

# VIRGINIA DEPARTMENT OF HEALTH

## Office of Licensure and Certification

### Division of Certificate of Public Need

#### Staff Analysis

October 19, 2025

**RE: COPN Request No. VA-8829**

**Winchester Medical Center**

**Winchester, Virginia**

**Introduce 61 Medical/Surgical Beds to the Existing Bed Count**

#### Applicant

Winchester Medical Center, Inc. is a not-for-profit, Virginia nonstock corporation. It is a wholly owned subsidiary of Valley Health System, a nonstock corporation with six hospitals in Virginia and West Virginia. Winchester Medical Center's campus is located at 1840 Amherst Street in Winchester, Virginia, in Planning District (PD) 7, Health Planning Region (HPR) I.

#### Background

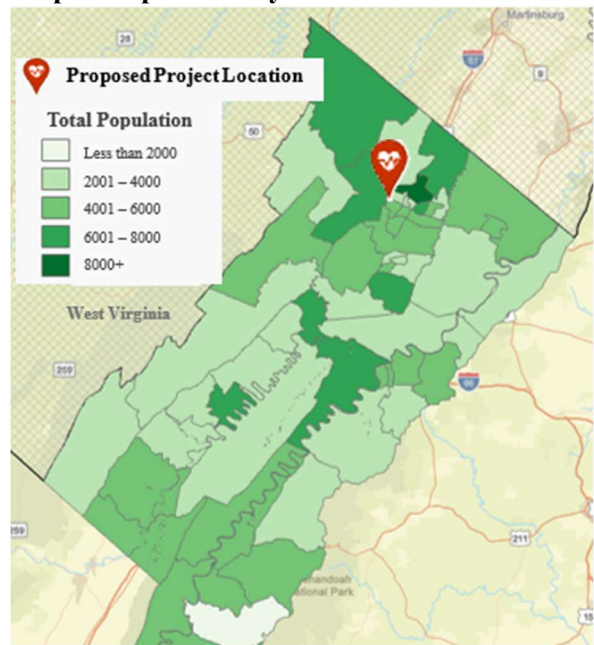
PD 7 includes five counties and one unincorporated city- Frederick County, Clarke County, Warren County, Shenandoah County, Page County, and Winchester City. **Map 1** shows the

**Map 1: Counties in PD 7**



Source: DCOPN Records

**Map 2: Population by Census Tract in PD 7 2020**



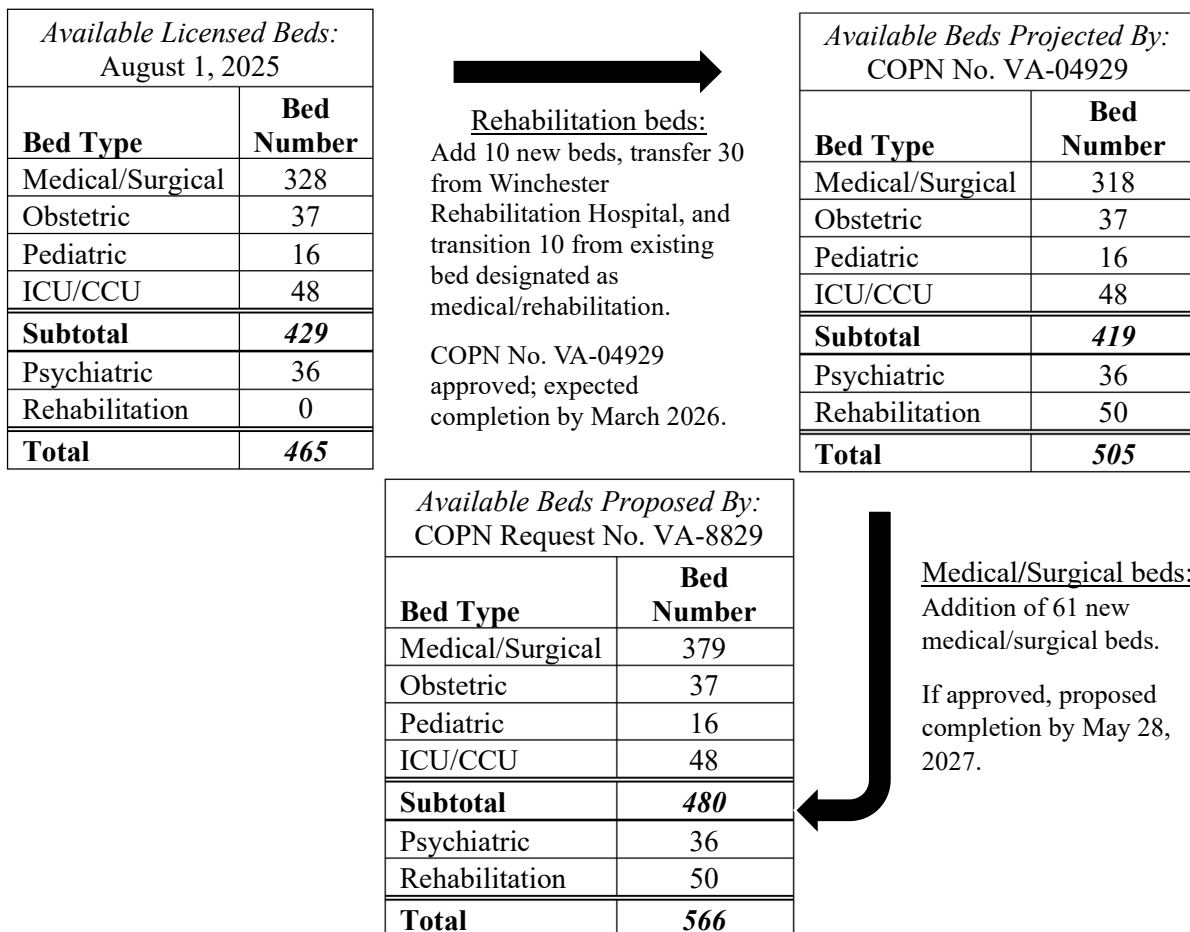
Source: DCOPN Records

location of Winchester Medical Center which is on the border of Winchester City and Frederick County. The location is marked on the map by the red symbol. **Map 2** has the population of the counties, with darker colors revealing higher population concentrations in various census tracts within the counties.

