

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis Report

March 18, 2025

COPN Request No. VA-8797

Sentara Hospitals d/b/a Sentara Virginia Beach General Hospital
Virginia Beach, Virginia

Add one linear accelerator by relocation from Sentara Norfolk General Hospital

Applicant

Sentara Virginia Beach General Hospital (SVBGH) is a division of Sentara Hospitals, which is a wholly owned subsidiary of Sentara Health (Sentara). Sentara Health is a 501(c)(3) not-for-profit, non-stock corporation headquartered in Norfolk, Virginia. SVBGH is a 273-bed acute care hospital located in Virginia Beach, Virginia, in Planning District (PD) 20 and Health Planning Region (HPR) V.

Background

According to Virginia Health Information (VHI) data and Division of Certificate of Public Need (DCOPN) records, there are 11 COPN authorized linear accelerators in PD 20 (**Table 1**). In 2023, the 10 linear accelerators operating in PD 20 for that year operated at a utilization rate of 79.4%.

Table 1. PD 20 COPN Authorized Linear Accelerator Units and 2023 Utilization

Facility	Units	Inpatient Treatment Visits	Outpatient Treatment Visits	Total Visits	Utilization
Bon Secours Cancer Institute at Harbour View	2 ¹	0	6,101	6,101	76.3%
Chesapeake Regional Medical Center	2	102	9,235	9,337	58.4%
Sentara Norfolk General Hospital	2	400	7,151	7,551	47.2%
Sentara Obici Hospital	1	70	6,040	6,110	76.4%
Sentara Virginia Beach General Hospital	1	523	7,870	8,393	104.9%
Sentara Brock Caner Center	2	0	17,274	17,274	108.0%
Sentara / Virginia Oncology Associates - Princess Anne	1	0	8,747	8,747	109.3%
Total/Average	11	1,095	62,418	63,513	79.4%

Source: DCOPN records and VHI (2023)

¹ COPN No. VA-04839, dated April 11, 2023, authorized Maryview Hospital, LLC d/b/a Bon Secours Maryview Medical Center to add one SRS capable linear accelerator by relocation from Maryview's Norfolk Campus (formerly Bon Secours DePaul Medical Center). The project is expected to be completed May 2025.

Proposed Project

The applicant proposes to add one SRS capable linear accelerator by relocation and replacement from Sentara Norfolk General Hospital (SNGH) to SVBGH at 1060 First Colonial Road, Virginia Beach, Virginia. SVBGH has an existing vault and surrounding spaces that can be renovated for the relocated and replaced linear accelerator. The applicant proposed to install a Varian Edge linear accelerator. The Varian Edge will be purchased by Cancer Centers of Virginia, LLC and SVBGH will lease the unit from them. The monthly lease is \$37,807.14 and is indefinite for as long as the equipment is in place. The lease will be renewed every three years and adjusted according to fair market value.

The total capital costs of the proposed project are \$2,362,008, of which approximately 37% represents direct construction costs (**Table 2**). The proposed project will be funded through accumulated reserves of the applicant. Therefore, there are no financing costs associated with the proposed project.

Table 2. Capital and Financing Costs

Direct Construction Costs	\$880,000
Equipment Not Included in Construction Contract	\$1,402,008
Architectural and Engineering Fees	\$80,000
Total	\$2,362,008

Source: COPN Request No. VA-8797

Construction for the proposed project is expected to begin in the third quarter of 2025, and to be completed in the fourth quarter of 2025. The applicant anticipates an opening date in the first quarter of 2026.

Project Definition

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part, as the “[t]he addition by an existing medical care facility described in subsection A of any new medical equipment for the provision of...radiation therapy...” A medical care facility includes “Any 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 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;

Geographically, SVBGH is located at 1060 First Colonial Road, Virginia Beach, Virginia, approximately two miles from Interstate 264. The applicant states that the hospital is served by public bus transportation.

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%
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 second lowest poverty rate in PD 20.

