

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

November 19, 2025

RE: COPN Request No. VA-8836

Warren Memorial Hospital

Front Royal, Virginia

Add 1 (4th) operating room

Applicant

Warren Memorial Hospital (WMH) 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. WMH is located at 351 Valley Health Way, Front Royal, Virginia 22630 in Planning District (PD) 7, Health Planning Region (HPR) I.

Background

Warren Memorial Hospital, located in Front Royal, Virginia, is a key facility within the Valley Health System. It sits approximately 28 miles from Winchester Medical Center and 27 miles from Valley Health Page Memorial Hospital, providing accessible care to the surrounding region. The hospital operates a modern 177,000-square-foot facility on a 150-acre campus, serving as an essential healthcare hub for the community.

The hospital includes 36 private inpatient rooms, 12 critical care step-down rooms, 18 emergency department beds, and 6 observation beds. Its surgical infrastructure features three operating rooms, two endoscopy rooms, and one cardiac catheterization lab, enabling a broad range of diagnostic, interventional, and surgical procedures. A three-story medical office building, home to approximately 50 providers, and an on-site pharmacy further enhance patient convenience and continuity of care.

Table 1 summarizes the reported general purpose operating rooms (GPORs) within PD 7 for 2024. According to VHI data, Page Memorial Hospital (PMH) reported zero GPORs, while Warren Memorial Hospital (WMH) reported two. In contrast, DCOPN records indicate that PMH currently has one unused GPOR, and WMH reported three GPORs in 2023 (Table 2). In addition, Valley Health Winchester Medical Center has two cardiac operating rooms and one trauma operating room, but these operating room types are excluded from the definition of GPORs and, for this reason, are not included in Tables 1 and 2. Under the State Medical Facility Plan (SMFP), as outlined in the Code of Virginia § 32.1-102.1 et seq., GPORs are expected to maintain a utilization rate of 100%.

Table 1. PD 7 Operating Room Utilization, 2024

Facility	Total GPORs	Visits	OR Hours	Hours per OR	% of SMFP Threshold
Acute Care Hospitals					
Valley Health Page Memorial Hospital	0	0	0	0	0
Valley Health Shenandoah Memorial Hospital	3	962	1,002	334	21%
Valley Health Surgery Center	3	2,814	3,027	1009	63%
Valley Health Warren Memorial Hospital	2	1,281	1,808	904	57%
Valley Health Winchester Medical Center	18	12,596	25,466	1414.8	88%
Winchester Eye Surgery Center, LLC	1	2,860	616	616	39%
Total ORs in Acute Care Hospitals	27	20,513	31,919	1,182	73.8%

Source: VHI 2024

Table 2. PD 7 Operating Room Utilization, 2023

Facility	Total GPORs	Visits	OR Hours	Hours per OR	% of SMFP Threshold
Acute Care Hospitals					
Valley Health Page Memorial Hospital	1	0	0	0	0
Valley Health Shenandoah Memorial Hospital	3	1,511	1,557	519	32%
Valley Health Surgery Center	3	3,685	3,664	1,221	76%
Valley Health Warren Memorial Hospital	3	1,833	2,700	900	56%
Valley Health Winchester Medical Center	18	13,208	24,910	1,384	86.5%
Winchester Eye Surgery Center, LLC	1	3,242	980	980	61%
Total ORs in Acute Care Hospitals	29	23,479	33,811	1,165	72.8%

Source: 2023 VHI

Proposed Project

The applicant proposes adding a fourth operating room by relocating an underutilized GPOR from one PD 7 Valley Health facility, Page Memorial Hospital (PMH), to another PD 7 Valley Health facility at Warren Memorial Hospital (WMH). This relocated GPOR would be moved into an existing GPOR space at WMH. WMH asserts the need to add a GPOR is based on an institutional need, which will be discussed more later. The proposed inventory-neutral plan will eliminate the one underused GPOR at PMH. If approved, WMH will have a total of four operating rooms. The GPOR will be located at 351 Valley Health Way, Front Royal, Virginia 22630, PD 7, Health Planning Region (HPR) I. The total projected capital cost of the project is \$8,473,900, which covers equipment costs (Table 3). The applicant will fund the project with accumulated cash reserves. Therefore, there are no associated financing costs. If approved, the project is scheduled to open by December 20, 2027.