Winchester Medical Center is petitioning to add 61 medical/surgical beds to its hospital in PD 7. If approved, this project would bring the total number of medical/surgical beds at Winchester Medical Center to 480; this includes the recent authorization for the conversion of 10 beds from medical/surgical to rehabilitation<sup>1</sup>. The conversion of the beds has not yet occurred, as of August 2025, but is expected to be completed by March of 2026.

**Figure 1** shows the bed changes from the number of beds licensed August 1, 2025, to authorized beds should this proposed project be approved. Please note, the number of rehabilitation beds differs from the number of beds documented for licensure due to duplicative reporting of 30 beds

**Figure 1: Proposed Project Bed Count Changes**



Source: DCOPN Records, VDH Licensing, Winchester Medical Center

<sup>1</sup> COPN No. VA-04929

by Winchester Medical Center<sup>2</sup>. The applicant clarified by email on August 6, 2025, that no beds have been moved and the 30 documented are currently at their starting facility, Winchester Rehabilitation Hospital.

**Table 1: PD 7 Total Population by County and Percent Change from 2020-2030**

Location	2020	2030	2020 -2030 Change	2020-2030 % Change
Clarke County	14,783	15,309	526	3.56%
Frederick County	91,419	103,035	11,616	12.71%
Page County	23,709	23,041	-668	-2.82%
Shenandoah County	44,186	45,714	1,528	3.46%
Warren County	40,727	43,250	2,523	6.19%
Winchester City	28,120	29,606	1,486	5.28%
<b>PD 7 Totals/Averages</b>	<b>242,944</b>	<b>259,955</b>	<b>17,011</b>	<b>28%</b>
<b>Virginia</b>	<b>8,631,393</b>	<b>9,129,002</b>	<b>497,609</b>	<b>5.80%</b>

Source: Weldon-Cooper Data

The Division of Certificate of Public Need (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. For this reason, DCOPN has included obstetric (OB), pediatric, and intensive care unit (ICU) beds in the total count of licensed medical-surgical beds (**Figure 1**). Psychiatric and rehabilitation beds are listed due to the changes approved by COPN No. VA-04929 and conciseness.

**Table 2: Estimated Population<sup>3</sup> 2025-2030 Over 18 Years Old for PD 7**

	Estimated 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029	Projected 2030
Clarke County	11,876	11,918	11,960	12,003	12,045	12,087
Frederick County	78,697	78,489	78,282	78,074	77,867	77,659
Page County	18,656	18,569	18,482	18,395	18,308	18,221
Shenandoah County	34,686	34,771	34,855	34,940	35,024	35,109
Warren County	31,966	32,121	32,277	32,433	32,588	32,744
Winchester City	21,986	22,072	22,159	22,245	22,332	22,418
<b>PD 7 Total</b>	<b>197,866</b>	<b>197,941</b>	<b>198,015</b>	<b>198,090</b>	<b>198,164</b>	<b>198,239</b>

Source: Weldon Cooper, US Census

<sup>2</sup> COPN No. VA-04929 authorized the transfer of 30 beds from Winchester Rehabilitation to Winchester Medical Center in March 2025. The relocation has not yet occurred, but the beds were reported both facilities during licensing but were only providing services at Winchester Rehabilitation.

<sup>3</sup> Weldon Cooper data is broken into age groups by 5-year increments. For this table and all other tables in the report estimating population aged 18 and older, the 15-19 age category number was multiplied by 60% and subtracted along with the younger population.

The population of PD 7 is expected to continue to grow over the next five years. Among people over the age of 18, there would be approximately 198,239 people in 2030 compared to the estimated 197,866 currently (**Table 2**).

Winchester Medical Center cites an institutional need to add beds, stating there are long wait times for patients to receive care, with 3,130 patients in 2024 having to wait longer than 4 hours to receive a medical/surgical bed. The same year, the hospital reported that there were 974 days where an individual had to wait overnight to receive a bed. Winchester Medical Center also stated that the average wait time for boarders is 2-4 hours. **Table 3** shows the changing occupancy rates per year. Over the past five years, there has been an average occupancy rate of 68.2% and 66.2% occupancy in 2023 alone.

**Table3: Winchester Medical Center Medical/Surgical Beds Occupancy (2019-2023)**

Year Reported	Licensed Beds	Staffed Beds	Available Days	Patient Days	Occupancy Rate
2023	429	428	156,585	103,643	66.2%
2022	429	428	156,220	105,180	67.3%
2021	429	429	141,620	102,545	72.4%
2020	429	428	145,635	92,628	63.6%
2019	429	428	141,620	101,866	71.9%
Total	-	-	741,680	505,862	68.2%

Source: VHI Database

During the Informal Fact-Finding Conference in December of 2024 for VA-04929, the question of bed conversion putting the hospital at a disadvantage for medical/surgical beds in the future was raised. The hospital stated at the time that it was a possibility but continued advocating for the increase in rehabilitation beds and reduction in medical/surgical by 10 beds<sup>4</sup>.