Table 4. 2023 Poverty Rates, PD 20

Locality	Percent in Poverty
Isle of Wight County	7.3%
Southampton County	13.3%
Chesapeake City	10%
Franklin City	19.8%
Norfolk City	18.3%
Portsmouth City	18.7%
Suffolk City	11.1%
Virginia Beach City	8.7%
PD 20	11.8%
Virginia	10.2%

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, SVBGH should be subject to charity care consistent with the Sentara Hampton Roads system-wide charity care condition, which was recently renegotiated its Hampton Road system-wide charity care condition to 1.8%, 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%

2022 Charity Care Contributions at or below 200% of Federal Poverty Level			
Hospital	Gross Patient Revenues	Adjusted Charity Care Contribution	% of Gross Patient Revenue:
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%
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 project demonstrated by citizens, businesses, and governmental leaders representing the area to be served;

DCOPN received five letters of support for the proposed project, which addressed:

- The TrueBeam Edge Linear Accelerator is a crucial tool in the delivery of high-precision radiation therapy. Its ability to target tumors with minimal damage to surrounding healthy tissues is vital for improving treatment effectiveness and reducing side effects for patients.
- SVBGH's one linear accelerator (LINAC) operated at 104.9% of the State Medical Facilities Plan (SMFP) threshold of 8,000 procedures in 2023 while SNGH's two LINACs operated at 47.2 % of the SMFP threshold in 2023.
- By incorporating additional LINAC capacity at SVBGH, [Sentara] can offer patients access to the latest in radiation therapy techniques, improving their prognosis and quality of life.
- Additional LINAC capacity at SVBGH would allow for an improvement in efficiencies among all Sentara and VOA radiation therapy treatment locations.
- The LINAC would also enable [SVBGH] to expand [its] clinical capabilities, including the use of advanced treatment modalities such as IMRT (Intensity-Modulated Radiation Therapy) and SRS (Stereotactic Radiosurgery), which have been proven to enhance precision and reduce treatment duration.
- Beyond patient care, the addition of a Varian Edge LINAC would position SVBGH as a leader in the field of radiation oncology, helping to attract top-tier professionals and researchers.
- The LINAC would enable [the expansion of opportunities for students of Eastern Virginia Medical School] to gain experience with additional clinical capabilities of a LINAC.

DCOPN did not receive any letters in opposition to the proposed project.

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-8797 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 the applicant nor DCOPN identified any reasonable alternatives to the proposed project, which would meet the needs of the population in a less costly, more efficient, or more effective manner. As will be discussed in more detail later in this staff analysis report, the applicant has shown an institutional need to add a linear accelerator at SVBGH. With a utilization rate of 104.9% in 2023 and 102% in 2022, the utilization data confirms that SVBGH current capacity demonstrates an institutional need for expansion. Furthermore, the applicant is part of Sentara Health, which operates seven of the 11 linear accelerators in PD 20. As is required by 12VAC5-230-80, the applicant is seeking approval to relocate one of the linear accelerators in Sentara Health's inventory to satisfy the institutional need at SVBGH.

The applicant asserts:

In order to address SVBGH's institutional need for additional radiation therapy services and create efficiencies across the Sentara system, SVBGH proposes to expand radiation services through the addition of one LINAC via relocation and replacement from SNGH. SVBGH has an existing vault and surrounding spaces that can be renovated for the relocated and replaced LINAC from SNGH.

Additionally, the relocation of the LINAC will allow for the development of a cyclotron in the existing vault at SNGH, which lowers the cost significantly; the cyclotron is associated with COPN No. VA-04908, issued October 18, 2024.

For these reasons, DCOPN concludes that the status quo is not a reasonable alternative to the proposed project and that the proposed project is the most cost-effective way to address the applicant's institutional need.

(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 project.

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

As shown in **Table 2**, the estimated capital costs of the proposed project are \$2,362,008, of which approximately 37% represents direct construction costs. The proposed project will be funded through accumulated reserves. Therefore, there are no financing costs associated with the

proposed project. DCOPN concludes that when compared to similar projects, these costs are reasonable. For example, COPN No. VA-04839 issued to Bon Secours Maryview Medical Center to add one SRS capable linear accelerator, which is projected to cost approximately \$3,282,607.

