

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

January 21, 2024

COPN Request No. VA-8791

The Virginia Home

Richmond, Virginia

Add 30 Nursing Home Beds by Relocation

Applicant

The Virginia Home (Virginia Home) is a Virginia non-stock corporation created by an Act of the Virginia General Assembly in 1894 and incorporated under the laws of Virginia in 1901. Virginia Home does not own or operate any other health care facilities in Virginia. Virginia Home is located in Richmond, Virginia and has received approval pursuant to COPN No. VA-04907 to relocate to Mechanicsville, Virginia, both localities are in Health Planning Region (HPR) IV, Planning District (PD) 15.

Background

The applicant explains that Virginia Home is unique in that it is the only facility of its kind in Virginia and one of just a few facilities in the country providing residential, therapeutic, medical and nursing care to adults with irreversible physical disabilities including quadriplegia, cerebral palsy, multiple sclerosis, muscular dystrophy, brain and spinal cord injuries. Residents of Virginia Home are younger, with an average admission age of 52 years old – 74% of all Virginia Home residents are under age 65.

Division of Certificate of Public Need (DCOPN) records show that there are currently 33 nursing home facilities with 4,282 licensed nursing home beds located in PD 15 (**Table 1**). DCOPN notes that Virginia Health Information (VHI) data for 2022 did not contain utilization information for Manor Care Health Services – Imperial and Manor Care Health Services – Richmond. For the facilities that reported, VHI data for 2022, the last year for which such data are available, showed a collective utilization of 80.78% (**Table 1**).

Table 1. PD 15 Nursing Bed Inventory and 2022 Utilization

| Facility Name | Licensed Nursing Beds | Patient Days | Available Days | Occupancy Rate |
|--|-----------------------|------------------|------------------|---------------------------|
| Ashland Nursing and Rehab | 190 | 48,304 | 69,350 | 69.65% |
| Autumn Care of Mechanicsville | 169 | 54,548 | 61,685 | 88.43% |
| August Healthcare (fka Little Sisters of the Poor) | 32 | 9,840 | 11,680 | 84.25% |
| Beaufont Health Care Center | 120 | 41,300 | 47,880 | 86.26% |
| Shalom Gardens Health and Rehabilitation | 101 | 32,220 | 36,865 | 87.40% |
| Bonview Rehabilitation & Healthcare | 196 | 47,793 | 65,464 | 73.01% |
| Canterbury Rehabilitation and Healthcare Center | 190 | 63,651 | 69,350 | 91.78% |
| Cedarfield Pinnacle Living | 60 | 19,171 | 21,900 | 87.54% |
| Children's Hospital of Richmond at VCU | 47 | 9,725 | 17,155 | 56.69% |
| Covenant Woods | 62 | 19,021 | 22,630 | 84.05% |
| Elizabeth Adam Crump | 180 | 50,392 | 65,700 | 76.7% |
| Envoy at The Meadows | 84 | 23,684 | 28,056 | 84.42% |
| Envoy of Westover Hills | 174 | 45,149 | 58,116 | 77.69% |
| Glenburnie Rehabilitation and Nursing Center | 125 | 43,421 | 45,625 | 95.17% |
| Hanover Healthcare Center | 120 | 42,479 | 47,880 | 88.72% |
| The Haven at Brandermill Woods | 60 | 16,038 | 21,900 | 73.23% |
| Health Care Center at Lucy Corr Village | 216 | 62,412 | 78,840 | 79.16% |
| Henrico Health & Rehabilitation Center | 120 | 36,872 | 47,880 | 77.01% |
| Hermitage Richmond | 104 | 0 | 37,960 | 0% |
| Lakewood Manor Baptist Retirement Comm. | 96 | 28,370 | 35,040 | 80.96% |
| The Laurels of Bon Air | 124 | 39,963 | 45,260 | 88.30% |
| The Laurels of University Park | 145 | 49,677 | 52,925 | 93.86% |
| The Laurels of Willow Creek | 120 | 41,822 | 43,800 | 95.48% |
| Manor Care Health Services - Imperial | 128 | -- | -- | -- |
| Manor Care Health Services - Richmond | 194 | -- | -- | -- |
| Masonic Home of Virginia | 67 | 7,689 | 24,455 | 31.44% |
| Our Lady of Hope | 75 | 23,700 | 27,375 | 86.58% |
| Parham Health Care & Rehabilitation Center | 180 | 60,203 | 71,820 | 83.82% |
| Sitter-Barfoot Veterans Care Center | 200 | 54,916 | 73,000 | 75.23% |
| Tyler's Retreat at Iron Bridge | 90 | 28,491 | 32,850 | 86.73% |
| The Virginia Home | 130 | 47,011 | 47,450 | 99.07% |
| Westminster Canterbury of Richmond | 158 | 50,498 | 57,670 | 87.56% |
| Westport Rehabilitation & Nursing Center | 225 | 72,721 | 82,125 | 88.55% |
| Total | 4,282 | 1,171,081 | 1,449,686 | 80.78%¹ |

Source: VHI (2022) and DCOPN Records

¹ As previously noted, VHI data for 2022 did not contain utilization information for Manor Care Health Services – Imperial and Manor Care Health Services – Richmond. The utilization displayed in **Table 1** was calculated without these two facilities.