### **Proposed Project**

Winchester Medical Center proposes adding 61 medical/surgical beds to its license at their main campus, located at 1840 Amherst Street. The proposal for adding beds is part of an internal remodeling of the 5<sup>th</sup> floor of the North Tower which was built in 2012 but is currently unoccupied. There would be two units on the floor, an east and west unit, which would split the beds as 20 and 32 respectively. There is construction that needs to be done on the floor as it was not completed during the initial building of the tower. Construction costs are included in the overall cost of the project. Renovations would include 67,925 gross square feet of tower space and 2,256 square feet of space currently providing services. During renovation, 10 existing patient rooms would be relocated to the 5<sup>th</sup> floor; these would be the only changes to the current

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<sup>4</sup> COPN Request No. VA-8764 Transcript, pp. 85-94; 96-100

existing rooms and beds. The projected total cost of the proposed project is \$46,183,00, of which 71% is budgeted for direct construction (**Table 4**).

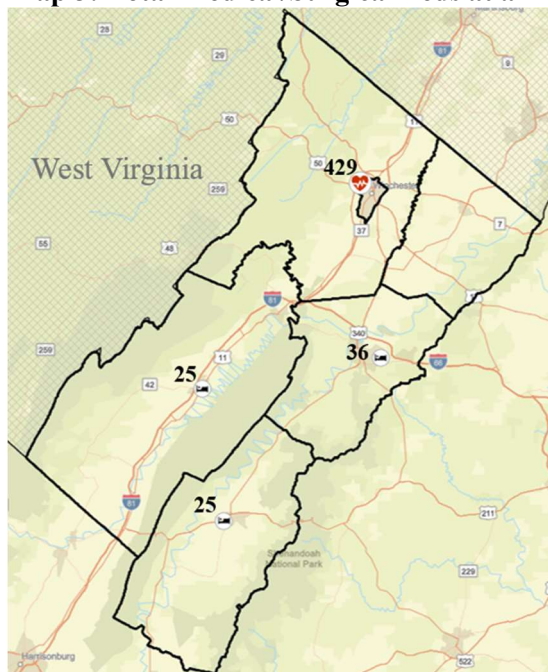
**Table 4: Total Cost Summary**

Direct Construction	32,813,000
Equipment Not Included	10,775,000
Architectural and Engineering Fees	2,250,000
Other Consultant Fees	345,000
<b>Total</b>	<b>\$ 46,183,000</b>

Source: COPN Request No. VA-8829

Winchester Medical Center currently is licensed for 429 medical/surgical beds with an approved reduction to 419 beds per COPN No. VA-04929. The proposed project would bring the number of medical/surgical beds to 480. As stated previously, the DCOPN regulations classify all acute beds- except for psychiatric, substance abuse treatment, and rehabilitation beds- as medical/surgical beds. Due to this, the count of beds at the facility includes obstetric, pediatric, and ICU/CCU beds as well unless otherwise specified. When discussing beds at other facilities, these beds are also included in the medical/surgical count.

**Map 3: Total Medical/Surgical Beds at all locations in PD 7**



Source: DCOPN Records, VHI Records

**Map 3** and **Table 5** have the other facilities in PD 7, with location and number of medical/surgical beds licensed at each. There are three other facilities who hold certificates for medical/surgical beds, each owned by Valley Health Systems and in separate counties in the

planning region. Winchester Medical Center has more beds than the other locations, with the closest number having 393 fewer beds than Winchester Medical Center's 2024 count. The closest location- approximately 25 miles, or 27 minutes, away from Winchester Medical Center - has 36 medical/surgical beds currently available for caring for patients.

**Table 5: PD 7 Licensed Medical/Surgical Beds.**

Facility Name	Licensed Beds
Page Memorial Hospital	25
Shenandoah Memorial Hospital	25
Warren Memorial Hospital	36
Winchester Medical Center	429
Total	515

Source: VHI Database

### **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 is defined, in part, as “[a]ny facility licensed as a hospital, as defined in § 32.1-123.” The referenced section defines a hospital as “any facility licensed pursuant to this article in which the primary function is the provision of diagnosis, of treatment, and of medical... for two or more nonrelated individuals, including... short-term, long-term, outpatient surgical” services.

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

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

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

The location of the proposed project is in the Appalachian Mountains, between the Blue Ridge and Shenandoah Ridge of the range. It is the only hospital in Winchester City that is currently licensed with medical/surgical beds, and the only Virginian hospital serving Frederick County. Winchester Medical Center also serves residents outside of PD 7, West Virginia, and Maryland.

The poverty rate of PD 7 is 12.01% which is just over the state average of 10.2% (**Table 5**). Winchester City has the leading poverty rate of the planning district at 19.9%; its rate is a little



over half of the state average. The rate of poverty in both Winchester City and PD 7 have been increasing in recent years.