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

- Sentara is proposing to relocate one linear accelerator (LINAC) from Sentara Norfolk General Hospital (SNGH) to SVBGH to accomplish the following goals: (1) relocate one of SNGH's LINACs to the Virginia Beach geographic area that is experiencing the most demand to facilitate a consumer centric approach; (2) maximize the efficiencies of existing assets within the region; and (3) making space for SNGH to place the cyclotron associated with the newly approved PET/CT (COPN No. VA-04908, issued October 18, 2024) in the to-be relocated LINAC's vault.
- The project can be implemented in a short time at a relatively low cost and in coordination with the ongoing master facility planning initiatives.
- The LINAC to be relocated is at the end of its useful life and will be replaced with a state-of-the-art Varian Edge.
- SVBGH has a second vault located in the existing radiation oncology department. The vault, control room, and equipment room for the LINAC will need modest renovations; however, these renovations are much less costly than an entire vault build-out.
- Through maximizing the efficiency of an existing asset via relocation, the costs will be reduced and there will be no additional assets added to the PD.
- This relocation allows for the low-cost development of a cyclotron in the existing vault space at SNGH associated with COPN No. VA-04908, issued October 18, 2024.
- If SNGH had only 1 LINAC, and SVBGH had two LINACs in 2023, their utilization would have been 94.3% and 52.5% of the SMFP threshold for expansion, respectively.
- The relocation and replacement of one LINAC from SNGH to SVBGH will allow for a redistribution of treatment locations that leads to greater efficiencies of assets already approved and operational within PD 20.
- There is an extended wait time from consultation to treatment start times; for example, intensity-modulated radiation therapy (IMRT) could be reduced from a 7-10 day wait to a 5-7 day wait with a second LINAC.
- Additionally, relocation of the LINAC from SNGH to SVBGH will improve the patient experience as staff will be able to spend more time with each patient. Rather than scheduling

quick appointments to accommodate the very high workload on one LINAC, the balance between the two LINACs will allow for more provider time with the patients.

- With the new machine, SVBGH will be able to expand SRS/SBRT capabilities. For example, the new unit can provide treatment of multiple brain metastases simultaneously with a single isocenter approach which will allow for improved patient workflow and convenience. Additionally, SVBGH will be able to offer SRS for schwannomas and meningiomas which are currently sent to SNGH. SVBGH will be able to deliver single fraction SBRT for bone metastases since it will have a 6-degree-of-freedom (DOF) couch; the 6 DOF couch is a placement tool that allows for precision control of patient positioning, improving localization of treatment. The gating and improved technology on the machine will allow SVBGH to offer liver SBRT as well as SRS for trigeminal neuralgia- both of which are currently referred out.
- Relocation (and replacement) of one LINAC from SNGH to SVBGH will aid in the continuing education opportunities of residents at both SNGH and SVBGH. The relocation allows for residents in rotation at SNGH to train on the cyclotron and PET/CT and it furthers the training abilities for radiation therapy and oncology at SVBGH. SVBGH supports radiation therapy students from Virginia Commonwealth University and Pitt Community College in addition to Eastern Virginia Medical School (EVMS) and Old Dominion University (ODU).

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

The Pro Forma Income Statement provided by the applicant includes charity care of 1.9% (**Table 6**). As previously discussed, should the Commissioner approve the proposed project, SVBGH should be subject to charity care consistent with the recently renegotiated Sentara Hampton Roads 1.8% 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. Pro Forma Income Statement

	Year 1	Year 2
Gross Patient Revenue	\$26,545,330	\$29,040,591
Contractuals	(\$20,555,668)	(\$22,487,901)
Charity Care	(\$504,361)	(\$551,771)
Net Patient Revenue	\$5,485,301	\$6,000,919
Total Expenses	\$1,616,245	\$1,675,092
Net Operating Income	\$3,869,056	\$4,325,828

Source: COPN Request No. VA-8797

(vi) at the discretion of the Commissioner, any other factors as may be relevant to the determination of the public need for a 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 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 SMFP. They are as follows:

The SMFP contains criteria/standards for radiation therapy services. They are as follows:

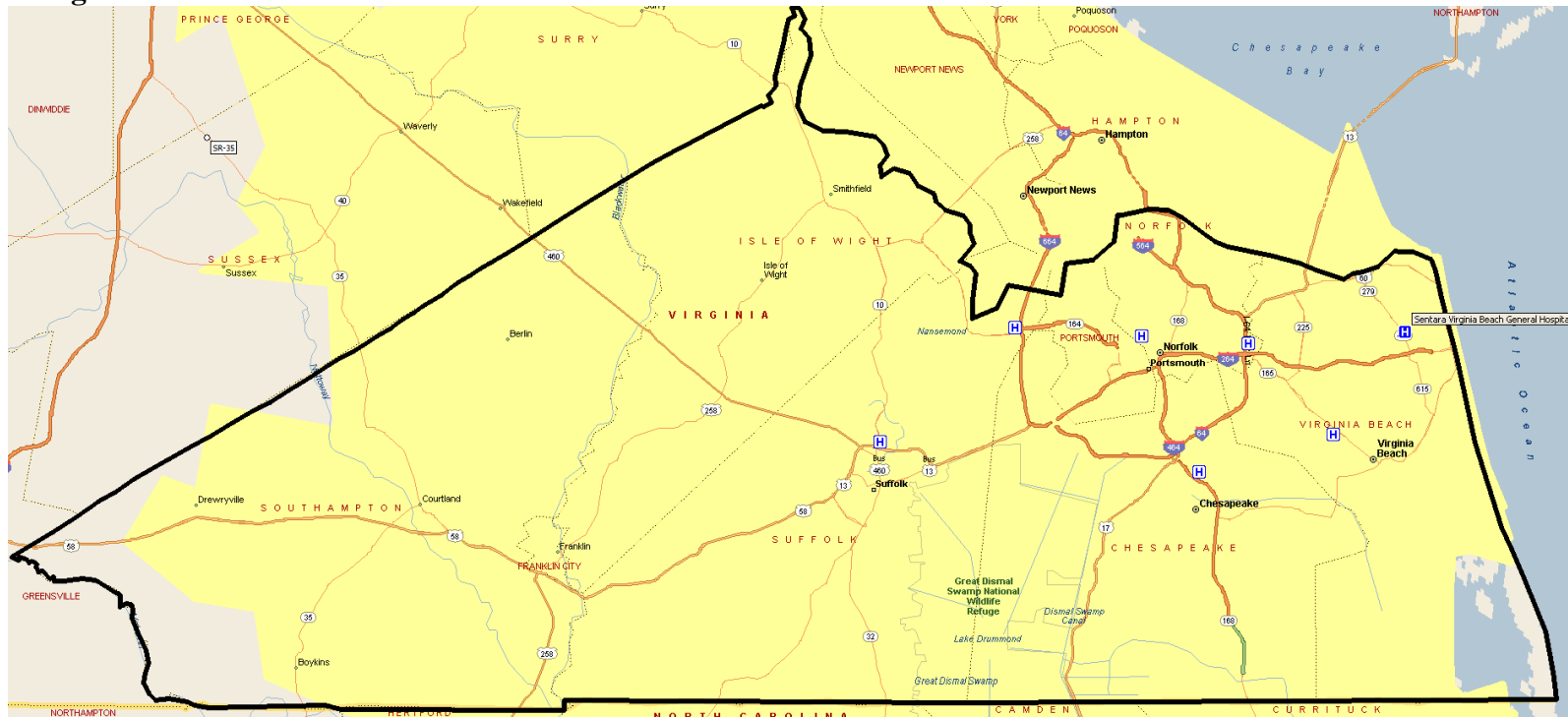
Part III Radiation Therapy Services Article 1 Criteria and Standards for Radiation Therapy Services

12VAC5-230-280. Travel time.

Radiation therapy services should be available within 60 minutes driving time one way under normal conditions of 95% of the population of the health planning district using a mapping software as determined by the commissioner.

The heavy black line in **Figure 1** shows the boundary of PD 20. The white “H” symbols mark the locations of existing radiation therapy providers in PD 20. The blue “H” symbol marks the location of the proposed project. The yellow shading illustrates the area that is within a 60-minute driving time of the existing radiation therapy providers in PD 20. Based on the shaded area in **Figure 1**, it is reasonable to conclude that 95% of the population of PD 20 is within 60 minutes driving-time one-way under normal traffic conditions of radiation therapy services.

