

**Health Systems Agency of Northern Virginia
Board of Directors Meeting
Video Conference Meeting
August 8, 2022**

Members Present

Michael Carrasco
Linda Cook
Tom Fonseca, Chairperson
Michelle Kimmel
Pamela Kincheloe, RN
Lydia Lawrence
Terry West
Maria Zlotnick

Staff Present

Ann McFeeley
Dean Montgomery

Guests (Partial List)

Matthew Cobb, Williams Mullen, Counsel, Woodbine Property 1
Frank Peck, Premier Consulting, Consultant, Woodbine Property 1
Thomas Stallings, McGuire Woods, Counsel, Reston Hospital Center
Donna Shaw, RN, Administrator, Woodbine Rehabilitation and Health Care Center

I. Call to Order

Tom Fonseca, Chairperson, Health Systems Agency of Northern Virginia (HSANV), called the meeting to order at 7:35 PM. He welcomed those present and reviewed the agenda.

Fonseca stated that, among other matters, the Committee would consider two certificate of public need (COPN) applications:

- Reston Hospital Center, Expand CT Service (COPN Request VA-8643)
- Woodbine Property 1, Add 97 Beds (COPN Request VA-8645)

II. Previous Minutes

Minutes of the June 27, 2022 meeting were approved

III. Conflict of Interest

Fonseca followed established HSANV conflict of interest procedures to determine whether any member had a conflict of interest on the applications on the agenda. No conflicts were declared, alleged, or otherwise identified.

IV. COPN Applications: **Reston Hospital Center, Expand CT Service (COPN Request VA-8643); Woodbine Property 1, Add 97 Nursing Home Beds (COPN Request VA 8645)**

A. Reston Hospital Center, Expand CT Service, COPN Request VA-8643

HSANV Staff Review

Dean Montgomery presented the HSANV staff evaluation of the application. He said Reston Hospital Center (RHC) proposes to expand its on campus CT service. The project entails the reactivation of a CT scanner that was taken out of service earlier this year.

Montgomery reviewed recent changes, and proposed changes in CT scanning services at RHC, including the requirements and implications of COPN VA-04554, which permitted RHC to establish an off campus CT service conditioned on the “relocation” of one of its on campus scanners to the Tysons satellite emergency service site.

Examination of the application, in the context of regulatory requirements, recent developments within RHC, the regional CT market, and local service capacity indicates that:

- Northern Virginia CT scanning use and service volume rates, though substantially lower than those reported nationally, in the Washington metropolitan area, and in Virginia statewide, continue to grow faster than the resident population.
- Demand and capacity, current and projected, are in balance. Projects pending before the Commissioner of Health are likely to increase the regional diagnostic CT scanner complement to 67 systems by the end of the year.
- The project does not require a capital outlay. No useful economic consideration would be served by keeping the deactivated scanner out of service.
- There is no indication of negative effects on competing service providers.
- The project appears to be consistent with the institutional need provision of the Virginia State Medical Facilities Plan (SMFP) as it has been interpreted and applied over the last decade.

Based on these findings, and on the data and arguments presented in the application, staff conclude that the Reston Hospital Center application qualifies for approval, the availability of unused local CT capacity notwithstanding.

Reston Hospital Center Presentation

Thomas Stallings, Counsel, Reston Hospital Center, presented the application. He recounted the background of and rationale for the project. The points emphasized are summarized in a set of slides Stallings used in the presentation (Attachment 1). They include:

- RHC obtained COPN authorization in 2017 to establish a CT service at a satellite emergency service the hospital developed in the Tysons area of Fairfax County. The COPN authorization contained the proviso that the scanner authorized would be transferred from the hospital campus complement.
- The scanner that would be reactivated was removed from service in June, to satisfy the condition attached to the COPN authorization when the new scanner was opened at the Tysons service.
- Reston's CT service volumes in 2016 and 2017 suggested that the hospital could operate effectively with three on campus scanners.
- Pandemic related delays in completing the Tysons project, coupled with a large and growing increase in demand, it is now evident that the hospital needs four on campus scanners to meet current and projected demand, even with the shift of some cases to the Tysons service.
- The scanner taken out of service is seven years old and has several years of useful life remaining. The quickest and most cost effective way to respond to current and near term RHC needs is to reactivate the scanner taken out of service in June.
- No additional capital expense is necessary.
- The hospital qualifies to add capacity in accordance with the institutional need provision of the Virginia State Medical Facilities Plan (SMFP).