As shown in **Table 2**, Virginia Home's 130 beds are extremely well utilized and operated at an average utilization of 99.1% from 2017-2022, which is an average of 1.2 vacant beds at any time. According to the applicant, Virginia Home maintains a consistent waitlist of up to 35 to 40 individuals.

Table 2. The Virginia Home Occupancy: 2017-2022

| Year | Licensed Nursing Beds | Patient Days | Available Days | Occupancy Rate |
|-------------------------------|-----------------------|--------------|----------------|----------------|
| 2017 | 130 | 47,352 | 47,450 | 99.8% |
| 2018 | 130 | 47,286 | 47,450 | 99.7% |
| 2019 | 130 | 47,406 | 47,450 | 99.9% |
| 2020 | 130 | 46,308 | 47,580 | 97.3% |
| 2021 | 130 | 46,785 | 47,450 | 98.6% |
| 2022 | 130 | 47,011 | 47,450 | 99.1% |
| Average Utilization 2017-2022 | | | | 99.1% |

Source: VHI (2017-2022)

Proposed Project

The applicant proposes to relocate 30 existing nursing home beds from Pinnacle Living's Hermitage Richmond (Hermitage Richmond), which is located in PD 15, to its new facility location near the intersection of Pole Green and Bell Creek Roads in Hanover County. Virginia Home has entered into a forbearance agreement with Hermitage Richmond. As previously noted, Virginia Home's new facility was approved pursuant to COPN Request No. VA-04907 and is expected to be completed by September 30, 2027. The applicant explains that at the time of the previous COPN application, the building design, proposed capital costs, and space tabulation submitted with the application all included plans for the facility to have 160 beds but Virginia Home had not finalized acquiring the bed rights to the additional 30 nursing home beds. However, the relocation project included space for the 30 additional beds. Accordingly, there is no new construction associated with the proposed project.

The applicant asserts that expanding Virginia Home at its current location is not feasible. Virginia Home is currently located within a 123,656 square foot, 130-bed nursing facility within Richmond's historic Byrd Park neighborhood. The facility is over 90 years old and located in a landlocked 2.13-acre lot.

The projected capital costs of the proposed project are \$1,500,000 all of which represents the forbearance fee to acquire the additional nursing home beds (**Table 3**). Costs of the proposed project will be funded by the Virginia Home through accumulated reserves.

Table 3. The Virginia Home Capital Costs

| | |
|-----------------|--------------------|
| Forbearance Fee | \$1,500,000 |
| Total | \$1,500,000 |

Source: COPN Request No. VA-8791

The applicant projects that construction on the proposed project will begin within 18 months of COPN issuance and will be complete within 36 months of COPN issuance. The applicant further projects that resident services will begin within 36 months of COPN issuance.

Project Definition

Section 32.1-102.1:3 of the Code of Virginia (the Code) defines a project, in part, the “[r]elocation of beds from an existing medical care facility described in subsection A to another existing medical care facility described in subsection A.” Section 32.1-102.1:3 of the Code defines a medical care facility, in part, as “[a]ny facility licensed as a nursing home, 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 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;**

Regarding socioeconomic barriers to access to services, the applicant anticipates that the primary source of payment at Virginia Home will continue to be Medicaid. According to the applicant, currently, approximately 98% of Virginia Home’s residents’ care is funded by Medicaid and all Virginia Home’s existing beds are certified to serve Medicaid recipients. The applicant has provided assurances that all persons needing services at Virginia Home will have access to such services without regard to payment source. **Table 4** below indicates that in 2022 and 2023, over 97% of Virginia Home’s nursing home bed utilization was attributed to Medicaid services. The applicant projects that this percentage will remain consistent in the first two years of operation at the new location.

Table 4. Virginia Home Actual and Projected Payor Source

| Payment Source | Actual Patient Days | | | | Projected Patient Days | | | |
|----------------|---------------------|-----------|---------------|-----------|------------------------|-----------|---------------|-----------|
| | 2022 | % | 2023 | % | Year 1 | % | Year 2 | % |
| Medicare | -- | -- | -- | -- | -- | -- | -- | -- |
| Medicaid | 45,916 | 97.7% | 45,525 | 97.7% | 47,355 | 97.7% | 52,265 | 97.7% |
| Other | 1,095 | 2.3% | 1,080 | 2.3% | 1,120 | 2.3% | 1,235 | 2.3% |
| Total | 47,011 | -- | 46,605 | -- | 48,475 | -- | 53,500 | -- |

Source: COPN Request No. VA-8791

PD 15 had a population just over 1.1 million in 2020 and is projected to add nearly 100,000 to its population by 2030. PD 15’s projected growth of 8.9% by the end of the decade 2020-2030 will be higher than Virginia’s growth rate of 5.8%. (**Table 5**). Hanover County, where the proposed project will be located, is projected to grow by 8,395 people between 2020 and 2030. Hanover County has a higher rate of growth (7.6%) than projected for Virginia overall (5.8%).

