

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

April 21, 2025

COPN Request No. VA-8802

Virginia Commonwealth University Health System Authority
Richmond, Virginia

Add 53 Acute Care Beds

COPN Request No. VA-8804

Chippenham & Johnston-Willis Hospitals, Inc.
Richmond, Virginia

Add 36 medical-surgical beds at Chippenham Hospital

COPN Request No. VA-8805

Bon Secours St. Francis Medical Center, Inc.
Midlothian, Virginia

Add 36 medical-surgical and 4 intensive care beds

Applicants

VA-8802 - Virginia Commonwealth University Health System Authority

The Virginia Commonwealth University Health Systems Authority (“VCUHS”) is a public body corporate and political subdivision of the Commonwealth of Virginia, governed by the Virginia Commonwealth University Health System Authority Act of 1996-Title 23, Chapter 6.2, 23-50.16:1 of the Code of Virginia. Both the Main Hospital and the Children’s Tower are on the VCU Medical Center campus in Planning District (PD) 15, Health Planning Region (HPR) IV.

VA-8804 – Chippenham & Johnston-Willis Hospitals, Inc.

Chippenham & Johnston-Willis Hospitals, Inc. (CJWH) is a proprietary, stock corporation owned by HCA, Inc. Henrico Doctors’ Hospital – Retreat, from where beds are proposed to relocate, have the same ultimate corporate parent as CJWH, HCA Healthcare, Inc. CJWH was formed in 1995 from Johnston Willis and Chippenham Hospitals. These two hospitals, although separately licensed, are considered one medical center with two campuses. Chippenham Hospital (“Chippenham”), the site of the proposed project, is located at 7101 Jahnke Road in the City of Richmond. The applicant facility is in PD 15, HPR IV.

VA-8805 – Bon Secours St. Francis Medical Center, Inc.

Bon Secours – St. Francis Medical Center, Inc. (“St. Francis”) is a 501(c)(3) not-for-profit, non-stock, church related membership corporation located in Midlothian (Chesterfield County), Virginia in PD 15, HPR IV. The hospital is owned and operated by Bon Secours – Richmond Health System, a 501(c)(3) Virginia not-for-profit, non-stock, church related membership corporation and the sole corporate member of St. Francis Medical Center. Bon Secours – Richmond Health System is a subsidiary of Bon Secours Mercy Health, Inc.

Background

According to Virginia Health Information (VHI), there were fourteen hospitals that reported acute care utilization data in PD 15 for 2023, the latest year for which such data are available. In the aggregate, they had 3,548 licensed beds with average occupancy of 63.9%. (**Table 1**). This is below the State Medical Facilities Plan (SMFP) threshold for new beds which is 80% occupancy of medical/surgical beds and 65% for intensive care unit (ICU) beds.

Table 1. PD 15 Hospital Beds and Occupancy, 2023

Facility	Licensed Beds	Staffed Beds	Licensed Bed Available Days	Patient Days	Occupancy
Bon Secours Memorial Regional Medical Center	269	269	98,185	70,307	71.6%
Bon Secours Richmond Community Hospital	104	99	37,960	13,471	35.5%
Bon Secours St. Francis Medical Center	130	130	47,450	40,976	86.4%
Bon Secours St. Mary's Hospital	391	391	142,715	90,237	63.2%
Chippenham Hospital	466	466	170,090	124,368	73.1%
Cumberland Hospital for Children and Adolescents	78	56	28,470	13,297	46.7%
Encompass Health Rehab Hosp of Virginia	40	40	14,600	12,281	84.1%
Henrico Doctors' Hospital - Forest	340	249	124,100	67,115	54.1%
Henrico Doctor's Hospital - Parham Doctors' Hospital	200	141	73,000	30,558	41.9%
Henrico Doctor's Hospital - Retreat	227	75	82,855	9,814	11.8%
Johnston-Willis Hospital	292	292	106,580	75,279	70.6%
Select Specialty Hospital - Richmond (Vibra)	60	60	12,060	4,860	40.3%
Sheltering Arms Institute	114	104	37,960	35,174	92.7%
VCU Medical Center	837	783	305,505	230,599	75.5%
Grand Total	3,548	3,155	1,281,530	818,336	63.9%

Source: 2023 VHI

Table 2 shows the number of beds on each hospital’s 2025 license. In 2019, COPN No. VA-04682 authorized the addition of 55 beds at Bon Secours St. Francis Medical Center (51 medical/surgical and 4 ICU beds), which were added since its 2023 submission, and are now included on its 2025 license. Cumberland Hospital for Children and Adolescents made a midyear change with licensure to show 44 medical rehabilitation beds in 2025 but reported 78 pediatric (medical/surgical) beds to VHI in 2023. There are 34 fewer beds total on its 2025 license than the 2023 VHI report shows. The Division of Certificate of Public Need (DCOPN) has no documentation that Cumberland Hospital for Children and Adolescents has applied for a COPN to convert medical/surgical beds to medical rehabilitation beds; however, it appears the facility may have had medical rehabilitation beds for some time, despite what it has reported to VHI. Also, of note, Henrico Doctors’ Hospital –

Retreat, from where Chippenham proposes to relocate beds, had an occupancy of 11.8% in its 227 licensed beds in 2023, and staffed only 75 of them (**Table 1**). Additionally, COPN No. VA-04638 authorized Henrico Doctors' Hospital – Retreat to convert 16 medical/surgical beds to psychiatric beds. This project is not yet complete.

Table 2. PD 15 Licensed Beds in 2025

Facility	Total Authorized Beds	Medical/Surgical (excluding ICU) Beds	Adult ICU Beds	Pediatric ICU Beds	Adult Psych Beds	Pediatric Psych Beds	Medical Rehab Beds
Bon Secours - Richmond Community Hospital	104	64			40		
Bon Secours Memorial Regional Medical Center	269	234	35				
Bon Secours St. Francis Medical Center ¹	185	161	24				
Bon Secours St. Mary's Hospital	391	312	35	12	32		
CJW Medical Center - Chippenham Campus	466	265	56	8	113	24	
CJW Medical Center - Johnston-Willis Campus	292	222	26				44
Cumberland Hospital for Children & Adolescents	44						44
Encompass Health Rehabilitation Hospital of Richmond	40						40
Henrico Doctors' Hospital - Forest	340	316	24				
Henrico Doctors' Hospital-Parham	200	128	12		24		36
Henrico Doctors' Hospital-Retreat	227	201	6		20		
Select Specialty Hospital - Richmond, Inc.	60	60					
Sheltering Arms Institute	114						114
VCU Medical Center	837	602	134	24	45	32	
PD 15 Totals	3,569	2,565	352	44	274	56	278

Source: Licensure and DCOPN Records

DCOPN notes that nearly all acute care hospital beds in Virginia can be classified as “medical/surgical” beds, with the exception of psychiatric, substance abuse treatment, and rehabilitation beds. As long as the total licensed bed complement is not exceeded, hospitals may configure and use medical/surgical beds, as circumstances require. **Table 2** includes in “Medical/Surgical” beds that VHI classifies as obstetric (OB) and pediatric, but breaks out ICU beds because the SMFP has a different threshold for ICU beds versus medical/surgical beds.

Proposed Projects

VA-8802 - Virginia Commonwealth University Health System Authority

VCUHS is proposing to add 53 acute care beds on its downtown campus, including 24 pediatric beds and 29 adult beds, needed to address high occupancy. The proposed adult beds are 23 ICU and 6 medical/surgical beds enabling the provision of inpatient space for a consolidated liver transplant service.² These proposed adult beds will be located on the Main Hospital at 1250 East Marshall Street, Richmond. The proposed pediatric beds will be located in the Children's Tower at 1000 East Broad Street, Richmond.

¹ COPN No. VA-04682 authorized the addition of 51 medical/surgical and 4 ICU beds bringing the total licensed beds from 130 to 185.

² VCUHS opened the liver transplant unit on April 1, 2025: <https://www.vcuhealth.org/news/vcu-health-opens-a-new-39-bed-unit-for-comprehensive-liver-care/>. Per VCUHS counsel, VCUHS chose to reallocate 39 beds from multiple units across its downtown campus now, not operating above its current license, to prioritize consolidation of liver transplant donor, recipient and patients to receive a transplant in less than one year. VCUHS asserts that it has an institutional need across its campus that the 29 requested adult beds will address.

The proposed addition of the adult beds requires renovation of 41,160 square feet of space previously occupied by pediatric beds in the Main Hospital before they relocated to the Children's Tower when it was constructed in 2023. The proposed addition of pediatric beds will require construction within 31,000 square feet of shell space in the Children's Tower.

Projected capital costs for the project are \$79,907,581 (**Table 3**), funded entirely from VCUHS' accumulated reserves, such that no financing costs will accrue. Should the proposed project be approved, the applicant expects to open the additional beds in January 2027.

Table 3. Capital Costs VCUHS, Add 53 Acute Care Beds

Direct Construction Cost	\$ 63,412,043
Equipment not included in construction contract	\$ 7,506,811
Architectural and Engineering	\$ 5,488,727
Other Consultant fees	\$ 3,500,000
Total Capital Cost	\$ 79,907,581

Source: COPN Request No. VA-8802

VA-8804 – Chippenham & Johnston-Willis Hospitals, Inc.

Chippenham proposes to add 36 medical/surgical beds through relocation from Henrico Doctors' Hospital – Retreat, an inventory-neutral proposal to address high occupancy at Chippenham. The proposal requires renovation of 9,526 square feet on the second floor of Chippenham and 25,947 square feet on the fifth floor to add 12 medical/surgical beds on the second floor and 24 medical/surgical beds on the fifth floor. Projected capital costs are \$48,001,000 (**Table 4**), funded through the internal resources of HCA Healthcare such that no financing costs are required. Should the proposed project be approved, the applicant expects to open the additional beds 42 months after issuance of a COPN.

Table 4. Capital Costs CJW, Add 36 Acute Care Beds

Direct Construction Cost	\$ 39,591,000
Equipment not included in construction contract	\$ 4,824,000
Off-Site Costs	\$ 1,086,000
Architectural and Engineering	\$ 2,500,000
Total Capital Cost	\$ 48,001,000

Source: COPN Request No. VA-8804

VA-8805 – Bon Secours St. Francis Medical Center, Inc.

St. Francis proposes to add 40 acute care beds to its license to address high occupancy, 4 ICU beds and 36 medical/surgical beds, in its hospital building at 13170 St. Francis Boulevard, Midlothian, Virginia. The proposed project involves 58,400 square feet of new construction in a two-story vertical expansion above an existing inpatient bed tower, adding a new sixth and seventh floor, and 2,000 square feet of major renovation in existing space. Each proposed new floor will include 20 acute care beds and shell space for future expansion. The proposed ICU beds will be developed in existing space on the fourth floor from where four existing medical/surgical beds will relocate to new space. A portion of the additional medical/surgical beds will be developed as intermediate medical care beds (IMC, or "step down" beds) which, the

applicant asserts will play a role in caring for patients while moderating the use of more expensive ICU beds.

Projected capital costs are \$106,018,984 (**Table 5**), funded through the accumulated reserves of Bon Secours Mercy Health, and the proposed project will not result in any debt service cost. Should the proposed project be approved, the applicant expects to open the additional beds 42 months after issuance of a COPN.

