

COPN Request No. 8773

Loudoun VA PropCo LLC

Proposed Addition of Four (4) Beds
Leesburg, Virginia – Planning District 8

May 31, 2024

Matthew M. Cobb, Esquire
Williams Mullen
200 S. 10th Street, Suite 1600
[Post Office Box 1320
Richmond, VA 23218-1320][
(804)420-6390 phone
(804)6507 facsimile
mcobb@williamsmullen.com

WILLIAMS MULLEN

Direct Dial: 804.420.6390
mcobb@williamsmullen.com

May 31, 2024

VIA EMAIL [Karen.Shelton@vdh.virginia.gov]

Karen Shelton, M.D.
State Health Commissioner
Virginia Department of Health
109 Governor Street, 13th Floor
Richmond, Virginia 23219

Re: COPN Request No. 8773
Loudoun VA PropCo, LLC
Proposed Addition of Four (4) Beds
Leesburg, Virginia - Planning District 8

Dear Dr. Shelton,

Enclosed please find a Certificate of Public Need ("COPN") application on behalf of Loudoun VA PropCo, LLC, ("Loudoun"). Per its May 01, 2024, Letter of Intent, Loudoun seeks to add four nursing home beds to its Loudoun Rehabilitation and Nursing Center located at 235 Old Waterford Road NW, Leesburg, Virginia 20176, in Planning District 8. The development of Loudoun's project will be based upon an agreement to transfer four nursing home beds from Friendship Health & Rehabilitation Center North ("Friendship") in Planning District 5. Friendship will agree to the termination of its license to operate four nursing home beds upon issuance of a COPN for Loudoun's project.

Please note that the COPN application is being filed pursuant to Virginia Code § 32.1-102.3:7.

Please let me know if you have any questions. Thank you for your assistance.

Sincerely,



Matthew M. Cobb

cc: Mr. Erik Bodin, Director [Erik.Bodin@vdh.virginia.gov]
Division of Certificate of Public Need
Mr. Dean Montgomery, [HSANV@aol.com]
Health Systems Agency of Northern Virginia

COMMONWEALTH OF VIRGINIA

DEPARTMENT OF HEALTH

**Office of Licensure and Certification
Division of Certificate of Public Need**

APPLICATION

FOR A MEDICAL CARE FACILITIES CERTIFICATE OF PUBLIC NEED

(Sections 32.1-102.1 through 32.1-276.5

The Code of Virginia (1950), as amended)

NURSING HOMES

Loudoun VA PropCo, LLC

COPN Request No. 8773

Addition of Four (4) Nursing Home Beds pursuant to Virginia Code § 32.1-102.3:7

NOTE: The complete set of application materials includes the Instructions and three other attachments listed at the end of this application form.

EXECUTIVE SUMMARY

Applicants are invited but not required to provide an "Executive Summary" of the proposed project. If provided, the summary should briefly describe the project and note the principal points of justification for it. The "Executive Summary" should take note of the information requested under section IV.A.1 and section IV.B.3 of the application form. The "Executive Summary" may incorporate the applicant's responses under those sections or may serve in lieu of responses under those sections.

Loudoun VA PropCo, LLC proposes to relocate four (4) nursing home beds from Friendship Health and Rehabilitation Center – North, which is located in Planning District ("PD") 5, to Loudoun Center for Rehabilitation and Nursing LLC d/b/a Loudoun Rehabilitation and Nursing Center ("Loudoun Nursing"), which is located in PD 8. This request for the transfer of nursing home beds from PD 5 to PD 8 is being submitted pursuant to Virginia Code § 32.1-102.3:7 (the "Bed Transfer Statute"). If approved, Loudoun Nursing's project will result in a 104-bed facility in Loudoun County.

Loudoun Nursing is a 100-bed nursing home located at 235 Old Waterford Road in Leesburg, Virginia on the Cornwall Campus of Inova Loudoun Hospital. Loudoun Nursing originally opened in 1974 as an 85-bed nursing home located within a hospital wing of the Loudoun Hospital Center. It grew to be a 100-bed facility over the years and served as a hospital-based nursing home for Loudoun Hospital Center and its successor, Inova Loudoun Hospital. In 2023, Inova sold the nursing home to Loudoun VA PropCo, LLC, which operates the nursing home through Loudoun Center for Rehabilitation and Nursing LLC.

The four nursing home beds are being transferred to Loudoun Nursing pursuant to a Release and Settlement Agreement entered into between Friendship Foundation and 1047 Mecca Street Roanoke Propco, LLC. The Release and Settlement Agreement was entered into following the acquisition of the former Richfield Living's Salem campus by Friendship Foundation and its Roanoke campus by 1047 Mecca Street Roanoke Propco LLC. The Release and Settlement Agreement enumerated Friendship Foundation's agreement to transfer four nursing home beds from one or more of its facilities to Loudoun Nursing. In addition, while not a COPN reviewable service, Loudoun Nursing's proposed project will also result in the expansion of the existing therapy gym, dining room, nurses station and renovation of common areas for the benefit of all residents.

As stated above, the transfer of the four nursing home beds from PD 5 to PD 8 is being submitted pursuant to the Bed Transfer Statute. The Bed Transfer Statute was enacted by the Virginia General Assembly to provide a mechanism for nursing homes to transfer beds from one PD to another when no Request for Application ("RFA") had been issued. The Commissioner is permitted to accept and approve COPN applications filed pursuant to the Bed Transfer Statute if four criteria are met. As discussed herein, Loudoun Nursing's COPN project will result in the appropriate and reasonable reallocation of existing nursing home beds from one PD to another, meeting all four criteria of the Bed Transfer Statute. Accordingly, Loudoun Nursing's COPN application merits approval.

The Bed Transfer Statute authorizes the Commissioner to approve applications for the transfer of nursing home beds from one PD to another, in the absence of an RFA, provided that four criteria are met:

- i. there is a shortage of nursing home beds in the planning district to which beds are proposed to be transferred;
- ii. the number of nursing home beds in the planning district from which beds are proposed to be moved exceeds the need for such beds;
- iii. the proposed transfer of nursing home beds would not create a need for additional beds in the planning district from which the beds are proposed to be transferred; and
- iv. the nursing home beds proposed to be transferred will be made available to individuals in need of nursing home services in the

planning district to which they are proposed to be transferred without regard to the source of payment for such services.

See Virginia Code § 32.1-102.3:7. The Bed Transfer Statute does not require that an application filed pursuant to it to meet the requirements of Virginia Code § 32.1-102.3:2 (the “RFA Statute”). It specifically authorizes the Commissioner to accept and approve COPN applications to transfer nursing home beds “[n]otwithstanding the provisions of [the RFA Statute].” *Id.* The Bed Transfer Statute was adopted in 2013, long after the RFA Statute was enacted. The General Assembly was aware of the RFA standards and clearly intended for COPN applications subject to the Bed Transfer Statute to not be subject to the RFA standards, including the occupancy standard, as evidenced by a clarifying letter by Delegate Orrock, the patron of HB 2292 (2013), which codified the Bed Transfer Statute from May 21, 2019.

In the letter, Delegate Orrock was concerned the Bed Transfer Statute was being misinterpreted. He explained that prior to the passage of HB 2292 the only way for a nursing home to add to its bed complement was through the RFA process, which led to the annual introduction of legislation to permit the transfer of nursing home beds. Therefore, the purpose of the legislation was to “create a process for the Commissioner to accept and approve the transfer of nursing home beds from one planning district to another” without involving the General Assembly. If a COPN application was filed pursuant to the Bed Transfer Statute, the Bed Transfer Statute “does not allow the Commissioner to deny an application because of the occupancy level in the planning district. To do so would effectively nullify the Bed Transfer Statute.”

In the most recent RFA notice issued in October 2022, the Division of Certificate of Public Need (“DCOPN”) determined there was a need for 284 nursing home mbeds in PD 8 in 2022. This shortage was projected to grow to 469 beds in 2023 and to 662 beds by 2024. In converse, DCOPN’s 2020 bed need projection found a surplus of 224 skilled nursing home beds in PD 5. Taking into consideration the projects which have been approved for bed transfer from PD 5 since the bed need projection was published, PD 5 still has a current bed surplus of more than four nursing home beds. Moreover, Loudoun Nursing is committed to serving Medicaid recipients. Accordingly, all four prongs of the Bed Transfer Statute are met by its application.

Approval of Loudoun Nursing’s COPN application is the most affordable way to add needed nursing home beds to PD 8 in the wake of the current shortage calculated by DCOPN. This projected shortage is projected to grow exponentially over the next 20 years as Virginians age. Between 2020 and 2030 the population of PD 8 citizens 85 and older is projected to grow at a rate double the state average and more than three times the rate of PD 5. Further, while the COVID-19 pandemic significantly impacted occupancy rates in skilled nursing facilities during 2020 and 2021, occupancy rates have rebounded significantly over the past year. In 2021, the average nursing home occupancy rate in PD 8, excluding CCRCs, was 74.05%. One year later, in 2022, the average occupancy rate increased by over 10% and stood at 85%. Loudoun Nursing’s occupancy stood at 85.62%. There is an identified shortage of beds in PD 8 now, and that shortage will only continue to grow. Transferring four beds from PD 5, where there is an identified bed surplus, to Loudoun Nursing in PD 8, where there is an identified bed shortage, will result in the appropriate and reasonable reallocation of existing nursing home beds from one PD to another pursuant to the Bed Transfer Statute.

SECTION I

FACILITY ORGANIZATION AND IDENTIFICATION

**Loudoun Center for Rehabilitation and Nursing LLC DBA
Loudoun Rehabilitation and Nursing Center**

A. _____
Official name of the facility where this project would be located

235 Old Waterford Rd NW

Physical address (and mailing address, if different) of facility where this project would be located

Leesburg Virginia 20176

City State ZIP

703-771-2841

Telephone

Loudoun VA PropCo, LLC

B. _____
Legal name of the applicant

Mandy Gannon, Administrator

Name and title of the applicant's chief administrative officer

235 Old Waterford Rd NW Leesburg, Virginia 20176

Mailing address of the applicant's chief administrative officer

(703) 362-1890

mgannon@loudounrehab.com

Telephone

Fax no.

E-mail address

Matthew M. Cobb

C. _____
Name and title of the person to whom questions regarding this application should be addressed

200 S 10th St Suite 1600, Richmond, VA 23219

Mailing address of the contact person for this application

(804) 420-6390

(804) 420.6507

mcobb@williamsmullen.com

Telephone

Fax no.

E-mail address

D. Information about the Applicant.

1. List all organizations of which the applicant is a wholly or partially-owned subsidiary.

See Attachment I.D.1.

2. Provide the names and locations and identify the principal activity (e.g., nursing home, ambulatory surgery center, etc.) of all health care facilities owned or operated by the applicant in Virginia. Indicate which facilities are owned but not operated by the applicant, which are operated but not owned, and which are both owned and operated by the applicant.

Loudoun VA PropCo, LLC owns Loudoun Rehabilitation and Nursing Center, a skilled nursing facility located at 235 Old Waterford Rd NW Leesburg, Virginia 20176. Loudoun VA PropCo, LLC does not own or operate any other health care facilities in Virginia.

3. Would the applicant be the *owner* of the facility covered by this application? ☒ Yes ☐ No.
 If the applicant would not be the owner of the facility, give the legal name and address of the owner and state the relationship of the applicant to the owner.
4. Would the applicant be the *operator* of the facility covered by this application? ☐ Yes ☒ No.
 If the applicant would not be the operator of the facility, give the legal name and address of the operator and state the relationship of the applicant to the operator.

**Loudoun Center for Rehabilitation and Nursing LLC
 1135 E Veterans Hwy
 Ste 1
 Jackson, NJ, 08527 - 5090, USA**

Loudoun VA PropCo (owner) leases the facility to Loudoun Center for Rehabilitation and Nursing LLC (operator).

- E. Type of Owner and Operator of the Proposed Nursing Home. Complete Table I-E below and provide the requested documentation for *both* the owner and operator of the proposed nursing home:

See Attachment I.E.

Table I-E

Type of Owner and Operator of the Proposed Nursing Home

Type of Control	<u>Owner</u> (place the name of the owner in the appropriate block)	<u>Operator</u> (place the name of the operator in the appropriate block)	Documentation to Attach for Owner/Operator of This Type
<i>Proprietary</i>			
Individual (sole proprietor)			
Partnership			partnership agreement, evidence of recordation
Limited liability company	Loudoun VA PropCo, LLC	Loudoun Center for Rehabilitation and Nursing LLC	articles of incorporation, certificate of incorporation
Subchapter S corporation			articles of incorporation, certificate of incorporation

Subchapter C corporation			articles of incorporation, certificate of incorporation
Other proprietary control (identify):			governance document, registration with state authorities
Non-Profit			
Corporation			articles of incorporation, certificate of incorporation
Other non-profit control (identify):			governance document, registration with state authorities
Government			
State			
County or city			
Special authority/commission			charter
Other government control (identify):			charter or governance document

F. Ownership or Control of the Site. (Check one, fill in the blank, and **attach a copy of the relevant document.**)

See Attachment I.F.