Table 3. Capital Costs to Add One GPOR at WMH

Direct Construction Cost	\$5,700,900
Equipment not included	\$1,899,000
Architectural & Engineering Fees	\$764,000
Other Consultant Fees	\$110,000
Total Capital Cost	\$8,473,000

Source: COPN Request No. VA-8836

Project Definition

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

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

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

- 1. The extent to which the proposed 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 7 had a population of approximately 242,944 in 2020 and is expected to grow by just over 21,929 people, or 9.03%, between 2020 and 2030. This exceeds the projected population growth rate for Virginia during this decade, which is 5.8%. Warren County, where the proposed project is located, is forecasted to grow by 5.4%, adding 2,189 residents, between 2020 and 2030 (**Table**

4). It has the second-highest growth rate among all localities in PD 7 and surpasses Virginia's overall rate. The projected growth rates for the 65 and older age group from 2020 to 2030 are 39.3% in Warren County and 40.6% in PD 7, compared to 26.3% in Virginia (Table 4).

Table 4. Population Data, PD 7

Locality	2020 Census	2030 Projected	Projected population Change 2020-2030	Projected % Change 2020-2030	2020 65+ Census	2030 65+ Projected	Projected Population Change 65+ 2020-2030	Projected % Change 65+ 2020-2030
Clarke County	14,783	15,998	1,215	8.22%	1,124	4,346	3,222	286.7%
Frederick County	91,419	107,239	15,820	17.3%	16,440	24,298	7,858	47.8%
Page County	23,709	22,984	-725	-3.06%	5,389	6,426	1,037	19.2%
Shenandoah County	44,186	45,531	1,345	3.04%	9,902	11,880	1,978	19.9%
Warren County	40,727	42,916	2,189	5.37%	6,939	9,669	2,730	39.3%
Winchester City	28,120	30,205	2,085	7.41%	4,696	5,939	1,243	26.5%
PD 7 totals	242,944	264,873	21,929	9.0%	44,490	62,558	18,068	40.6%
Virginia	8,631,393	9,129,002	497,609	5.8%	1,395,291	1,762,641	367,350	26.3%

Source: *Weldon Cooper Center for Public Service. (2025).*

Regarding socioeconomic barriers, the poverty rate in PD 7 is higher than that of Virginia (**Table 5**). Warren County, the location of the proposed project, has a poverty rate of 9.3%, lower than that of PD 7 and Virginia.

Table 5. Poverty Rates, PD 7

Locality	Percent in Poverty
Clarke County	7.3%
Frederick County	7.4%
Page County	14.2%
Shenandoah County	9.9%
Warren County	9.3%
Winchester	16.2%
PD 7 totals	10.7%
Virginia	10.2%

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

The facility is easily accessible via major transportation routes, including Interstates 66 and 81, as well as U.S. Routes 522 and 340. Public transportation is also available through the Front Royal Trolley, offering convenient access for patients, visitors, and staff.

In addition to ground transportation, WMH is equipped with a helipad, enabling the facility to receive and dispatch emergency medical air transport. This broad range of transportation options supports timely access to care, particularly in urgent and emergency care.

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.

The Division of Certificate of Public Need (DCOPN) received 21 support letters, including from Sheriff Crystal Cline of the Warren County Sheriff's Office, Chris Ballenger, Superintendent of Warren County Public Schools, and Town Councilman Glenn E. Wood of the Town of Front Royal. Each letter expresses strong support for expanding surgical services at WMH, which will enhance WMH's capabilities, improve patient convenience, and allow residents to receive care within their home community. There are no letters of opposition.