Board & Staff Questions, Discussion

In response to questions, Stallings indicated that

- RHC believes the CT scanner taken out of service in June, which has been in use for about seven years, has several years of useful live remaining,
- If reactivated, the hospital ultimately will replace the scanner when it becomes obsolete or can no longer be operated in a cost effective way.
- Demand for CT scanning has increased faster at the hospital than was expected when the proposal to relocate one of its on campus CT scanners to the Tysons service was submitted in 2016.
- CT scanning service volumes at RHC are continuing to grow rapidly.

Public Comment

There was no public comment other than the letters of support filed with the application.

Applicant Final Summary

Stallings indicated that the applicant did not believe it was necessary to offer additional testimony. He offered to answer any additional questions that may not have been addressed fully.

Staff Recommendation

Based on the information and argument presented in the agency staff report on the application, and the testimony presented earlier by Reston Hospital Center representatives, Montgomery recommended approval of the application.

He noted that though there is no need for additional CT capacity region wide, Reston Hospital Center qualifies for consideration to add capacity under the institutional need provision of the Virginia State

Medical Facilities Plan as it has been interpreted and applied in recent years. He agreed with the applicant's contention that reactivation of the hospital's recently decommissioned scanner is the practical and cost effective way to add capacity, and that the capacity added is likely to be used effectively.

Board Deliberation and Vote

Pamela Kincheloe offered a motion to recommend approval of the application. Terry West seconded the motion. The motion passed by a vote of eight in favor (Carrasco, Cook, Fonseca, Kimmel, Kincheloe, Lawrence, West, Zlotnick) and none opposed.

B. Woodbine Property 1, Add 97 Nursing Home Beds, COPN Request VA-8645

HSANV Staff Review

Dean Montgomery presented the HSANV staff assessment of the application. He noted that the proposal to add 97 nursing home beds to the 307 Woodbine now has, a 32% increase in licensed capacity, entails a capital outlay of about \$26.5 million, more than \$273,000 per bed.

A distinctive feature of the proposal is that it is an intra planning district replacement and relocation project, similar to a number of projects that have been authorized locally over the last two decades. The regional (PD 8) licensed nursing home bed complement would not change. The 97 beds added at Woodbine would be acquired, effectively purchased, from the Hermitage, a nearby continuing care retirement community (CCRC) in Alexandria, VA. The Hermitage licensed bed complement would be reduced by the number beds transferred to Woodbine when they are licensed.

All of the beds added at Woodbine would be certified for Medicare and Medicaid program participation. About half of the new beds added would be private (single person) rooms. The project also would result in the elimination of three and four bed patient rooms at Woodbine.

The Virginia State Medical Facilities Plan does not address directly the replacement and relocation of nursing care facilities and beds. Nevertheless, the Woodbine proposal appears to be generally consistent with the planning and regulatory principles that underlie the plan, as well as with sound regional planning principles and practices.

Based on these findings, and on the data and arguments presented in the application, staff concluded that the Woodbine application qualifies for approval.

Woodbine Property 1 Presentation

Frank Peck, Premier Consulting, Consultant to Woodbine Property 1, introduced himself and others representing the applicant: Donna Shaw, RN, Administrator, Woodbine Rehabilitation and Health Care Center; Matthew Cobb, Williams Mullen, Counsel, Woodbine Rehabilitation and Health Care Center.

Peck, Shaw and Cobb discussed the substance of the proposal, including the rationale for and principal benefits of expanding Woodbine. Among other factors, they emphasized:

- Woodbine has a long and distinguished history of providing a wide array of quality long term care. Adding the 97 beds proposed would expand and extend this pattern and tradition of service.

- The project is an intra planning district transfer and relocation of licensed nursing home capacity. The forbearance agreement ensures that it is, and will be, inventory neutral.
- Collateral benefits of the bed transfer and facility expansion include an increase in the number of Medicare and Medicaid certified beds, and increase in the number private patient rooms, and the elimination of a number of three person and four person patient rooms.
- The project is not a potential threat to any other service provider.
- The transfer and relocation of the beds proposed constitutes sound planning and service development, and is consistent with applicable provisions of the Virginia State Medical Facility Plan (SMFP).

