

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis Report

January 21, 2020

COPN Request No. VA-8473

University of Virginia Medical Center

Charlottesville, Virginia

Addition of one MRI scanner for diagnostic use at University Hospital

Applicant

The University of Virginia Medical Center (“UVAMC”) is a state-owned, academic health care center operated under the authority of the Rector and Visitors of the University of Virginia.

UVAMC is located in Charlottesville, Virginia, Planning District (“PD”) 10, Health Planning Region (“HPR”) I.

Background

UVAMC is a comprehensive tertiary teaching hospital. The medical center is composed of an integrated network of primary and specialty services that include the Emily Couric Clinical Cancer Center (the Cancer Center), the UVA Children’s Hospital, the Heart and Vascular Center, the Digestive Health Center of Excellence, a Level I Trauma Center, the Blue Ridge Poison Center, and more than 60 outpatient clinics located on the main hospital campus and in surrounding Albemarle County. As demonstrated below, there were 11 COPN authorized fixed MRI units in PD 10 in 2017, the last year for which DCOPN has data, which have a utilization rate of 82.6% and one COPN approved mobile MRI site, which has a utilization rate of 65.3% (Table 1). Once Sentara Martha Jefferson Hospital completes the conversion of its mobile MRI service to a fixed MRI unit as authorized by COPN No. VA- 04637, there will be 12 COPN authorized fixed MRI units in PD 10 and zero COPN approved mobile MRI sites in PD 10.

Table 1. PD 10 COPN Authorized MRI Units: 2017

Facility	Fixed MRI's	Mobile MRI's	Fixed MRI Scans	Mobile MRI Scans	Fixed MRI Utilization	Mobile MRI Utilization
Martha Jefferson Health Services - Proffit Road ¹	0	1	0	1,566	n/a	65.3%
Sentara Martha Jefferson Hospital	2	0	8,133	0	81.3%	n/a
University of Virginia Medical Center ²	3	0	14,247	0	95%	n/a
UVA Imaging - Transitional Care Hospital	2	0	8,418	0	84.2%	n/a
UVA Imaging Center Fontaine	3	0	14,644	0	97.6%	n/a
2017 TOTAL and Average	10	1	45,442	1,566	90.9%	65.3%
Current Total	11	0	n/a	n/a	n/a	n/a

Source: VHI and DCOPN Records

Proposed Project

The applicant proposes to add one diagnostic MRI unit at UVAMC. The applicant states that, in addition to inpatients, outpatients, and emergency room patients, MRI services are provided to two special categories of outpatients; pediatric and cardiac device patients. The applicant further asserts that they are the only provider of MRI imaging services for these two groups in HPR I. DCOPN is unable to find any evidence refuting this assertion. The applicant additionally asserts that pediatric patients account for approximately 20% of the total MRI volume, and that 75% of the pediatric patients require some form of sedation or anesthesia to undergo MRI imaging. UVAMC states that the average pediatric scan that requires anesthesia or sedation can take as long as two hours, as much as a fourfold increase in time required compared to average MRI scans (allowing for patient ingress and egress). The total capital and financing cost of the proposed project is \$12,032,000 (Table 2). The project will be paid for by the use of UVAMC's accumulated reserves.

Table 2. Capital and Financing Costs

Direct Construction Costs	\$8,886,000
Equipment Not Included in Construction Contract	\$1,750,000
Site Preparation Cost	\$317,000
Architectural and Engineering Fees	\$1,079,000
TOTAL Capital and Financing Costs	\$12,032,000

Source: COPN Request No. VA-8473

¹ The Commissioner issued COPN No. VA- 04637 to Sentara Martha Jefferson Hospital on January 7, 2019, which authorized the conversion of the mobile MRI scanner at Martha Jefferson Health Services - Proffit Road to a fixed MRI scanner. The project is expected to become operational on June 1, 2021.

² UVAMC reported four fixed MRIs in 2017, but explains in their application that it should be three fixed MRI units that are used for diagnostic imaging. DCOPN has reviewed the certificates referenced by UVAMC and agrees with their count of three MRI units.