Table 5. Capital Costs St. Francis, Add 40 Acute Care Beds

Direct Construction Cost	\$ 82,289,438
Equipment not included in construction contract	\$ 12,831,051
Architectural and Engineering	\$ 8,244,185
Other Consulting Fees	\$ 2,445,645
Industrial Development Authority Revenue & General Revenue Bond Financing	\$ 208,665
Total Capital Cost	\$ 106,018,984

Source: COPN Request No. VA-8805

Project Definition

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part, as the “increase in the total number of beds...in an existing medical care facility described in subsection A.” A medical care facility includes “[a]ny facility licensed as a hospital.”

This definition applies to all three projects here under review.

VA-8804 – Chippenham & Johnston-Willis Hospitals, Inc.

“Relocation of beds from an existing medical care facility described in subsection A to another existing medical care facility described in subsection A;” additionally applies to COPN Request No. VA-8804.

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

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

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

PD 15 had a population over 1.1 million in 2020 and is projected to add nearly 100,000 to its population by 2030. Its projected growth of 8.9% by the end of the decade is a higher growth rate than that projected for Virginia’s population, 5.8% (**Table 6**). Richmond City, where two of

the proposed projects are located, represents about 20% of the PD 15 population and is projected to grow by 8.3%, just under the PD 15 growth rate. Richmond is projected to add nearly 20,000 people to its population between 2020 and 2030 (**Table 6**). Chesterfield County, where the third proposed project is located, represents about a third of the PD 15 population and is projected to grow by 11.6% (twice the growth rate of Virginia) and add just over 42,000 people between 2020 and 2030 (**Table 6**). More than 42% of the growth in PD 15 during the 2020 to 2030 is projected in Chesterfield County.

Though the population over age 65 is expected to grow at a higher rate in PD 15 (31.7%) than that of Virginia (26.3%), this age cohort is projected to grow in Richmond at 21.5%, slower than Virginia or PD 15. Richmond is projected to add 6,433 people over age 65 between 2020 and 2030 through aging and in migration (**Table 6**). Chesterfield's population over 65 is projected to grow faster, by 35.5%, adding over 20,000 in this age group between 2020 and 2030 (**Table 6**).

Table 6. PD 15 Population Data

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	6.00%	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: Weldon Cooper Intercensal Estimates

Table 7 shows that PD 15 has a poverty rate just under that of Virginia (10.7%), but the poverty rate in Richmond is more than double that of Virginia or PD 15 at 24.5%. Chesterfield County has a relatively low poverty rate at 7.6%.

Table 7. PD 15 Poverty Rates

Geographic Name	Poverty Rate
Charles City County	12.3%
Chesterfield County	7.6%
Colonial Heights City	13.5%
Goochland County	6.7%
Hanover County	5.2%
Henrico County	9.0%
New Kent County	5.2%
Powhatan County	6.9%
Richmond City	24.5%
PD 15 Totals	10.1%
Virginia	10.7%

Source: Weldon-Cooper Census Data

VA-8802 - Virginia Commonwealth University Health System Authority

The proposed project improves access specifically for pediatric patients with relatively fewer treatment options, particularly in trauma, surgery and subspecialties available in the area only at VCUHS. It also enables access for liver transplant patients, another unique patient population with fewer available options for surgery and care.

The VCUHS downtown campus is readily accessible from Interstates 64 and 95 as well as Broad Street, making it accessible for all patients of Central Virginia or those traveling across Virginia. It is served by public transportation, including the Greater Richmond Transit Company (“GRTC”) Pulse system, a modern rapid transit system that serves a 7.6-mile route along Broad Street and Main Street. The Children’s Tower and Main Hospital are proximate to GRTC bus routes for convenient access for the City of Richmond and surrounding communities.

VA-8804 – Chippenham & Johnston-Willis Hospitals, Inc.

Chippenham is served by public transit and public road systems. The GRTC provides ADA-compliant curb-to-curb transport to individuals with disabilities through its CARE paratransit service. GRTC directly serves the Chippenham campus. Chippenham is easily accessible by car, located at the intersection of Chippenham Parkway and Jahnke Road in Richmond.

VA-8805 – Bon Secours St. Francis Medical Center, Inc.

St. Francis is the only Bon Secours hospital south of the James River. St. Francis fully implemented 55 new acute care beds in October 2024 and asserts that more are needed to address high utilization. The hospital is located approximately 1.5 miles west of Route 76 (Powhite Parkway) and approximately half a mile southwest of the Route 228 and Center Pointe Parkway interchange. St. Francis is accessible to Route 60 (Midlothian Turnpike) and Route 360 (Hull Street Road) via Charter Colony Road and Old Hundred Road, and is also accessible to Interstate 95 via Route 228. St. Francis is not served by public transportation, as is true of most of Chesterfield County.

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

(i) The level of community support for the project demonstrated by citizens, businesses, and governmental leaders representing the area to be served.

DCOPN provided notice to the public on February 10, 2025, of COPN Request Nos. VA-8802, VA-8804 and VA-8805, inviting public comment. The public comment period closed on March 27, 2025. §32.1-102.6B of the Code of Virginia directs DCOPN to hold one public hearing on each application in the case of competing applications; or in response to a written request by an elected local government representative, a member of the General Assembly, the Commissioner, the applicant, or a member of the public. The public hearings for competing applications COPN Request Nos. VA-8802, VA-8804 and VA-8805 were held consecutively on March 17, 2025, and 24 participants signed in.

VA-8802 - Virginia Commonwealth University Health System Authority

DCOPN received a letter of endorsement from VCU Medical Center's medical staff and a letter of support from the Interim Chair of the Department of Pediatrics at Children's Hospital at Richmond at VCU. These letters expressed the following:

- VCUHS is committed to providing the safest and highest quality patient care to all patients requiring its services.
- It is the largest safety net hospital in Virginia.
- VCUHS must have sufficient bed capacity available to provide care to its patients.
- VCUHS' beds are highly utilized and demand for its inpatient services is growing.
- VCUHS serves an essential role in Central Virginia and beyond as an academic medical center and quaternary referral center.
- Its medical staff is comprised of specialty and subspecialty physicians providing unique and essential services not available at other hospitals in the region or even the Commonwealth.
- With deepening clinical expertise in subspecialty service areas, increased funding for novel research projects that impact clinical care and new educational programs to build the Commonwealth's medical work force, VCUHS must have the resources to ensure that patients' needs are met.
- This includes appropriate inventories of medical/surgical beds, ICU beds and pediatric beds.
- Insufficient bed capacity can adversely impact the delivery of care, delaying diagnosis and treatment, testing and test processing.
- These delays carry documented risks, including prolonged illness, increased rates of complications and worse outcomes, particularly for complex and critically ill patients—patients routinely treated at VCUHS.
- Boarding of patients in areas other than the most appropriate until the best bed is available can be extremely stressful, prolonging patients' perception of suffering, decreasing patient satisfaction and further adversely impacting patient well-being.
- Overcrowding has been shown to unnecessarily prolong lengths of stay, increase readmission rates and frustrate staff.
- The proposed bed addition will help to decompress high utilization of VCUHS' existing beds and support critical services at VCUHS.
- The 29 adult acute care beds (23 ICU and 6 medical/surgical) are necessary to ensure appropriate care for adult liver transplant patients at the Main Hospital.
- VCUHS is the only provider of liver transplants in Central Virginia and the largest in the Commonwealth.
- All liver transplant patients are transferred to the ICU immediately following their operations.
- ICU supports strict monitoring of these patients, maintenance of cardiorespiratory functions and the institution of various prophylactic measures to prevent organ dysfunction.
- The proposed ICU and medical-surgical beds will significantly streamline and improve VCUHS' ability to properly care for post-surgery liver transplant patients.
- VCUHS also operates a nationally ranked Children's Hospital, the only such hospital in PD 15, Children's Hospital of Richmond at VCU (VCUHS-CHoR).
- It is the single largest provider of pediatric inpatient services in Virginia.
- This facility offers many pediatric specialty services not otherwise available in the region.

- VCUHS' full-service academic pediatric hospital is an essential partner for pediatric providers in the area and a critical component of the pediatric health care continuum in Central Virginia.
- It has an emphasis on research and is constantly evolving to provide better services and improve outcomes.
- VCUHS-CHoR provides the full spectrum of pediatric services including Level I Pediatric Trauma Center, pediatric emergency services, Level I Children's Surgery Center and a broad range of subspecialty inpatient programs.
- Patients and providers routinely rely on VCUHS for hospitalization and tertiary/quaternary care for pediatric patients, including surgery and trauma care.
- Between 2022 and 2024 VCUHS' pediatric patient days and discharges increased significantly, and in 2023, it was the busiest of all inpatient pediatric providers.
- VCUHS' pediatric beds are highly occupied, reaching 80% occupancy in 2024, and demand is projected to continue to grow.
- Lack of available beds can impact pediatric inpatient surgery schedules and throughput of VCUHS' pediatric trauma center and emergency room.
- The proposed 24 pediatric medical/surgical beds in the Children's Tower will help to meet this demand.
- The proposed pediatric beds will improve access to dedicated pediatric inpatient acute care services in an environment focused exclusively on children.
- The proposed project is necessary to enable VCUHS to service its pediatric population and its specialized liver transplant population—patients who otherwise have limited to no other options in PD 15.

Public Hearing

Andrew Schutte, AVP, Deputy General Counsel for VCUHS, Dr. Michael Elliott, COO of VCUHS, Dr. Jeniece Roane, VP of Operations for CHoR at VCU, and Jim Willis, Interim President of VCU Medical Center presented the proposal for VCUHS, COPN Request No. VA-8802. Of attendants at the public hearing, eleven supported the project and none opposed. Dr. Liv Gorla, pediatrician and Chairman of the Board of CHoR spoke in support of the bed additions at VCUHS. There is no known opposition to the project.

VA-8804 – Chippenham & Johnston-Willis Hospitals, Inc.

DCOPN received a resolution from the CJWH Executive Committee of the Medical Staff and ten letters of support from physicians and practices with specialties of orthopedics, pediatrics, ICU intensivist, cardiology and cardiovascular care, trauma, obstetrics and gynecology, ENT, urgent care and the burn and reconstructive center. These letters expressed the following:

- Chippenham urgently requires additional medical/surgical beds to meet patient demand.
- Utilization of existing medical/surgical beds in 2024 has averaged above 90% at Chippenham Hospital and on many days, there were no available medical/surgical beds in the hospital.
- This unavailability delays care and interferes with physicians' ability to provide the best care for patients.
- Chippenham is not capable of converting additional beds to medical/surgical use because beds in other units are required to care for the specialized patients they serve.