Table 5. Population by Locality, PD 15

| Locality | 2020 Population | 2030 Projected Population | Projected Growth 2020-2030 | Percent Growth 2020-2030 | 65+ 2020 Population | Projected 65+ 2030 Population | Projected Growth 65+ | Percent Growth 65+ |
|-----------------|------------------|---------------------------|----------------------------|--------------------------|---------------------|-------------------------------|----------------------|--------------------|
| Charles City | 6,773 | 6,200 | -573 | -8.5% | 1,776 | 2,184 | 408 | 23.0% |
| Chesterfield | 364,548 | 406,942 | 42,394 | 11.6% | 58,200 | 78,858 | 20,658 | 35.5% |
| Goochland | 24,727 | 27,339 | 2,612 | 10.6% | 5,721 | 7,865 | 2,144 | 37.5% |
| Hanover | 109,979 | 118,374 | 8,395 | 7.6% | 20,688 | 28,681 | 7,993 | 38.6% |
| Henrico | 334,389 | 356,656 | 22,267 | 6.7% | 55,596 | 71,680 | 16,084 | 28.9% |
| New Kent | 22,945 | 27,067 | 4,122 | 18.0% | 4,405 | 6,216 | 1,811 | 41.1% |
| Powhatan | 30,333 | 32,152 | 1,819 | 6.0% | 5,848 | 8,085 | 2,237 | 38.3% |
| Richmond | 226,610 | 245,437 | 18,827 | 8.3% | 29,874 | 36,307 | 6,433 | 21.5% |
| PD 15 | 1,120,304 | 1,220,167 | 99,863 | 8.9% | 182,108 | 239,876 | 57,768 | 31.7% |
| Virginia | 8,631,393 | 9,129,002 | 497,609 | 5.8% | 1,395,291 | 1,762,641 | 367,350 | 26.3% |

Source: United States Census Bureau at <https://data.census.gov/> and Weldon Cooper Center for Public Service, August 2023

DCOPN did not identify any other unique geographic, socioeconomic, cultural, transportation, or other barriers to care in the planning district.

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 nine letters of support for the proposed project from residents, family members of residents and employees of Virginia Home, which addressed:

- The Virginia Home provides compassionate and professional residential care to adult Virginians with irreversible physical disabilities, ensuring their lifelong comfort and security will never be compromised, regardless of their ability to pay.
- While the level of care provided by The Virginia Home is unmatched, the current facility leaves much to be desired, particularly when considering the unique needs of its residents. Specifically, the hallways are too narrow to accommodate the number of residents and the size of the motorized wheelchairs utilized by many residents. This is particularly problematic in the hallway leading to the therapy department, which is the main corridor on the first floor.
- The elevators are too narrow and cannot hold an adequate number of residents at the same time. This means there can be significant waiting periods to take the elevator down to the main floor where activities and therapies are provided.
- The facility is so outdated that it only offers communal toilets and shower areas for residents.

- The size of the campus [at the new facility] will allow for the new facility to be constructed in a manner specifically designed for individuals with physical disabilities.
- The new facility will include wide hallways indoors and wide sidewalks and paths outdoors to accommodate motorized wheelchairs.
- The campus will be designed to allow residents to experience the outdoors in a park like setting.
- The size of the campus will allow the Virginia Home to construct all bedrooms on one floor eliminating the need for residents to use elevators to access their rooms. Moving all the rooms to the first floor will not only be convenient for residents but will also help ensure [the residents'] safety in the event of an emergency evacuation of the facility.
- The residents of the Virginia Home require a different and higher level of care than the typical nursing home resident. The Virginia Home provides a range of services for its residents including: 24-hour nursing and medical care, physical, speech and occupational therapy, recreational therapy; counseling services for residents and their families; and private rooms.
- Virginia Home goes far beyond custodial care, the staff develops and seeks to improve the physical, social and emotional lives of the residents, helping them live meaningful lives no matter the challenges they face.

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-8791 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 has 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. According to the applicant, the need to expand its bed capacity was one of the significant driving forces behind Virginia Home's decision to relocate its facility. As previously discussed, the applicant asserts that it is not feasible to renovate or expand at Virginia Home's current location. Virginia Home is currently located within a 123,656 square foot, 130-bed nursing facility within Richmond's historic Byrd Park neighborhood that was built in the 1930s. The facility is over 90 years old and located in a landlocked 2.13-acre lot, surrounded by established communities on three sides and Byrd Park on the fourth side.

As shown in **Table 2** above, Virginia Home's 130 beds are extremely well utilized and operated at an average utilization of 99.1% from 2017-2022. According to the applicant, Virginia Home maintains a consistent waitlist of up to 35 to 40 individuals.