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-8836 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 September 10, 2025. The public comment period closed on October 25, 2025. Other than the letters of 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 the most reasonable option because the current utilization does not warrant expansion. DCOPN considered moving a GPOR from PMH to WMH as a possible option. This would reallocate an underused resource without increasing the total number of GPORs within PD 7.

Valley Health owns both PMH and WMH. Currently, WMH is licensed for three GPORs, while PMH is licensed for one. According to VHI data for 2024, PMH reported zero GPOR hours, operating at 0% of the State Medical Facilities Plan (SMFP) threshold (Table 1). In contrast, WMH reported 1,808 operating room hours in two GPORS in 2024, an average of 904 operating

room hours per GPOR—57% of the SMFP threshold for adding additional ORs. WMH reported 2,700 operating room hours in three GPORs in 2023, an average of 900 operating room hours, 56.3% of the SMFP standard. Not only did reported operating room hours decrease significantly at WMH between 2023 and 2024, but utilization remains just over half of the operating room hours required to document an institutional need.

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

Currently, there is no organization in HPR I designated by the Virginia Department of Health to serve as the Health Planning Agency for PD 7. Therefore, this consideration does not apply to the review of the proposed project.

(iv) Any costs and benefits of the project.

The total projected capital costs for the proposed project amount to \$8,473,900. Of this, \$5,700,900 (67.2%) is allocated to direct construction costs. These costs will be entirely funded through accumulated reserves, eliminating any financing costs (see Table 3). This results in a direct construction cost of approximately \$1,768.26 per square foot. The estimated costs are consistent with other recently approved projects, such as the addition of a General-Purpose Operating Room (GPOR) at an existing facility, which, according to COPN No. VA-04942 had an estimated cost of \$3.65 million.

WMH has stated that this project will address the growing demand for surgical services, helping to reduce waiting times, enhance access, improve quality, and proactively manage patient flow. The proposed relocation of the utilized GPORs will increase capacity, enable the scheduling of more surgeries, and increase throughput by 25-33% compared to having three operating rooms. Furthermore, adding operating room will allow for greater handling of emergency cases, the scheduling of add-on procedures, and the ability to accommodate longer-than-expected surgeries without disrupting the overall schedule.

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

WMH treats all patients regardless of their ability to pay for services or of their payor source. WMH provided charity care in the amount of 0.6% in 2023, the latest year for which such data are available. This is just about HPR I average of 1.9% (Table 5).

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 surgical services that is no less than the equivalent average for charity care contributions in HPR I. 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 6. Charity Care Table, 2023

