of the Sentara Health System, which has facilities providing surgical services and operating 78 GPORs throughout PD 20 (**Table 10**). A review of the surgical utilization at each of these facilities, according to VHI for 2022, reveals that they are operating at a collective utilization of 106.8%.

As can be observed in **Table 10**, Sentara Health System's GPORs are well utilized with the exception of the two GPORs at Sentara BelleHarbour Ambulatory Surgery Center. More specifically, the two GPORs located at Sentara BelleHarbour Ambulatory Surgery Center operated at a collective utilization rate of 6.8% in 2022. With regard to the two GPORs located at Sentara BelleHarbour Ambulatory Surgery Center, the applicant explains:

The Sentara BelleHarbour Ambulatory Surgical Center (SBH ASC) is a department of Sentara Obici Hospital (SOH). SBH ASC's two GPORs operated at approximately 6.8% of the SMFP standard in 2022, and SOH's five GPORs operated at 135.4% for the same year []. In 2023, SBH ASC's two GPORs operated at 12.5% of the SMFP threshold, and SOH's five GPORs operated at approximately 146.0% of the SMFP threshold for the same year. The two SBH ASC GPORs aid in decanting volumes from SOH. While the volumes at SBH ASC appear low, there are efforts currently underway to increase the decanting of volumes from SOH; volumes have continued to increase at SBH ASC and are projected to continue growing.

Furthermore, while SBH ASC and SPAH are both in PD 20, they serve very distinct areas. SBH ASC GPORs are located upwards of an hour's driving distance depending on the time of day from SPAH and are supporting SOH. SBH ASC and SOH mainly support Suffolk residents, over 50% of which are BIPOC and are more susceptible to experiencing healthcare disparities (Table 3). Because of this, SPAH does not find it reasonable to reallocate a SBH ASC GPOR to SPAH.

When asked for more details regarding the plan to reduce overutilization of Sentara Obici Hospital's GPORs by decanting volumes to the Sentara BelleHarbour Ambulatory Surgery Center, the applicant provided the following information:

Sentara is working on operational efficiencies to ensure the maximum appropriate cases are being sent to the BelleHarbour ASC from SOH. Additionally, we are working to recruit additional providers that will use the ASC. Presently, two additional orthopedic surgeons have

started at BelleHarbour ASC, increasing case volumes, and we are discussing working with a local ENT provider, too. The initial BelleHarbour utilization projections were not met as the main provider group that would be using them pulled out of the project; however, Sentara is working to fill this need and further decant volumes from SOH. Although provider negotiations are underway and not filled in full yet, the GPORs at BelleHarbour ASC are still vital to the decanting at SOH.

DCOPN observes that Sentara is making inroads with transitioning appropriate cases from Sentara Obici Hospital to the Sentara BelleHarbour Ambulatory Surgery Center. However, the utilization at Sentara BelleHarbour Ambulatory Surgery Center is still very low. In this particular case, because of the ongoing work to improve utilization at Sentara Obici Hospital and Sentara BelleHarbour Ambulatory Surgery Center, DCOPN does not recommend transferring the requested GPOR from this underutilized facility at this time. However, if Sentara Health System seeks approval for another GPOR based on an institutional need, DCOPN would need to reevaluate its position and see substantial improvement in the low utilization at Sentara BelleHarbour Ambulatory Surgery Center.

Table 10. PD 20 Sentara Health Care Services System GPOR Utilization - 2022

Facility	ORs	Total Hours	Us/OR	Utilization Rate
Leigh Orthopedic Surgery Center, LLC	2	3,680	1,840	115.0%
Princess Anne Ambulatory Surgery Management, LLC	2	4,047	2,024	126.5%
Sentara BelleHarbour Ambulatory Surgery Center	2	219	110	6.8%
Sentara Leigh Hospital	17	29,838	1,755	109.7%
Sentara Norfolk General Hospital	24	39,891	1,662	103.9%
Sentara Obici Ambulatory Surgery LLC	2	1,738	869	54.3%
Sentara Obici Hospital	5	10,829	2,166	135.4%
Sentara Princess Anne Hospital	10	17,899	1,790	111.9%
Sentara Virginia Beach Ambulatory Surgery Center	4	5,429	1,357	84.8%
Sentara Virginia Beach General Hospital	10	19,705	1,971	123.2%
Total	78	133,275	1,709	106.8%

Source: VHI (2022)

Required Considerations Continued

- 4. The extent to which the proposed project fosters institutional competition that benefits the area to be served while improving access to essential health care services for all people in the area to be served;**

The proposed project is not meant to foster institutional competition that benefits the area to be served while improving access to services, but rather to decompress utilization of the 10 GPORs at SPAH. Although there is already an existing surplus of 16 GPORs within PD 20, if approved, the proposed project would meet a demonstrated institutional need.