(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 IV designated by the Virginia Department of Health to serve as the Health Planning Agency for PD 15. Therefore, this consideration is not applicable to the review of the proposed project.

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

As demonstrated by **Table 3**, the estimated capital costs of the proposed project are \$1,500,000, all of which represents the forbearance fee to acquire the additional nursing home beds (**Table 3**). Costs of the proposed project will be funded by the Virginia Home through accumulated reserves. DCOPN concludes that when compared to similar projects, these costs are reasonable and low. For example, COPN No. VA-04833 issued to Medical Facilities of America XI (11) Limited Partnership to add 30 nursing home beds at Cherrydale Health & Rehabilitation Center is anticipated to cost approximately \$4,360,937.

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

- The need to expand bed capacity was one of the significant driving forces behind Virginia Home's decision to relocate its facility. Despite the significant demand for services, expansion at Virginia Home's current site was simply not feasible as the facility is over 90 years old and is located on a landlocked 2.13-acre lot. Relocating Virginia Home's campus and adding 30 additional beds to its bed complement will expand access for Virginia's Medicaid population with irreversible physical disabilities.
- The transfer of 30 existing nursing home beds from Hermitage Richmond to Virginia Home's brand-new facility in Hanover County will result in the appropriate and reasonable reallocation of existing nursing home beds within PD 15.
- Unlike acute and psychiatric hospital beds, the SMFP has no rules regarding the replacement and relocation of existing nursing home beds within a planning district. Thus, the only real question at issue is whether it is appropriate for Virginia Home to transfer these existing nursing home beds within PD 15. The answer to that question is clear, it is appropriate to relocate 30 underutilized beds from Hermitage Richmond to Virginia Home's brand-new campus.
- The beds the Virginia Home seeks to transfer to its facility are open to the community and the Virginia Home intends to certify all 30 nursing home beds for Medicaid services.
- The new campus will result in a facility with all private rooms for its residents designed as a suite with a bathroom consisting of a shower, toilet and sink connected and shared by two

bedrooms. Moreover, the size of the campus will permit Virginia Home to construct all bedrooms on the first floor eliminating the need for residents to use cramped elevators to access their rooms or facilities. The new campus will also have space to construct a pool for recreational and therapeutic purposes for its residents.

- Increasing Virginia Home's total bed complement will allow Virginia Home to expand availability of this high-quality state of the art facility to Virginians in need of its distinctive services.
- As the original building plans submitted with its DCOPN recommended approval of the Virginia Home's Relocation Application included room to accommodate a total bed complement of 160 beds, the estimated capital costs for this project are incredibly low. Accordingly, there is no new construction associated with Virginia Home's request to transfer 30 additional nursing home beds.
- Due to the uniqueness of the Virginia Home, the project is not expected to impact other nursing homes within PD 15.
- The Virginia Home consulted with its residents regarding the relocation and gathered significant input regarding how to design and construct a building that provides a home like environment and addressed the needs of its residents.
- The long-range plan will incorporate an adult day program and will allow for future development that will be specifically built for the population Virginia Home serves.

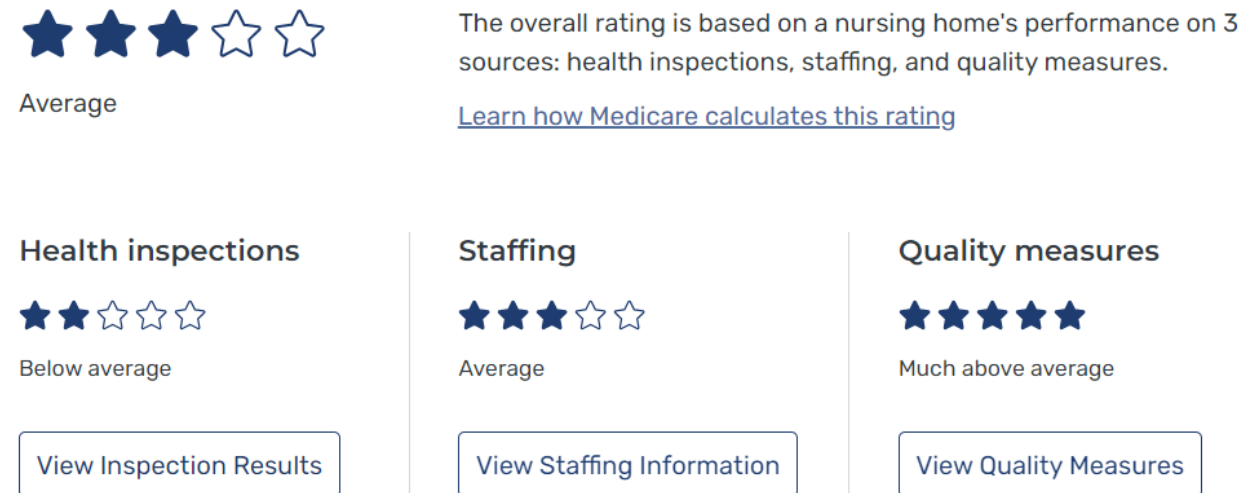
(v) the financial accessibility of the proposed project to the people in the area to be served, including indigent people; and

As shown in **Table 4**, in 2021 and 2022, over 97% of Virginia Home's nursing home bed utilization was attributed to Medicaid services. The applicant projects that this percentage will remain consistent in the first two years of operation at the new location.