1. _____ Fee simple title held by the applicant or the owner of the proposed nursing home.
2. _____ Option to purchase held by the applicant or the owner of the proposed nursing home.
3. X Leasehold interest for not less than 60 years held by the applicant or the operator.
4. _____ Renewable lease, renewable every _____ years, held by the applicant or the operator.
5. _____ Other form of control of the site (identify): _____.

G. Information about the Owner of the Proposed Nursing Home.

1. Provide the following documents according to the type of ownership of the proposed nursing home:

See Attachment I.G.

Ownership of Nursing Home	Documents to Be Attached
Partnership	Name, city/county of residence of each partner/member/stockholder
Limited liability company	Name, address of general or managing partner or administrative member
Subchapter S corporation	
Subchapter C corporation (not publicly traded)	Name, city/county of residence of each member of board of directors Name, title of each officer Name, address of the registered agent Name, city/county of residence of any person with 5% or more of the stock
Non-profit corporation	Name, city/county of residence of each member of board of directors Name, title of each officer Name, address of the registered agent
Any other type of owner	Name, city/county of residence of each member of governing body Name, title of each officer

2. If the proposed nursing home would be owned by a *sole proprietor*, a *partnership*, a *limited liability company*, or a *subchapter S corporation*, provide the information indicated in the table below for each person having any ownership interest in the nursing home. If the nursing home would be owned by a *subchapter C corporation not publicly traded*, provide the information indicated in the

table below for each person owning or having beneficial ownership of *five percent or more* of the voting stock.

Ownership of Proposed Nursing Home	Persons For Whom Information to Be Reported	Other Nursing Homes to Be Identified	Information to Be Reported for Each Identified Other Nursing Home
Sole proprietor Partnership Limited liability Company Subchapter S Corporation	Each person with <i>any</i> ownership interest in the proposed nursing home	Every other nursing home in the U.S. in which the person has <i>any</i> ownership interest, <i>other than as a stockholder of a publicly traded corporation</i> which owns the nursing home	Name, address, and <i>Medicare provider number</i> of the nursing home Nature and extent of the person's ownership (e.g., 10% partner, 20% stock in an LLC, etc.) Whether and in what form the person exercises any direct management responsibility (e.g., managing partner, facility administrator, etc.)
Subchapter C Corporation (<i>not publicly traded</i>)	Each person owning <i>five percent or more</i> of the voting stock	Every other nursing home in the U.S. in which the person has <i>any</i> ownership interest, <i>other than as a stockholder of a publicly traded corporation</i> which owns the nursing home	Name, address, and <i>Medicare provider number</i> of the nursing home Nature and extent of the person's ownership (e.g., 10% partner, 20% stock in an LLC, etc.) Whether and in what form the person exercises any direct management responsibility (e.g., managing partner, facility administrator, etc.)

Loudoun VA PropCo, LLC is a Limited Liability Company wholly owned by Loudoun VA Propco Holdco LLC. Neither Loudoun VA PropCo, LLC nor Loudoun VA Propco Holdco LLC have ownership interests in any other nursing home.

3. If the owner of the proposed nursing home would be a *publicly traded* corporation, provide the following information about this corporation:

Not applicable. The owner is not a publicly traded corporation.

- a. Name and address of the chief administrative officer and of the registered agent.
- b. Name, address, and Medicare provider number of every nursing home now operated in the United States by this corporation or any of its subsidiaries or majority-owned affiliates. Show the initial date of the corporation's responsibility for the nursing home, if less than two years prior to this COPN application. If this corporation operates more than 100 nursing homes in the United States, the list of operated facilities may be limited to all nursing homes operated in:
 - Virginia
 - Delaware
 - District of Columbia
 - Kentucky
 - Maryland
 - North Carolina
 - Pennsylvania
 - Tennessee
 - West Virginia.

- H. Information About a Non-Owner Operator. If the owner of the proposed nursing home would *not* be the operator, provide the following information pertaining to the *operator* of the proposed nursing home:

1. Name and address of the chief administrative officer and of the registered agent (for a subchapter C corporate operator).

Not applicable, the operator is a limited liability company.

2. Name and address of the general or managing partner (for a partnership or subchapter S corporate operator).

Not applicable, the operator is a limited liability company.

3. Name and address of the administrative member (for a limited liability company).

Simon Stern - 135 E Veterans Hwy Ste 1, Jackson, New Jersey

Aharon Stern - 135 E Veterans Hwy Ste 1, Jackson, New Jersey

4. If the project would be part of an *existing* facility, an executed copy of the contract or agreement between the owner and the operator of the existing facility.

Loudoun VA PropCo (owner) leases the facility to Loudoun Center for Rehabilitation and Nursing LLC (operator) per the Loudoun Operating Sublease included within Attachment I.H.4. Loudoun Center for Rehabilitation and Nursing LLC (operator) contracts with 235 Old Waterford Road Manager LLC (manager) to manage the leased facility on the terms and conditions set forth in the Management Agreement included within Attachment I.H.4.

5. If the application is for a *new* nursing home, a copy of the proposed contract or agreement between the owner and expected operator, and a statement from each party that they are willing to execute the proposed contract, if the project is implemented.

Not applicable. The application is for an existing nursing home.

6. Name, address, and Medicare provider number of every nursing home now operated by this operator in the United States. Show the initial date of the firm's responsibility for the nursing home, if less than two years prior to this COPN application. If this firm operates more than 100 nursing homes in the United States, the list of operated facilities may be limited to all those operated in:

Not applicable. The operator does not operate any other nursing homes in the United States.

- Virginia
- Delaware
- District of Columbia
- Kentucky
- Maryland
- North Carolina
- Pennsylvania
- Tennessee
- West Virginia.

SECTION II

ARCHITECTURE AND DESIGN

A. Type of Project for Which a Certificate of Public Need is Requested (check all that are applicable).

1. ☐ Construction of a new facility.
2. ☐ Addition to an existing facility by new construction.
3. ☒ Remodeling/renovation of an existing facility (not involving an addition).
4. ☐ No new construction or remodeling/modernization.
5. ☐ Other (identify: _____).

B. Location of the Proposed Project and Description of Project Site.

235 Old Waterford Rd NW Leesburg, Virginia 20176

1. Physical address including ZIP code: _____.
2. Directions to the project site, if the physical address is not an established street address:
_____.

Leesburg

3. Located in: county/independent city _____

8

Virginia Planning District _____.

21.901

4. Size of the site: _____ acres or _____ square feet.

C. Land-Use Controls and Development Approvals.

1. Flood Protection Requirements. Is the site within a 100-year flood zone, as delineated on the most recent flood zone map published by the U.S. Federal Emergency Management Agency? If so:

- a. Is the site within the "floodway" or within the "flood fringe area"?

No, the site lies within FEMA Flood Zone X. See Attachment II.C.1.

- b. What special requirements must be met and what special administrative steps must be taken to obtain a building permit for construction on this site in the flood zone?

Not applicable.

- c. What design features (e.g., roadway elevation, minimum floor elevation, floodproofing, etc.) would be incorporated into the facility and into site improvements to provide protection from floods and meet the requirements for a building permit for this site in the flood zone?

Not applicable.

- d. Would flood insurance be obtained to cover this project?

No.

- e. Would this location in the flood zone affect the availability or terms of financing for the project? If so, describe how the financing would be affected.

Not applicable.

2. Wetlands Status. Does any part of the site fall within a designated wetlands area? If so:

No part of the site lies within a wetlands area.

- a. Approximately how much of the site is affected? Indicate the wetlands area on the site plan provided as part of this application.

Not applicable.

- b. How would the wetlands status of the site affect the site's usability, the development plan, and the construction timetable?

Not applicable.

3. Zoning and Use Permits. Provide appropriate documentation (for example, copies of local ordinances, zoning map, letters from appropriate local government office) of the following:

- a. What is the current zoning of the proposed site? Does this zoning classification permit operation of a nursing home?

The zoning for the property is "M-C" Medical-Hospital Center Special Purpose District. The current nursing home use is permitted under Leesburg Zoning Ordinance Section 7.2.2.

See Attachment II.C.3.

- b. If the current zoning does not permit operation of a nursing home, what is the process for obtaining rezoning or a zoning variance? What is the status of efforts to obtain the necessary zoning approval? If this COPN application is approved, when is it expected that the required zoning approval would be obtained.

Not applicable.

- c. Is a use permit also required to operate a nursing home? If so, has a use permit been obtained? If a use permit is required and has *not* been obtained, what is the process for obtaining the necessary use permit, and what is the status of efforts to obtain it? If this COPN application is approved, when is it expected that the required use permit would be obtained.

A use permit is not required to operate a nursing home at the facility's location.

4. Site Plan Reviews and Other Pre-construction Reviews and Approvals. Apart from obtaining zoning and/or use permit approvals noted above and apart from arranging for utility services noted below, are any other governmental approvals of the site development and/or construction plan required before the project can be started? If so, describe these required approvals and the status of efforts to obtain them, and state when it is expected they would be obtained, if this COPN application is approved.

The proposed project requires a commercial construction permit from the Town of Leesburg and from Loudoun County. Both the Town of Leesburg and Loudoun County have approved the construction permits.

See Attachment II.C.4.

- D. Utilities. Describe how all utility services and energy sources required for the proposed facility would be obtained, and document the status of arrangements to obtain them. If this application is for expansion of an existing facility, document the existing availability of the required additional utility services and energy sources or the status of arrangements to obtain additional capacity.

Loudoun Nursing is a currently functioning nursing facility which has been in operation since 1974. Loudoun Nursing receives all utility services through Inova Loudoun Hospital as the facility is located on their Cornwall campus.

1. Public Water Supply and Public Wastewater Treatment/Disposal Services. Provide letters from appropriate governmental agencies verifying the availability and adequacy of public water supply and public wastewater treatment/disposal services for the facility or receipts for water and sewer connection fees.
2. Septic Tanks. If septic tanks are planned to be used, provide evidence that the site is suitable for their installation.
3. On-Site or Other Private Water Supply and Wastewater Treatment/Disposal Plant. If these are planned to be used, describe these facilities and the status of arrangements to obtain the necessary permits for them.
4. Solid Waste Removal. Provide a letter from an appropriate governmental agency or commercial firm verifying the availability of adequate solid waste removal services.
5. Energy Sources. Provide a letter(s) from a local energy utility(ies) verifying the availability of adequate energy services. State the principal energy source(s) to be used to heat and cool the facility.

E. The Plan for the Facility.

1. Mission and Long-Range Plan. Is there an established statement of the applicant's mission and objectives, a long-range service plan, or a long-range site plan that covers this project? If yes, attach a copy or identify the plan document(s) and provide a brief summary. Briefly explain how the proposed project would advance the objectives expressed in the identified planning documents. *(The applicant should withhold any proprietary information that might provide advantage to competitors.)*

Loudoun Nursing Values:

- **Our number one priority is and always will be resident care and satisfaction. Our strong clinical and operational team works tirelessly to ensure that our patients are treated as if they were part of their own family.**
- **We focus tremendously on employee satisfaction, which inevitably leads to better resident care. We achieve this through competitive rates, a family-like work environment and excellent benefits.**

- **Additionally, facility culture, which fosters a strong and comfortable loving environment for residents and employees alike is crucial to our success in maintaining a well taken care of facility.**
- **Fiscal Success, which enables Loudoun to provide excellent resident care, take care of its employees, and continue the family atmosphere surrounding the property.**

Loudoun Nursing Mission:

To provide the highest level of professional care to our residents. Employees are instrumental in helping us achieve this mission. At Loudoun, our philosophy is to take care of our employees financially and culturally, which enable us to provide the best possible care to our residents. Happier employees lead to happier residents. Loudoun strives to create and maintain a caring and supportive environment committed to the highest quality of life and standards of professional care, with the utmost respect for the residents, employees, and nearby communities, as well as working with local hospitals and physicians to ensure an efficient delivery of care.

Approval of the proposed project will allow Loudoun Nursing to continue to provide the highest level of professional care to a greater number of PD 8 residents, regardless of payment source.

2. Major Design Features. Briefly describe the style and major design features of the proposed project. Note in particular any features which would make the project less expensive to construct or operate or would allow the proposed facility to better serve the needs of patients. Briefly describe any major alternative designs that were considered and the reasons for rejecting them in favor of this design.

The four additional beds will be accommodated through an internal renovation in which existing common space will be converted into additional bedrooms.

3. Location and Access. Describe the location of the facility and its access to public transportation and principal highways.

Loudoun Nursing is centrally located in downtown Leesburg on the same campus as Inova Loudoun Hospital's Cornwall campus and approximately 6.9 miles from their Lansdowne campus. The facility is located directly off major highway U.S. Route 15 and is located directly off the Route 56 Rust Idea Lee Complex route of the Leesburg local bus service.

4. Re-Use of Facility Being Vacated. If the application proposes to relocate these services from an existing facility, but not to demolish that facility or space, what use would be made of the present space after the new facility is occupied?