Board & Staff Questions, Discussion

In response to questions, Cobb, Shaw and Peck stated that

- About half of the new beds to be built at Woodbine would be private (single patient) rooms. The total private room complement would be increased to 52 beds, of the 404 bed complement, about 13% of the licensed capacity.
- The principal reasons for the relatively small on the number of private rooms are the limitations imposed by the building space and the inherent higher capital cost of private rooms.
- The forbearance element of the project is a standard way of securing title to the license authority for beds that are owned by another entity. The forbearance payment is to compensate the owner of those beds. The forbearance cost in the Woodbine proposal is about 20% of the capital expense.
- The remaining beds at The Hermitage (24 beds) will be owned and operated by Goodwin House, a nearby Alexandria continuing care retirement community. That transaction is not part of the Woodbine project.
- The ownership and control of Woodbine Rehabilitation and Health Care Center has changed hands several times in recent years. The ultimate over is now a private equity entity known as Tryko Partners, a New Jersey based investment firm.
- Current local management believes private equity ownership has been positive to date.
- The projected capital cost per bed developed, about \$273,000 per bed, is considerably higher than the reimbursable capital cost limits of the Virginia Medicaid program.

Public Comment

There was no public comment other than the letters of support submitted as a part of the application.

Applicant Final Summary

Matt Cobb summarized key elements of the application, thanked the board for its consideration, and offered to answer in remaining questions.

Staff Recommendation

Based on the information presented in the agency staff report on the application, and the testimony presented earlier by Woodbine representatives, Montgomery recommended approval of the application.

Board Deliberation and Vote

Pamela Kincheloe offered a motion to recommend approval of the application. Terry West seconded the motion. The motion passed by a vote of seven in favor (Carrasco, Cook, Fonseca, Kincheloe, Lawrence, West, Zlotnick), none opposed, and one abstention (Kimmel).

V. Other Business

The next HSANV board meeting was set for Monday, September 12, 2022.

VI. Adjourn

Fonseca adjourned the meeting 9:00 PM.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Dean Montgomery".

Dean Montgomery

Attachments (1)



Reston Hospital Center

HCA Virginia Health System
An HCA affiliate

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**Reston Hospital Center
COPN Request No. VA-8643
Add One CT Scanner**

HSANV Board Meeting

August 8, 2022

Reston Hospital Center Recognized as a High-Quality Provider

- Reston has been awarded an “A” since Fall 2019 by the Leapfrog Hospital Safety Grade.
- U.S. News & World Report recognized Reston as a “Best Regional Hospital” and a “High Performing Hospital” for 2020-2021. Reston earned “High Performing” ratings for heart failure, hip replacement, and knee replacement in recognition of care that was significantly better than the national average, as measured by factors such as patient outcomes.
- The American College of Cardiology has designated Reston as PD 8’s only Accredited Chest Pain Center with Percutaneous Coronary Intervention and Resuscitation.
- In 2019, Reston became the first hospital in Virginia to be awarded the Joint Commission’s Advanced Certification for Total Hip and Total Knee Replacement and was also awarded the Joint Commission’s Certification for Spine Surgery.
- Reston is an Advanced Primary Stroke Center certified by The Joint Commission since 2011.
- Reston is a recipient of Healthgrades Patient Safety Excellence Award.
- Reston is a Level II Trauma Center.

Reston has an Institutional Need for Additional CT Capacity

2021 Utilization with 4 CT Scanners:

Number of CT Scanners	Number of Procedures	% of SMFP
4	32,315	109%

2021 Utilization without CT Scanner now at Tysons Emergency:

Number of CT Scanners	Number of Procedures	% of SMFP
3	30,450	137%

CT Volumes at the Hospital are Growing Significantly

Historical Utilization and Growth Rate:

2016	2017	2018	2019	2020	2021	CAGR
20,479	23,539	25,159	29,278	27,344	32,315	9.6%

Projected Utilization (with 3 CT Scanners):

	2023	2024
Procedures	36,918	40,227
% of SMFP	166%	181%