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

For 2024, Virginia Home achieved an overall rating of three out of five stars (average). It also achieved two out of five (below average) in the component areas of Health Inspections, and three out of five (average) on Staffing. Finally, it achieved five out of five (much above average) in the component area of Quality Measures (**Figure 1**).

Figure 1. CMS Star Ratings for Virginia Home
Overall rating



Source: <https://www.medicare.gov/care-compare/details/nursing-home/49E084?id=b2b70fd6-26d5-4d0a-84fa-6184f5b8ca08&city=Richmond&state=VA&zipcode=>

The applicant also provided this additional information:

While not a COPN reviewable service, it is important for the Commissioner to understand Virginia Home plans to establish a day program to serve individuals with irreversible physical disabilities who are on the residential waitlist or who do not require the full-time care provided to residents of Virginia Home. There is simply no room at its current location to add this needed service.

The Virginia Home's long-term vision for the campus includes setting aside space for potential independent living options for those who participate in the day program. It also envisions establishing an adaptive sports complex where residents and individuals with irreversible physical disabilities who reside outside Virginia Home can participate in an active lifestyle as well as athletic activities and endeavors.

3. The extent to which the proposed project 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, DCOPN will consider the consistency of the proposed project with the predecessor of the SHSP, the State Medical Facilities Plan (SMFP).

The State Medical Facilities Plan (SMFP) contains the criteria and standards for the addition of nursing beds. They are as follows:

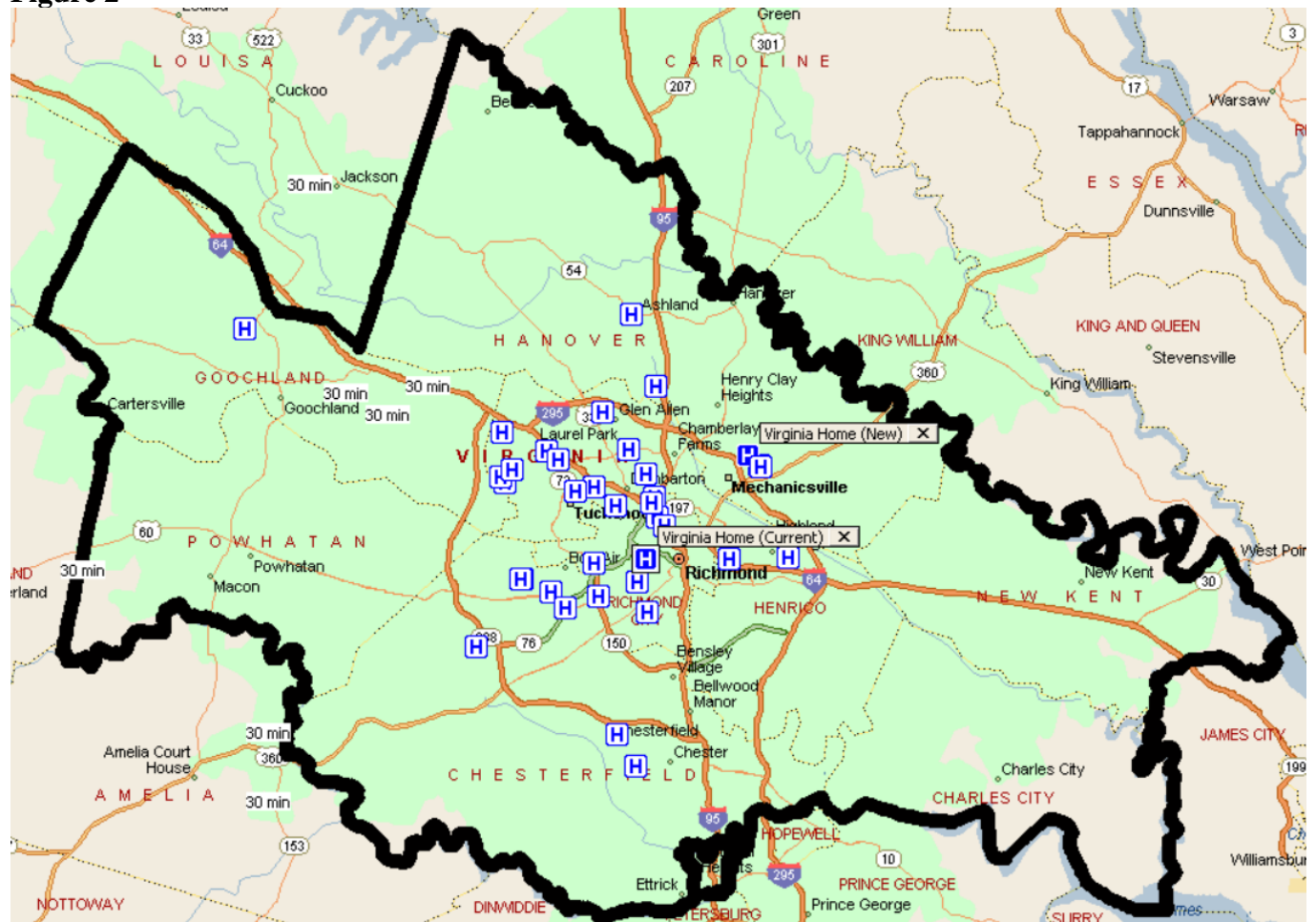
Part VII. Nursing Facilities

12VAC5-230-600. Travel Time.

- A. Nursing facility beds should be accessible within 30 minutes driving time one way under normal conditions of 95% of the population in a health planning district using mapping software as determined by the commissioner

The heavy black line in **Figure 2** identifies the boundary of PD 15. The white H symbols indicate the locations of the nursing home facilities in the planning district, with the blue symbols marking the current and future location of Virginia Home. The shaded green area is within the 30-minute drive time of existing nursing facilities in PD 15. With only a small, sparsely populated area of PD 15 outside of a 30-minute drive, nursing facilities are already accessible to 95% of the population.

Figure 2



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

The applicant states that no public transportation services are available at the proposed site.

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

The proposed project is not competing with another project. Accordingly, this standard is not applicable.

12VAC5-230-610. Need for New Service.

A. A health planning district should be considered to have a need for additional nursing facility beds when:

1. The bed need forecast exceeds the current inventory of beds for the health planning district; and
2. The average annual occupancy of all existing and authorized Medicaid-certified nursing facility beds in the health planning district was at least 93%, excluding the bed inventory and utilization of the Virginia Veterans Care Centers.

EXCEPTION: When there are facilities that have been in operation less than three years in the health planning district, their occupancy can be excluded from the calculation of average occupancy if the facilities had an annual occupancy of at least 93% in one of its first three years of operation.

B. No health planning district should be considered in need of additional beds if there are unconstructed beds designated as Medicaid certified. This presumption of 'no need' for additional beds extends for three years from the issuance date of the certificate.

C. The bed need forecast will be computed as follows:

$PDBN = (UR64 \times PP64) + (UR69 \times PP69) + (UR74 + PP74) + UR79 + PP79 + UR84 + PP84 + UR85 + PP85$

Where:

- **PDBN = Planning district bed need.**
- **UR64 = The nursing home bed use rate of the population aged 0 to 64 in the health planning district as determined in the most recent nursing home patient origin study authorized by VHI.**
- **PP64 = The population aged 0 to 64 projected for the health planning district three years from the current year as most recently published by a demographic program as determined by the commissioner.**
- **UR69 = The nursing home bed use rate of the population aged 65 to 69 in the health planning district as determined in the most recent nursing home patient origin study authorized by VHI.**
- **PP69 = The population aged 65 to 69 projected for the health planning district three years from the current year as most recently published by a demographic program as determined by the commissioner.**

- **UR74** = The nursing home bed use rate of the population aged 70 to 74 in the health planning district as determined in the most recent nursing home patient origin study authorized by VHI.
- **PP74** = The population aged 70 to 74 projected for the health planning district three years from the current year as most recently published by a demographic program as determined by the commissioner.
- **UR79** = The nursing home bed use rate of the population aged 75 to 79 in the health planning district as determined in the most recent nursing home patient origin study authorized by VHI.
- **PP79** = The population aged 75 to 79 projected for the health planning district three years from the current year as most recently published by a demographic program as determined by the commissioner.
- **UR84** = The nursing home bed use rate of the population aged 80 to 84 in the health planning district as determined in the most recent nursing home patient origin study authorized by VHI.
- **PP84** = The population aged 80 to 84 projected for the health planning district three years from the current year as most recently published by a demographic program as determined by the commissioner.
- **UR85+** = The nursing home bed use rate of the population aged 85 and older in the health planning district as determined in the most recent nursing home patient origin study authorized by VHI.
- **PP85+** = The population aged 85 and older projected for the health planning district three years from the current year as most recently published by a demographic program as determined by the commissioner.

Health planning district bed need forecasts will be rounded as follows:

| <u>Health Planning District Bed Need</u> | <u>Rounded Bed Need</u> |
|--|-------------------------|
| 1-29 | 0 |
| 30-44 | 30 |
| 45-84 | 60 |
| 85-104 | 90 |
| 105-134 | 120 |
| 135-164 | 150 |
| 165-194 | 180 |
| 195-224 | 210 |
| 225+ | 240 |

EXCEPTION: When a health planning district has:

1. Two or more nursing facilities;
 2. Had an average annual occupancy rate in excess of 93% for the most recent two years for which bed utilization has been reported to VHI; and
 3. Has a forecasted bed need of 15 to 29 beds, then the bed need for this health planning district will be rounded to 30.
- D. No new freestanding nursing facilities of less than 90 beds should be authorized. However, consideration may be given to a new freestanding facility with fewer than 90 nursing facility beds when the applicant can demonstrate that such a facility is justified based on a

locality's preference for such smaller facility and there is a documented poor distribution of nursing facility beds within the health planning district.