Not applicable.

- F. Space Tabulation. Provide a space tabulation, using the format of Table II-F, "Tabulation of Space by Functional Areas" (attached to this application form). Complete all columns of Table II-F that apply to this project, and complete the final column ("Total Square Feet After Completion of Project"). In addition, state the number of square feet in *each type* of existing or new *patient room* in the nursing home covered by this application. If the nursing home building would provide any significant amount of services, e.g., food service or laundry service, to persons not residing in a nursing home unit, e.g., services to residents of an assisted living unit, recommend a basis for apportioning administrative and support space between the nursing home project and other activities. The information provided here should be consistent with any preliminary drawings.

See Attachment II.F.

G. Site Plan. Attach a plot plan of the site which includes at least the following:

1. The courses and distances of the property line.
3. Dimensions and location of any buildings, structures, roads, parking areas, walkways, easements, rights-of-way, or encroachments on the site.

See Attachment II.G.

H. Preliminary Design Drawing. Attach a preliminary design drawing, preferably drawn to a scale of not less than 1/16 in. = 1 foot, but fully legible if at a smaller scale, showing the functional layout of the proposed project, which indicates at least the following:

1. The layout of each typical functional unit.
2. The spatial relationship of separate functional components to each other.
4. Circulatory spaces (halls, stair wells, elevators, etc.) and mechanical spaces.

See Attachment II.H.

I. Expected Development Schedule. State the expected future date or actual past date, as applicable. When an action is contingent upon COPN approval, express the expected future date in terms of *months after the date of COPN issuance* (e.g., COPN + 4 months, etc.).

- | | |
|---|-------------------------|
| 1. Ownership or control of site obtained | <u>April 1, 2023.</u> |
| 2. Zoning and any other required land-use approvals obtained | <u>Not applicable.</u> |
| 3. Submission of architectural and working drawings to the State Fire Marshal | <u>COPN +1 month.</u> |
| 4. Construction financing obtained (<i>i.e., arranged, not necessarily disbursed</i>) | <u>Not applicable.</u> |
| 5. Long-term financing obtained (<i>i.e., arranged, not necessarily disbursed</i>). | <u>Not applicable.</u> |
| 6. Pre-construction site work initiated | <u>COPN +3 months.</u> |
| 7. Construction contract awarded | <u>COPN +3 months.</u> |
| 8. Construction initiated | <u>COPN +3 months.</u> |
| 9. Construction completed (<i>substantial performance of the construction contract</i>) | <u>COPN +12 months.</u> |
| 10. Patient service begins | <u>COPN +12 months.</u> |

SECTION III

SERVICE DATA

- A. Description of Services. Use this section to provide a brief narrative description of the services to be provided after completion of the project. *Provide only a description of the services, leaving the justification and explanation of need for section IV of the application.*

See Executive Summary.

1. New Facility. If this application proposes to establish a new nursing home, describe the kind of patient care services proposed to be available after completion of the project. Briefly note the full range of patient care services to be provided, *and note in particular any specialized or comparatively uncommon services that tend to differentiate this project from most nursing homes.*

Not applicable. The proposed project will not result in the establishment of a new nursing home. The project will result in the transfer of four existing nursing home beds from PD 5 to an existing 100-bed nursing home in PD 8.

2. Addition to an Existing Facility. Describe the kind of patient care services now available in the existing facility. Briefly note the full range of patient care services provided, *and note in particular any specialized or comparatively uncommon services that tend to differentiate the existing facility from most nursing homes.* Describe how the proposed addition would support, change, or expand the patient care services now provided in the existing facility.

Not applicable. The proposed project will not result in an addition to the existing facility. The project will result in the transfer of four existing nursing home beds from PD 5 to an existing 100-bed nursing home in PD 8. The facility will convert existing interior space into additional bedrooms via a renovation.

3. Remodeling/Renovation of an Existing Facility (not involving an addition). Describe the kind of patient care services now available in the facility. Briefly note the full range of patient care services provided, *and note in particular any specialized or comparatively uncommon services that tend to differentiate the existing facility from most nursing homes.* Describe how the proposed remodeling/renovation would support, change, or expand the patient care services now provided in the facility.

Loudoun Nursing will convert existing interior space into additional bedrooms via a renovation.

Loudoun Nursing has a strong working relationship with Inova Loudoun Hospital and is located directly on the hospital's Cornwall campus. Accordingly, patients have excellent access to services such as dialysis, an emergency room, an imaging center, a laboratory and various physician offices.

Loudoun Nursing has sub-specialists that follow at the facility, including geriatric psychology, pulmonology, podiatry, infectious disease, and others. Several of these sub-specialists have privileges at INOVA Loudoun thus promoting a streamlined and efficient continuum of care. Loudoun Nursing has full-time nurse practitioners five days weekly and available on weekends. These providers/NP's report directly to the facility's Medical Director, Amr Behiri, who is a well-established physician throughout the Commonwealth of Virginia.

Loudoun Nursing strives to provide excellent customer service, a clean environment and quality care at all times. Following the planned renovation, the facility will have a state-of-the-art therapy gym and an upgrade to the common areas.

4. No New Construction or Remodeling, Other Applications. Describe the kind of patient care services now available in the facility. Briefly note the full range of patient care services provided, *and note in particular any specialized or comparatively uncommon services that tend to differentiate the existing facility from most nursing homes.* Describe how the proposed project would support, change, or expand the patient care services now provided in the facility.

Not applicable. The project will result in the transfer of four existing nursing home beds from PD 5 to an existing 100-bed nursing home in PD 8. The facility will convert existing interior space into additional bedrooms via a renovation.

B. Bed Complement and Utilization.

See Attachment III.B.1.

1. Complete the attached Table III-B to provide data on projected bed capacity and utilization, by type of unit, for the first two full years of operation following completion of the project. If the application involves an existing nursing home, provide data on actual bed capacity and utilization for the past three years. Be sure to use the same annual periods and show the same nursing home patient days in Table III-B as are used for the revenue and expense data presented in section V.F, "Long-Term Care Actual and Estimated Revenue and Expense Statement."
2. Explain the methodology, including key assumptions, used to develop the utilization projections for the future years shown in Table III-B. referenced above.

Loudoun Nursing's methodology is based on its historical and current occupancy rate as well as the occupancy rates of similarly situated nursing facilities in PD 8.

- C. Staffing of Existing and/or Proposed Facility. Complete Table III-C (attached to this application form) to provide staffing information for the proposed facility and for any existing nursing home involved in this application. If the proposed or existing facility includes assisted living beds, provide staffing information for the assisted living beds as well as for the nursing home beds.

See Attachment III.C.

1. For each job title with current or projected *employed* personnel, enter the current or projected *average annual salary* for one full-time-equivalent (FTE) employee. *(The applicant may choose not to display in Table III-C the salary for any employee position with only one occupant, but this salary expense must be included in Section V.F., "Long-Term Care Actual and Estimated Revenue and Expense Statement.")* For each job title with current or projected *consultant* personnel, enter the current or projected *hourly consultant fee*.
2. For each job title with current or projected *employed* personnel, show the total number of FTE personnel (i.e., 2,080 hours per year) currently employed and projected to be employed by the facility (in the second year after completion). For facilities that use a 7.5-hour work day for nursing staff, use 1,950 hours to calculate FTEs, and note that this is the definition of nursing staff FTEs that was used.
3. For each job title with current or projected *consultant* personnel, show the number of consultant hours per year for which the facility currently pays and projects to pay (in the second year after completion). Do *not* report contract hours for services which are *not paid for* by the facility, even

though contracted by the facility. Such services include those billed directly to the resident, for example dental services or the services of a personal physician.

4. Provide job titles and the other requested information for any positions which currently exist or are projected to exist, but which are not specifically identified on attached Table III-C.
 5. Applicants operating or proposing to develop specialized care units must include additional lines in Table III-C so as to *clearly and separately identify* the personnel assigned to the specialized care units. Specialized care units are not limited to those services recognized as specialized care by the Virginia Department of Medical Assistance Services. A specialized care unit may be any type of unit operated to provide a specialty service or house a specific population of residents requiring services distinct to their condition.
 6. The number of FTEs shown for each job title on attached Table III-C, multiplied by the average annual compensation for that job, should yield the personnel expenditures shown in section V. If not, explain why not, and describe how the personnel expenses in section V were calculated.
- D. Nursing Personnel By Shift. Complete Table III-D below to show the number of nursing personnel projected to be working on each shift in the proposed nursing home and assisted living units per typical 24-hour day in the *second* year of operation following completion of the project. Do not include the director of nursing or any other nursing personnel who would *not* provide direct patient care. Please explain if there are any days, such as weekend days, for which the data in Table III-D usually would not apply.

See Attachment III.D.

Table III-D

Nursing Personnel by Shift
(nursing home and assisted living units)

Job Title	Shift						Total Persons per Day		Total Hours per Day		Total Hours per Year	
	Day		Evening		Night							
	NH	AL	NH	AL	NH	AL	NH	AL	NH	AL	NH	AL
Registered nurses												
Lic. practical nurses												
Certif. nurse assist.												
<i>Total</i>												

- E. Nursing Hours per Patient Day. Fill in each of the following blanks (*with respect to nursing home units only*), based on data projected for the *second* year following completion of the project:
1. Total nursing hours worked in Year 2 (nursing home only) from Table III-D 140,160.
 2. Total nursing home patient days in Year 2 from Table III-B 36,845.
 3. Nursing hours per patient day in Year 2 - total nursing hours divided by total patient days 3.804.
- F. Key Nursing Home Personnel Hired in Last Two Years. If the application involves an existing nursing home, identify the number of *new* incumbents in each of the following positions at the nursing home in the last two years:

- | | |
|------------------------|----|
| 1. Administrator | 1 |
| 2. Director of nursing | 1 |
| 3. Registered nurses | 15 |
| 4. Department heads | 1 |

- G. Recruitment and Retention of Personnel. Present a plan for obtaining and retaining the personnel required to staff the project following completion. Describe the results of any efforts to date to determine the potential sources and availability of required personnel.

Loudoun Nursing hires on Indeed, Zip Recruiter, and other online platforms. Additionally, the facility posts to local newspapers, and works with nursing schools to hire new graduates.

Provide documentation from any physicians who have expressed a willingness to serve as medical director of the facility upon completion of the project (which may include documentation from the present medical director, if an existing facility is involved).

See Attachment III.G.

- H. Training Opportunities for Staff. Describe any recent, current, or proposed formal training programs for nursing home staff, especially nursing staff, conducted, sponsored, or financed by the applicant.

See Attachment III.H.

SECTION IV

PROJECT EXPLANATION, JUSTIFICATION, AND CONSISTENCY WITH STATE AND REGIONAL PLANS

A. Description of Project.

1. **Comprehensive Summary Description.** Provide a comprehensive *summary description* of the proposed project. This summary description should draw together the most important points of descriptive information set forth in more detail elsewhere in the application, but should leave points of *justification* to be addressed under section IV.B.1 below. Points to be summarized here might include such matters as those listed below. *(The response to this item may be incorporated into or replaced by an "Executive Summary" at the beginning of the application.)*

Please see the Executive Summary.

- Whether this is a new facility or a replacement, expansion, or remodeling of an existing facility.

The proposed project is the transfer of four nursing home beds to Loudoun Nursing into existing licensed space.

- Location of the project.

235 Old Waterford Rd NW, Leesburg, Virginia.

- Size of the project.

The proposed project will add four nursing home beds to Loudoun Nursing and will not result in an increase in square footage for the nursing home.

- Time frame for development and expected date of occupancy.

The proposed project will be completed within 12 months of COPN approval.

- Projected development costs.

Total estimated capital costs for the proposed project are not expected to exceed \$1,870,000.

- Method of financing.

Loudoun Nursing's proposed project will be funded from its accumulated reserves and cash flow. No financing is necessary.

- Significant design features.

The facility will convert existing interior space into additional bedrooms via a renovation.

- Type of services to be offered.

Loudoun Nursing will continue to provide skilled long-term care and short-term rehabilitation services to its residents and will certify the four additional beds for Medicare and Medicaid

- Population and area to be served.

Loudoun Nursing provides skilled long-term care and short-term rehabilitation services to residents of Loudoun County and PD 8. It anticipates seniors aged 75+ will be the primary population served.

- Expected distribution of residents by principal source of payment.

Medicare: 25 %

Medicaid: 55 %

Commercial and private pay: 20 %

- Any special relationship with any existing or proposed health care facility.

Loudoun Nursing is located on the Cornwall Campus of Inova Loudoun Hospital and maintains a strong relationship with the hospital. Loudoun Nursing has partnered with Inova Loudoun Hospital for many years to ensure the safe discharge of residents to Loudoun Nursing's high-quality, short-term rehabilitation and long-term care programs.

The relationship between Loudoun Nursing and Inova Loudoun Hospital has provided tremendous benefits to both organizations. Inova Loudoun's robust surgical program creates a significant need to discharge patients to short-term rehabilitative programs, such as Loudoun Nursing's, to further their post-surgical recovery and rehabilitation.