- As responsible stewards of COPN-approved assets, HCA Virginia is proposing to relocate 36 underutilized beds from Retreat Doctors' Hospital so that the much-needed 36 medical/surgical beds can be added at Chippenham Hospital without increasing the total number of beds in the planning district.
- Chippenham Hospital consistently provides exceptional inpatient and outpatient orthopedic services to our patients that require orthopedic care; however, Chippenham Hospital's current medical/surgical beds are highly utilized and the hospital requires additional medical/surgical capacity.
- High demand of hospital beds creates a number of patient care issues, including delaying inpatient procedures that would enable patients to get back to living happy and healthy lives faster.
- Chippenham Hospital operates the only pediatric ICU and dedicated pediatric medical/surgical unit in PD 15 south of the James River.
- It provides emergency care through a pediatric emergency department with a dedicated entrance.
- Chippenham provides essential care for a great number of the youngest patients in the region.
- "I am writing to stress the importance of not requiring the conversion of pediatric beds as a condition of the COPN for more adult beds."
- Demand for inpatient pediatric services is highly variable showing a predictable seasonal spike in demand in winter months and less predictable episodic spikes at other times of year.
- Though average occupancy in Chippenham's pediatric medical/surgical and ICU units is less than 40%, these units are small and must have a sufficient number of beds to accommodate inpatient admissions during peak demand.
- Pediatrics requires specialized nursing, respiratory therapy and supportive infrastructure that require years of development and support.
- Children can't be treated in adult beds and vice versa.
- It would be a great disservice to the pediatric patient population to force a reduction in the size of the pediatric units at Chippenham.
- There is a clear need for additional medical/surgical beds to serve the high volume of adult patients.
- It would also harm patient care if the hospital were required to convert any of its OB beds to medical/surgical beds even though average occupancy is relatively low.
- Demand for OB beds is highly variable and there are times when there are none available.
- OB patients develop strong relationships with their OB doctors and shifting to another facility is not best practice.
- The ICU is increasingly concerned about bottlenecks delaying the transfer of ICU patients to an appropriate medical/surgical bed, even though occupancy of those beds is relatively low.
- Such delays are inefficient for hospital operations, add costs to the healthcare system by keeping patients in a more resource-intensive ICU bed longer than is warranted and risk delay in the onset of care to a new patient.
- The availability of beds at other facilities is not an adequate substitute.
- Transferring inpatients to other facilities disrupts continuity of care to the detriment of optimal patient outcomes and unnecessarily incurs the risks, costs and delays inherent in patient transfers.
- Cardiologists rely on Chippenham Hospital for best-in-area cardiac care.

- Its cardiac cath lab is one of the busiest in Richmond.
- It earned a distinguished three-star (highest) rating from The Society of Thoracic Surgeons (STS) for its patient care and outcomes in isolated coronary artery bypass grafting (CABG) procedures.
- Chippenham's program is the only STS three-star CABG Composite Quality Ratings-Overall Star Ratings in PD 15 for the most recently published period.
- Demand for medical/surgical beds at Chippenham has increased significantly driven by high demand for its many outstanding programs, including cardiac.
- The requested medical/surgical beds would be well utilized.
- Chippenham is a Level I Trauma Center and a Level I Burn Center.
- The Burn and Reconstruction Center at Chippenham is equipped and staffed to treat the most severe burn injuries and complex wounds.
- Many burn patients need medical/surgical beds.
- Trauma volume has doubled in the past two and a half years.
- HCA Virginia's medical helicopter has expanded reach into rural areas and toward the western part of the state.
- Trauma care is time-sensitive, and it is critically important that trauma patients have an available, appropriate bed at the precise time it is needed.
- Approval of the proposal is needed to provide the resources needed and enable the dedicated Burn and Wound Services team to best meet the needs of the patients and community.
- Chippenham Hospital does not have sufficient beds to meet the needs of the patients in the emergency room, one of the busiest in the region, which delays admissions.

Public Hearing

Lance Jones, CEO of Chippenham Hospital presented the proposal for CJWH, Chippenham, COPN Request No. VA-8804 and Dr. Rajiv Malhotra, CMO of Chippenham Hospital spoke as a representative of the medical staff expressing support as evidenced by their letters of support. Of attendants at the public hearing, four supported and none opposed. There is no known opposition to the project.

VA-8805 – Bon Secours St. Francis Medical Center, Inc.

DCOPN received two letters of support on behalf of the Medical Staff at St. Francis, one from Corey Black, MD, CMO of St. Francis and one from Cecilia C. Bergh, MD. DCOPN also received letters from seven individual providers and twenty-two letters of support from patients and community members, including some Community Advisory Council members. These letters, in aggregate, expressed the following:

- Our community needs additional acute care services to improve accessibility for our county's patients and keep pace with the rapid growth and aging in Chesterfield County and surrounding areas.
- St. Francis is a key resource for our community's patients to receive care that is of the highest quality.
- The hospital has experienced rapid growth in the utilization of its services.
- Utilization particularly of medical/surgical and ICU beds has been high and increasing.

- ICU beds operate in excess of the SMFP expansion threshold and medical/surgical beds are projected to exceed the threshold this year.
- It is inevitable that, as capacity constraints increase, the care team will face issues continuing to deliver accessible and efficient care to the patients who seek healthcare services at St. Francis.
- St. Francis has made significant strides towards expanding the care it can provide, including operating two freestanding emergency departments in the county.
- These facilities are highly utilized and transfer patients to St. Francis as necessary.
- As our community continues to grow and age, these services will be increasingly utilized and exacerbate capacity constraints.
- The hospital has also hired multiple new providers to serve patients and the operation of the freestanding emergency departments.
- St. Francis' proposal is a considerate and understanding response to growth in the community and will ensure patients will continue to have access to the best care possible.

In addition to these letters of support, DCOPN received a letter of opposition from HCA Virginia arguing that St. Francis' proposal is premature. The letter describes St. Francis' recent major expansion, completed in October 2024 in which it added 43 medical/surgical beds, increasing from 93 to 136, a 46% expansion in medical/surgical bed capacity (DCOPN notes that St. Francis, in fact, added 51 medical/surgical beds and 4 ICU beds during its latest expansion. Calculations shown here are from the opposition letter). St. Francis is now proposing an additional 36 medical surgical beds less than a year after its last increase in licensed beds, increasing medical/surgical capacity to 172, which is an additional 26% and 85% above its 2023 capacity. HCA Virginia's letter points out that COPN Request No VA-8805 shows St. Francis' current 136 medical surgical beds were occupied at 72%, less than the SFMP expansion threshold. The opposition letter also mentions that St. Francis' letter of intent (LOI) was not filed by the standard LOI deadline, but within the 10-day window permitted by 12VAC5-220-180.A. and concludes that St. Francis did not intend to file its application in the current batch cycle but did so because two other competing providers requested additional beds.

St. Francis sent a letter in response to HCA Virginia's letter highlighting that HCA Virginia's opposition is only on the basis that COPN Request No. VA-8805 is premature. St. Francis' letter denies this, stating that the request is part of a carefully considered master facility planning project designed to meet current and future needs of Chesterfield County. The recently completed expansion was the result of a COPN that was filed in 2018. St. Francis projects it will take over four years to bring its currently requested beds online, and the rapid population growth in the area necessitates a COPN request now, in order to keep pace with sustained growth in utilization of its medical/surgical, intermediate and ICU capacity. St. Francis' response points out that the timing of its LOI is moot as it is allowed by COPN regulations.

Public Hearing

Joseph Wilkins, CEO of St. Francis and Corey Black, CMO of St. Francis presented the proposal for St. Francis. A patient, Cheryl Toler spoke in support of the project as did Dr. Robert Omuria, hospitalist, Dr. Zachary Dillon, emergency physician and assistant medical director, and Carl Duffy, independent insurance broker, Midlothian resident and a member of the Midlothian Business Association. Tom Stallings, counsel for HCA Virginia spoke in opposition of the Bon Secours St. Francis project making the points that were later submitted in HCA Virginia's

opposition letter, summarized above. Of attendants at the public hearing, eight supported and three opposed the proposed project.

(ii) The availability of reasonable alternatives to the proposed service or facility that would meet the needs of the population in a less costly, more efficient, or more effective manner.

VA-8802 - Virginia Commonwealth University Health System Authority

VCUHS has previously reallocated both medical/surgical and ICU beds between adult and pediatric services and most recently, consolidated adult medical/surgical and ICU beds into a liver transplant unit to house transplant recipients, donors, and patients within a year of receiving a transplant. According to VHI, in 2023, all of VCUHS' licensed beds combined (adult and pediatric medical/surgical, adult and pediatric ICU and adult and pediatric psychiatric beds) had an occupancy rate of 75.5% (**Table 1**). Its adult medical/surgical beds (including OB beds) had an average occupancy of 79% in 2023 and VCUHS reports in its application patient days equaling 82.5% for 2024. Its pediatric medical/surgical beds had an occupancy of 68% in 2023 and 80% in 2024. VCUHS has exceeded the SMFP occupancy threshold of 80% demonstrating high utilization and an institutional need for additional medical/surgical beds. Likewise, VCUHS' adult and pediatric ICU beds exceeded the SMFP occupancy threshold of 65%, reporting 82% occupancy of its adult ICU beds and 72% occupancy of its pediatric ICU beds. There is no reasonable alternative to additional bed capacity and the proposal is more beneficial than the status quo.

VA-8804 – Chippenham & Johnston-Willis Hospitals, Inc.

According to VHI, all of Chippenham's licensed beds combined had an occupancy of 73.1% in 2023 (**Table 1**). The applicant is requesting 36 additional medical/surgical beds based on an institutional need. Based upon the breakdown of beds and historical utilization presented in Section III of its application, Chippenham's adult medical surgical beds (including OB beds) had an occupancy of 80.2% in 2023, exceeding the threshold set forth in the SMFP. Its adult ICU Beds had an occupancy of 74.5% in 2023, also exceeding the SMFP occupancy standard of 65% for ICU beds.

An alternative to the proposed project is to shift beds from its pediatric bed complement which requires no COPN. The applicant asserts that these beds are specifically designed and staffed for pediatric patients and that adult patients cannot be adequately cared for in these beds. Furthermore, the applicant says that utilization of its small dedicated pediatric unit fluctuates widely throughout the year and is at times highly utilized. Indeed, an increase of three or four occupied beds in the 17-bed unit has a large effect on occupancy. Chippenham offers the only pediatric and pediatric ICU beds in PD 15 south of the James River. The status quo is not the best alternative as it does not address capacity constraints. The inventory-neutral relocating of beds from Henrico Doctors' Hospital – Retreat, where occupancy was 11.8% in 2024, is an efficient use of existing resources.

VA-8805 – Bon Secours St. Francis Medical Center, Inc.

The 2023 VHI report was based on data prior to the addition of 55 licensed beds at St. Francis. St. Francis has provided historical data for 2023 and projected utilization for 2024 to 2031 for medical/surgical beds that exclude OB beds. As explained in other areas of this report, nearly all acute care hospital beds in Virginia can be classified as “medical/surgical” beds, except for psychiatric, substance abuse treatment, and rehabilitation beds. As long as the total licensed bed complement is not exceeded, hospitals may configure and use medical/surgical beds, as circumstances require. For this reason, the number of adult medical/surgical beds and pediatric beds can shift. DCOPN occupancy calculations include in “adult medical/surgical” beds what VHI classifies as OB.

St. Francis did not provide projected patient days for its OB beds for 2025. In order to achieve the 80% occupancy threshold set forth in the SMFP of its 161 medical/surgical beds (including OB beds) licensed in 2025 (**Table 2**), St. Francis would have to have 7,814 OB patient days in 2025. This would be an increase of 31% in OB patient days since 2023, the latest year for which St. Francis provided OB patient days. For context, OB patient days grew 11.5% between 2021 and 2023. DCOPN concludes that St. Francis’ medical/surgical beds (appropriately including OB beds) are below the 80% occupancy threshold for expansion.