Figure 1



12VAC5-230-290. Need for new service.

A. No new radiation therapy service should be approved unless:

- 1. Existing radiation therapy machines located in the health planning district performed an average of 8,000 procedures per existing and approved radiation therapy machine in the relevant reporting period; and**
- 2. The new service will perform at least 5,000 procedures by the second year of operation without significantly reducing the utilization of existing providers in the health planning district.**

Not applicable. The applicant is not proposing to add a new radiation therapy service, but instead seeks to expand an existing service.

B. The number of radiation therapy machines needed in a health planning district will be determined as follows:

$$\frac{\text{Population} \times \text{Cancer Incidence Rate} \times 60\%}{320}$$

320

where:

- 1. The population is projected to be at least 150,000 people three years from the current year as reported in the most current projections of a demographic entity as determined by the commissioner;**
- 2. The cancer incidence rate as determined by data from the Statewide Cancer Registry;**

3. 60% is the estimated number of new cancer cases in a health planning district that are treatable with radiation therapy; and
4. 320 is 100% utilization of a radiation therapy machine based upon an anticipated average of 25 procedures per case.

Table 7 below shows the projected population for 2028 and new cancer cases requiring radiation therapy in PD 20. Based on the SMFP methodology for determining need for linear accelerators in the planning district, there is a need for 11 linear accelerators in PD 20 through 2028. As there are 11 COPN approved linear accelerators in PD 20, there is neither a surplus nor a need for linear accelerators in PD 20.

Table 7. Number of radiation therapy machines needed in PD 20

Locality	PD 20 Area 2028 Population	Cancer Incidence Rate (Per 100,000)	2028 Projected Cancer Cases	New Cancer Cases Requiring RT	Linear Accelerators Needed
Total PD 20	1,236,139	458.7	5,670	3,402	11

Source: Weldon-Cooper Data, updated August 2023 and DCOPN (interpolations) and National Cancer Institute Incidence Rates Table (Latest Five-Year Average)

- C. **Proposals for new radiation therapy services located less than 60 minutes driving time one way, under normal conditions, from any site that radiation therapy services are available shall demonstrate that the proposed new services will perform an average of 4,500 procedures annually by the second year of operation, without significantly reducing the utilization of existing services in the health planning district.**

Not applicable. The applicant is not proposing to add a new radiation therapy service, but instead seeks to expand an existing service.

12VAC5-230-300. Expansion of service.

Proposals to expand radiation therapy services should be approved only when all existing radiation therapy services operated by the applicant in the health planning district have performed an average of 8,000 procedures for the relevant reporting period and the proposed expansion would not significantly reduce the utilization of existing providers.

As shown in **Table 1** above, Sentara Health operates seven of the 11 linear accelerators in PD 20. According to VHI data, in 2023, three of the seven linear accelerators operated by Sentara Health did not perform an average of 8,000 procedures – the linear accelerator at Sentara Obici Hospital performed 6,110 visits and the two linear accelerators at SNGH performed an average of 7,551 procedures each. However, as previously discussed, the applicant is not seeking to add a new linear accelerator to its inventory, but instead, is seeking to relocate one of the linear accelerators at SNGH to SVBGH. Furthermore, as will be discussed in greater detail below, the applicant has demonstrated an institutional need to expand.

12VAC5-230-310. Statewide Cancer Registry.

Facilities with radiation therapy services shall participate in the Statewide Cancer Registry as required by Article 9 (§ 32.1-70 et seq.) of Chapter 2 of Title 32.1 of the Code of Virginia

The applicant asserts that SVBGH will continue to participate in the Statewide Cancer Registry consistent with Article 9 (§ 32.1-70 et seq.) of Chapter 2 of Title 32.1 of the Code of Virginia.

12VAC5-230-320. Staffing.

Radiation therapy services should be under the direction or supervision of one or more qualified physicians designated or authorized by the Nuclear Regulatory Commission or the Division of Radiologic Health of the Virginia Department of Health, as applicable.