- Any other factors or characteristics that may make this project different from or superior to other existing or proposed nursing homes in the area.

Loudoun Nursing's location and relationship with Inova Loudoun Hospital provides it with the ability to provide short-term rehabilitative services for patients discharged from the hospital in addition to the long-term care services it provides to its residents.

2. Geographic Origin and Condition of Residents.

- a. Identify the geographic boundaries of the proposed nursing home's primary service area, i.e., the area in which at least a majority of the nursing home's residents are expected to reside before being admitted to the nursing home. Estimate the proportion of residents, at two years after completion, expected to come from each county and independent city within the proposed primary service area. Identify other areas, outside the proposed primary service area, from which the nursing home expects to draw significant numbers of residents and estimate the proportion of residents to come from these areas. Provide data in the format of Table IV-A below. Include out-of-state areas, if they are part of the facility's expected primary service area.

Describe the basis for determining the primary and other service areas (such as patient origin data for an existing nursing home, a market survey for a new nursing home, or other information regarding existing medical service travel patterns in the area). If the proposed nursing home is expected to draw residents from an unusually wide area or from an area with an unusual configuration, explain the reasons for this.

Loudoun Nursing is located in and serves the population of PD 8, which includes the counties of Loudoun, Prince William, Fairfax, Arlington and the cities of Alexandria, Manassas and Manassas Park. Its residents primarily originate from the localities comprising PD 8 with a heavy focus on residents originating in Loudoun County.

Loudoun Nursing projects a similar geographic origin for the four additional beds it seeks through this COPN application.

- b. If the application involves an existing nursing home, provide a tabulation of the following data for residents *presently in the nursing home*:

- (1) Patient origin (ZIP code and county/city of residence before admission), using the format of Table IV-A below.

See Attachment IV.A.2(b)(1).

- (2) For the most recent calendar quarter (state which quarter), the average case-mix index (CMI) for all Medicaid residents, the average CMI for all non-Medicaid residents, and the average CMI for all residents in the nursing home.

DMAS no longer issues quarterly CMI letters.

Table IV-A

Geographic Origin of Nursing Home Residents Prior to Admission

County or Independent City and ZIP Code*	Current Number of Residents (if existing nursing home involved)	Percent of Total Current Residents	Expected Number of Residents at Two Years After Completion	Percent of Total Residents at Two Years
Proposed Primary Service Area (PSA)				
County or city _____				
ZIP Code* _____				
ZIP Code* _____				
show each individual ZIP code* with 5 or more residents				
show sum of all other ZIP codes* with 4 or less				
Total - This county or city				
repeat as above for every other county/city in PSA				
Total - Primary Service Area				
Outside Proposed Primary Service Area (OPSA)				
County or city _____ (as a whole, not by ZIP)				
show each OPSA county or city with 5 or more				
show sum of all other OPSA counties or cities with 4 or less				
Total - Outside Primary Service Area				
Total - All Areas		100%		100%

*If a ZIP code area crosses city or county boundaries, all residents originating from that ZIP code may be classified as coming from the particular city or county in which the *majority* of the ZIP code population is believed to reside.

3. Attachments Requested. Attach a map covering the proposed service area and appropriate adjacent areas, annotated to show the following (including out-of-state areas, as appropriate):

- a. Location of the proposed project.

- b. Identification of the proposed primary service area and other areas from which significant numbers of residents are expected to be drawn by this project.
- c. Location of *all* other *inpatient* medical care facilities, by name and type (e.g., acute-care hospital, rehabilitation hospital, psychiatric hospital, nursing home, etc.) within or near the proposed primary service area of this project.
- d. Location of any *outpatient* medical care facility of *particular relevance to this project*, by name and type (e.g., diagnostic center, physicians office building, etc.).

See Attachment IV.A.3.

B. Justification of Project.

1. Comprehensive Summary Justification. Provide a comprehensive summary statement in *justification* of the project, explaining why the project is needed, what gaps or deficiencies in existing nursing home services this project would address, and how the proposed facility would be differentiated from or superior to existing nursing homes in the planning district or within 45 minutes driving time of the site proposed for this project. *(The response to this item may be incorporated into or replaced by an "Executive Summary" at the beginning of the application, if the applicant chooses to provide an "Executive Summary.")*

Please see the Executive Summary.

2. Identification of Other Nursing Homes in the Area. List by name, location, and bed capacity all other facilities in the planning district and all facilities outside the planning district but within 45 minutes driving time of the project site that offer nursing home services generally similar to those proposed to be offered by this nursing home. If any *apparently* similar facility within the specified area is judged in fact *not* to offer similar services, explain the reasons for this conclusion. Identify any facility within the specified area that offers any specialized service, as defined by the applicant, which this project also proposes to offer.

See Attachment IV.B.2.

3. Improved Geographic Accessibility. Describe the extent, if any, to which this project would result in improved geographic accessibility of nursing home services within the proposed nursing home's identified service area. *(The response to this item may be combined with or serve as the applicant's response to the "travel-time" standard, 12 VAC 5-230-600, below.)*

Loudoun Nursing's proposed project involves the transfer of beds to its facility from PD 5. Accordingly, it is not expected the project will impact geographic accessibility for nursing home services. However, the addition of four nursing home beds to Loudoun Nursing will improve access to beds by the local community. Loudoun Nursing is well situated in Leesburg Virginia, a fast-growing region of PD 8.

4. Differentiation of Services. Describe in sufficient detail for the reviewer to understand any ways in which the services of the proposed nursing home would be different from or superior to the services of similar facilities within the planning district or outside the planning district but within 45 minutes driving time of the project site.

Points of differentiation might include the availability of care for particular resident conditions, the availability of specialized resident units and staff with special training, characteristics of the physical plant, availability of beds to serve residents with particular sources of payment, or any other matter the applicant believes distinguishes the proposed nursing home from existing similar facilities.

Loudoun Nursing has a strong working relationship with INOVA Loudoun Hospital and is located directly on the hospital's Cornwall campus. Accordingly, patients have excellent access to services such as dialysis, an emergency room, an imaging center, a laboratory and various physician offices.

Loudoun Nursing has sub-specialists that follow at the facility, including geriatric psychology, pulmonology, podiatry, infectious disease, and others. Several of these sub-specialists have privileges at INOVA Loudoun thus promoting a streamlined and efficient continuum of care. Loudoun Nursing has full-time nurse practitioners five days weekly and

available on weekends. These providers/NP's report directly to the facility's Medical Director, Amr Behiri, who is a well-established physician throughout the Commonwealth of Virginia.

Loudoun Nursing strives to provide excellent customer service, a clean environment and quality care at all times. Following the planned renovation, the facility will have a state-of-the-art therapy gym and an upgrade to the common areas.

Loudoun Nursing's newly hired administrator, Mandy Gannon, has over 30 years of experience in the world of skilled nursing care with a strong focus on customer service, quality, leading strong teams and staff retention.

5. Specialized Services. Discuss whether and to what extent existing facilities within the planning district and outside the planning district but within 45 minutes driving time of the project site are believed *not* to meet the demand for services of the type to be offered by this nursing home. Describe the methods and assumptions used to determine the need for any particular service orientation or specialized services this nursing home proposes to offer.

- a. Currently.
- b. In three to five years.

If the application involves an existing nursing home, and if project justification is based in part on an asserted need to establish or expand any specialized service or specialized unit, state the number and describe the relevant condition (e.g., principal diagnosis, severe ADL limitations, etc.) of patients now in the facility who presently receive or would benefit from the specialized service or specialized unit proposed to be established or expanded as part of the project.

Loudoun Nursing does not currently offer specialized services.

- C. Consistency of the Application with the State Medical Facilities Plan (SMFP). Where indicated by the instructions in italics following each SMFP standard below, the applicant is asked to address the standard (each item shown in boldface type below) extracted from the Virginia Medical Care Facilities Certificate of Public Need State Medical Facilities Plan (SMFP), 12 VAC 5-230-10 through 12 VAC 5-230-1000, especially "Part VII, Nursing Facilities". If the applicant is asked to address a standard presented below, and the applicant believes the standard is not applicable to the project, state the reason the standard is not applicable.

Clear, specific responses to the SMFP standards, supported by relevant documentation, will contribute to the efficiency and accuracy of the review. *In particular, address fully and specifically the extent to which the application qualifies for any "preference" offered under any of the following standards from the SMFP.* Note also the specific instructions or suggestions below for responding to the standards.

There may be some overlap in information appropriate to respond to the SMFP standards (this section) and to respond to the statutory review considerations in the subsequent section D. Applicants are invited to organize their responses in the manner that appears most logical and effective to them and to avoid repetition and redundancy as much as possible, by referring to information provided under other sections of the application. *If an applicant answers an element of this section in whole or in part by reference to another part of the application, the reference should be specific and accurate, and the referenced material should be relevant and sufficient to answer the element of this section being addressed.*

Applicants should review the SMFP definitions stated in 12 VAC 5-230-10, the "guiding principles" of the SMFP stated in 12 VAC 5-230-30, and the "general application filing criteria" stated in 12 VAC 5-230-40.

Virginia State Medical Facilities Plan, 12VAC5-230-50. Project costs.

The capital development costs of a facility and the operating expenses of providing the authorized services should be comparable to the costs and expenses of similar facilities within the health planning region.

Applicants may address this standard but are not asked to do so. Any response to this standard should be consistent with and may incorporate the applicant's response, if any, to SMFP standard 12 VAC 5-230-610 E below and the applicant's response to any of the statutory considerations presented below that relate to capital or operating costs. Any response to this standard should be specific and precise and make clear the source of data for its comparisons. General, undocumented assertions that a project would have favorable capital costs or favorable operating expenses compared to similar facilities are not desired.

Loudoun Nursing's proposed project provides a low-cost solution to add four nursing home beds to the facility through the conversion of existing interior space into additional bedrooms via a renovation. It is also undergoing renovations of its therapy gym, dining hall, nurses station and other common areas for the benefit of its residents.

Virginia State Medical Facilities Plan, 12VAC5-230-60. When competing applications received.

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

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

Applicants in competitive reviews are requested to provide the following information, in table or list form, for each COPN-authorized project for which a certificate was issued to the applicant or to an affiliate of the applicant (i.e., the applicant's parent company, another subsidiary of the applicant's parent company, or any entity having majority common ownership with the applicant organization) in the six years preceding the filing date of this application:

- *Name of project*
- *COPN number*
- *COPN issue date*
- *Authorized capital cost stated on the certificate*
- *Expected project completion date stated on the certificate*
- *Actual project completion date, if completed, or estimated project completion date if not completed*
- *Actual project final capital cost, if completed, or estimated project final capital cost if not completed.*

Certificates of public need do not cite authorized operating expenses, and applicants are not expected to address the part of this SMFP standard that refers to "authorized operating expenses." If at the time of preparing the application, an applicant does not know whether the application will be part of a competitive review, the above-cited information may be delayed until the filing of completeness responses.

Not applicable. Loudoun Nursing's COPN application is not part of a competitive review and the four beds proposed for its facility are already licensed in Virginia.

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

All applicants are requested to explain in reasonable detail how their estimates of capital costs and of operating expenses were made. A statement from an architect or a construction firm in support of the

application's estimate of direct construction costs and site preparation costs is desirable. The statement should also describe the architect's or construction firm's experience in dealing with similar projects.

Loudoun Nursing's COPN application is not part of a competitive review. Accordingly, there are no competitors for it to compare capital costs and operating expenses. The capital costs are fully disclosed in Section V of this application.

Loudoun Nursing's estimates for its project are credible. It is proposing to renovate existing interior space to complete its proposed project and based its estimates on its experience renovating its facility.

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

Applicants are not asked to address this standard.

Not applicable.

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

All applicants are requested to address this standard. Responses to this standard should identify the type and dollar amount of unreimbursed services and needed but unprofitable services that the applicant, the applicant's parent company, or affiliates of the applicant have provided in the three years preceding the filing date of this application.

Loudoun Nursing is committed to serving Virginia's Medicaid population. All 100 of its existing beds are dually certified for Medicaid and Medicare. Loudoun Nursing will ensure the additional four beds it seeks will be accessible to all residents in need of its services without regard to the source of payment for such services.

Virginia State Medical Facilities Plan, 12VAC5-230-600 through 12VAC5-230-640, "Part VII, Nursing Facilities":

Part VII Nursing Facilities

SMFP Standards: 12VAC5-230-600. Travel time.

- A. Nursing facility beds should be accessible within 30 minutes driving time one way under normal conditions to 95% of the population in a health planning district using mapping software as determined by the commissioner.**

Applicants may address this standard but are not asked to do so.

Not applicable.

- B. Nursing facilities should be accessible by public transportation when such systems exist in an area.**

Applicants are requested to address this standard and to describe any public transportation system that can be viewed as serving the project site. Public transportation means a system, whether privately or publicly owned, that operates with fixed routes and fixed schedules. Applicants should also describe any limited transportation arrangements that serve or can serve the project site, such as special-purpose vans operating either on a regular basis or an on-call basis.