St. Francis’ 2030 projections show patient days in medical/surgical (including OB beds) equal to 68,570, which does outpace its current licensed capacity at 117% of licensed bed available days; however, institutional need is based on experienced occupancy rather than projections. If accurate, St. Francis will need additional medical/surgical bed capacity at some point in the next five years. A reasonable alternative to the proposed project is to shift beds from OB to medical/surgical functions until such time as additional medical/surgical beds are 80% occupied. St. Francis does meet the expansion threshold of 65% occupancy of its ICU beds set forth in the SMFP.

(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 project.

VA-8802 - Virginia Commonwealth University Health System Authority

Total capital costs for the proposed project are \$79,907,581, funded by accumulated reserves so there are no financing costs. Direct construction costs are estimated to be \$63,412,043, 79.4% of total costs. Focusing on direct construction costs, the proposed project is estimated to be \$879 per square foot. This is slightly less than the range of projected costs of other similar recently authorized projects. For example, COPN No. VA-04865 authorized Centra Health, Inc. to add 36 medical/surgical beds at \$1,109 of direct construction cost per square foot, and COPN No. VA-04832 was issued to Inova Health Services to relocate Inova Springfield Hospital at a direct construction cost of \$899 per square foot.

The applicant has described several benefits to the proposed project, primarily improved access to specialized inpatient care for complex and specific populations with relatively fewer options for the care they need. In 2023, only 5% of licensed beds in PD 15 were designated pediatric, according to VHI. VCUHS' pediatric medical/surgical beds are essential to supporting the unique pediatric trauma, emergency services, pediatric surgery and other subspecialist care provided to this vulnerable population by an academic medical center. These beds are highly utilized, and double-digit growth in demand supports the assertion that additional capacity is necessary.

VCUHS opened a 39-bed consolidated liver transplant unit at the beginning of this month, April 1, 2025. The applicant described this unit to be comprised of the requested 23 adult ICU and 6 medical/surgical beds proposed in this project, along with 10 existing licensed beds. VCUHS made the decision to prioritize the donors and recipients of liver transplants by reallocating licensed beds from other units prior to receiving a decision on its application, leaving fewer beds in those units contributing beds in the interim. According to the applicant, the advanced treatments available at VCUHS allow the facility to evaluate and successfully treat patients who may be denied the option of liver transplantation elsewhere in the country. VCUHS' liver transplant program is one of only two in Virginia and the only one in Central Virginia. As the applicant has demonstrated an institutional need for adult medical/surgical and ICU bed capacity, the beds proposed will backfill those consolidated into the liver transplant unit to alleviate capacity constraints across the facility.

VA-8804 – Chippenham & Johnston-Willis Hospitals, Inc.

Total capital costs for the proposed project are \$48,001,000 funded by internal resources of HCA Healthcare, Inc. such that there are no financing costs. Direct construction costs are estimated to be \$39,591,000, 82.5% of total costs, and \$1,116 per square foot, very comparable to the authorized capital costs for COPN No. VA-04865 for Centra Health, Inc. to add medical/surgical beds (\$1,109).

The applicant has described several benefits to the proposed project, related to alleviation of high utilization, such as reduction of delays in placing patients from Chippenham's busy emergency room and Level I Trauma program. By relocating the beds from an underutilized facility, Henrico Doctors' Hospital - Retreat, the applicant can address capacity needs without adding to the surplus of beds in PD 15.

VA-8805 – Bon Secours St. Francis Medical Center, Inc.

Total projected capital costs for the proposed project are \$106,018,984, funded by accumulated reserves of Bon Secour Mercy Health, so there are no resulting debt service costs for the proposed project. Focusing on direct construction costs of \$82,289,438 (77.6% of total capital costs), the proposed 60,400 square foot project is estimated to be \$1,362 per square foot. This is somewhat higher than the projected costs of other similar recently authorized projects, likely due to expansion above existing occupied space. For example, COPN No. VA-04865 authorized Centra Health, Inc. to add 36 medical/surgical beds at \$1,109 of direct construction cost per square foot, and COPN No. VA-04832 was issued to Inova Health Services to relocate Inova Springfield Hospital at a direct construction cost of \$899 per square foot.

The applicant has described several benefits to the proposed project related to alleviation of high utilization, such as reduction of delays in placing patients, and development of IMC beds to reduce utilization of more expensive ICU beds. St. Francis operates three emergency departments which served nearly 83,000 patients in 2023. Admissions from these emergency departments accounted for nearly two thirds of the hospital's inpatient admissions that year. In addition, St. Francis' service area is experiencing the highest growth of localities in PD 15 and additional capacity will be needed for growth in demand from aging and population expansion.

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

VA-8802 - Virginia Commonwealth University Health System Authority

VCUHS accepts all patients without regard to their ability to pay or payment source. The applicant asserts that it is Virginia's largest safety net provider and cares for more non-commercial pediatric inpatients than any other hospital in the state. **Table 8** shows that VCUHS provided 0.6% of its patient revenues as charity care, less than the HPR average of 0.9%. The proforma provided by the applicant (**Table 10**) projects charity care at 0.9% of patient revenues, consistent with the HPR IV mean.

In accordance with section 32.1-102.4.B of the Code of Virginia, should the proposed project receive approval, the project would be conditioned to provide a level of charity care based on gross patient revenues derived from acute care services that is no less than the equivalent average for charity care contributions in HPR IV. Pursuant to Code of Virginia language any COPN issued for this project will also be conditioned on the applicant's agreement to accept patients who are the recipients of Medicare and Medicaid.

VA-8804 – Chippenham & Johnston-Willis Hospitals, Inc.

Table 8 shows that CJWH provided 1% of patient revenue as charity care, slightly higher than the HPR average of 0.9%. The proforma provided by the applicant, **Table 11**, projects charity care at 0.9% of patient revenues, consistent with the HPR IV mean. In accordance with section 32.1-102.4.B of the Code of Virginia, should the proposed project receive approval, the project would be conditioned to provide a level of charity care based on gross patient revenues derived from acute care services that is no less than the equivalent average for charity care contributions in HPR IV. Pursuant to Code of Virginia language any COPN issued for this project will also be conditioned on the applicant's agreement to accept patients who are the recipients of Medicare and Medicaid.

VA-8805 – Bon Secours St. Francis Medical Center, Inc.

St. Francis accepts all patients without regard to their ability to pay or payment source. **Table 8** shows that St. Francis provided 1.6% of patient revenue as charity care, higher than the HPR average of 0.9% and higher than the other competing applicants. The proforma provided by the applicant, **Table 12**, assumes charity care at 3% of patient revenues, consistent with St. Francis' facility-wide condition. In accordance with section 32.1-102.4.B of the Code of Virginia, should the proposed project receive approval, the project would be conditioned to provide a level of charity care based on gross patient revenues derived from acute care services. Pursuant to Code of Virginia language any COPN issued for this project will also be conditioned on the applicant's agreement to accept patients who are the recipients of Medicare and Medicaid.

Table 8. Charity Care in HPR IV

2022 Charity Care Contributions at or below 200% of Federal Poverty Level			
HPR IV	Gross Patient Revenues	Adjusted Charity Care Contribution	% of Gross Patient Revenue
Inpatient Hospitals			
Encompass Health Rehab Hosp of Petersburg	\$29,926,632	\$1,262,680	4.2%
Bon Secours Southern Virginia Regional Medical Center	\$226,835,907	\$4,487,576	2.0%
Sheltering Arms Institute	\$151,399,824	\$2,530,945	1.7%
Sentara Halifax Regional Hospital	\$309,122,102	\$4,945,782	1.6%
Bon Secours St. Francis Medical Center	\$1,238,984,979	\$19,560,168	1.6%
Bon Secours St. Mary's Hospital	\$2,475,071,483	\$27,800,876	1.1%
Bon Secours Southside Regional Medical Center	\$2,238,925,486	\$23,176,465	1.0%
CJW Medical Center HCA	\$9,414,749,474	\$92,280,367	1.0%
TriCities Hospital HCA	\$1,291,681,768	\$12,190,500	0.9%
Bon Secours Richmond Community Hospital	\$1,099,525,303	\$9,999,109	0.9%
Henrico Doctors' Hospital HCA	\$6,125,759,528	\$50,390,024	0.8%
Bon Secours Memorial Regional Medical Center	\$1,648,605,572	\$10,986,041	0.7%
VCU Health System	\$7,574,785,954	\$45,509,855	0.6%
Poplar Springs Hospital UHS	\$84,621,465	\$328,036	0.4%
Centra Southside Community Hospital	\$357,467,950	\$1,261,207	0.4%
VCU Community Memorial Hospital	\$428,496,287	\$664,258	0.2%
Encompass Health Rehab Hosp of Virginia	\$28,839,933	\$35,972	0.1%
Select Specialty Hospital - Richmond	\$119,460,229	-	0.0%
Cumberland Hospital for Children and Adolescents UHS	\$32,427,799	-	0.0%
Total Inpatient Hospitals:			19
HPR IV Total Inpatient \$ & Mean %	\$34,876,687,675	\$307,409,861	0.9%
Outpatient Centers			
Boulders Ambulatory Surgery Center HCA	\$133,673,934	\$3,982,385	3.0%
Urosurgical Center of Richmond	\$46,192,499	\$467,587	1.0%
Virginia Eye Institute, Inc.	\$41,539,958	\$362,746	0.9%
St. Mary's Ambulatory Surgery Center	\$51,111,602	\$420,544	0.8%
MEDRVA Surgery Center @ West Creek	\$11,215,428	\$27,326	0.2%
VCU Health Neuroscience, Orthopedic and Wellness Center	\$6,301,892	\$9,063	0.1%
American Access Care of Richmond	\$5,218,308	\$865	0.0%
Cataract and Refractive Surgery Center	\$9,709,070	-	0.0%
MEDRVA Stony Point Surgery Center	\$62,279,534	-	0.0%
Skin Surgery Center of Virginia	\$1,562,293	-	0.0%
Virginia Beach Health Center VLPP	\$2,518,016	-	0.0%
Total Outpatient Hospitals:			11
HPR IV Total Outpatient Hospital \$ & Mean %	\$371,322,534	\$5,270,516	1.4%
Total Hospitals:			30
HPR IV Total \$ & Mean %	\$35,248,010,209	\$312,680,377	0.9%

Source: VHI, 2022

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

There are no other factors, not addressed elsewhere in the analysis, relevant to the determination of a public need for either project.

3. The extent to which the application is consistent with the State Medical Facilities Plan.

Section 32.1-102.2:1 of the Code of Virginia calls for the State Health Services Plan Task Force to develop recommendations for a comprehensive State Health Services Plan (SHSP). In the interim, DCOPN will consider the consistency of the proposed project with the predecessor of the SHSP, the State Medical Facilities Plan (SMFP).