- E. When evaluating the capital cost of a project, consideration may be given to projects that use the current methodology as determined by the Department of Medical Assistance Services.
- F. Preference may be given to projects that replace outdated and functionally obsolete facilities with modern facilities that result in the more cost-efficient resident services in a more aesthetically pleasing and comfortable environment.

Not applicable. The proposed project does not seek to add a new service.

12VAC5-230-620. Expansion of Services.

Proposals to increase an existing nursing facility's bed capacity should not be approved unless the facility has operated for at least two years and the average annual occupancy of the facility's existing beds was at least 90% in the relevant reporting period as reported to VHI.

Note: Exceptions will be considered for facilities that operated at less than 90% average annual occupancy in the most recent year for which bed utilization has been reported when the facility offers short stay services causing an average annual occupancy lower than 90% for the facility.

As shown in **Table 2** above, the Virginia Home has had extremely high utilization from 2017-2022, with a high of 99.9% and a low of 97.3%. Additionally, the applicant explains that it continually maintains a waiting list of 35-40 individuals. As shown in **Table 1** above, Hermitage Richmond had 0 patient days and 0% utilization for that year, indicating a failure to report to VHI for that year. Upon request, the applicant provided utilization data that it received from Hermitage Richmond for 2022 showing 20,585 patient days and 54% utilization. DCOPN notes that according to VHI data for 2021, Hermitage Richmond operated at 52.23% utilization. Additionally, according to currently unpublished data for 2023, VHI indicates that the Hermitage Richmond had 16,691 patient days and operated at 43.97% utilization. Taking into consideration the relatively low utilization of Hermitage Richmond and the extremely high utilization and wait list times for Virginia Home, DCOPN concludes that the proposed relocation represents a prudent reallocation of existing resources in PD 15.

The applicant satisfies this standard.

12VAC5-230-630. Continuing Care Retirement Communities.

Proposals for the development of new nursing facilities or the expansion of existing facilities by continuing care retirement communities (CCRC) will be considered when:

1. The facility is registered with the State Corporation Commission as a continuing care provider pursuant to Chapter 49 (§38.2-4900 et seq.) of Title 38.2 of the Code of Virginia;
2. The number of nursing facility beds requested in the initial application does not exceed the lesser of 20% of the continuing care retirement community's total number of beds that are not nursing home beds or 60 beds;

3. **The number of new nursing facility beds requested in any subsequent application does not cause the continuing care retirement community's total number of nursing home beds to exceed 20% of its total number of beds that are not nursing facility beds; and**
4. **The continuing care retirement community has established a qualified resident assistance policy.**

This provision is not applicable to the proposed project, as the applicant is not a continuing care retirement community.

12VAC5-230-640. Staffing.

Nursing facilities shall be under the direction or supervision of a licensed nursing home administrator and staffed by licensed and certified nursing personnel qualified as required by law.

The applicant asserts that Virginia Home's staff includes a licensed nursing home administrator and licensed and certified nursing professionals. The applicant further asserts that Virginia Home will continue to be staffed by sufficient professional and non-professional staff to meet the needs of its residents and all regulatory requirements.

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;**

As previously discussed, Virginia Home is unique in that it is the only facility of its kind in Virginia, and one of just a few facilities in the country, providing residential, therapeutic, medical and nursing care to adults with irreversible physical disabilities including quadriplegia, cerebral palsy, multiple sclerosis, muscular dystrophy, brain and spinal cord injuries. The proposed project is not meant to, and will not, foster beneficial competition in the area.

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, Virginia Home is unique in that it is the only facility of its kind in Virginia. Additionally, Virginia Home's beds are extremely well utilized. The proposed project is an inventory neutral relocation of existing nursing home beds that will expand access to for the specific population of patients in need of the Virginia Home's services, most of whom receive Medicaid. It is unlikely that the proposed project will have any negative effect on PD 15's existing health care system.

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;

The Pro Forma Income Statement (**Table 6**) provided by the applicant anticipates a net profit of \$657,213 in year one and \$2,145,999 in year two, illustrating that the proposed project is financially feasible in the immediate and the long-term. As already discussed, the projected capital costs for the proposed project are reasonable and low. Costs of the proposed project will be funded by the Virginia Home through accumulated reserves.