Loudoun Nursing is conveniently located on the Cornwall campus of Inova Loudoun Hospital Center in Leesburg, Virginia. State Routes 7 and 15, which serve as major thoroughfares in Loudoun County, are easily accessible from Loudoun Nursing providing transportation access for residents and their families. The facility is located directly off the Route 56 Rust Idea Lee Complex route of the Leesburg local bus service.

C. Preference may be given to proposals that improve geographic access and reduce travel time to nursing facilities within a health planning district.

Applicants may address this standard but are not asked to do so. However, see also section IV.B.3 above. Any response to this standard should be specific and precise and show, numerically if possible, how and to what extent the proposed project would improve geographic access and reduce travel time to nursing homes within the planning district.

Loudoun Nursing's proposed project will provide additional resources to serve the growing elderly population in need of nursing services in the western portion of PD 8. This will reduce travel times for residents and their families who utilize services at Loudoun Nursing.

SMFP Standards: 12VAC5-230-610. Need for new service.

A. A health planning district should be considered to have a need for additional nursing facility beds when:

- 1. The bed need forecast exceeds the current inventory of beds for the health planning district; and**
- 2. The average annual occupancy of all existing and authorized Medicaid-certified nursing facility beds in the health planning district was at least 93%, excluding the bed inventory and utilization of the Virginia Veterans Care Centers.**

Exception: When there are facilities that have been in operation less than three years in the health planning district, their occupancy can be excluded from the calculation of average occupancy if the facilities had an annual occupancy of at least 93% in one of its first three years of operation.

Applicants are not asked to address this standard.

Not applicable. Loudoun Nursing's COPN application is being submitted pursuant to the Bed Transfer Statute.

B. No health planning district should be considered in need of additional beds if there are unconstructed beds designated as Medicaid-certified. This presumption of "no need" for additional beds extends for three years from the issuance date of the certificate.

Applicants are not asked to address this standard.

Not applicable.

C. The bed need forecast will be computed as follows (detail omitted for brevity).

Applicants are not asked to address this standard.

Not applicable.

D. No new freestanding nursing facilities of less than 90 beds should be authorized. However, consideration may be given to a new freestanding facility with fewer than 90 nursing facility beds when the applicant can demonstrate that such a facility is justified based on a locality's preference for such smaller facility and there is a documented poor distribution of nursing facility beds within the health planning district.

Applicants seeking to establish a nursing home of fewer than 90 beds are requested to address this standard. Information presented in response to this standard should be precise and well documented.

Not applicable.

E. When evaluating the capital cost of a project, consideration may be given to projects that use the current methodology as determined by the Department of Medical Assistance Services.

DCOPN interprets this standard to mean that the estimated capital cost of a project should be evaluated with reference to the Department of Medical Assistance Services' (DMAS) methodology for determining a project's capital-cost reimbursement under the Virginia Medicaid program. Applicants may address this standard but are not asked to do so. Any response to this standard should be a precise numerical presentation of the applicant's estimated project costs as applied to the DMAS methodology. General assertions of a project's consistency with the DMAS capital-cost reimbursement limitations are not desired.

Not applicable.

F. Preference may be given to projects that replace outdated and functionally obsolete facilities with modern facilities that result in the provision of more cost-efficient resident services in a more aesthetically pleasing and comfortable environment.

Applicants proposing to replace all or part of an existing nursing home are requested to show specifically how the proposed project would provide a superior residential and/or patient-care environment to the nursing home being replaced and specifically how the proposed project would be more cost-efficient, if greater cost-efficiency is being claimed. Factors that might usefully be described include the age, gross floor area, floor plan, structural condition, esthetics, and availability and non-availability of certain spaces and amenities in the facility to be replaced. Precise, quantitative responses are requested. Any expected differences in staffing requirements between the existing facility and the proposed replacement facility should be described and explained.

Loudoun Nursing's proposed project seeks to transfer four nursing home beds to its facility from PD 5. The proposed project will be completed through the conversion of existing interior space into additional bedrooms via a renovation. Accordingly, it is not proposing to replace an existing facility.

SMFP Standards: 12VAC5-230-620. Expansion of services.

Proposals to increase existing nursing facility bed capacity should not be approved unless the facility has operated for at least two years and the average annual occupancy of the facility's existing beds was at least 93% in the relevant reporting period as reported to VHI.

Applicants may address this standard but are not asked to do so, except as described immediately below.

Note: Exceptions will be considered for facilities that operated at less than 93% average annual occupancy in the most recent year for which bed utilization has been reported when the facility offers short-stay services causing an average annual occupancy lower than 93% for the facility.

Applicants seeking expansion of an existing nursing home that did not achieve 93% occupancy in the most recent year for which bed utilization has been reported to VHI should provide such information as:

- *Number of discharges during the last twelve months.*
- *Average length of stay or distribution of lengths of stay for residents discharged during the last twelve months.*
- *Principal diagnosis or reason for admission to the nursing home for those residents discharged during the last twelve months.*
- *Description of the kind and volume of therapeutic services provided by the nursing home during the last twelve months that would constitute a rehabilitation or other specialized care focus.*

Loudoun Nursing's proposed project is being submitted pursuant to the Bed Transfer Statute. Its project meets each of the four prongs of the Bed Transfer Statute.

SMFP Standards: 12VAC5-230-630. Continuing care retirement communities.

Proposals for the development of new nursing facilities or the expansion of existing facilities by continuing care retirement communities (CCRC) will be considered when:

1. The facility is registered with the State Corporation Commission as a continuing care provider pursuant to Chapter 49 (§ 38.2-4900 et seq.) of Title 38.2 of the Code of Virginia;
2. The number of nursing facility beds requested in the initial application does not exceed the lesser of 20% of the continuing care retirement community's total number of beds that are not nursing home beds or 60 beds;
3. The number of new nursing facility beds requested in any subsequent application does not cause the continuing care retirement community's total number of nursing home beds to exceed 20% of its total number of beds that are not nursing facility beds; and
4. The continuing care retirement community has established a qualified resident assistance policy.

Unless responding to a request for applications (RFA) to develop additional nursing home beds, CCRC applicants wishing to establish a new nursing home unit or to add nursing home beds to an existing nursing home unit are asked to address each element of this standard. DCOPN interprets the language "total number of beds that are not nursing facility beds" to mean the total number of people residing in the CCRC that are not residing in the CCRC's nursing home unit.

Not applicable.

SMFP Standards: 12VAC5-230-640. Staffing.

Nursing facilities shall be under the direction or supervision of a licensed nursing home administrator and staffed by licensed and certified nursing personnel qualified as required by law.

Applicants are requested to address this standard.

Loudoun Nursing operates under the supervision of a licensed nursing home administrator and is staffed by licensed and certified nursing personnel who meet the qualifications required by law.

- D. Consistency of the Application with the Statutory Review Considerations. The Code of Virginia prescribes a number of considerations to be included in the review of COPN applications, and these are set forth below, with specific instructions regarding them.

There may be some overlap in information appropriate to respond to the SMFP standards (application section IV.C above) and to respond to the statutory review considerations presented in this section. Applicants are invited to organize their responses in the manner that appears most logical and effective to them and to avoid repetition and redundancy as much as possible, by referring to information provided under other sections of the application. *If an element of this section is answered in whole or in part by reference to another part of the application, the referenced material should be relevant and sufficient to answer the element of this section being addressed.*

Code of Virginia: § 32.1-102.3.B. In determining whether a public need for a project has been demonstrated, the Commissioner shall consider:

- 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.**

Applicants are requested to address this consideration, especially with respect to providing or increasing access for persons in areas having "distinct and unique . . . barriers to access to care." If the existence and mitigation of distinct and unique barriers to care are claimed as justification for the project, specific evidence in support of this claim should be provided. The response here should be consistent with and may refer to any response given to SMFP standards 12 VAC 5-230-600 A and 12 VAC 5-230-600 C in section IV.C above.

Please see the Executive Summary.

- 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.**

Such support is normally demonstrated by written statements provided by the persons mentioned. Such statements may be provided with the application or provided separately. It is requested that only one copy of any statement be provided to the Department, i.e., in the application or separately, but not both, and that it be delivered directly to the Division of COPN, rather than delivered to the Commissioner's office.

Individually-composed statements of support that demonstrate the writer's personal familiarity with the need for the project or with the applicant facility or with the applicant organization are more effective than petitions, form letters, and other mass-produced documents.

See Attachment IV.G.

- (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.**

Applicants are requested to identify reasonable alternatives to the proposed project and to explain why the proposed project is believed to be superior to the conceivable alternatives.

There are no reasonable alternatives to Loudoun Nursing's proposed project to meet the needs of the population in a less costly, more efficient or effective manner. Loudoun Nursing's proposed project seeks to transfer four nursing home beds from PD 5 to PD 8 pursuant to the Bed Transfer Statute. The proposed project will be completed through the conversion of existing interior space, which is a less costly and more efficient manner of adding bed capacity to its facility.

- (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.**

Applicants are not able to address this consideration at the time the application is being prepared.

The Health Systems Agency of Northern Virginia is the regional health planning agency for PD 8 and will prepare a report for the Commissioner's consideration.

(iv) Any costs and benefits of the project.

Applicants are requested to provide a summary statement and available supporting data regarding the project's overall benefits relative to its overall costs.

Loudoun Nursing's proposed project provides the ability to add four nursing home beds to its facility to improve access to care for residents in PD 8 at a low cost. Its proposed project will ensure the population of PD 8 has access to skilled nursing services. Within PD 8, the vast majority of nursing home beds are located in the eastern portion of the planning district. There are fewer nursing home beds available to residents of the fast-growing western portion of the planning district. While Loudoun Nursing's proposed project constitutes a modest addition of four nursing home beds, these beds will help support the growing need for skilled nursing services in the western portion of PD 8. Moreover, PD 8's senior population is rapidly growing and even a modest addition of four nursing home beds will help meet the needs of this population.

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

Applicants are requested to describe their existing and planned efforts, policies, and procedures that are intended to promote the financial accessibility of the project's services to the residents of the proposed service area. The applicant's charity care policies and history should be described in reasonable detail. A copy of the charity care policies that would apply to the project's services should be provided as an attachment to the application.

Loudoun Nursing maintains an open admissions policy and serves all residents without regard to payment source. Loudoun Nursing proudly serves Medicaid recipients in need of long term care. In addition, it also serves Medicare recipients in need of short term care.

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

Applicants are invited to identify and address any other factors that they believe are relevant to the determination of public need for the project.

Loudoun Nursing's COPN application is being filed pursuant to the Bed Transfer Statute. The Bed Transfer Statute authorizes the Commissioner to approve applications for the transfer of nursing home beds from one PD to another, in the absence of an RFA, provided that four criteria are met:

- i. there is a shortage of nursing home beds in the planning district to which beds are proposed to be transferred;**
- ii. the number of nursing home beds in the planning district from which beds are proposed to be moved exceeds the need for such beds;**
- iii. the proposed transfer of nursing home beds would not create a need for additional beds in the planning district from which the beds are proposed to be transferred; and**
- iv. the nursing home beds proposed to be transferred will be made available to individuals in need of nursing home services in the planning district to which they are proposed to be transferred without regard to the source of payment for such services.**

See Virginia Code § 32.1-102.3:7. The Bed Transfer Statute does not require an application filed pursuant to it to meet the requirements of the RFA statute.

The first criteria for the Bed Transfer Statute provides for the applicant to demonstrate “there is a shortage of nursing facility beds in the planning district to which beds are proposed to be transferred.” Using the bed need forecast method prescribed in 12 VAC 5-230-610, there was a need for 284 nursing home beds in PD 8 in 2022. DCOPN has not updated the calculation since 2022, however it is anticipated the projected shortage has continued to grow based on the methodology used to calculate bed need.

The second criteria for the Bed Transfer Statute provides for the applicant to demonstrate that “the number of nursing facility beds in the planning district from which beds are proposed to be moved exceeds the need for such beds.” The most recent Notice of No Need published by DCOPN projected a net bed surplus of 224 beds in PD 5 in 2022. Taking into consideration the projects which have been approved for bed transfer from PD 5 since, PD 5 still has a bed surplus far exceeding the four nursing home beds Loudoun Nursing seeks to transfer. Accordingly, the second criteria of the Bed Transfer Statute is met.

The third criteria for the Bed Transfer Statute requires that “the proposed transfer of nursing facility beds would not result in creation of a need for additional beds in the planning district from which the beds are proposed to be transferred.” Transferring four nursing home beds from PD 5 will not create a need for beds in PD 5 because there will still be a calculated surplus of beds in PD 5 following the transfer of the four nursing home beds Loudoun Nursing seeks. Accordingly, the third criteria of the Bed Transfer Statute is met.

The fourth and final criteria for the Bed Transfer Statute requires that the “nursing facility beds proposed to be transferred will be made available to individuals in need of nursing facility services...without regard to the source of payment for such services.” Loudoun Nursing is committed to ensuring the four nursing home beds it seeks will be dually certified for Medicare and Medicaid services and open to the public, regardless of payment source. Accordingly, the fourth criteria of the Bed Transfer Statute is met.