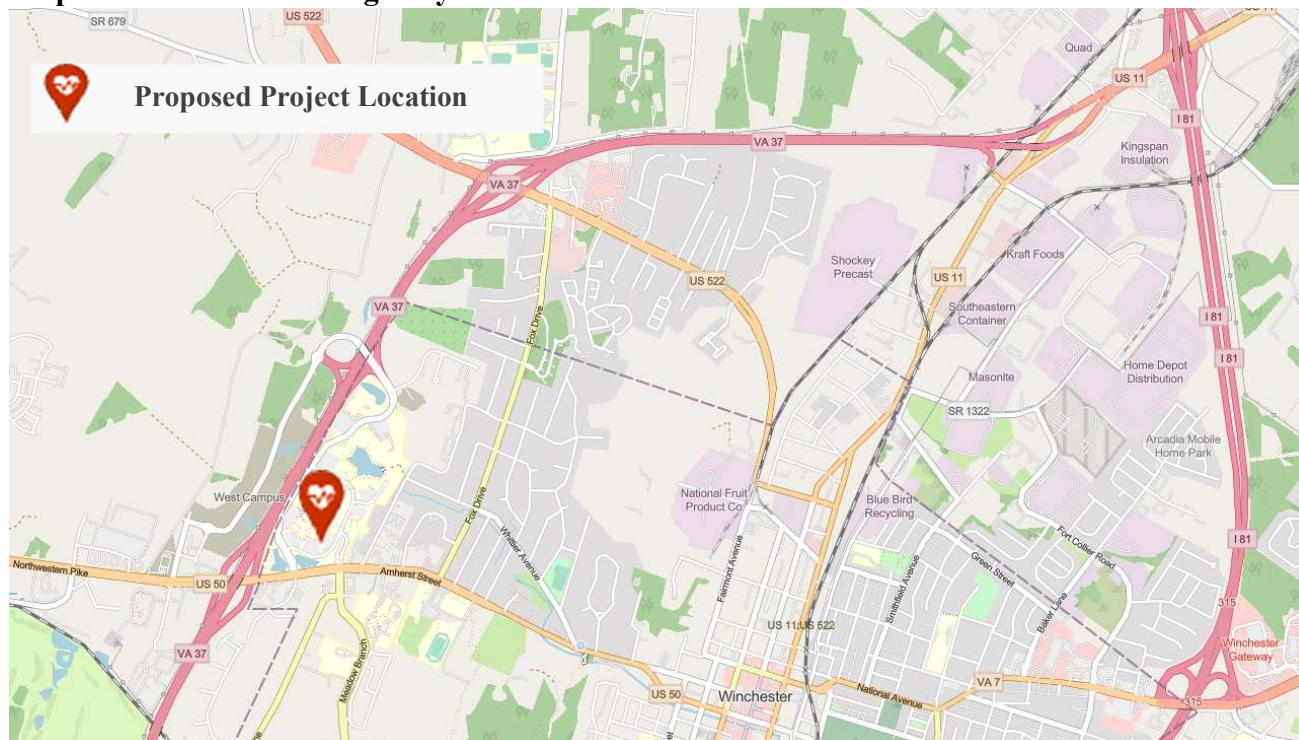
**Table 5: PD 7 Poverty Rate by Locality (2018,2020,2023)**

Location	Poverty Rate (2018)	Poverty Rate (2020)	Poverty Rate (2023)
Clarke County	5.8%	6.9%	7.7%
Frederick County	6.6%	7.1%	7.9%
Page County	12.3%	9.5%	10.0%
Shenandoah County	11.4%	12.3%	14.6%
Warren County	10.9%	11.3%	12.6%
Winchester City	13.3%	19.3%	19.9%
<b>PD 7 Average</b>	<b>10.0%</b>	<b>11.06%</b>	<b>12.01%</b>
<b>Virginia, Statewide</b>	<b>10.6%</b>	<b>9.9%</b>	<b>10.2%</b>

Source: U.S. Census Bureau, S1701 5-Year ACS Data

As shown on **Map 4**, the location of the Winchester Medical Center campus is at the intersection of Highway 50 and State Route 37. I-81 and various highways- including 11 and 552- are also within the area which connects to surrounding counties and states. As stated above, patients

**Map 4: Interstates and Highways near Winchester Medical Center**



Source: ArcGIS

receiving care from the hospital are from other districts in Health Planning Region 1, Maryland, and West Virginia along with PD 7.

**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.**

With the application, DCOPN received a Medical Staff Resolution, documenting the creation of a resolution to support the adding of new medical/surgical beds. The resolution was signed on June 24, 2025, by the president of the medical staff. In addition, 9 letters of support were included by community members and 30 letters were included by physicians working at Winchester Medical Center or one of Valley Health's affiliated services. Both community support letters and physician support letters were form letters and as such are summarized as two letters for conciseness.

- The community support letters state that Winchester Medical Center had high levels of occupancy, citing utilization above 80%, and sending support for the approval of the project. It is stated that Winchester Medical Center serves as a "vital referral center for a wide region across both Virginia and West Virginia."
- The letters signed by physicians advocate for the approval of the project and mention high-capacity levels. They also mention that due to an aging population and an increase in chronic conditions there will be increased demand for "complex, inpatient care."

Public Hearing

§32.1-102.6B of the Code of Virginia directs DCOPN to hold one public hearing on each application in the case of competing applications; or in response to a written request by an elected local government representative, a member of the General Assembly, the Commissioner, the applicant, or a member of the public. COPN Request No. VA-8829 is not competing with another project and DCOPN did not receive a request to conduct a public hearing for the proposed project. Thus, no public hearing was held.

DCOPN provided notice to the public regarding this project inviting public comment on August 10, 2025. The public comment period closed on September 24, 2025. Other than the letters of commitment and support referenced above, no members of the public commented. There is no known opposition to the 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.**

The status quo is a reasonable alternative to the proposed project. The latest medical/surgical bed occupancy reported to VHI by Winchester Medical Center in 2023 was 66.2% (**Figure 2**). While the applicant reported an occupancy of 75.9% in 2024, the number of beds that were used in the calculation were not the total number of medical/surgical beds in the hospital. The occupancy



with all reported medical/surgical beds was 69.9% and without ICU beds<sup>5</sup> it was 70.9%. Both numbers are below the 80% SMFP threshold for expansion.