HPR I	Gross Pt Rev	Charity Care below 100% of the Federal Poverty Level	Charity Care between 100% and 200% of the Federal Poverty Level	Total Charity Care Provided Below 200%	%
Encompass Health Rehab Hosp of Fredericksburg	\$ 42,802,712	\$ 2,118,260	-	\$ 2,118,260	4.9%
UVA Health Culpeper Medical Center	\$ 507,059,766	\$ 16,729,968	\$ 1,571,713	\$ 18,301,681	3.6%
University of Virginia Medical Center	\$8,020,368,020	\$ 198,753,774	\$ 30,464,785	\$ 229,218,559	2.9%
UVA Transitional Care Hospital	Not Reported				
Sentara RMH Medical Center	\$1,190,299,443	-	\$ 8,499,736	\$ 28,499,736	2.4%
Sentara Martha Jefferson Hospital	\$952,966,624	-	\$14,526,383	\$ 14,526,383	1.5%
Fauquier Hospital	\$441,769,351	\$4,359,090	-	\$ 4,359,090	1.0%
Carilion Rockbridge Community Hospital	\$ 232,717,700	\$ 2,139,745	-	\$ 2,139,745	0.9%
Valley Health Winchester Medical Center	\$ 1,806,900,696	\$ 9,089,218	\$ 4,894,194	\$13,983,412	0.8%
Valley Health Page Memorial Hospital	\$ 90,887,111	\$ 430,473	\$ 231,793	\$ 662,266	0.7%
Valley Health Shenandoah Memorial Hospital	\$ 194,924,417	\$ 912,846	\$ 491,532	\$ 1,404,378	0.7%
Valley Health Warren Memorial Hospital	\$ 246,095,036	\$ 987,658	\$ 531,816	\$ 1,519,474	0.6%
Augusta Health	\$1,468,631,292	-	\$ 9,056,452	\$ 9,056,452	0.6%
Spotsylvania Regional Medical Center	\$ 892,931,924	\$ 5,431,927	-	\$ 5,431,927	0.6%
Stafford Hospital Center	\$ 335,271,283	\$ 1,284,100	\$ 639,198	\$ 1,923,298	0.6%
Mary Washington Hospital	\$ 1,595,767,284	\$ 5,081,348	\$ 4,035,417	\$ 9,116,765	0.6%
Bath Community Hospital	\$ 28,198,002	\$ 82,326	\$ 15,068	\$ 97,394	0.3%
UVA Encompass Health Rehabilitation Hospital	\$ 35,824,260	\$ 48,700	\$ -	\$ 48,700	0.1%
Total Inpatient Hospitals:					17
HPR I Inpatient Hospital Median					0.7%
HPR I Total Inpatient \$ & Mean %	\$ 18,083,414,921	\$ 247,449,433	\$ 94,958,087	\$ 342,407,520	1.9%
Martha Jefferson Outpatient Surgery Center	\$ 25,406,214	-	\$ 1,212,277	\$1,212,277	4.8%
University of Virginia Musculoskeletal Center at Ivy Mountain	\$ 79,755,374	\$ 1,621,579	\$ 324,051	\$1,945,630	2.4%
Monticello Community Surgery Center	\$ 22,005,313	\$ 255,258	-	\$ 255,258	1.2%

Fredericksburg Ambulatory Surgery Center	\$ 74,006,871	\$ 243,507	-	\$ 243,507	0.3%
Surgery Center of Central Virginia	\$ 94,179,254	\$ 250,714	-	\$ 250,714	0.3%
Culpeper Surgery Center, LLC	\$ 14,552,688	\$ 17,652	-	\$ 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
HPR I Outpatient Hospital Median					0.2%
HPR I Total Outpatient Hospital \$ & Mean %	\$ 344,920,017	\$ 2,388,710	\$ 1,536,328	\$ 3,925,038	1.1%
Total Hospitals:					27
HPR I Hospital Median					0.6%
HPR I Total Hospital \$ & Mean %	\$ 18,428,334,938	\$ 249,838,143	\$ 96,494,415	\$ 346,332,558	1.9%

(vi) At the discretion of the Commissioner, any other factors 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 general surgical services. They are as follows:

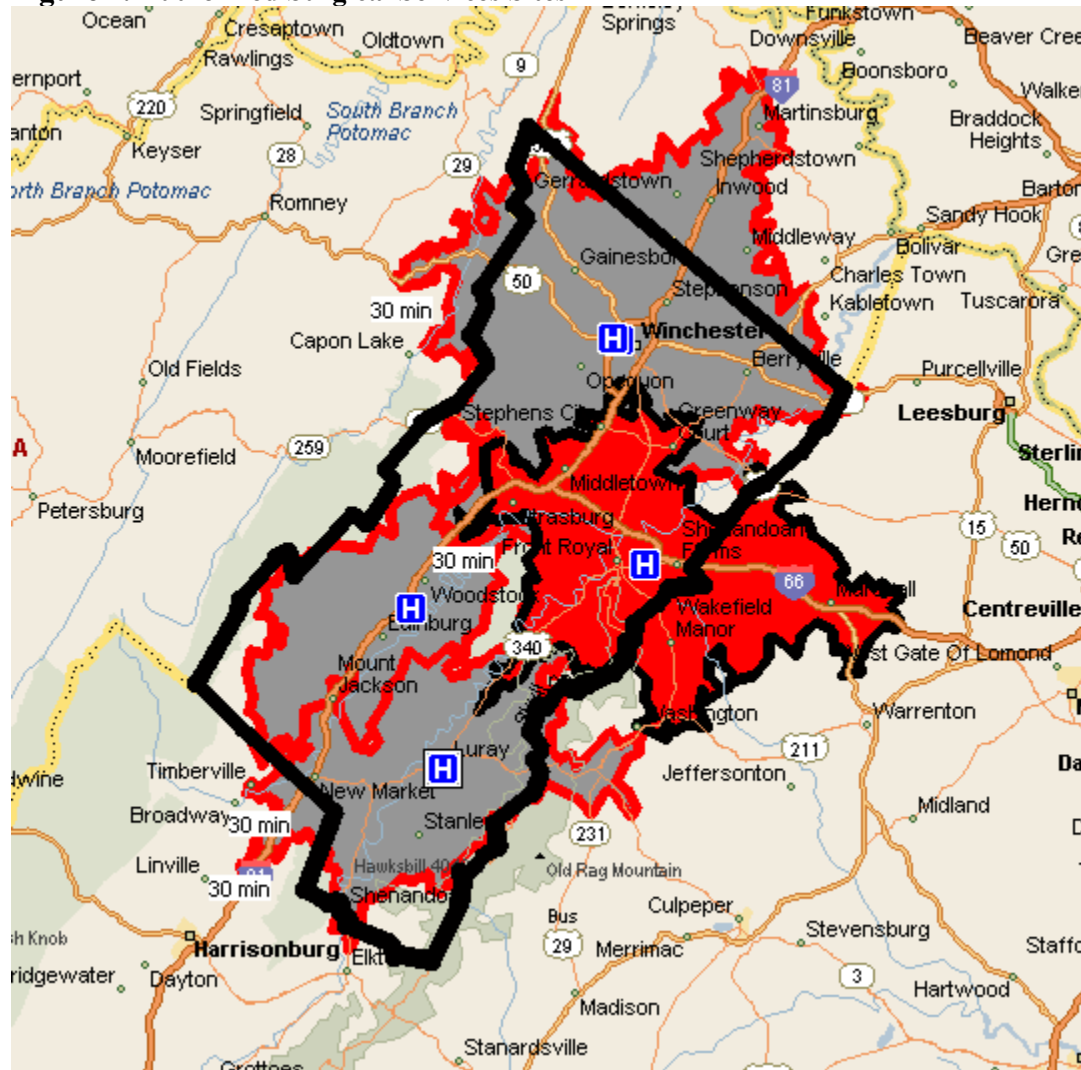
Part V. General Surgical Services

Criteria and Standards for General Surgical Services 12VAC5-230-490.

Travel Time:

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

Figure 1. Authorized Surgical Services Sites in PD 7



Source: Microsoft Streets & Trips

In this map, the black border outlines PD 7. The H icons show the locations of surgical service providers. The **gray shaded areas** illustrate the surrounding regions that fall within a **30-minute drive time** of each existing hospital. The **red shaded area** highlights the current **drive time**

coverage for WMH. WMH is an existing provider of surgical services; the proposed project does not increase geographic access to surgical services in PD 7.

12VAC5-230-500. Need for New Service.

A. The combined number of inpatient and outpatient general purpose surgical operating rooms needed in a health planning district, exclusive of procedure rooms, dedicated cesarean section rooms, operating rooms designated exclusively for cardiac surgery, procedures rooms or VDH-designated trauma services, shall be determined as follows:

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

1600

Where:

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

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

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

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

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

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

The preceding formula can be used to affirm whether there is currently an excess of GPORs in PD 7. The preceding formula can also determine the overall need for GPORs within PD 7, five years from the current year, i.e., in the year 2030.