The State Medical Facilities Plan (SMFP) contains the criteria and standards for Inpatient Beds. They are as follows:

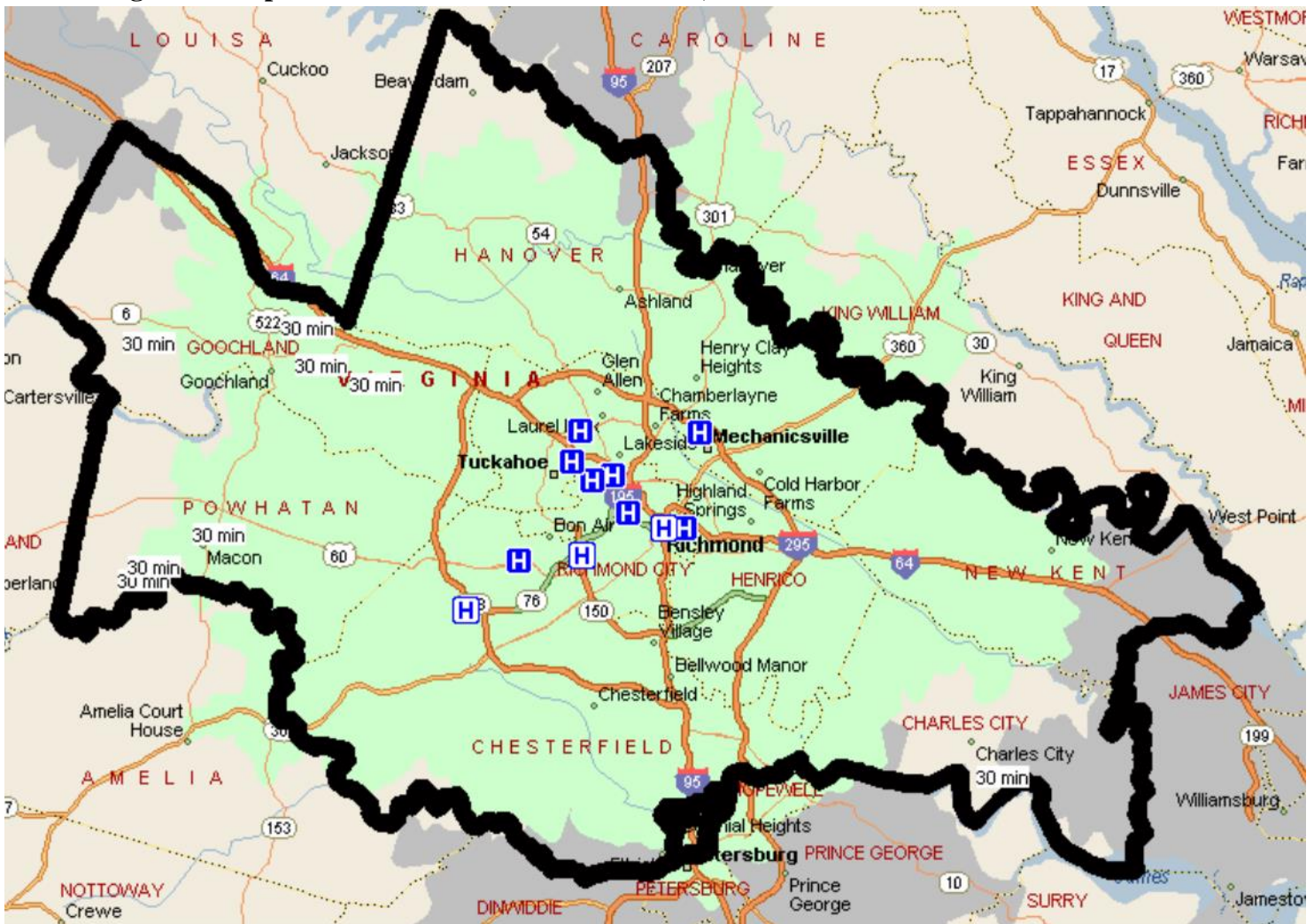
Part VI. Inpatient Bed Requirements

12VAC5-230-520. Travel time.

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

Figure 1 shows the boundary of PD 15, the heavy black line. Acute care hospitals in PD 15 are represented by the H symbols and the proposed projects are labeled and shown by white icons with blue Hs. The light green shading shows the area that is within 30 minutes' drive time of a PD 15 acute care hospital and the dark grey shaded area is within 30 minutes of an acute care hospital outside of PD 15. The map shows that only Beaver Dam, Charles City and small portions of Goochland and Powhatan are outside of a 30-minute drive from an acute care hospital. These areas represent less than 4% of the PD 15 population, so more than 95% of the PD 15 population is within a 30-minute drive of an acute care hospital. All three proposed projects are at existing hospitals that don't expand geographic access within 30 minutes' drive.

Figure 1. Map of Authorized Acute Care Facilities, PD 15



12VAC5-230-530. Need for new service.

A. No new inpatient beds should be approved in any health planning district unless:

1. The resulting number of beds for each bed category contained in this article does not exceed the number of beds projected to be needed for that health planning district for the fifth planning horizon year; and
2. The average annual occupancy based on the number of beds in the health planning district for the relevant reporting period is:
 - a. 80% at midnight census for medical/surgical or pediatric beds;
 - b. 65% at midnight census for intensive care beds.

B. For proposals to convert under-utilized beds that require a capital expenditure with an expenditure exceeding the threshold amount as determined using the formula contained in subsection C of this section, consideration may be given to such proposal if:

1. There is a projected need in the applicable category of inpatient beds; and

2. The applicant can demonstrate that the average annual occupancy of the converted beds would meet the utilization standard for the applicable bed category by the first year of operation.

For the purposes of this part, "underutilized" means less than 80% average annual occupancy for medical/surgical or pediatric beds, when the relocation involves such beds and less than 65% average annual occupancy for intensive care beds when relocation involves such beds.

C. The capital expenditure threshold referenced in subsection B of this section shall be adjusted annually using the percentage increase listed in the Consumer Price Index for All Urban Consumers (CPI-U) for the most recent year as follows:

A x (1+B)

where:

**A = the capital expenditure threshold amount for the previous year
and**

B = the percent increase for the expense category "Medical Care" listed in the most recent year available of the CPI-U of the U.S. Bureau of Labor Statistics.

DCOPN has performed bed need calculations by bed type for PD 15. See **Table 9**.

Table 9. Bed Need Calculation by Bed Type

Bed Type	Patient Days 5-Yr Sum	Population 5-Yr Sum ³	Bed Use Rate (2019-2023)	2030 Projected Population	Projected Patient Days 5 Yrs from 2025	Beds at 100% Occupancy	Beds Needed at SMFP Occupancy Threshold ⁴	Beds in Inventory (Licensed in 2025) ⁵	Bed Deficit (Surplus)
Adult ICU	465,012	4,458,187	0.104	967,133	100,877	276.4	425.2	352	73.2
Adult Med/Surg	2,657,339	4,458,187	0.596	967,133	576,467	1579.4	1974.2	2380	(405.8)
Pediatric ⁶	175,652	1,189,215	0.148	253,035	37,374	102.4	128.0	185	(57.0)
Pediatric ICU	40,282	1,189,215	0.034	253,035	8,571	23.5	29.4	44	(14.6)

Sources: VHI 2019 – 2023; Weldon-Cooper

VA-8802 - Virginia Commonwealth University Health System Authority

VCUHS' proposal would add new adult medical/surgical, adult ICU and pediatric beds to the PD 15 inventory. There is an existing surplus of adult medical/surgical and pediatric beds, but a need for ICU beds (**Table 9**). VCUHS seeks to increase its licensed bed capacity arguing an institutional need despite a bed surplus in PD 15.

³ Adult population is the sum of projected 18 and older PD 15 population in 2019 - 2023; pediatric is the sum of the projected population less than 18 years old for the same years.

⁴ Adult Medical/Surgical and Pediatric Bed calculations use 80% occupancy while Adult and Pediatric ICU calculations use 65%.

⁵ Nearly all acute care hospital beds in Virginia can be classified as "medical/surgical" beds, except for psychiatric, substance abuse treatment, and rehabilitation beds. As long as the total licensed bed complement is not exceeded, hospitals may configure and use medical/surgical beds, as circumstances require. For this reason, the number of Adult Medical/Surgical beds and Pediatric beds can shift. DCOPN has included with "adult Med/Surg" beds what VHI classifies as obstetric (OB); the number of licensed beds included as Pediatric is the balance after the other specified types are subtracted out of total licensed beds.

⁶ Bed counts and type for Cumberland Hospital for Children and Adolescents are problematic. Excluding beds and discharges for this facility, a surplus of 63.9 (64) pediatric beds is calculated for PD 15.

VA-8804 – Chippenham & Johnston-Willis Hospitals, Inc.

This standard is not applicable. Chippenham seeks to increase its medical/surgical and ICU licensed bed capacity through relocation rather than the addition of new beds in PD 15. It is also arguing institutional need.

VA-8805 – Bon Secours St. Francis Medical Center, Inc.

St. Francis' proposal would add new adult medical/surgical and adult ICU beds to the PD 15 inventory. There is an existing surplus of adult medical/surgical beds, but a need for ICU beds (**Table 9**). St. Francis seeks to increase its licensed bed capacity arguing an institutional need despite the surplus in medical/surgical beds in PD 15.

12VAC5-230-540. Need for medical/surgical beds.

The number of medical/surgical beds projected to be needed in a health planning district shall be computed as follows:

1. Determine the use rate for the medical/surgical beds for the health planning district using the formula:

$$\text{BUR} = (\text{IPD}/\text{PoP})$$

Where:

BUR = the bed use rate for the health planning district.

IPD = the sum of total inpatient days in the health planning district for the most recent five years for which inpatient day data has been reported by VHI; and

PoP = the sum of total population 18 years of age and older in the health planning district for the same five years used to determine IPD as reported by a demographic program as determined by the commissioner.

2. Determine the total number of medical/surgical beds needed for the health planning district in five years from the current year using the formula:

$$\text{ProBed} = ((\text{BUR} \times \text{ProPop})/365)/0.80$$

Where:

ProBed = The projected number of medical/surgical beds needed in the health planning district for five years from the current year.

BUR = the bed use rate for the health planning district determined in subdivision 1 of this section.

ProPop = the projected population 18 years of age and older of the health planning district five years from the current year as reported by a demographic program as determined by the commissioner.

3. Determine the number of medical/surgical beds that are needed in the health planning district for the five planning horizon years as follows:

$$\text{NewBed} = \text{ProBed} - \text{CurrentBed}$$

Where:

NewBed = the number of new medical/surgical beds that can be established in a health planning district, if the number is positive. If NewBed is a negative number, no additional medical/surgical beds should be authorized for the health planning district.

ProBed = the projected number of medical/surgical beds needed in the health planning district for five years from the current year determined in subdivision 2 of this section.

CurrentBed = the current inventory of licensed and authorized medical/surgical beds in the health planning district.

There is a surplus of 405.8 (406) adult medical/surgical beds in PD 15 (**Table 9**), no new beds are needed.

12VAC5-230-550. Need for pediatric beds.

The number of pediatric beds projected to be needed in a health planning district shall be computed as follows:

1. Determine the use rate for pediatric beds for the health planning district using the formula:

$$\text{PBUR} = (\text{PIPD}/\text{PedPop})$$

Where:

PBUR = The pediatric bed use rate for the health planning district.