Loudoun Nursing’s proposed project seeking to transfer four nursing home beds from PD 5 to PD 8 is consistent with the Bed Transfer Statute and the Commissioner’s administrative precedent approving such projects.

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

Applicants are requested to address in the preceding section IV.C of this application form the relevant SMFP standards that are presented there.

Please see Loudoun Nursing’s response to Section IV.C.

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.

Applicants may address this consideration but are not asked to do so.

Not applicable.

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.

Applicants are requested to provide a summary statement regarding the project's overall relationship to the existing health care system and to comment on the degree of utilization and on the efficiency and suitability of existing nursing home services used by residents of the proposed project's expected service area.

Loudoun Nursing has provided skilled nursing services since the 1970's. It serves as an integral part of the community. Its located on the campus of Inova Loudoun Hospital Center's Cornwall campus in Leesburg. The modest four bed addition to Loudoun Nursing's campus will not negatively impact existing providers.

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.

Applicants are requested to address this consideration in detail and to demonstrate that the project is financially feasible. DCOPN considers financial feasibility to mean that the applicant has all the resources necessary to carry out the project in the time frame set forth in the application and has all the resources necessary to sustain the project in operation for at least two years after the start of the project's services.

DCOPN does not consider financial feasibility to mean that the project would necessarily be financially beneficial to the applicant--only that the applicant can carry out the project and sustain it in operation for some reasonable period of time. However, applicants are requested also to explain how the project would affect the applicant's financial condition, whether positively or negatively, and if negatively to provide assurance that the negative effect can be accommodated without serious harm to the applicant organization.

Loudoun Nursing's proposed project is financially feasible. The addition of four nursing home beds to its facility is a low-cost way to add needed nursing home bed capacity to the western portion of PD 8. It is also important to note the benefit of removing four nursing home beds from PD 5, which currently maintains a surplus of nursing home beds. Relocating four nursing home beds from PD 5 will improve the efficiency of nursing home services in PD 5 by reducing the surplus of nursing home beds.

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.

Applicants are requested to address this consideration in detail, if the application is proposing to introduce technology that is new either to the area's health care system generally or only to the applicant facility. Applicants should explain specifically how the new technology would promote quality or cost-effectiveness as compared to the area's or the applicant's existing technology.

Not applicable. Loudoun Nursing is not proposing to introduce new technology not presently at use at its facility.

- (ii) The potential for provision of services on an outpatient basis.

Applicants are requested to address this consideration or to explain why it is not relevant to the project.

Not applicable. Loudoun Nursing is not proposing to introduce outpatient services. Loudoun Nursing is a long-term care facility. It provides long term skilled nursing services and short-term rehabilitation services to its residents.

- (iii) Any cooperative efforts to meet regional health care needs.

Applicants are requested to address this consideration or to explain why it is not relevant to the project.

Not applicable. Loudoun Nursing has not proposed to meet any identified regional health planning needs.

(iv) At the discretion of the Commissioner, any other factors as may be appropriate.

Applicants are invited to identify and address any other factors related to improvements or innovations in the financing and delivery of health services that they believe should be considered in the review.

Please see the response to Section IV(D)(vi).

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:

This review consideration refers to projects either proposed by or affecting a teaching hospital or a medical school in the area to be served. Applicants are requested to address this consideration and show how the project would relate to any teaching hospital or medical school in the area, how the project would relate to the two elements below, and how the project would advance or hinder the mission and services of any teaching hospital or medical school in the area.

(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.

- E. Consistency of the Application with Health Plans and Project Review Standards of the Regional Health Planning Agency.** Prior to preparing the application, the applicant should determine from the regional health planning agency, if one is in operation where the project is proposed, whether the agency has adopted any health plans or project review standards applicable to this project. Quote or summarize those plans and project review standards here and describe how this project conforms to them.

The Health Systems Agency of Northern Virginia is the regional health planning agency for PD 8. It has not adopted project review standards or plans beyond what is set forth in the State Medical Facilities Plan.

- F. Notification of Area Inpatient Medical Care Facilities.** Attach a copy or sample text of letters to other inpatient medical care facilities in the planning district and in the project's proposed primary service area that lies outside the planning district (including out-of-state areas), notifying these facilities of the proposed scope and development schedule of this project. List the facilities that were sent the notification letter and state when it was sent.

Please see Attachment IV.F.

- G. Community and Professional Support.** Attach or send separately to the Division of COPN and to the regional health planning agency (if one is in operation where the project is proposed) any material that indicates community and professional support for the project: for example, letters of endorsement from physicians, other health care providers, community organizations, local governments, professional associations, and others. Provide only one copy of any statement of support, either in the application or

separately, but not both. Statements of support provided separately from the application should be sent directly to the Division of COPN, even if addressed to the State Health Commissioner.

Please see Attachment IV.G. Additional letters of support will be submitted when received.

SECTION V

FINANCIAL DATA

The applicant is expected to show adequate financial resources and projected revenues to complete construction of the project and to provide sufficient working capital and operating income to sustain operations for at least two years after the date of opening.

- A. Description of Method of Financing. Describe the proposed amount(s), source(s), method(s), and expected terms of financing for the project, with respect to both construction financing and permanent financing, if applicable. Describe any alternative methods and terms of financing that were considered, with respect to both construction financing and permanent financing, if applicable. Explain the steps taken to date to obtain the proposed financing.

If an agreement (perhaps contingent on obtaining a COPN) has been reached with a lender, underwriter, or other source of financing for the project, provide documentation of that. Otherwise, provide information showing the likelihood that the necessary financing can be obtained and the expected amount(s), source(s), and terms of the financing. (For example, if financing similar to that now proposed has been obtained for similar projects in the past, describe those circumstances.)

If land, or a structure(s), or space within a structure for this project is to be acquired through lease, summarize the proposed terms of the lease and provide a copy of it. Note any special or pre-existing relationship between the property owner and the tenant that might cause the lease to be viewed as other than an arms-length transaction.

The capital costs of the proposed project will be self-funded by the applicant.

- B. Summary of Anticipated Sources and Amounts of Funds for Proposed Project.

1. Public campaign	\$ _____
2. Bond issue (specify type) _____	\$ _____
3. Commercial loans	\$ _____
4. Government loans (specify type) _____	\$ _____
5. Grants (specify type) _____	\$ _____
6. Endowment income	\$ _____
7. Accumulated reserves	\$ _____
8. Other (identify) <u>Owner funds.</u>	<u>\$1,870,000</u>
9. TOTAL ANTICIPATED FUNDS	<u>\$1,870,000</u>

- C. Amortization Schedule. Attach an amortization schedule for any proposed debt, showing the division of each payment between principal and interest. State whether the amortization schedule reflects a firm agreement with a source of financing or is only illustrative of expected repayment terms.

Not applicable. The capital costs of the proposed project will be self-funded by the applicant.

- D. **Financial Statements.** Attach a copy of the last two years' audited annual financial statements for the entity that would own the nursing home *and* for the entity that would operate the nursing home, if the owner would not be the operator. If either the proposed owner or the proposed operator has no substantial financial history as an organization, provide the last two years' financial statements for the *individuals* who own that entity. Audited financial statements are required, if available. (Note: DCOPN wishes to avoid unnecessary exposure of individuals' personal finances to public inspection. Applicants should consult with DCOPN about suitable documentation of adequate financial resources to carry out the project, if privacy concerns arise.)

Loudoun Nursing was acquired from Inova effective April 1, 2023. The new owner (Loudoun VA PropCo, LLC) and operator (Loudoun Center for Rehabilitation and Nursing LLC) of Loudoun Nursing are recently formed entities with formation dates of October 28, 2022 and December 28, 2022, respectively. Accordingly, the owner and operator are not in possession of the last two years' audited annual financial statements.

The sole member of owner (Loudoun VA Propco Holdco LLC) and sole member of operator (Loudoun VA Opco Holdco LLC) are similarly recently formed entities and are not in possession of the last two years' audited annual financial statements.

Inova, the previous owner and operator of Loudoun Nursing, does not possess audited financial statements from the last two year specifically related to the operations of the nursing facility.

- E. **Estimated Capital Costs.** Please see the attached "Instructions for Completing Section V, Subsection E: Estimated Capital Costs." Provide capital and financing cost data relating *only* to nursing home beds and services, even if the construction project would also provide facilities for *other than* nursing home beds and services. In such cases, briefly describe the method or basis for apportioning capital and financing costs between the nursing home and any other portions of the construction project.

NOTE: This section,V.E, is available as an Excel spreadsheet and may be submitted in that form.

1. Existing Space to Be Converted to Nursing Home Use. (See instructions.)

- a. Gross square feet (GSF) of space to be converted to nursing home use _____ GSF
b. Number of years in operation of space to be converted to nursing home use _____ years
c. Net depreciated value of space to be converted to nursing home use \$_____

2. Direct Construction Costs.

- a. Cost of materials \$_____
b. Cost of labor \$_____
c. Equipment included in construction contract \$_____
(Attach a separate schedule showing each category of equipment and the number of items and total cost per category.)
d. Builder's overhead \$_____
e. Builder's profit \$_____
f. Allocation for contingencies \$_____

g. **Sub-total** - Direct Construction (add lines a through f) \$1,380,000

h. Distribution of direct construction costs by new construction or remodeling/modernization:

(1) Direct construction costs for new construction \$ _____

(2) Direct construction costs for remodeling/modernization \$ _____

(3) Total direct construction costs \$1,380,000
(add lines (1) and (2)--sum should be same as line 2g above)

3. Equipment Not Included in Construction Contract or Facility Lease.

- a. Purchased equipment. (List by individual item or by category, as appropriate. Be complete.)

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

(use additional lines as necessary)

- b. Leased equipment: (Report lease expense over entire term of lease. See instructions. Provide copy of lease(s). List by individual item or by category, as appropriate. Be complete.)

_____	\$ _____
_____	\$ _____
_____	\$ _____

(use additional lines as necessary)

- c. **Sub-total** - Equipment Not Included (add all lines under a and b) \$ _____

4. Site Acquisition Costs.

- a. Full purchase price - for sites *without* standing structures to remain in use \$ _____

- b. Full purchase price - for sites *with* standing structures to remain in use \$ _____

(1) Purchase price allocable to structures to remain in use \$ _____

(2) Balance of site purchase price (allocable to land) \$ _____

- c. If leasehold, lease expense over entire term of lease (See instructions. Provide copy of lease.) \$ _____

- d. Closing costs (legal, recording fees, etc.) \$ _____

- e. Additional expenses, paid or accrued, related to site acquisition:

_____	\$ _____
_____	\$ _____
_____	\$ _____

(use additional lines as necessary)

- f. **Sub-total** - Site Acquisition (add lines a through e, excl. b(1) and b(2)) \$ _____

5. Site Preparation Costs.

- | | |
|--|----------|
| a. Earth work | \$ _____ |
| b. Site utilities | \$ _____ |
| c. Roads and walks | \$ _____ |
| d. Lawns and planting | \$ _____ |
| e. Unusual site conditions: | |
| _____ | \$ _____ |
| _____ | \$ _____ |
| (use additional lines as necessary) | |
| f. Accessory structures | \$ _____ |
| g. Demolition | \$ _____ |
| h. Sub-total - Site Preparation (add lines a through g) | \$ _____ |

6. Off-Site Costs. (List each separately.)

- | | |
|--|----------|
| a. _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| (use additional lines as necessary) | |
| b. Sub-total - Off-Site (add all lines under a) | \$ _____ |

7. Architectural and Engineering Fees.

- | | |
|---|------------------|
| a. Architect's design fee | \$ _____ |
| b. Architect's supervision fee | \$ _____ |
| c. Engineering fees | \$ _____ |
| d. Architectural and engineering consultant's fees | \$ _____ |
| e. Sub-total - Architectural & Engineering (add lines a through d) | \$ <u>90,000</u> |

8. All Other (not A&E) Consultant Fees. (List by type. Include all other (not A&E) consulting expenses related to assessing, planning, and executing the project, but do not include feasibility studies and legal services to obtain financing, which are under subsequent items, and do not include the COPN application fee or payments to consultants or lawyers to prepare the application and to present it to the Virginia Department of Health or a regional health planning agency.)