Based on GPOR utilization data submitted to and compiled by VHI, for the five-year period of 2020-2024, which is the most recent five-year period for which relevant data are available, the total and average number of reported inpatient and outpatient operating room visits is shown below in Table 6.

Table 7. Inpatient and Outpatient GPOR Visits in PD 7: 2020-2024

Year	Total Inpatient & Outpatient GPOR Visits
2020	18,698
2021	20,554
2022	24,319
2023	23,479
2024	20,513
Total	107,563
Average	21,512

Source: VHI (2020-2024)

Based on actual population counts and projections derived from the 2024 U.S. Census as compiled by Weldon Cooper and DCOPN interpolations.

Table 8. Population estimates for PD 7 for the five years 2020-2024 and 2030 are as follows:

Year	Population
2020	243,349
2021	244,972
2022	247,724
2023	249,994
2024	254,033
Total	1,240,072
2030	264,873

Source: University of Virginia Weldon Cooper Center for Public Service. (2024). *Virginia Population Estimates*.

Based on the above population estimates from the 2024 U.S. Census and population projections, the cumulative total population of PD 7 for the five years from 2020 to 2024 was 1,240,072. The population of PD 7 in the year 2030 (PROPOP - five years from the current year) is projected to be 264,873. These figures are necessary for the application of the preceding formula, as follows:

$$\text{ORV} \div \text{POP} = \text{CSUR}$$

Total PD 7 GPOR Visit 2020-2024	PD 7 Historical Population 2020-2024	Calculated GPOR Use Rate 2020-2024
107,563	1,240,072	0.086

$$\text{CSUR} \times \text{PROPOP} = \text{PORV}$$

Calculated GPOR Use Rate 2020-2024	PD 7 Projected Population 2030	Projected GPOR Visits 2030
0.086	264,873	22,779

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

AHORV = total operating room hours reported to VHI in 2023 (Table 1)

$$\begin{aligned} & \text{total operating room visits reported to VHI for that same year (Table 6)} \\ & = 31,919/20,513 \end{aligned}$$

AHORV= 1.556

FOR= $0.093 \times 264,873 \times 1.556 / 1600 = 24$ GPORs needed in 2030

PD 7 Inventory of GPORs = 27

As defined in 12VAC5-230-500, GPORs are operating rooms (ORs) exclusive of those dedicated to cesarean section, those solely for cardiac surgery, and trauma-designated. As shown above in **Table 1**, there are 27 GPORs in PD 7 as of the time of this report, yielding a surplus of 3 ORs.

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

Distribution of surgical services

This project involves the relocation of one OR from PMH to WMH. According to VHI data, in 2024, WMH reported two general-purpose operating rooms (GPORs) but is licensed for three GPORs, which were utilized at 57% of the State Medical Facilities Plan (SMFP) threshold (Table 1). Given this, DCOPN again expresses concern regarding the overall need to relocate an underutilized OR from PMH to WMH, as doing so would increase the total to four GPORs at WMH.

12VAC5-230-130. Staffing.

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

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.

Valley Health's WMH has expressed that it has an institutional need to add a 4th GPOR. As shown in **Table 1**, for 2024, the most recent year for which VHI data are available, the existing 3 GPORs at WMH reported 1,808 surgical hours, operating at a utilization rate of 57% of the SMFP threshold for the expansion.

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.**

Valley Health is the only healthcare system in PD 15, with no institutional competition within the district. WMH is planning to address both current and future increases in demand for surgical services.

- 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.**

WMH is one of the acute care hospitals within the Valley Health System, the sole healthcare provider in PD 7. The Valley Health System includes Warren Memorial Hospital, Page

Memorial Hospital, Shenandoah Memorial Hospital, Winchester Medical Center, and the Valley Health Surgery Center. According to the applicant, physicians from other facilities within the Valley Health System will provide services at the newly proposed GPORs at WMH.