**Figure 2: Winchester Medical Center Occupancy Rates in 2023 and 2024**

**Total Medical/Surgical Beds (2023)**

Bed Type	Patient Days
Medical/Surgical	85,498
Pediatric	896
Obstetric	6,169
Intensive Care Unit	11,080
<b>Total</b>	<b>103,643</b>

**Occupancy Rate**

Available Days	156,585
Patient Days	103,643
<b>Occupancy</b>	<b>66.2%</b>

**Medical/Surgical Beds without ICU Beds (2023)**

Bed Type	Patient Days
Medical/Surgical	85,498
Pediatric	6,169
Obstetric	896
<b>Total</b>	<b>92,563</b>

**Occupancy Rate**

Available Days	139,065
Patient Days	92,563
<b>Occupancy</b>	<b>66.6%</b>

**Total Medical/Surgical Beds (2024 Prediction)**

Bed Type	Patient Days
Medical/Surgical	91,112
Pediatric	986
Obstetric	6,475
Intensive Care Unit	10,876
<b>Total</b>	<b>109,449</b>

**Occupancy Rate**

Available Days	156,585
Patient Days	109,449
<b>Occupancy</b>	<b>69.9%</b>

**Medical/Surgical Beds without ICU Beds (2024 Prediction)**

Bed Type	Patient Days
Medical/Surgical	91,112
Pediatric	986
Obstetric	6,475
<b>Total</b>	<b>98,573</b>

**Occupancy Rate**

Available Days	139,065
Patient Days	98,573
<b>Occupancy</b>	<b>70.9%</b>

Source: VHI Records and COPN Request No. VA-8829

<sup>5</sup> As stated above, 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. Calculations were completed without ICU beds in Figure 2 there is a lower occupancy rate needed for ICU beds according to SMRP regulations but is not meant to indicate a separate classification.

At the 2023 number of patient days, these 467 medical/surgical beds had an occupancy of 62.98% when ICU beds were not included (**Table 7**), well below the SMFP occupancy threshold to add medical/surgical beds. As mentioned previously, there will be a reduction of 10 beds, bringing the medical/surgical beds in PD 7 to 457 per the March 2025 issuance of COPN Number VA-04929. (The total number of medical/surgical beds with ICU beds included will be going from 515 to 505 in PD 7.). During the IFFC for this project, this reduction was discussed with the Winchester Medical Center representative who continued to advocate for the transition of the 10 beds regardless of the impact it would have on medical/surgical occupancy.

**Table 7: PD 7 Medical/Surgical Beds Occupancy (2019-2023)**

Year	Licensed Beds	Staffed Beds	Available Days	Patient Days	Occupancy Rate
2023	467	466	170,455	110,296	64.71%
2022	467	466	170,090	110,610	65.03%
2021	467	467	158,410	104,600	66.03%
2020	491	474	162,425	89,450	55.07%
2019	491	474	158,410	104,285	65.83%
<b>Total</b>	<b>1,916</b>	<b>1,881</b>	<b>649,335</b>	<b>408,945</b>	<b>62.98%</b>

Source: VHI Database

**(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 I designated by the Virginia Department of Health to serve as the Health Planning Agency for PD 7. Therefore, this consideration is not applicable to the review of the proposed project.

**(iv) Any costs and benefits of the project.**

As shown in **Table 8**, the projected capital costs for the project are \$46,183,000, which represents the costs for materials, labor, equipment, furniture, consultant fees, and other expected expenses. The total cost provides for the completion of the fifth floor and the creation of 61 beds. When the construction, beds, and fees are compared to recent projects<sup>6</sup>, the cost is consistent.

**Table 8: Projected Capital Costs**

<b>Direct Construction Costs</b>	
Cost of Materials	16,875,000
Cost of Labor	11,250,000
Builder overhead	1,875,000
Builder Profit	1,250,000
Allocation for Contingencies	1,563,000
<b>Subtotal</b>	<b>32,813,000</b>

<sup>6</sup> COPN Request Nos. VA-8802, VA-8804 & VA-8805 DCOPN Staff Report

<b>Equipment Not Included in Construction Cost</b>	
Major Equipment	5,185,000
Furniture	570,000
General (Nurse Call/Security)	1,820,000
Other	500,000
Communication	2,700,000
<b>Subtotal</b>	<b>10,775,000</b>

<b>Architectural and Engineering Fees</b>	
Architect design fee	989,000
Architect supervision fee	215,000
Engineering fee	946,000
Consultant fee	100,000
<b>Subtotal</b>	<b>2,250,000</b>

<b>Other Consultant Fees</b>	
Legal Fee/Insurance	75,000
COPN Application Fee	20,000
Other (3rd Party Testing and Commissioning)	250,000
<b>Subtotal</b>	<b>345,000</b>

<b>Total Cost Summary</b>	
Direct Construction	32,813,000
Equipment Not Included	10,775,000
Architectural and Engineering Fees	2,250,000
Other Consultant Fees	345,000
<b>Total</b>	<b>46,183,000</b>

The applicant has described several benefits to the proposed project, including:

- The approval of the project would decrease the amount of time patients would wait for medical/surgical beds to become available. Winchester Medical Center reported in 2023 that 2,374 patients had to wait over four hours for a bed which surpasses the Joint Commission's recommendation<sup>7</sup>. When juxtaposed by the 22,317 reported discharges for the same year, this would equate to approximately 10.64% of the population seen. Winchester Medical Center reported that the number of patients having to wait has increased, but the total number of patients discharged has not been published for 2024.
- "[W]ithout the addition of new med/surg beds, Winchester Medical Center will face serious capacity constraints in the not-too-distant future. The growing and aging of the population will require additional med/surg beds... [to] address capacity limitation, improve day-to-day operations, and optimize family and patient experience."

<sup>7</sup> The Joint Commission. (2012, December 19). *R3 Report: Issue 4: Patient flow through the emergency department*. Available at <https://www.jointcommission.org/standards/r3-report/r3-report-issue-4-patient-flow-through-the-emergency-department/>.

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

Section 32.1-102.4. B of the Code of Virginia indicates that, should the proposed project receive approval, Winchester Medical Center would be conditioned to provide a level of charity care.