The applicant has provided assurances that their radiation therapy services will be under the direction or supervision of Edwin Crandley, M.D., a qualified physician authorized by the American Board of Radiology and who has a Radiation Oncology Virginia State Medical License.

**Part I
Definitions and General Information**

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

- A. Notwithstanding any other provisions of this chapter, the commissioner may grant approval for the expansion of services at an existing medical care facility in a health planning district with an excess supply of such services when the proposed expansion can be justified on the basis of a facility's need having exceeded its current service capacity to provide such service or on the geographic remoteness of the facility.**
- B. If a facility with an institutional need to expand is part of a health system, the underutilized services at other facilities within the health system should be reallocated, when appropriate, to the facility with the institutional need to expand before additional services are approved for the applicant. However, underutilized services located at a health system's geographically remote facility may be disregarded when determining institutional need for the proposed project.**
- C. This section is not applicable to nursing facilities pursuant to § 32.1-102.3:1 of the Code of Virginia.**
- D. Applicants shall not use this section to justify a need to establish new services.**

SVBGH proposes to add one linear accelerator by relocation from SNGH, resulting in a total complement of two linear accelerators. With a utilization rate of 104.9% in 2023 and 102% in 2022, the utilization data confirms that SVBGH's current capacity demonstrates an institutional need for expansion.

The applicant is part of Sentara Health, which operates seven of the 11 linear accelerators in PD 20. As is required by subsection B, the applicant is seeking approval to relocate one of the linear accelerators in Sentara Health's inventory to satisfy the institutional need at SVBGH. Therefore, DCOPN maintains the project warrants approval based on SVBGH's institutional need.

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;**

DCOPN contends that approval of the proposed project will not introduce institutional competition because, as previously discussed, the applicant has demonstrated an institutional need to expand and the project warrants approval. Therefore, the proposed project is not meant to and will not foster institutional competition that will benefit the area to be served.

- 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;**

The applicant is part of Sentara Health, which operates seven of the 11 linear accelerators in PD 20 (64%). However, as already discussed, the proposed project is an inventory neutral relocation of an existing linear accelerator and warrants approval because the applicant has demonstrated an institutional need to expand. Therefore, because the project hinges upon an institutional need, DCOPN contends that approval of the proposed project is unlikely to have a significant negative impact on existing providers of radiation therapy services in PD 20.

- 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 projects net operating income of \$3,869,056 by the end of the first year of operation and net operating income of \$4,325,828 by the end of year two for the proposed project. The total capital and financing cost of the proposed project is \$2,362,008, of which approximately 37% represents direct construction costs (**Table 2**). The proposed project will be funded through accumulated reserves of the applicant. Therefore, there are no financing costs associated with the proposed project.

With regard to staffing, the applicant anticipates the need to hire three Full Time Equivalent (FTE) employees to staff the proposed project – one registered nurse, one radiation therapist and one dosimetrist. The applicant explains that all three staff required are expected to relocate from SNGH with the linear accelerator.

- 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 will not introduce new technology that would promote quality or cost effectiveness in the delivery of inpatient acute care. Nor does the proposed project increase the

potential for provision of services on an outpatient basis. 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 t0**
 - (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.**

With regard to this consideration, the applicant provided the following information:

Sentara and EVMS have a newly signed, 10-year affiliation agreement in which Sentara is committing substantial financial support to EVMS, and Sentara has designated EVMS as our primary academic partner in the region. This new agreement is the latest development in a multi decade partnership to maintain and build academic medicine in Hampton Roads. Sentara and EVMS continue to co-recruit talented physicians into the state and region. We are having active discussions about adding additional training programs for scarce specialties to better serve the community. Moreover, EVMS and Old Dominion University (ODU) merged in July 2024. Sentara fully supports this development and will continue our affiliation and financial support of this new entity.