As previously discussed, DCOPN has calculated a net surplus of three GPORs in PD 7 for the 2030 planning year. If approved, the proposed project would not add an operating room but rather relocate an underutilized one. In 2024, WMH operated at 57% of the SMFP utilization threshold, according to VHI data (**Table 1**). Collectively, the PD 7 operated at 74% of the SMFP threshold during the same period (**Table 1**).

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.

Projected capital costs of **\$8,473,000.00** are reasonable when compared to other recently authorized projects to add GPORs at an acute care facility. The entirety of the capital costs will be funded using the accumulated cash reserves of the applicant. Accordingly, there are no financing costs associated with this project. The proforma income statement provided by the applicant projects net income before taxes of \$603,434 in the first year of operation and \$1,035,087 in the second year of operation (**Table 8**).

With regard to staffing, the applicant states that the proposed project requires only three additional full-time equivalent (FTE) staff members. These FTEs will be 1 RN and 2 scrub techs. WMH will utilize newspaper and journal advertisements (locally, statewide, and nationally), Internet advertising, and recruitment efforts across the country. This is a reasonable number of staff to recruit. DCOPN notes that the hospital as a whole has 44 vacancies of 344 FTEs available, with 8 RN vacancies.

Table 8. Proforma, Add one GPOR at WMH

	Year 1	Year 2
Revenue	\$7,723,957	\$9,410,325
Charity Care	\$46,344	\$56,562
Other Deductions	\$3,036,563	\$3,699,534
Total Net Revenue (net Charity Care)	\$4,687,394	\$5,710,791
Total Expenses	\$3,542,787	\$4,134,531
Net Income before taxes	\$603,434	\$1,035,087

Source: COPN Request No. VA-8836

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.

The proposal does not provide innovations in the delivery of health services but does allow for the delivery of care in an outpatient facility, likely to decrease high utilization from the GPORs at WMH.

8. In the case of a project proposed by or affecting a teaching hospital associated with a public institution of higher education or a medical school in the area to be served.

(i) The unique research, training, and clinical mission of the teaching hospital or medical school. (ii) Any contribution the teaching hospital or medical school may provide in the delivery, innovation, and improvement of health care for citizens of the Commonwealth, including indigent or underserved populations.

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

DCOPN Staff Findings and Conclusions

Warren Memorial Hospital (WMH) proposes to add one general-purpose operating room (GPOR) to its facility at 351 Valley Health Way in Front Royal, Planning District 7, through relocation from Page Memorial Hospital (PMH). If approved, WMH would have a total of four GPORs.

The proposed project is located in an area of the Commonwealth experiencing marginal population growth. It has the support of the medical staff at Warren Memorial Hospital (WMH) and no documented opposition. Additionally, the costs associated with the proposal are reasonable; however, given the applicant's low surgical utilization, there is little benefit to the proposal. Overall, the proposal appears wholly feasible.

DCOPN finds that WMH's proposed project is **not consistent** with the applicable criteria and standards of the State Medical Facilities Plan (SMFP) and the Eight Required Considerations of the Code of Virginia. The applicant has requested that the project be considered on the basis of an institutional need for additional GPOR capacity; however, utilization of the hospital's three licensed GPORs remains at only 57% of the SMFP threshold. This level of utilization does not demonstrate a need for an additional GPOR, including one proposed to be relocated from PMH to WMH. This project should be considered to be premature due to the limited amount of growth over the next 5-10 years, and with the surplus of three GPORs already in PD 7.

DCOPN Staff Recommendations

The Division of Certificate of Public Need recommends **denial** of Warren Memorial Hospital's COPN Request number VA-8836 to relocate an underutilized OR from Page Memorial Hospital for the following reasons:

1. The proposal is not consistent with the applicable standards and criteria of the State Medical Facilities Plan and the 8 Required Considerations of the Code of Virginia.
2. The proposed project is in a marginally growing region of the Commonwealth
3. The proposed project is unlikely to increase the utilization, costs, or charges of other providers of OR services in PD 7.