PIPD = The sum of total pediatric inpatient days in the health planning district for the most recent five years for which inpatient days data has been reported by VHI; and

PedPop = The sum of population under 18 years of age in the health planning district for the same five years used to determine PIPD as reported by a demographic program as determined by the commissioner.

2. Determine the total number of pediatric beds needed to the health planning district in five years from the current year using the formula:

$$\text{ProPedBed} = ((\text{PBUR} \times \text{ProPedPop})/365)/0.80$$

Where:

ProPedBed = The projected number of pediatric beds needed in the health planning district for five years from the current year.

PBUR = The pediatric bed use rate for the health planning district determined in subdivision 1 of this section.

ProPedPop = The projected population under 18 years of age of the health planning district five years from the current year as reported by a demographic program as determined by the commissioner.

3. Determine the number of pediatric beds needed within the health planning district for the fifth planning horizon year as follows:

$$\text{NewPedBed} = \text{ProPedBed} - \text{CurrentPedBed}$$

Where:

NewPedBed = the number of new pediatric beds that can be established in a health planning district, if the number is positive. If NewPedBed is a negative number, no additional pediatric beds should be authorized for the health planning district.

ProPedBed = the projected number of pediatric beds needed in the health planning district for five years from the current year determined in subdivision 2 of this section.

CurrentPedBed = the current inventory of licensed and authorized pediatric beds in the health planning district.

There is a surplus of 57.0 pediatric medical/surgical beds in PD 15 (**Table 9**), no new beds needed.

12VAC5-230-560. Need for intensive care beds.

The projected need for intensive care beds in a health planning district shall be computed as follows:

1. Determine the use rate for ICU beds for the health planning district using the formula:

$$\text{ICUBUR} = (\text{ICUPD}/\text{Pop})$$

Where:

ICUBUR = The ICU bed use rate for the health planning district.

ICUPD = The sum of total ICU inpatient days in the health planning district for the most recent five years for which inpatient day data has been reported by VHI; and

Pop = The sum of population 18 years of age or older for adults or under 18 for pediatric patients in the health planning district for the same five years used to determine ICUPD as reported by a demographic program as determined by the commissioner.

2. Determine the total number of ICU beds needed for the health planning district, including bed availability for unscheduled admissions, five years from the current year using the formula:

$$\text{ProICUBed} = ((\text{ICUBUR} \times \text{ProPop})/365)/0.65$$

Where:

ProICUBed = The projected number of ICU beds needed in the health planning district for five years from the current year;

ICUBUR = The ICU bed use rate for the health planning district as determine in subdivision 1 of this section;

ProPop = The projected population 18 years of age or older for adults or under 18 for pediatric patients of the health planning district five years from the current year as reported by a demographic program as determined by the commissioner.

3. Determine the number of ICU beds that may be established or relocated within the health planning district for the fifth planning horizon planning year as follows:

$$\text{NewICUB} = \text{ProICUBed} - \text{CurrentICUBed}$$

Where:

NewICUBed = The number of new ICU beds that can be established in a health planning district, if the number is positive. If NewICUBed is a negative number, no additional ICU beds should be authorized for the health planning district.

ProICUBed = The projected number of ICU beds needed in the health planning district for five years from the current year as determined in subdivision 2 of this section.

CurrentICUBed = The current inventory of licensed and authorized ICU beds in the health planning district.

There is a need for 73.2 (74) adult ICU beds in PD 15 (**Table 9**) and a surplus of 14.6 (15) pediatric ICU beds. Should all requested ICU beds be authorized, there will still be a shortage of adult ICU beds.

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

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

- 1. Off-site replacement is necessary to correct life safety or building code deficiencies;**
- 2. The population currently served by the beds to be moved will have reasonable access to the beds at the new site, or to neighboring inpatient facilities;**
- 3. The number of beds to be moved off-site is taken out of service at the existing facility;**
- 4. The off-site replacement of beds results in:**
 - a. A decrease in the licensed bed capacity;**
 - b. A substantial cost savings, cost avoidance, or consolidation of underutilized facilities; or**
 - c. Generally improved operating efficiency in the applicant's facility or facilities; and**

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

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

VA-8802 - Virginia Commonwealth University Health System Authority

VCUHS is proposing expansion of its licensed bed capacity by 24 pediatric beds, 6 medical/surgical beds and 23 adult ICU beds based on an institutional need. It is unlikely to impact existing providers negatively.

VA-8804 – Chippenham & Johnston-Willis Hospitals, Inc.

Chippenham is proposing expansion of its licensed bed capacity through relocation of beds from Henrico Doctors' Hospital - Retreat. The patient rooms from which beds are proposed to relocate were built in 1969 and are located in space that does not meet current design guidelines and is inefficient for the delivery of optimal patient care. Patient rooms are smaller than current standards and do not meet requirements for minimum clearances around beds. Significant and disruptive renovations would be required to correct these deficiencies in place at Henrico Doctors' Hospital - Retreat. The size and layout of current rooms does not permit installation of a computer in the patient room, creating care inefficiencies. There is no material storage space. Rooms were built under old design guidelines that incorporated communal showers so patient rooms have only a sink and toilet to support care. Renovation to add individual showers would reduce room sizes that are already inadequate.

Henrico Doctors' Hospital - Retreat reported 9,814 patient days in 2023. These patient days would yield an occupancy rate of 16.3% of the remaining 165 medical/surgical beds (after the proposed relocating of 36 beds) and 18% of the remaining 149 medical/surgical beds (after the conversion of 16 medical/surgical beds to psychiatric beds authorized by COPN No. VA-04638), more than adequate bed capacity for this demand. The applicant has stated that Henrico Doctors' Hospital – Retreat will reduce its licensed capacity by 36 beds following the opening of the 36 beds at Chippenham, should the proposed project receive approval. The relocation will result in operational efficiencies at Chippenham by alleviating capacity constraints. The relocation of underutilized beds from Henrico Doctors' Hospital – Retreat will improve the distribution of existing authorized beds to meet community needs demonstrated by high demand for medical/surgical beds at Chippenham.

VA-8805 – Bon Secours St. Francis Medical Center, Inc.

St. Francis is proposing expansion of its licensed bed capacity by 36 medical/surgical beds and 4 adult ICU beds based on an institutional need. It is unlikely to impact existing providers negatively.

12VAC5-230-580. Long-term acute care hospitals (LTACHs).

This section does not apply to the proposed projects and was omitted for brevity.

12VAC5-230-590. Staffing.

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

VA-8802 - Virginia Commonwealth University Health System Authority

VCUHS is an established provider of inpatient acute care services and asserts that it will continue to operate all beds under the direction and supervision of one or more qualified physicians.

VA-8804 – Chippenham & Johnston-Willis Hospitals, Inc.

CJWH is an established provider of inpatient acute care services and asserts that it will continue to operate all beds under the direction and supervision of one or more qualified physicians.

VA-8805 – Bon Secours St. Francis Medical Center, Inc.

St. Francis is an established provider of inpatient acute care services and asserts that it will continue to operate all beds under the direction and supervision of one or more qualified physicians.

12VAC5-230-60. When competing applications received.

In reviewing competing applications, preference may be given to an applicant who:

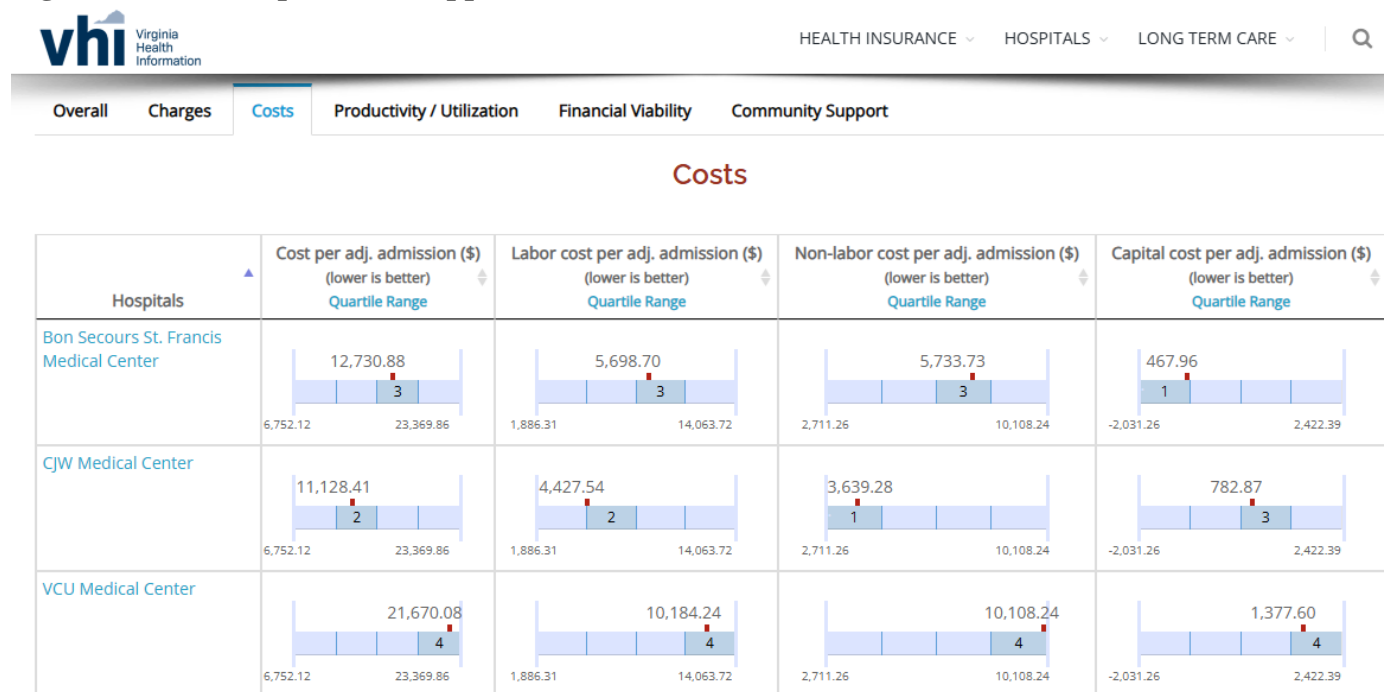
- 1. Has an established performance record in completing projects on time and within the authorized operating expenses and capital costs;**

According to DCOPN records, Chippenham and St. Francis each completed two projects over the past 10 years more than six months later than planned. VCUHC completed one in the past ten years that was more than six months later than planned.

- 2. Has both lower capital costs and operating expenses than his competitors and can demonstrate that his estimates are credible;**

According to VHI cost comparisons (**Figure 2**), VCU Medical Center has the highest operational costs of the three applicants and CJW has the lowest. St. Francis has the lowest capital cost per adjusted admission.

Figure 2. Cost Comparison of Applicants, 2023



Source: https://vhi.org/Efficiency/Efficiency_compare_result.asp

- Can demonstrate a consistent compliance with state licensure and federal certification regulations and a consistent history of few documented complaints, where applicable; or

All three applicants are compliant with licensure requirements.

- Can demonstrate a commitment to serving his community or service area as evidenced by unreimbursed services to the indigent and providing needed but unprofitable services, taking into account the demands of the particular service area.