**Table 9: 2023 Charity Care Contributions at or below 200% of Federal Poverty Level**

HPR IV	Gross Patient Revenues	Charity Care	% of Gross Patient Revenue
<b>Inpatient Hospitals</b>			
Encompass Health Rehab Hosp of Fredericksburg	\$ 42,802,712	\$ 2,118,260	4.90%
UVA Health Culpeper Medical Center	\$ 507,059,766	\$ 18,301,681	3.60%
University of Virginia Medical Center	\$ 8,020,368,020	\$ 229,218,559	2.90%
UVA Transitional Care Hospital	Not Reported		
Sentara RMH Medical Center	\$ 1,190,299,443	\$ 28,499,736	2.40%
Sentara Martha Jefferson Hospital	\$ 952,966,624	\$ 14,526,383	1.50%
Fauquier Hospital	\$ 441,769,351	\$ 4,359,090	1.00%
Carilion Rockbridge Community Hospital	\$ 232,717,700	\$ 2,139,745	0.90%
Valley Health Winchester Medical Center	\$ 1,806,900,696	\$ 13,983,412	0.80%
Valley Health Page Memorial Hospital	\$ 90,887,111	\$ 662,266	0.70%
Valley Health Shenandoah Memorial Hospital	\$ 194,924,417	\$ 1,404,378	0.70%
Valley Health Warren Memorial Hospital	\$ 246,095,036	\$ 1,519,474	0.60%
Augusta Health	\$ 1,468,631,292	\$ 9,056,452	0.60%
Spotsylvania Regional Medical Center	\$ 892,931,924	\$ 5,431,927	0.60%
Stafford Hospital Center	\$ 335,271,283	\$ 1,923,298	0.60%
Mary Washington Hospital	\$ 1,595,767,284	\$ 9,116,765	0.60%
Bath Community Hospital	\$ 28,198,002	\$ 97,394	0.30%
UVA Encompass Health Rehabilitation Hospital	\$ 35,824,260	\$ 48,700	0.10%
Total Inpatient Hospitals:			17
<b>HPR I Inpatient Hospital Median</b>			0.70%
<b>HPR I Total Inpatient \$ &amp; Mean %</b>	\$18,083,414,921	\$342,407,520	<b>1.90%</b>

	Gross Patient Revenues	Charity Care	% of Gross Patient Revenue
<b>Outpatient Hospitals</b>			
Martha Jefferson Outpatient Surgery Center	\$ 25,406,214	\$ 1,212,277	4.8%
University of Virginia Musculoskeletal Center at Ivy Mountain	\$ 79,755,374	\$ 1,945,630	2.4%
Monticello Community Surgery Center	\$ 22,005,313	\$ 255,258	1.2%
Fredericksburg Ambulatory Surgery Center	\$ 74,006,871	\$ 243,507	0.3%
Surgery Center of Central Virginia	\$ 94,179,254	\$ 250,714	0.3%
Culpeper Surgery Center, LLC	\$ 14,552,688	\$ 17,652	0.1%
Rockingham Eye Surgery Center	\$ 11,107,957	-	0.0%
Soaring Surgery Center	\$ 1,141,256	-	0.0%
Valley Health Surgery Center	\$ 16,606,054	-	0.0%
Winchester Eye Surgery Center, LLC	\$ 6,159,036	-	0.0%
University of Virginia Medical Center--Battle Building (Outpatient Children's Hospital)	Not Reported		
Total Outpatient Hospitals:			10
<b>HPR I Outpatient Hospital Median</b>			0.2%
<b>HPR I Total Outpatient Hospital \$ &amp; Mean %</b>	\$ 344,920,017	\$ 3,925,038	<b>1.1%</b>

Source: VHI, 2023

Pursuant to the 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.

As **Table 9** shows, Winchester Medical Center provided \$13,983,412 in charity care for patients with income below 200% of the poverty line in 2023. The amount equated to approximately 0.8% of the total gross revenue. According to regional and statewide data regularly collected by VHI, for 2023, the most recent year for which such data is available, the average amount of charity care provided by HPR I facilities was 1.1% of all reported total gross patient revenues (**Table 9**). Should the Commissioner approve the proposed project, it would be subject to a 1.1% charity care condition.

**(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.**

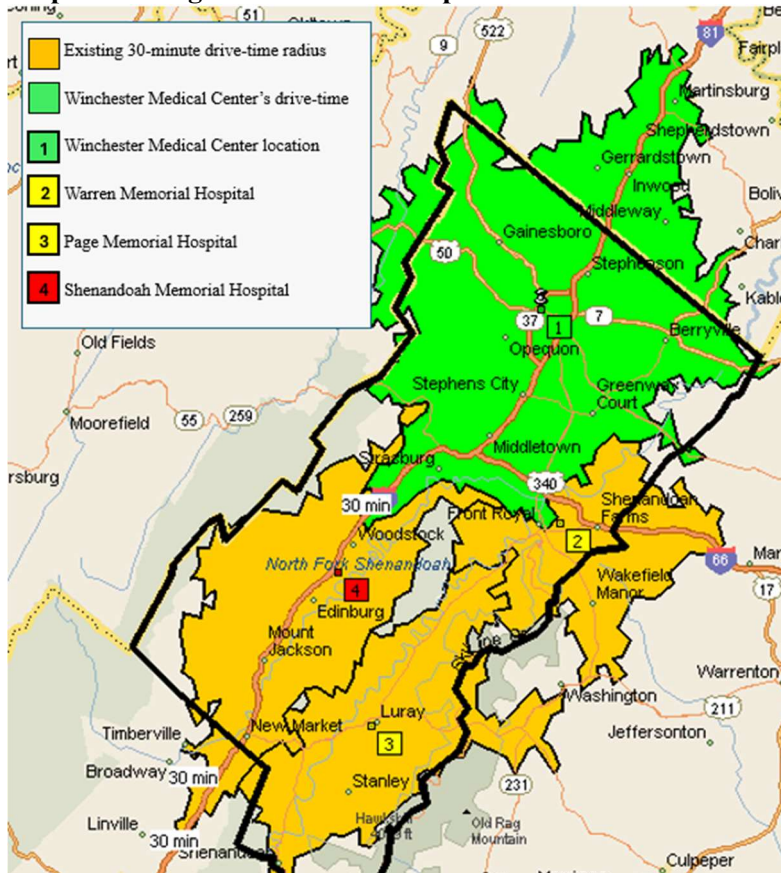
Section 32.1-102.2:1 of the Code of Virginia calls for the State Health Services Plan Task Force to develop recommendations for a comprehensive State Health Services Plan (SHSP). In the interim, DCOPN will consider the consistency of the proposed project with the predecessor of the SHSP, the State Medical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