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

As previously discussed, DCOPN has calculated a net surplus of 16 GPORs in PD 20 for the 2029 planning year. If approved, the proposed project would add to the surplus. However, as

already discussed, DCOPN contends that the proposed project warrants approval despite the calculated surplus because SPAH has demonstrated an institutional need to expand. The applicant is part of the Sentara Health System, which has facilities providing surgical services throughout PD 20. As already discussed, DCOPN further concludes that transferring the requested GPOR from another Sentara facility is not necessarily a reasonable alternative to the proposed project. Therefore, DCOPN contends that although the proposed project would add to the existing PD 20 surplus, the project warrants approval.

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

As already discussed, DCOPN contends that the projected costs of \$98,957.75 are reasonable, if not low, when compared to previously authorized projects similar in scope. For example, COPN No. VA-04792 issued to Chippenham Ambulatory Surgery Center, LLC to add one general purpose operating room is anticipated to cost approximately \$1,509,700. The entirety of the capital costs will be funded using the internal resources of the applicant. Accordingly, there are no financing costs associated with this project. The Pro Forma Income Statement provided by the applicant projects excess revenue of \$6,317,896 from in the first year of operation, and excess revenue of \$8,244,452 in the second year of operation (**Table 6**).

With regard to staffing, the applicant states that the proposed project does not require any additional staff.

7. The extent to which the proposed project provides improvements or innovations in the financing and delivery of health care 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 health care services on an outpatient basis; (iii) any cooperative efforts to meet regional health care needs; and (iv) at the discretion of the Commissioner, any other factors as may be appropriate; and

The proposed project would not provide improvements or innovations in the financing and delivery of health services, as demonstrated by the introduction of new technology that promotes quality, cost effectiveness, or both in the delivery of health care services. DCOPN did not identify any other factors that have not been discussed elsewhere in this staff analysis report to bring to the attention of 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, and (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.

The applicant is not a teaching hospital or affiliated with a public institution of higher education or medical schools in the area to be served. Approval of the proposed project would not

contribute to the unique research, training or clinical mission of a teaching hospital or medical school.

With regard to this standard, the applicant provided the following response:

While this project is not directly related to a public institution of higher education or a medical school in the area to be served, Sentara College of Health Sciences students would be able to train at SPAH's GPORs and the EVMS residents would benefit from the additional GPOR capacity. Many Sentara College of Health Sciences students are hired into the Sentara Health system, which is dedicated to serving indigent and underserved populations by way of its Medicaid and Medicare health plans, hospital locations and services provided, and its mission and values.

DCOPN Findings and Conclusions

DCOPN finds that Sentara Princess Anne Hospital's COPN Request No. VA-8777 add one general purpose operating room is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia.

As previously discussed, SPAH has expressed an institutional need to expand its surgical services by adding an 11th GPOR. As noted in **Table 9** below, for 2022, the most recent year for which VHI data is available, the 10 GPORs at SPAH operated at a utilization rate of 111.9%. Furthermore, the applicant reports that it operated at 115.6% utilization in 2023 and anticipates being at 120.2% utilization for 2024. Finally, the applicant projects 113.6% utilization for 2025 and 118.1% utilization for 2026, even with the 11th GPOR. The applicant is part of the Sentara Health System, which has facilities providing surgical services and operating 78 GPORs throughout PD 20 (**Table 10**). A review of the surgical utilization at each of these facilities, according to VHI for 2022, reveals that the facilities are operating at a collective utilization of 106.8%. As previously discussed, although the utilization of the two operating rooms at Sentara BelleHarbour Ambulatory Surgery Center are very low, because of the ongoing work to improve utilization at Sentara Obici Hospital and Sentara BelleHarbour Ambulatory Surgery Center, DCOPN does not recommend transferring the requested GPOR from this underutilized facility at this time. Finally, for the reasons discussed, the status quo is not a preferable alternative to the proposed project.

Moreover, DCOPN finds that the total capital costs of the proposed project are reasonable, if not low when compared to previously approved projects similar in scope. Furthermore, DCOPN finds that the project appears to be economically feasible both in the immediate and long-term.

DCOPN Staff Recommendation

The Division of Certificate of Public Need recommends **conditional approval** of Sentara Princess Anne Hospital's COPN request to add one GPOR, for a total complement of 11 GPORs, for the following reasons:

1. The proposed project is generally consistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The capital costs are reasonable.
3. The applicant has demonstrated an institutional need to expand.
4. The proposed project appears economically viable in the long-term.
5. The project is more favorable than maintaining the status quo.

Recommended Condition

This project shall be subject to the 4.8% system-wide charity care condition applicable to Sentara Hospitals Hampton Roads, as reflected in COPN No. VA-04534 (Sentara Hospitals Hampton Roads system-wide condition). Provided, however, that charity care provided under the Sentara Hospitals Hampton Roads system-wide condition shall be valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq.

Sentara Princess Anne Hospital will accept a revised percentage based on the regional average after such time regional charity care data valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. is available from Virginia Health Information. In addition to any right to petition the Commissioner contained in the Sentara Hospitals Hampton Roads system-wide condition, to the extent Sentara Princess Anne Hospital expects its system-wide condition as valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. or any revised percentage to materially alter the value of its charity care commitment thereunder, it may petition the Commissioner for a modification to the Sentara Hospitals Hampton Roads system-wide condition to resolve the expected discrepancy.