Referring to **Table 8**, St. Francis' charity as a percentage of gross patient revenue was the highest of the three applicants in 2022, at 1.6%. CJW's was 1% and VCUHS' 0.6%.

12VAC5-230-80. When institutional expansion 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 § 32.1-102.3:2 of the Code of Virginia.

D. Applicants shall not use this section to justify a need to establish new services.

VA-8802 - Virginia Commonwealth University Health System Authority

According to VHI, in 2023, all of VCUHS' licensed beds combined (adult and pediatric medical/surgical, adult and pediatric ICU and adult and pediatric psychiatric beds) had an occupancy rate of 75.5% (**Table 1**). Its adult medical/surgical beds (including obstetrical) had an average occupancy of 79% in 2023 and VCUHS reports in its application patient days equaling 82.5% for 2024. Its pediatric medical/surgical beds had an occupancy of 68% in 2023 and 80% in 2024. VCUHS has exceeded the SMFP occupancy threshold of 80% demonstrating high utilization and an institutional need for additional medical/surgical beds. Likewise, VCUHS' adult and pediatric ICU beds exceeded the SMFP occupancy threshold of 65%, reporting 82% occupancy of its adult ICU beds and 72% occupancy of its pediatric ICU beds. VCUHS has demonstrated an institutional need for additional adult medical/surgical, adult ICU and pediatric beds. There are no other beds within VCUHS that can be re-allocated for the proposed project. The proposal is not for a nursing facility, nor does it justify a new service.

VA-8804 – Chippenham & Johnston-Willis Hospitals, Inc.

According to VHI, all of Chippenham's licensed beds combined had an occupancy of 73.1% in 2023 (**Table 1**). The applicant is requesting 36 additional medical/surgical beds based on an institutional need. According to the breakdown of beds and historical utilization presented in Section III of its application, Chippenham's adult medical surgical beds (including OB beds) had an occupancy of 80.2% in 2023, exceeding the threshold set forth in the SMFP. Its adult ICU Beds had an occupancy of 74.5% in 2023, also exceeding the SMFP occupancy standard of 65% for ICU beds. The applicant has demonstrated an institutional need. In addition, the beds to be added at Chippenham will be reallocated from underutilized beds at Henrico Doctors' Hospital – Retreat so no beds will be added to the medical/surgical bed surplus in PD 15. The proposal is not for a nursing facility, nor does it justify a new service.

VA-8805 – Bon Secours St. Francis Medical Center, Inc.

The 2023 VHI report was based on utilization prior to the addition of 55 beds at St. Francis which were completed October 2024. St. Francis has provided historical data for 2023 and projected utilization for 2024 through 2031 for medical/surgical beds, but these projections exclude OB beds. St. Francis credibly predicts that its 136 medical/surgical beds (exclusive of OB beds) will achieve 79% occupancy by the end of 2025; however, St. Francis reported an occupancy of 56.5% in the 29 medical/surgical beds allocated to OB in 2023, and is projecting 64.7% occupancy of these 29 beds in 2030. If the OB beds had 64.7% occupancy in 2025, overall medical/surgical bed occupancy

would be 76.5%, falling short of the SMFP threshold for adding medical/surgical beds. St. Francis has demonstrated institutional need for adult ICU beds, having exceeded the 65% occupancy threshold for ICU beds set forth in the SMFP. The proposal is not for a nursing facility, nor does it justify a new service.

Required Considerations Continued

4. The extent to which the proposed service or facility fosters institutional competition that benefits the area to be served while improving access to essential health care services for all persons in the area to be served.

VA-8802 - Virginia Commonwealth University Health System Authority

The proposed project does not foster institutional competition. The expansion in bed capacity is on the basis of high utilization and institutional need for additional capacity to care for patients coming to VCUHS for care.

VA-8804 – Chippenham & Johnston-Willis Hospitals, Inc.

The proposed project does not foster institutional competition. The expansion in bed capacity is on the basis of high utilization and institutional need for additional capacity to care for patients coming to CJWH Chippenham for care. Furthermore, it reallocates existing underutilized bed capacity and does not impact the overall inventory in PD 15.

VA-8805 – Bon Secours St. Francis Medical Center, Inc.

The proposed project does not foster institutional competition. The expansion in bed capacity is based on high utilization and institutional need for additional capacity to care for patients coming to St. Francis for care.

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

VA-8802 - Virginia Commonwealth University Health System Authority

The applicant is an academic medical center and asserts that it plays an essential role in bringing advanced clinical care and clinical research to patients across Virginia and from other states. VCUHS is the only Level I Pediatric Trauma and Burn Center in the state and operates one of two liver transplant services in Virginia. It is a tertiary and quaternary referral center for the Mid-Atlantic Region from Washington, D.C. into North Carolina and West Virginia. VCUHS offers specialty and subspecialty services for adults and pediatrics, some not otherwise available in PD 15. VCUHS has 837 of the 3,569 beds in PD 15 (23.5%). Its current bed complement of adult medical/surgical and ICU beds as well as pediatric beds are inadequate for current and future demand. The proposed project will alleviate the applicant's need for additional bed capacity.

VA-8804 – Chippenham & Johnston-Willis Hospitals, Inc.

CJWH was formed in 1995 from Johnston Willis and Chippenham Hospitals. These two hospitals, although separately licensed, are considered one medical center with two campuses. This is a similar model to Henrico Doctors' Hospital which has three campuses, Forest, Parham and Retreat,

the latter of which is proposed to contribute beds to Chippenham Hospital. All of these facilities are under the HCA Healthcare, Inc. corporate parent, and control 1,525 of the 3,569 beds in PD 15 (42.7%). Chippenham is the largest of these, with 466 beds. It offers a wide range of services and has received accreditations and recognitions in numerous services. It is designated as a Level I Trauma Center, Level 1 Burn Center and a certified Primary Stroke Center.

VA-8805 – Bon Secours St. Francis Medical Center, Inc.

St. Francis is one of four Bon Secours hospitals operating in PD 15. Bon Secours controls 949 of the 3,569 beds in PD 15 (26.6%). St. Francis is the only Bon Secours hospital south of the James River and is located in Chesterfield County, the fastest growing county in PD 15.

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

VA-8802 - Virginia Commonwealth University Health System Authority

Capital costs for the proposed project are reasonable within the range of recently authorized, similar projects and will be funded by accumulated reserves. The proforma provided by the applicant (**Table 10**) projects a net income for the proposed project over \$4 million its first year and nearly \$7 million its second year. The proposal requires 165 additional full-time equivalent staff members to operationalize, and the applicant asserts that these will require specialized skill sets and their recruitment will not widely compete with other providers in the market for staffing. VCUHS reports that it currently has 80 vacant positions. Though VCUHS asserts that it has an intention and methodical approach to recruiting, in a time of health care staffing shortages, it may find it challenging to fill all its positions.

Table 10. Proforma VCUHS Add 53 Acute Care Beds

	Year 1	Year 2
Revenue	\$ 84,815,852	\$ 108,718,723
Charity Care	\$ 763,343	\$ 978,469
Other Deductions	\$ 54,792,867	\$ 70,235,505
Total Net Revenue	\$ 29,259,642	\$ 37,504,749
Total Expenses	\$ 25,241,721	\$ 30,583,172
Net Income Before Taxes	\$ 4,017,921	\$ 6,921,577

Source: COPN Request No. VA-8802

VA-8804 – Chippenham & Johnston-Willis Hospitals, Inc.

Capital costs for the proposed project are reasonable within the range of recently authorized, similar projects and will be funded by internal reserves. The proforma provided by the applicant (**Table 11**) projects a net income for the proposed project over \$58.5 million its first year and nearly \$63 million its second year. The proposal requires 54.4 additional full-time equivalent staff members to operationalize. Chippenham reports that it currently has 186.3 vacant positions. During a time of health care staffing shortages, Chippenham may find it challenging to fill all its positions, but states that it anticipates no issues in maintaining an adequate staffing level and describes HCA's robust approach to staff development.

Table 11. Proforma CJWH Add 36 Acute Care Beds

	Year 1	Year 2
Revenue	\$ 3,828,990,786	\$ 4,145,178,995
Charity Care	\$ 34,460,917	\$ 37,306,611
Other Deductions	\$ 318,315,945	\$ 337,327,213
Total Net Revenue	\$ 352,776,862	\$ 374,633,824
Total Expenses	\$ 294,254,367	\$ 311,857,617
Net Income Before Taxes	\$ 58,522,495	\$ 62,776,207

Source: COPN Request No. VA-8804

VA-8805 – Bon Secours St. Francis Medical Center, Inc.

Capital costs for the proposed project are slightly higher than similar, recently authorized projects and there are no debt service costs for the proposed project. The proforma provided by the applicant (**Table 12**) projects a net income for the proposed project over \$123 million its first year and over \$120 million its second year. The proposal requires 84.7 additional full-time equivalent staff members to operationalize. St. Francis reports that it currently has 36 vacant positions. During a time of health care staffing shortages, St. Francis may find it challenging to fill all its positions, but is confident that its robust recruiting methods will secure adequate staffing.

Table 12. Proforma St. Francis Add 40 Acute Care Beds

	Year 1	Year 2
Revenue	\$ 2,423,505,000	\$ 2,597,131,000
Charity Care	\$ 72,591,000	\$ 77,797,000
Other Deductions	\$ 1,861,484,000	\$ 2,009,298,000
Total Net Revenue	\$ 489,430,000	\$ 510,036,000
Total Expenses	\$ 366,290,000	\$ 389,820,000
Net Income Before Taxes	\$ 123,140,000	\$ 120,216,000

Source: COPN Request No. VA-8805

- 7. The extent to which the project provides improvements or innovations in the financing and delivery of health services, as demonstrated by: (i) The introduction of new technology that promotes quality, cost effectiveness, or both in the delivery of health care services. (ii) The potential for provision of services on an outpatient basis. (iii) Any cooperative efforts to meet regional health care needs. (iv) At the discretion of the Commissioner, any other factors as may be appropriate.**

VA-8802 - Virginia Commonwealth University Health System Authority

(i) The proposed project at VCUHS does not introduce new technology but promotes cost effective delivery of high-quality care by providing more timely access for inpatients at VCUHS, particularly pediatric and transplant patients. (ii) The proposal does not involve provision of outpatient care. (iii) VCUHS asserts that it has transfer agreements with hospitals across Virginia

VA-8804 – Chippenham & Johnston-Willis Hospitals, Inc.

The proposed project at Chippenham does not introduce new technology but promotes cost effective delivery of high-quality care by providing more timely access for inpatients at

Chippenham. The proposal does not involve provision of outpatient care. The applicant states that HCA facilities share staff and equipment in an effort to bring economies to the marketplace.

VA-8805 – Bon Secours St. Francis Medical Center, Inc.

The proposed project at St. Francis does not introduce new technology but the applicant asserts that it contributes to effective delivery of high-quality care by providing more timely access for inpatients at St. Francis. The proposal does not involve provision of outpatient care, and the applicant does not site any cooperative efforts.

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.