DCOPN Findings and Conclusions

DCOPN finds that Sentara Virginia Beach General Hospital's COPN Request No. VA-8797 to add one linear accelerator 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, SVBGH has expressed an institutional need to expand its radiation therapy services by adding a linear accelerator to be relocated from SNGH. With a utilization rate of 104.9% in 2023 and 102% in 2022, the utilization data confirms that SVBGH's current capacity demonstrates an institutional need for expansion. The applicant is part of the Sentara Health System, which operates seven of the 11 linear accelerators in PD 20. As is required by 12VAC5-230-80, the applicant is seeking approval to relocate one of the linear accelerators in Sentara Health's inventory to satisfy the institutional need at SVBGH. Finally, 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 when compared to similar, recently authorized projects. For example, COPN No. VA-04839 issued to Bon Secours Maryview Medical Center to add one SRS capable linear accelerator, is projected to cost approximately \$3,282,607. Finally, 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 Virginia Beach General Hospital's COPN Request No. VA-8797 to add one linear accelerator by relocation from Sentara Norfolk General Hospital, for a total complement of two linear accelerators, 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.
6. There is no known opposition to the proposed project.

Recommended Condition

This project shall be subject to the 1.8% system-wide charity care condition applicable to Sentara Health Hampton Roads, as reflected in COPN No. VA-04534 as amended by the State Health Commissioner by letter dated January 14, 2025 (Sentara Hospitals Hampton Roads system-wide condition). Effective January 1, 2025, Sentara Health shall be required to satisfy on an annual basis the following condition: Sentara Health ("Sentara") will provide healthcare services in Hampton Roads (Health Planning Region ("HPR") V) to all persons in need of these services, regardless of their ability to pay for those services. Further, Sentara will provide as charity care to all indigent persons whose family income is at or below 200 percent of the federal non-farm poverty level (hereinafter "Qualifying Recipients") free services or rate reductions in services and facilitate the development and operation of primary and specialty care services to medically underserved persons in HPR V in an aggregate amount equal to at least 1.8% of Sentara's revenues derived from patient services in HPR V. The valuation of charity care provided pursuant to this condition shall be consistent with the methodology for such valuation as then applied by the Virginia Department of Health.

Sentara Virginia Beach General Hospital will provide radiation therapy 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.

Starting January 1, 2028, and every third calendar year thereafter, the level of charity care required to be provided by Sentara under this system-wide condition shall be adjusted, up or down, to equal the average charity care level provided in HPR V over the previous three (3) years for which such data has been publicly reported by the end of the prior calendar year.

In calculating the combined value of charity care provided by Sentara Health Hampton Roads facilities pursuant to this condition, Sentara may include the revenues and value of charity care, measured as set forth above, attributable to (i) patient care services provided by Sentara's facilities in HPR V without charge to Qualifying Recipients, (ii) medical or other outpatient services provided through Sentara-affiliated outreach services in HPR V without charge to Qualifying Recipients, and (iii) physician and ancillary services provided by Sentara-affiliated physician medical practices in HPR V without charge to Qualifying Recipients. Sentara may also include, for purposes of calculating the value of charity care, amounts donated by Sentara to community health centers, free clinics, and similar organizations in HPR V and amounts paid to non-affiliated physicians, medical practices, or other healthcare providers for the provision of medical care in HPR V to Qualifying Recipients, including amounts appropriated to Sentara and retained by organizations to further Sentara's initiatives to provide care to Qualifying Recipients in HPR V. Sentara also may include, for purposes of calculating the value of charity care, costs associated with providing (a) eligibility services to facilitate receipt of charity care by Qualifying Recipients and (b) items and services provided in connection with indigent care, including, but not limited to, transportation costs, guardian expenses, and durable medical equipment costs (provided, however, that any revenues received by Sentara in connection with the provision of such items and services set forth in this subsection (b) shall be included in Sentara's revenues subject to this condition).

This condition will apply to all COPNs issued to all Sentara-owned hospitals and other facilities in HPR V prior to and after the effective date hereof, until this condition is amended or upon agreement between the Commissioner and Sentara regarding any exceptions. Each year, Sentara shall provide documentation to the Division of Certificate of Public Need regarding its calculation of the HPR V average applicable in such calendar year, and agrees that such amount shall be applicable to all services then covered by this condition and to any services approved pursuant to new COPNs issued in such calendar year, until such average is adjusted per the methodology set forth herein. Sentara will document compliance with this condition as required by the Virginia Department of Health.