- a. **Settlement and Release Fee** **\$400,000.**
- _____ \$ _____
- _____ \$ _____
- (use additional lines as necessary)
- b. **Sub-total - Other Consultant (add all lines under a)** **\$400,000.**

9. Taxes and Government Fees during Construction.

- a. Property taxes during construction \$ _____
- b. Other taxes and government fees related to construction (list each separately):
- _____ \$ _____
- _____ \$ _____
- (use additional lines as necessary)
- c. **Sub-total - Taxes & Fees during Construction (add lines a and b)** \$ _____

10. HUD Section 232 Financing.

- a. Estimated construction time (months) _____ months
- b. Amount of construction loan \$ _____
- c. Construction loan interest rate _____ %
- d. Estimated construction loan interest expense \$ _____
- e. Term of permanent financing (years) _____ years
- f. Interest rate on permanent financing _____ %
- g. Anticipated amount of bond discount \$ _____
- h. FHA mortgage insurance premium \$ _____
- i. FHA mortgage fees \$ _____
- j. Financing fees \$ _____
- k. Placement fee \$ _____
- l. Legal expenses \$ _____

- m. Title and recording fees \$ _____
- n. Other fees and expenses related to financing (list each separately):
- _____ \$ _____
- _____ \$ _____
- _____ \$ _____
- (use additional lines as necessary)
- o. Debt service or other reserve \$ _____
- p. Total permanent financing interest expense \$ _____
- q. **Sub-total** - HUD Section 232 Financing \$ _____
 (add lines d plus h through n)

11. Industrial Development Authority (IDA) and General Obligation (GO) Bond Financing.

(Indicate selected method--industrial development authority or general obligation bond.)

- a. Estimated construction time (months) _____ months
- b. Method of *construction* financing (construction loan, proceeds of bond sales, if other--specify): _____
- If construction is to be financed from any source *other than bond sale* proceeds, answer questions c through e. If from bond sale, go to question f.
- c. Amount of construction loan \$ _____
- d. Construction loan interest rate _____ %
- e. Estimated construction loan interest expense \$ _____
- f. Nature of bond placement (direct, underwriter, if other--specify): _____
- g. Will bonds be issued prior to the start of construction? _____ yes _____ no
- h. If the answer to question g is yes, how long before (months)? _____ months
- i. Amount bonds to be sold *before* construction \$ _____
- j. Will *principal* and interest be paid during construction or *only* interest? _____
- k. Bond interest expense *prior* to the start of construction \$ _____
- l. How many months after construction begins will the last bond be sold? _____ months
- m. Bond interest expense *during* construction \$ _____
- n. What percentage of total construction will be financed from the bond issue? _____ %

- o. Anticipated term of bond issue (years) _____ years
- p. Expected bond interest rate _____ %
- q. Anticipated amount of bond discount \$ _____
- r. Placement fee \$ _____
- s. Feasibility study \$ _____
- t. Printing expenses \$ _____
- u. Insurance \$ _____
- v. Legal expenses \$ _____
- w. Title and recording fees \$ _____
- x. Other fees and expenses related to financing (list each separately):
 _____ \$ _____
 _____ \$ _____
 _____ \$ _____
 (use additional lines as necessary)
- y. Sinking fund (debt service) reserve \$ _____
- z. Bond interest expense (after construction) \$ _____
- aa. **Sub-total - IDA or GO Bond Financing** \$ _____
 (add lines e, k, m, and r through x)

12. Conventional Mortgage Loan Financing.

- a. Estimated construction time (months) _____ months
- b. Amount of construction loan \$ _____
- c. Construction loan interest rate _____ %
- d. Estimated construction loan interest expense \$ _____
- e. Term of permanent loan (years) _____ years
- f. Interest rate on permanent loan _____ %
- g. Anticipated amount of mortgage discount \$ _____
- h. Feasibility study \$ _____
- i. Finder's fee \$ _____

- j. Insurance \$ _____
- k. Legal expenses \$ _____
- l. Title and recording fees \$ _____
- m. Other fees and expenses related to financing (list each separately):
- _____ \$ _____
- _____ \$ _____
- _____ \$ _____
- (use additional lines as necessary)
- n. Total permanent loan interest expense \$ _____
- o. **Sub-total - Conventional Mortgage Loan Financing** \$ _____
(add lines d plus h through m)

13. Estimated Capital Costs Summary Sheet.

- a. Value of Existing Space to Be Converted (line 1c) \$ _____
- b. Sub-total - Direct Construction Costs (line 2g) \$ 1,380,000
- c. Sub-total - Equipment Not Included in Construction Contract (line 3c) \$ _____
- d. Sub-total - Site Acquisition Costs (line 4f) \$ _____
- e. Sub-total - Site Preparation Costs (line 5h) \$ _____
- f. Sub-total - Off-Site Costs (line 6b) \$ _____
- g. Sub-total - Architectural and Engineering Fees (line 7e) \$ 90,000
- h. Sub-total - Other Consultant Fees (line 8b) \$ 400,000
- i. Sub-total - Taxes & Government Fees During Construction (line 9c) \$ _____
- j. Sub-total - HUD-232 Financing (line 10q) \$ _____
- k. Sub-total - IDA Revenue & GO Bond Financing (line 11aa) \$ _____
- l. Sub-total - Conventional Mortgage Loan Financing (line 12o) \$ _____
- m. **TOTAL CAPITAL COSTS** (add lines a thru l) **\$1,870,000.00**

14. Percent of total capital costs (line 13m) to be financed _____ %

15. Amount of long-term financing (line 13m x line 14) \$ _____

16. Total interest expense on permanent financing:

- a. HUD-232 financing (line 10p) \$ _____
- b. IDA revenue and GO bond financing (line 11z) \$ _____
- c. Conventional mortgage loan financing (line 12n) \$ _____

17. Anticipated bond or loan discount:

- a. HUD-232 financing (line 10g) \$ _____
- b. IDA revenue and GO bond financing (line 11q) \$ _____
- c. Conventional mortgage loan financing (line 12g) \$ _____

18. **TOTAL CAPITAL AND FINANCING COSTS**

(add lines 13m, 16, and 17)

\$1,870,000.00

SECTION VI

ASSURANCES

I hereby assure and certify that:

- (a) the work on the proposed project will be initiated within the period of time set forth in the Certificate of Public Need;
- (b) completion of the proposed project will be pursued with reasonable diligence; and
- (c) the proposed project will be constructed, operated, and maintained in full compliance with all applicable local, State, and Federal laws, rules, regulations, and ordinances.

I hereby certify that the information included in this application and all attachments are correct to the best of my knowledge and belief and that it is my intent to carry out the proposed project as described.



Signature of authorizing officer

Yosef Mittelman

Type/print name of authorizing officer

Chief Financial Officer

Title of authorizing officer

5/31/24

Date

135 E. Veterans Highway

Address - line 1

Suite 1

Address - line 2

Jackson, New Jersey 08527

City, state, and ZIP

347 522 9258

Telephone number

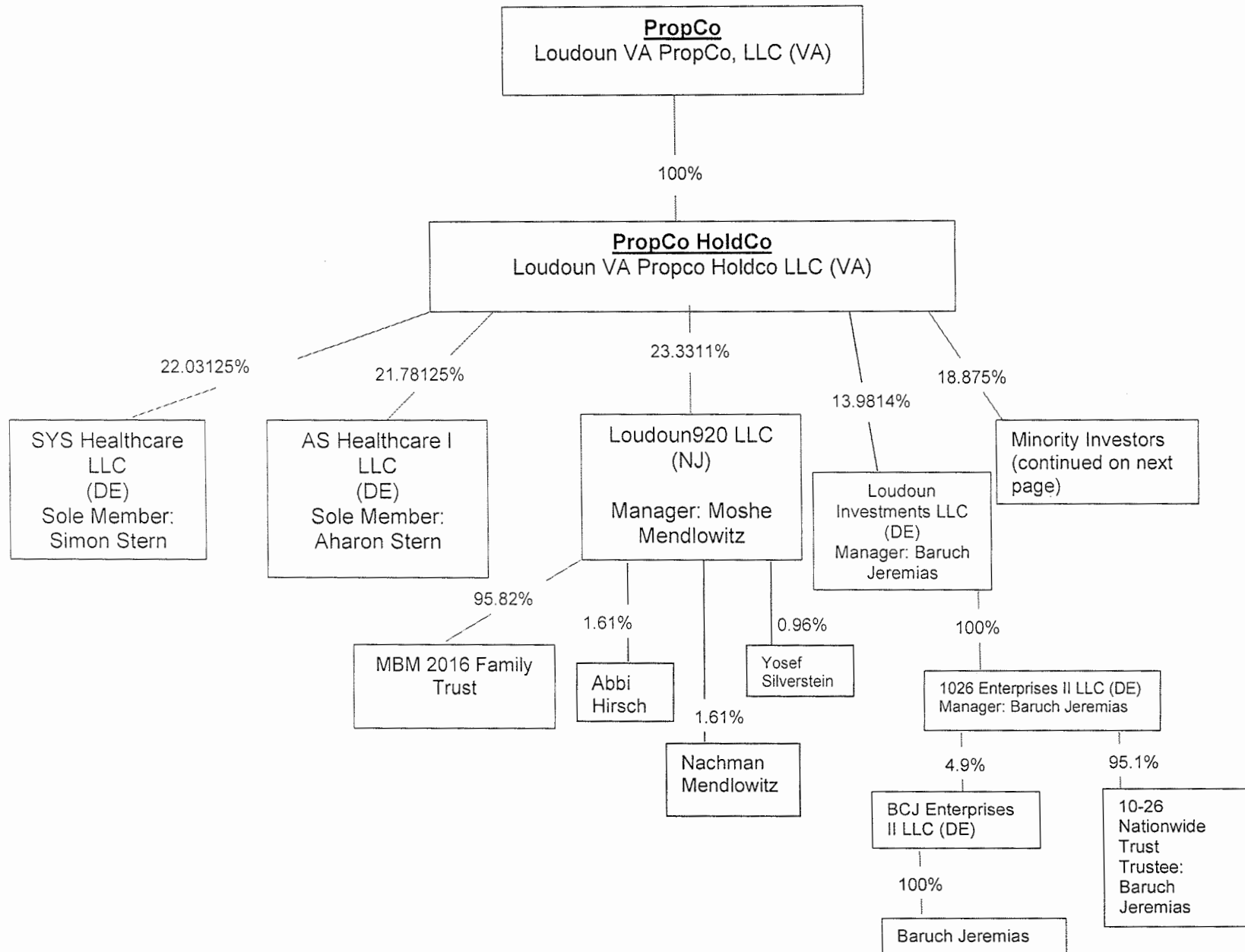
Mail or deliver (fax not acceptable, e-mail acceptable but not preferred) copies of the application to:

**A. Virginia Department of Health
Division of Certificate of Public Need
9960 Mayland Drive, Suite 401
Henrico, Virginia 23233-1463
Tel: (804) 367-2126
(provide two copies)**

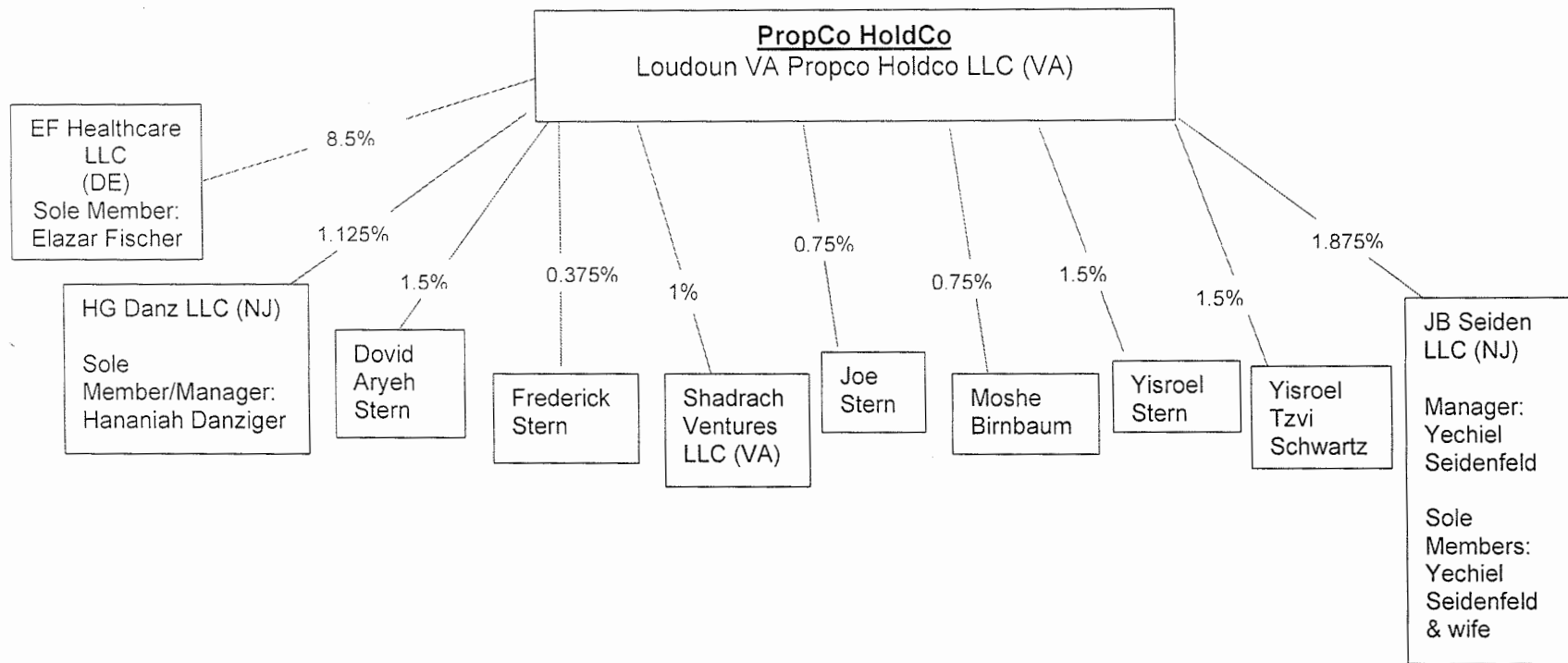
B. The regional health planning agency, if one is in operation for the area where the project would be located. (Refer to the list of regional health planning agencies and addresses at the beginning of the instructions. Send one copy.)