Project Definition

Section 32.1 of the Code of Virginia defines a project, in part as, “The addition by an existing medical care facility of any medical equipment for the provision of... magnetic resonance imaging (MRI)... A medical care facility includes “general hospitals...”

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

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

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

The applicant proposes to add one MRI unit for diagnostic imaging at UVAMC. As mentioned above, and discussed in greater detail below, UVAMC is the only provider of in HPR I that offers MRI imaging for pediatric and cardiac device patients. The applicant asserts that currently there is a wait of three months for pediatric patients, and two months for implantable cardiac device and cardiac patients. Due to patient monitoring in cardiac patients and sedation in pediatric patients, these subspecialty MRI cases take significantly longer than an average MRI scan. The applicant additionally asserts that these populations are growing at a rapid rate. Between 2015 and 2019, the applicant states that pediatric patients seeking MRI services increased 20%, cardiac patients seeking MRI services increased 48%, and implantable cardiac device patients seeking MRI services increased 238%. The applicant asserted at the public hearing that they anticipated that approval of the project would reduce wait time by at least 75% for these patients. Based on the data provided by UVAMC in support of this assertion, DCOPN concludes that his projection is reasonable. Reducing these long wait times is important, as many of these patients are unable to receive treatment until they receive an MRI scan. Based on the information provided by the applicant above, DCOPN concludes that approval of the project would significantly increase access to MRI services for pediatric and cardiac patients in PD 10.

Geographically, UVAMC is located 2.5 miles from the U.S. 29 and U.S. 250 bypass and approximately 3 miles east of the I-64 exit on U.S. 29. Additionally, public transport is readily available by a public bus stop located across the street from the emergency department.

DCOPN is not aware of any geographic, socioeconomic, cultural, or transportation barriers to access to care.

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

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

DCOPN received 21 letters of support from physicians associated with the University of Virginia Health System. Collectively, these letters articulated the need for additional MRI capacity at UVAMC. Additionally, these letters expressed concern over long delays in scheduling for pediatric patients, which in turn results in the delays in the patients receiving their needed care. DCOPN received no letters of opposition for the proposed project.

Public Hearing

DCOPN conducted the required public hearing on January 10, 2020. A total of 12 individuals were in attendance. All individuals indicated that they were affiliated with UVAMC and marked that they were in support of the proposed project. The project was presented by one individual representing UVAMC. Four members of the public spoke in support of the proposed project. Collectively, they asserted that there is a need for additional MRI capacity at UVAMC, and that there is a significant delay in scheduling MRIs for pediatric and cardiac patients. No attendees spoke in opposition of the proposed project.

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

The status quo is not a viable alternative to the proposed project. As discussed throughout this staff report, there is currently a scheduling backlog of three months for pediatric patients and two months for cardiac patients. Moreover, as previously mentioned, these subspecialty patient populations seeking MRI services are increasing at a much greater rate than the general population. Because UVAMC is the sole provider of MRI services for these patient populations in HPR I, maintenance of the status quo is very likely to exacerbate an already unacceptable delay in diagnosis and treatment of conditions for these patient populations.

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

Not applicable. Currently there is no organization in HPR I designated by the Virginia Department of Health to serve as the regional health-planning agency for the northwestern Virginia region.

(iv) any costs and benefits of the project;

As discussed above, the total capital costs of the proposed project are \$12,032,000 (Table 2), which would be funded using UVAMC's accumulated reserves. The costs for the project are significantly higher than previously approved projects to add one MRI scanner. For example, COPN VA-04573 issued to Carilion Medical Center to add an MRI unit at Carilion Medical Center, which cost approximately \$3,144,812. The applicant states the high costs of the project are a result of the need to effectuate significant structural reinforcement in the proposed MRI suite location in order to support the weight of the new magnet. As such, while the costs of the project are high, DCOPN concludes that they are necessary and reasonable for the project described.