The SMFP contains the criteria and standards for introducing additional beds. They are as follows:

**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.

**Map 5: Driving Distance from Hospitals in PD 20**



Source: DCOPN; Microsoft Streets and Trips 2008

**Map 5** shows the 30-minute driving time from Winchester Medical Center highlighted in green with the planning district in black outline. This distance covers all of Winchester City and much of Frederick County and Clarke County. Half of Warren County is included in this distance as well. The orange highlighted area shows the distances from the other existing locations accessible in a 30-minute drive. The proposal does not increase the percentage of the population within access to an inpatient bed as there are already inpatient beds available at this location. Based on the population of the PD, there is approximately 95% of the population within a 30-minute drive time to inpatient services.

**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.

The medical/surgical beds project to be needed in PD 7 in 2030 is 365, as shown through the calculations in **12VAC5-230-540** below and in **Table 10**. As there are currently 467 medical/surgical beds in the planning district, with 381<sup>8</sup> of said beds located at Winchester Medical Center in PD 7. The occupancy rate in the PD averaged approximately 63% over the last five years, with 64.7% reported in 2023 (**Table 11**). This is below the 80% occupancy rate outlined in the SMFP. Within Winchester Medical Center alone, the occupancy rate averaged 62.98% in 2023 (**Table 13**).

**Table 10: 2030 Projected Bed Need**

<b>2019-2030 Inpatient Days</b>	408,945
<b>2019-2030 Population</b>	987,842
<b>Bed Occupancy Rate</b>	62.98%
<b>2030 Population</b>	198,239
<b>Projected Bed Need</b>	<b>365</b>

Source: VHI Database

**Table 11: PD 7 Medical/Surgical Beds Occupancy (2019-2023)**

Year	Licensed Beds	Staffed Beds	Available Days	Patient Days	Occupancy Rate
<b>2023</b>	467	466	170,455	110,296	64.71%
<b>2022</b>	467	466	170,090	110,610	65.03%
<b>2021</b>	467	467	158,410	104,600	66.03%
<b>2020</b>	491	474	162,425	89,450	55.07%
<b>2019</b>	491	474	158,410	104,285	65.83%
<b>Total</b>	<b>1,916</b>	<b>1,881</b>	<b>649,335</b>	<b>408,945</b>	<b>62.98%</b>

Source: VHI Database

**Table 12: Winchester Medical Center Medical/Surgical Beds Occupancy (2019-2023)**

Year	Licensed Beds	Staffed Beds	Available Days	Patient Days	Occupancy Rate
<b>2023</b>	381	380	139,065	92,563	66.6%
<b>2022</b>	381	380	138,700	93,288	67.3%
<b>2021</b>	381	381	124,100	88,951	71.7%
<b>2020</b>	381	380	128,115	80,830	63.1%
<b>2019</b>	381	380	124,100	89,369	72.0%
<b>Total</b>	<b>-</b>	<b>-</b>	<b>654,080</b>	<b>445,001</b>	<b>68.1%</b>

Source: VHI Database

<sup>8</sup> This number does not count ICU Beds. As stated above in footnote 5, the beds were removed due to the ICU having a lower SMFP occupancy rate regulation than other medical/surgical beds. All of the following tables and calculations are for medical/surgical beds without the ICU bed inclusion.



**B. For proposals to convert under-utilized beds that require 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.**

This does not apply as the project does not involve converting under-utilized 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:**

$$A \times (1+B)$$

In the interest of brevity, the break-down of the calculation has been omitted from this DCOPN staff analysis report, as the applicant is not proposing to convert under-utilized beds.

**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:**

$$BUR = (IPD/PoP)$$

**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.**

**Table 13: PD 7 Medical/Surgical Beds Occupancy**

Year	Licensed Beds	Patient Days	Occupancy Rate
2023	467	110,296	64.71%
2022	467	110,610	65.03%
2021	467	104,600	66.03%
2020	491	89,450	55.07%
2019	491	104,285	65.83%
<b>Total</b>	<b>1,916</b>	<b>408,945</b>	<b>62.98%</b>

Source: VHI Database

**Table 14: Estimated Population (2019-2023, 2030) Over 18 Years Old for PD 7**

	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023	Projected 2030
Clarke County	11,623	11,665	11,707	11,749	11,792	12,087
Frederick County	79,941	79,734	79,527	79,319	79,112	77,659
Page County	19,178	19,091	19,004	18,917	18,830	18,221
Shenandoah County	34,178	34,263	34,348	34,432	34,517	35,109
Warren County	31,031	31,187	31,343	31,498	31,654	32,744
Winchester City	21,468	21,554	21,640	21,727	21,813	22,418
<b>Total</b>	<b>197,420</b>	<b>197,494</b>	<b>197,568</b>	<b>197,643</b>	<b>197,717</b>	<b>198,239</b>

Source: Weldon Cooper, US Census

**Note:** While the SMFP requires population data for ages 18+, Weldon Cooper data is broken into age groups by 5-year increments. To calculate the population over the age of 18+, the 15-19 age number was multiplied by 60%.

$$\begin{aligned} \text{BUR} &= (\text{IPD} / \text{Pop}) \\ \text{BUR} &= (408,945 / 987,127) \\ \text{BUR} &= 41.4\% \text{ utilization} \end{aligned}$$

- 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.**

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

$$\text{ProBed} = ((.414 \times 987,824) / 365) / 0.80$$

$$\text{ProBed} = 360.5 \text{ or } 361 \text{ beds}$$

- 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.**

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

$$\text{NewBed} = 361 - 467$$

$$\text{NewBed} = -106$$

According to the calculations above, there is not a need for additional beds in the planning district. There are 467 medical/surgical beds in total currently in PD 7 and a projected need of 361, leaving a surplus of 106 beds<sup>9</sup>. After the conversion of 10 medical/surgical beds in Winchester Medical Center, there will still be a projected surplus of 96 beds in the planning district.