Attachments: Instructions for Completing the Application (updated October 2010)
Table II-F, Tabulation of Space by Functional Area (updated October 2010)
Table III-B, Bed Complement and Utilization (updated October 2010)
Table III-C, Facility Staffing (updated April 2006)

PROPERTY ORGANIZATIONAL CHART



PROPERTY ORGANIZATIONAL CHART (CONTINUED FROM PREVIOUS PAGE – MINORITY INVESTORS)



Response, Compensation, and Liability Act, the Toxic Substances Control Act, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous substance or material, as now or at any time hereafter in effect.

(B) Subtenant shall not cause or allow any asbestos to be incorporated into any improvements or alterations which it makes or causes to be made on or to the Leased Premises.

(C) Subtenant shall not place, hold or dispose of any Hazardous Waste (hereinafter defined), on, under or at the Leased Premises except as specifically allowed in this Section 10.3. Subtenant further agrees that it will not use the Leased Premises as a treatment, storage, or disposal (whether permanent or temporary) facility for Hazardous Waste. If Subtenant, in the ordinary course of its business as a nursing home, generates Hazardous Waste, then Subtenant shall comply with all applicable federal, state and local laws, statutes, ordinances, codes, rules, regulations, orders or decrees relating to the appropriate use, storage, transportation and disposal of Hazardous Waste. For the purposes of this Lease, "Hazardous Waste" means and includes any Hazardous Material that has entered the waste stream or any contaminant or pollutant as defined as such in the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act, as amended, any so-called "Superfund" or "Superlien" law, the Toxic Substances Control Act, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards of conduct concerning, any hazardous, toxic or dangerous waste. Subtenant further agrees that it will properly dispose of all "infectious waste" such as laboratory waste, pathological waste, blood specimens or products, patient waste including, without limitation, bandages and disposable gowns, sharp waste and any material generated by the production or testing of biological agents.

(D) Subtenant shall indemnify, defend and hold harmless Sublandlord against any claims, losses, costs, damages or expenses of any and every kind whatsoever (including reasonable attorney's fees) which at any time or from time to time may be paid, incurred or suffered by, or asserted against Sublandlord for, with respect to, or as a direct or indirect result of: (a) a breach by Subtenant of the foregoing covenants, or (b) to the extent caused, permitted or allowed by Subtenant or any agent, employee, invitee, or licensee of Subtenant, the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, or release from, onto, or into the Leased Premises, the atmosphere, or any watercourse, body of water, or groundwater, of any Hazardous Material (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under the Comprehensive Environmental Response Compensation and Liability Act, as amended, any so-called "Superfund" or "Superlien" law, or any other federal, state, local or other statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards of conduct concerning, any Hazardous Material); and the provisions of and undertakings and indemnification set out in this Section shall survive the termination of this Lease, and shall continue to be the personal liability, obligation and indemnification of Subtenant, binding upon Subtenant, forever. Sublandlord hereby indemnifies Subtenant in the same manner and to the same degree, against all such matters that may have occurred prior to the Commencement Date.

If Subtenant or its employees, agents, or contractors shall ever violate the provisions of this Section 10.3, then, in addition to any other duty or obligation of Subtenant hereunder, at law or in



May 28, 2024

Virginia Department of Health
Office of Licensure and Certification
9960 Mayland Drive, Suite 401
Henrico, VA 23233

Dear Sir/Madam,

I am writing to convey my support for the proposal submitted by Loudoun Rehabilitation and Nursing Center in Leesburg, VA, to add four additional beds to their facility. As the CEO and psychiatrist of Equilibrium For Mental Care, I have had extensive professional interactions with Loudoun Rehabilitation and Nursing Center and can attest to their exemplary care standards.

Loudoun Rehabilitation and Nursing Center has a well-established history of providing high-quality care, particularly to patients with complex medical and psychiatric needs. The expansion to include four additional beds is a necessary step to address the increasing demand for their services. This proposal is particularly pertinent given the growing population of patients requiring specialized rehabilitation and nursing care in our community.


The addition of these beds will enable the facility to better serve patients who need integrated medical and psychiatric treatment plans. The team at Loudoun Rehabilitation and Nursing Center has consistently demonstrated their commitment to patient-centered care, compliance with regulatory standards, and maintaining a therapeutic environment conducive to recovery and rehabilitation.

From my professional experience, the need for these additional beds is clear. The expanded capacity will allow for more timely admissions and reduce waiting times for patients who require immediate and specialized care. This is crucial for ensuring that individuals with significant medical and mental health needs receive the appropriate level of care without delay.

In summary, I fully endorse Loudoun Rehabilitation and Nursing Center's proposal for additional beds. Their dedication to improving healthcare delivery is evident, and this expansion will significantly benefit our community. I strongly urge the Virginia Department of Health to approve this proposal to enhance the quality and accessibility of care for patients in our region.

Thank you for your attention to this matter.

Sincerely,



Mohamed A. Kamel, MD, MS
CEO and Psychiatrist
Equilibrium For Mental Care

Global Medical Consultants, LLC
22470 Pine Top Court
Ashburn, VA 20148
Ph. # (571) 888-4212

May 29, 2024

To whom it may concern:

I am writing to you as a physician provider within the community of Leesburg, Virginia in order to request to add four additional beds to Loudoun Rehabilitation and Nursing Center ("Loudoun"). Loudoun is located approximately 6.9 miles away from Inova Lansdowne Hospital, and is on the same campus as Inova Loudoun Hospital. These three organizations have been in partnership and worked closely over the past several years to ensure that our patients have not only a smooth discharge, but also a safe discharge to one of the region's premier high-quality short-term rehabilitation and long-term care facilities.

Loudoun(LRNC) provides a tremendous benefit to Inova Loudoun Hospital and our patients, specifically as it relates to post-surgical discharges. As you know, Inova Loudoun Hospital provides both inpatient and outpatient surgeries. And in addition to regularly scheduled elective surgeries, Inova Loudoun is staffed for emergency surgery, 24 hours a day, 7 days a week. With such an active surgical program, there is a significant need to discharge several of the patients to a short-term rehabilitative program, such as Loudoun's, whereby they can receive the highest level of care.

Discharging patients efficiently leads to a reduction in hospital length of stay, and overall better outcomes for the patients. The addition of four additional beds to Loudoun's facility will allow Loudoun to provide its exceptional nursing and rehabilitative services to a higher number of Inova Loudoun Hospital patients. Therefore, I am in full support of Loudoun's COPN request, and respectfully request your consideration and approval of their application in the hopes of providing even further access to high quality rehabilitation and skilled nursing care.

With Best Regards,

A handwritten signature in black ink, appearing to read 'Yusuf H. Khan' followed by 'MD' in a smaller, less distinct script.

Yusuf H. Khan, MD



Inova Loudoun Hospital

Administration Office
44045 Riverside Parkway
Leesburg, VA 20176

May 31, 2024

Karen Shelton, M.D., FACOG
State Health Commissioner
Virginia Department of Health
109 Governor Street, 13th Floor
Richmond, Virginia 23219

**COPN Request No. 8773
Loudoun Rehabilitation and Nursing Center
Proposed Addition of Four (4) Beds
Leesburg, Virginia - Planning District 8**

Dear Dr. Shelton,

I'm writing to you from Inova Loudoun Hospital, a five-star CMS nationally recognized advanced community hospital in support of Loudoun VA PropCo, LLC's Certificate of Public Need ("COPN") request to add four additional beds to Loudoun Rehabilitation and Nursing Center ("Loudoun"). Loudoun is located on the same campus as Inova Loudoun Hospital and approximately 6.9 miles from our Lansdowne campus. As such, our organizations have partnered for several years to ensure the smooth and safe discharge of Inova Loudoun patients to Loudoun's high-quality short-term rehabilitation and long-term care programs.

The relationship between our two organizations has provided a tremendous benefit to Inova Loudoun Hospital and our patients particularly as it relates to post-surgical discharges. Inova Loudoun Hospital offers both inpatient and outpatient surgeries. Our hospital's newly renovated and expanded surgical center features eight state-of-the-art operating suites, two special procedure rooms, and the latest technology in minimally-invasive robotic surgery: the robotic-assisted daVinci® Surgical System and MAKOpasty® Total Hip and Knee. In addition to our regularly scheduled surgeries, our surgery department is staffed for emergency surgery, 24 hours a day, 7 days a week.

Our robust surgical program creates a significant need to discharge many of our patients to short-term rehabilitative programs, such as Loudoun's, to further their post-surgical recovery and rehabilitation. At Inova Loudoun Hospital, we are confident that patients who are discharged to Loudoun receive the highest level of care. The ability to discharge patients to Loudoun in a timely manner has also allowed our hospital system to be more operationally efficient as it leads to a



reduction in hospital length of stay for our patients. The addition of four additional beds to Loudoun's facility will Loudoun the opportunity to provide it's exceptional nursing and rehabilitative services to a higher number of Inova Loudoun Hospital patients. As a result, Inova Loudoun Hospital is in strong support of Loudoun's COPN request.

Inova Loudoun Hospital respectfully requests your consideration and approval of Loudoun's COPN application to expand our community's access to high-quality skilled nursing and rehabilitative care.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan Carroll", written in a cursive style.

Susan T. Carroll, FACHE MHA MBA
President, Inova Loudoun Hospital
Senior Vice-President Inova Health System



Jawad H Khan, MD FCCP Amber Reinecke, PA

19490 Sandridge Way #210 Leesburg VA, 20176

P: 703-723-7504 F: 703-723-7550 jkhansmedical@outlook.com

Dear Dr Shelton,

As a proud member of the INOVA Loudoun Hospital team, I am excited to express our full support for the addition of four beds to Loudoun Rehabilitation and Nursing Center ("LNRC"). Our longstanding partnership has consistently demonstrated the exceptional care provided by Loudoun, ensuring smooth transitions for our patients and operational efficiency for our hospital.

Patients discharged to LNRC receive top-tier care, leading to reduced hospital stays and improved outcomes. Expanding LNRC's capacity means more patients can benefit from their outstanding services, strengthening our community's healthcare landscape.

INOVA Loudoun Hospital wholeheartedly endorses Loudoun Rehabilitation and Nursing Center's Certificate of Public Need, confident in their ability to continue providing exceptional care to our patients.

Sincerely,

Jawad Khan, MD, FCCP



Medical Staff Services/Inova Loudoun Hospital

44045 Riverside Parkway, Suite 270
Leesburg, VA 20176

May 29, 2024

To Whom it May Concern,

I am writing in support of the request for four additional beds at Loudoun Nursing and Rehab.

As a crucial of the local healthcare continuum, Inova Loudoun Hospital relies on them to provide care for our patients. We are frequently in situations where our need for acute care placement exceeds the availability of care for our community's patients as close to home as possible.

One of the specific elements of growth in Loudoun County has been the over 55 communities, as well as the assisted living communities. Clearly, these populations have different healthcare needs, compared to the younger population. Among those needs is access to skilled nursing beds. The number of potential patients for them has greatly increased. We have a long relationship with Loudoun Nursing and Rehab, and most recently with their new management had purposefully met with them to collaborate on the quality and safe care they provide, with the focus on continuous improvement on our side as well as theirs. We look forward to expanded opportunities for our patient population to experience the benefits of this, with expanded access.

I, personally, support their request.

Sincerely,

A handwritten signature in cursive script, appearing to read "Chiantella", followed by a horizontal line.

Christopher L. Chiantella, MD, FAAFP, MA
Chief Medical Officer
Inova Loudoun Hospital

Loudoun Center for Rehabilitation and Nursing
Table V-F-I
Actual and Projected Nursing Home Patient Days

Principal Source of Payment	Actual Nursing Home Patient Days: Two Years Prior to Application		Projected Nursing Home Patient Days: Two Years Following Completion	
	Yr. end:	Yr. end: 03/31/2024	Yr. end: 03/31/2026	Yr. end: 03/31/2027
Medicare (SNF)	0	9,855	13,000	13,000
Medicaid (NF)	0	16,425	16,790	16,790
Medicaid specialized care				
Self-pay	0	2,555	2,555	2,555
Other (specify: HMO, PPO, Other Ins.)	0	5,110	4,500	4,500
Other (specify: _____)				
Other (specify: _____)				
Other (specify: _____)				
Other (specify: _____)				
<i>Total</i>	0	33,945	36,845	36,845
<i>Percent occupancy</i>	0.0%	93.0%	97.1%	96.8%