Table 6. Virginia Home Pro Forma Income Statement

| | Year 1 | Year 2 |
|---|---------------------|---------------------|
| Total Gross Patient Care Services Revenue | \$32,030,200 | \$32,257,600 |
| Deductions from Revenue | -- | -- |
| Net Patient Care Services Revenue | \$32,030,200 | \$32,257,600 |
| Other (Non-Patient Care) Revenue | \$45,300 | \$47,800 |
| Total-Net Revenue | \$32,075,500 | \$35,305,400 |
| Direct Patient Care Expenses | \$11,455,006 | \$11,749,744 |
| Indirect Patient Care Expenses | \$13,080,361 | \$14,526,737 |
| Capital-Related Expenses | \$6,882,920 | \$6,882,920 |
| Total Expenses | \$31,418,287 | \$33,159,401 |
| Per Diem Expenses | \$648.13 | \$619.80 |
| Net Income (before income taxes) | \$657,213 | \$2,145,999 |

Source: COPN Request No. VA-8791

With regard to staffing, the applicant anticipates the need to hire 17.5 full-time equivalent (FTE) employees. These FTEs include:

- 3 Registered Nurses
- 1 Certified Nurse Assistant
- 1 Occupational Therapist
- 1 MSW Social Worker
- 1 Activity Assistant
- 3 Other Activity Service
- 1 Dietary Aide
- 1 Housekeeping Aide
- 1 Laundry Aide
- 1 Supply Clerk
- 2.5 Other Administration
- 1 Computer Support Technician

The Virginia Home uses several recruiting sources, including referrals, program clinicals and internship opportunities and online sites. The applicant asserts that Virginia Home has a long track record of successfully recruiting and retaining highly qualified professional employees and its greatest recruitment channel is word of mouth. The applicant explains “The Virginia Home is a great place to work, and its dedicated staff love their jobs, which attract applicants whenever

positions are open.” DCOPN notes that at the time of this staff report, Virginia Home’s careers page lists four openings: LPN Charge Nurse, Maintenance Technician and two Certified Nursing Assistant positions.

- 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 applicant is not proposing to introduce new technology that promotes quality, cost effectiveness, or both in the delivery of health care services. Nor is the applicant proposing the potential for provision of health care services on an outpatient basis. The applicant does not provide, nor has it proposed to provide, improvements or innovations in the financing and delivery of health services as demonstrated by cooperative efforts to meet regional health care needs. DCOPN did not identify any other factors, not addressed elsewhere in this staff analysis report, to bring to the Commissioner’s attention regarding the determination of a public need for the proposed project.

- 8. In the case of a project proposed by or affecting a teaching hospital associated with a public institution of higher education or a medical school in the area to be served,**
(i) The unique research, training, and clinical mission of the teaching hospital or medical school.
(ii) Any contribution the teaching hospital or medical school may provide in the delivery, innovation, and improvement of health care for citizens of the Commonwealth, including indigent or underserved populations.

Not applicable. The applicant is not a teaching hospital associated with a public institution of higher education or a medical school in the area to be served.

DCOPN Staff Findings and Conclusions

DCOPN finds that the proposed project to add 30 beds by relocation within PD 15 is consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. Moreover, DCOPN finds that the proposed project is more advantageous than the alternative of the status quo. As discussed above, the applicant asserts that it is not feasible to renovate or expand at Virginia Home’s current location. The facility is over 90 years old and located in a landlocked 2.13-acre lot, surrounded by established communities on three sides and Byrd Park on the fourth side.

The Virginia Home, unlike the more “traditional” nursing home that will typically provide skilled care for the elderly, where the average length of stay is no more than a year² and some short-stay rehabilitation, residents of the Virginia Home are younger, disabled but not aged and sick, do not come to the Virginia Home directly from a hospital episode and will live in the Virginia Home for

² U.S. Department of Health and Human Services, Administration for Community Living, <https://acl.gov/ltc/basic-needs/how-much-care-will-you-need>

many years, some working outside the facility. As such the need for more spacious accommodations and better amenities to meet the social and very long-term health care needs of the residents exceeds that of the “typical” nursing home. That is in addition to the structural building needs of a resident population that is independent in their mobility, albeit via large, motorized wheelchairs that require wide corridors to handle the traffic and who are able to benefit, when available, from the opportunity to be outside on the grounds.

Furthermore, Virginia Home’s 130 beds are extremely well utilized and operated at an average utilization of 99.1% from 2017-2022. According to the applicant, Virginia Home maintains a consistent waitlist of up to 35 to 40 individuals. Finally, there is no known opposition to the proposed project.

DCOPN Staff Recommendations

The Division of Certificate of Public Need recommends **approval** of The Virginia Home’s COPN Request No. VA-8791 to add 30 beds by relocation within Planning District 15. DCOPN’s recommendation is based on the following findings:

1. The project is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia.
2. The project does not add nursing home beds to the inventory of PD 15 but instead relocates 30 beds to a purpose-built facility more suited to the specific needs of the patients the applicant serves.
3. The proposed project is more advantageous than the status quo.
4. The proposed project appears economically viable in the immediate and the long-term.
5. There is no known opposition to the proposed project.