VA-8802 - Virginia Commonwealth University Health System Authority

VCUHS is an academic medical center with clinical, research and educational missions. It accelerates the development of new and promising discoveries by facilitating research. Clinical trials give patients access to advanced diagnostics and medical treatments and technologies before they are widely available. The applicant provides training in various specialties to medical students, interns, residents and fellows in programs at VCU. The proposed bed addition will support educational excellence as well as improving the delivery of care. VCUHS accepts all patients regardless of their ability to pay or their payment source. The applicant states that, as the largest safety net hospital in Virginia, it cares for significant numbers of medically and socio-economically challenged patients.

VA-8804 – Chippenham & Johnston-Willis Hospitals, Inc.

The applicant is not an academic medical center but states that HCA Virginia Health System has partnered with colleges, universities and other initiatives and programs for health professionals.

VA-8805 – Bon Secours St. Francis Medical Center, Inc.

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, but Bon Secours Mercy Health operates a school of nursing health professionals in PD 15 and collaborates with colleges, universities and established allied health schools and programs.

DCOPN Staff Findings and Conclusions

VA-8802 - Virginia Commonwealth University Health System Authority

Virginia Commonwealth University Health Systems Authority proposes to add 53 acute care beds on its downtown campus in Richmond, Virginia, 23 adult ICU and 6 medical/surgical beds at the Main Hospital and 29 pediatric beds in its Children's Tower. The proposed project is generally consistent with the applicable standards and criteria of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia. VCUHS has demonstrated an institutional

need for these beds. It is unlikely that approval of the proposed project will have a negative impact on existing providers.

PD 15 is an area of Virginia that is growing at a rate higher than that of Virginia and the important 65 and older demographic is also growing faster than the Virginia growth rate for that age group. Richmond has socioeconomic barriers, with a poverty rate more than double that of the state. DCOPN has not identified a reasonable alternative that is less costly, more efficient and more effective than the proposed project. It is more beneficial than the status quo. Capital costs of the proposed project are reasonable and consistent with similar, recently approved projects. It is financially feasible in the immediate and long term, though recruitment may be challenging.

The applicant has a unique role in the region and in the Commonwealth. VCUHS is an academic medical center with research and education missions in addition to clinical care, for which adequate bed capacity is required. There is no known opposition to the proposed project.

V VA-8804 – Chippenham & Johnston-Willis Hospitals, Inc.

Chippenham & Johnston-Willis Hospitals, Inc. proposes to add 36 medical/surgical beds at Chippenham Hospital and has demonstrated an institutional need for these beds. It is unlikely that approval of the proposed project will have a negative impact on existing providers as the requested beds are required to address high utilization at the facility. The proposed project is generally consistent with the applicable standards and criteria of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.

PD 15 is an area of Virginia that is growing at a rate higher than that of Virginia and the important 65 and older demographic is also growing faster than the Virginia growth rate for that age group. Richmond has socioeconomic barriers, with a poverty rate more than double that of the state. DCOPN has not identified a reasonable alternative that is less costly, more efficient and more effective than the proposed project. The addition of beds at Chippenham Hospital will be accomplished through the relocation of underutilized beds at Henrico Doctors' Hospital – Retreat and the proposal is bed inventory-neutral. It is more beneficial than the status quo. Capital costs of the proposed project are reasonable and consistent with similar, recently approved projects. It is financially feasible in the immediate and long term, though recruitment may be challenging. There is no known opposition to the proposed project.

VA-8805 – Bon Secours St. Francis Medical Center, Inc.

Bon Secours St. Francis Medical Center, Inc. proposes to add 36 medical/surgical beds and 4 ICU beds on its campus. It is unlikely that approval of the proposed project will have a negative impact on existing providers as the additional beds are requested to address high utilization and rapid utilization growth at the facility. PD 15 has a surplus of 406 medical/surgical beds and a need for an additional 74 adult ICU beds. The proposed addition of four ICU beds is generally consistent with the applicable standards and criteria of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia; however, the proposed addition of 36 medical/surgical beds is inconsistent with the applicable standards and criteria of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia. As St. Francis'

occupancy of existing medical/surgical beds, inclusive of OB beds, is estimated to be 76.5%, authorization of additional adult medical/surgical beds is premature. A reasonable alternative to the proposed project is reallocation of some of the beds St. Francis currently uses for inpatient OB services to general medical/surgical bed use until its occupancy reaches 80%

Chesterfield County, where St. Francis is located, represents about a third of the PD 15 population and is projected to grow by twice the growth rate of Virginia. More than 42% of the growth in PD 15 2020 to 2030 is projected in Chesterfield County, over 42,000 people, and 35.7% of the growth in the over 65 demographic. Capital costs of the proposed project are slightly higher than similar, recently approved projects. It is financially feasible in the immediate and long term, though recruitment may be challenging. There is documented opposition to the proposed project.

DCOPN Staff Recommendations

VA-8802 - Virginia Commonwealth University Health System Authority

The Division of Certificate of Public Need recommends **conditional approval** of Virginia Commonwealth University Health System Authority's COPN Request No. VA-8802 to expand bed capacity on its campus in Richmond, Virginia by adding 53 acute care beds, 23 adult ICU and 6 adult ICU beds in the Main Hospital and 29 pediatric beds in the Children's Tower, for the following reasons:

1. The proposal to add 53 acute care beds on the downtown campus of Virginia Commonwealth University Health System Authority is generally consistent with the applicable standards and criteria of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. Virginia Commonwealth University Health System Authority has demonstrated an institutional need for the proposed beds.
3. The proposal improves access to acute care services, particularly specialty and subspecialty services in a high-growth Planning District of Virginia.
4. The capital costs of the proposed project are reasonable, and it appears to be wholly viable in the immediate and long-term.
5. The proposed project is unlikely to have a significant negative impact upon the utilization, costs, or charges of other providers of radiation therapy services in PD 15.
6. The proposal contributes to the unique research, training, and clinical mission of an academic medical center and furthers access to health care for citizens of the Commonwealth, including indigent or underserved populations.
7. There is no known opposition to the project.

DCOPN's recommendation is contingent on Virginia Commonwealth University Health System Authority's agreement to the following charity care condition:

Virginia Commonwealth University Health System Authority will provide acute care services to all persons in need of these services, regardless of their ability to pay, and will provide as charity care to all indigent persons free services or rate reductions in services and will facilitate the development and operation of primary medical care services to medically underserved persons in PD 15 in an aggregate amount equal to at least 0.9% of Virginia Commonwealth University Health System Authority's gross patient revenue derived from acute care services. Compliance with this condition will be documented to the Division of Certificate of Public Need annually by providing audited or otherwise appropriately certified financial statements documenting compliance with the preceding requirement. Virginia Commonwealth University Health System Authority 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. The value of charity care provided individuals pursuant to this condition shall be based on 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.

Virginia Commonwealth University Health System Authority will provide acute care 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. Virginia Commonwealth University Health System Authority will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.

VA-8804 – Chippenham & Johnston-Willis Hospitals, Inc.

The Division of Certificate of Public Need recommends **conditional approval** of Chippenham & Johnston-Willis Hospitals, Inc.'s COPN Request No. VA-8804 to expand bed capacity at Chippenham Hospital in Richmond, Virginia by adding 36 medical/surgical for the following reasons:

1. The proposal to add 36 medical/surgical beds at Chippenham Hospital is generally consistent with the applicable standards and criteria of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. Chippenham & Johnston-Willis Hospitals, Inc. has demonstrated an institutional need for the proposed beds.
3. The proposal improves access to acute care services, in a high-growth Planning District of Virginia.

4. The capital costs of the proposed project are reasonable, and it appears to be wholly viable in the immediate and long-term.
5. The proposed project is unlikely to have a significant negative impact upon the utilization, costs, or charges of other providers of radiation therapy services in PD 15.
6. The proposal is inventory-neutral, relocating underutilized beds from another facility.
7. There is no known opposition to the project.

DCOPN's recommendation is contingent on Chippenham & Johnston-Willis Hospitals, Inc.'s agreement to the following charity care condition:

Chippenham & Johnston Willis Hospitals, Inc. will provide acute care services to all persons in need of this service, regardless of their ability to pay, and will provide as charity care to all indigent persons free services or rate reductions in services and will facilitate the development and operation of primary medical care services to medically underserved persons in PD 15 in an aggregate amount equal to at least 0.9% of Chippenham & Johnston-Willis Hospitals, Inc.'s gross patient revenue derived from acute care services. Compliance with this condition will be documented to the Division of Certificate of Public Need annually by providing audited or otherwise appropriately certified financial statements documenting compliance with the preceding requirement. Chippenham & Johnston-Willis Hospitals, Inc. will accept the revised charity condition based on 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. The value of charity care provided individuals pursuant to this condition shall be based on 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.

Chippenham & Johnston-Willis Hospitals, Inc. will provide acute care services to individuals who are eligible for benefits under Title XVIII of the Social Security Act (42 U.S.C. § 1395 et seq.), Title XIX of the Social Security Act (42 U.S.C. § 1396 et seq.), and 10 U.S.C. § 1071 et seq. Additionally, Chippenham & Johnston-Willis Hospitals, Inc. will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.

VA-8805 – Bon Secours St. Francis Medical Center, Inc.

The Division of Certificate of Public Need recommends **conditional partial approval** of Bon Secours St. Francis Medical Center, Inc.'s COPN Request No. VA-8805. Specifically, DCOPN recommends approval of the addition of four adult ICU beds at Bon Secours St. Francis Medical Center in Midlothian, Virginia, but recommends denial of the addition of 36 medical/surgical beds for the following reasons:

1. The proposal to add four adult ICU beds is consistent with the applicable standards and criteria of the State Medical Facilities Plan and the 8 Required Considerations of the Code of Virginia and Bon Secours St. Francis Medical Center has demonstrated an institutional need for these ICU beds.
2. There is a shortage of adult ICU beds that the proposal to add ICU beds will alleviate.
3. The proposed project is unlikely to have a significant negative impact upon the utilization, costs, or charges of other providers of acute care services in PD 15.
4. The proposed project is financially viable in the immediate and long-term, but staffing is likely to prove a challenge.
5. The addition of 36 medical/surgical beds is inconsistent with the applicable standards and criteria of the State Medical Facilities Plan and the 8 Required Considerations of the Code of Virginia.
6. There is a surplus of adult medical/surgical beds in PD 15 and the applicant's existing beds have not met the occupancy threshold of 80% to demonstrate institutional need for the addition of beds.
7. Capital costs are higher than similar, recently authorized projects and the competing applicants'.
8. There is opposition to the proposed project on the grounds that it is premature.

DCOPN's recommendation is contingent upon Bon Secours St. Francis Medical Center, Inc.'s agreement to the following charity care condition:

Bon Secours St. Francis Medical Center, Inc. will provide services to all persons in need of services, regardless of their ability to pay, and will facilitate the development and operation of primary medical care services to medically underserved persons in PD 15 in an aggregate amount equal to 3.0% of Bon Secours St. Francis Medical Center, Inc.'s gross patient revenue, consistent with its facility wide condition. Compliance with this condition will be documented to the Division of Certificate of Public Need annually by providing audited or otherwise appropriately certified financial statements documenting compliance with the preceding requirement. Bon Secours St. Francis Medical Center, Inc. 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. The value of charity care provided individuals pursuant to this condition shall be based on 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.

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