#### **12VAC5-230-550. Need for Pediatric Beds.**

In the interest of brevity, this calculation has been omitted from this DCOPN staff analysis report as the applicant is not proposing to add pediatric beds.

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<sup>9</sup> When all SMRP calculations are completed including ICU beds, there is a surplus of 107 beds.

**12VAC5-230-560. Need for Intensive Care Beds.**

In the interest of brevity, this calculation has been omitted from this DCOPN staff analysis report, as the applicant is not proposing to add new 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.**

The applicant is not proposing to relocate beds.

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

In the interest of brevity, this standard has been omitted, as the applicant is not proposing to add LTACH beds or to convert existing beds to LTACH beds.

**12VAC5-230-590. Staffing.**

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

This requirement is met and there is a staff resolution submitted as an attachment, and separate doctors have signed form-letters expressing support for the project.

**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.**

Winchester Medical Center cited institutional need in their application; utilization of medical/surgical beds has been above 70% since 2022, with an 85% rate from January to May of 2025 cited. This statistic was recalculated due to the number of beds not including the total medical/surgical beds and was consistently below the SMFP threshold to add medical/surgical beds. While the data for 2025 was not calculated due to the data collection being ongoing, Winchester Medical Center's bed occupancy rate for the other years cited are in **Table 15**.

**Table 15: Occupancy Rate Established and Predicted**

Year	Total Occupancy	Occupancy without ICU
2022	67.3%	67.3%
2023	66.2%	66.6%
2024	69.9%	70.9%

Source: COPN Request No. VA-8829

- 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.**

The hospital is part of the Valley Health System and has three other hospitals within the planning district. There are no beds in any of the others that are reported as underutilized.

- C. This section is not applicable to nursing facilities pursuant to § 32.1-102.3:2 of the Code of Virginia.**

This does not apply.

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

Winchester Medical Center is not applying for the establishment of new services.

### 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.**

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

Winchester Medical Center is one of four hospitals in PD 7; it is the only hospital geographically located in Winchester City and Frederick County. The hospital has the largest number of medical/surgical beds in PD 6 provides services across the health planning region, West Virginia, and Maryland.

- 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.**

There is no financing that is associated with the project. The cost includes the materials, labor, equipment, and consultant fees associated with construction; it also includes the equipment and supplies for the floor to make it usable. It is estimated that the total cost is \$46,183,000, all of which will be paid via accumulated cash reserves.

The applicant estimates that 108 additional full-time staff will be needed if the project is approved. This number includes 78 nurses (58 registered nurses, 3 licensed practical nurses, and 28 nurse aids or orderlies). The applicant wrote that they do “not anticipate... a significant impact on staffing of other facilities in the service area,” identifying that all hospital facilities in the PD are subsidiaries of Valley Health System. Only one medical/surgical bed at Winchester Medical Center, and in PD 7, is not staffed as of the last reported data in 2023.

- 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.**

(i) The proposed project does not introduce new technologies. Winchester Medical Center does propose that the additional beds will allow for faster service delivery with less boarding time in the Emergency Department prior to being assigned a bed. (ii) The proposal does not involve provision of outpatient care. (iii) The applicant does not cite any cooperative efforts regarding medical or surgical services. (iv) No additional factors were stated to be considered.

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.

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

### **DCOPN Staff Findings and Conclusions**

Winchester Medical Center is proposing the addition of 61 new medical/surgical beds after the finishing of the 5<sup>th</sup> floor of their north tower. The proposed project would reduce the boarding time of people in the ED, increasing compliance with the Joint Commission's recommendation of less than 4 hours. Calculated costs would be covered by accumulated cash reserves and would not need additional financing or loans. There is no known opposition to the proposed project.

However, DCOPN finds the proposal inconsistent with the applicable criteria and standards of the SMFP and Eight Required Considerations of the Code of Virginia. Of the four hospitals licensed for medical/surgical beds in PD 7, there was an average utilization rate of approximately 63% for the last five years. Regarding utilization for Winchester Medical Center, the current occupancy rate for the hospital is below the 80% recommended for expansion by the SMFP. The SMFP calculation for determining bed need for the PD also presents a lack of need, instead indicating that there will be surplus of 107 medical/surgical beds in the planning district in 2030. The surplus was calculated with the 429-bed count at Winchester Medical Center, but after the approved transition of 10 medical/surgical beds to rehabilitation beds at the facility there will still be an estimated surplus of over 97 beds. The status quo is a reasonable alternative to the proposed project.

### **DCOPN Staff Recommendations**

The Division of Certificate of Public Need recommends **denial** of Winchester Medical Center's COPN Request number VA-8829 to introduce 61 medical/surgical beds to the existing bed count at its facility in Winchester, Virginia for the following reasons:

1. The proposal to add 61 medical/surgical beds at Winchester Medical Center is inconsistent with the applicable standards and criteria of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The applicant has not demonstrated an institutional need.
3. There is a surplus of medical/surgical beds in PD7.
4. The status quo is a reasonable alternative to the proposed project.