While the proposed location presents certain complexities, it would also offer several benefits. First, the proposed location is located next to the existing MRI suite in the Radiology Department. Locating the new MRI next to the existing MRI suite would allow staff to function efficiently with a defined MRI imaging area, and would expand the current MRI safety zones. The applicant asserts, and DCOPN agrees, that the colocation of the new MRI would reduce costs associated with providing otherwise necessary support functions. Moreover, the design includes breakaway building panels that would allow for future magnet replacement for both the new MRI, and for existing MRI units that do not currently have an efficient path for physical replacement.

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

According to regional and statewide data regularly collected by VHI, for 2018, the average amount of charity care provided by the facilities in HPR I that reported such charity care for that year was 4.5% of all reported total gross patient revenues. In that same year, UVAMC reported to have provided 5.88% in charity care for total gross patient revenues, which was the highest charity care contribution in HPR I. Should the proposed project receive approval, UVAMC is expected to provide a level of charity care for total gross patient revenues that is no less than the equivalent average for charity care contributions in HPR I.

Table 3. HPR I 2018 Charity Care Contributions

Health Planning Region I			
2018 Charity Care Contributions at or below 200% of Federal Poverty Level			
Hospital	Gross Patient Revenues	Adjusted Charity Care Contribution	Percent of Gross Patient Revenue:
University of Virginia Medical Center	\$5,458,582,571	\$320,837,238	5.88%
Culpeper Regional Hospital	\$353,170,660	\$20,212,457	5.72%
Carilion Stonewall Jackson Hospital	\$111,421,225	\$6,377,158	5.72%
Sentara RMH Medical Center	\$936,446,646	\$49,668,275	5.30%
Augusta Medical Center	\$950,090,570	\$43,074,941	4.53%
Shenandoah Memorial Hospital	\$133,239,115	\$5,104,392	3.83%
Warren Memorial Hospital	\$144,458,311	\$5,453,245	3.77%
Martha Jefferson Hospital	\$680,999,557	\$24,602,596	3.61%
Page Memorial Hospital	\$61,523,920	\$2,121,843	3.45%
Spotsylvania Regional Medical Center	\$509,827,047	\$16,733,022	3.28%
Mary Washington Hospital	\$1,395,008,159	\$41,522,514	3.03%
Stafford Hospital Center	\$295,274,352	\$8,357,218	2.83%
UVA Transitional Care Hospital	\$1,489,750,189	\$37,306,401	2.50%
Fauquier Hospital	\$444,728,304	\$10,241,560	2.30%
Bath Community Hospital	\$22,027,611	\$471,192	2.14%
Winchester Medical Center	\$72,568,503	\$1,273,051	1.75%
Total \$ & Mean %			4.5%

Source: 2018 VHI Data

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

As previously discussed, UVAMC is the only provider in HPR I that offers MRI imaging for pediatric patients. In 2019, UVAMC approximates that over 2,800 pediatric patients required MRIs, and that 75% of these patients needed anesthesia or sedation. Conservatively setting the pediatric patients at 2,800, this means that 2,100 pediatric patients required anesthesia or sedation, which drastically increases the amount of time required for each MRI. Based on the 5,000 procedures per scanner standard, UVAMC approximates that the average MRI scan takes between 20-25 minutes per scan. UVAMC states that the average pediatric scan that requires anesthesia or sedation can take as long as two hours, as much as a fourfold increase in time required (allowing for patient ingress and egress).

Section 12VAC5-230-160 of the SMFP does not differentiate between general MRI scans and those subspecialty scans, such as the previously mentioned pediatric scans, that take significantly longer. This is especially important in cases such as the current application, where one facility is the sole provider of several subspecialty MRI imaging services in HPR I. While the applicant does not meet the level of utilization necessary to establish institutional need in 2017 (Table 1), or based on the numbers reported in their application (Table 4), were DCOPN to weigh the pediatric subspecialty scans based on the additional time required, the applicant would meet this standard. In weighing the pediatric subspecialty scans, DCOPN conservatively estimates that an average MRI scan takes 30 minutes, and accepts UVAMC's

assertion that the average pediatric MRI scan requiring sedation takes two hours. As such, the 2,100 scans are weighted as 8,400 scans for the purposes of converting them to general MRI scans.

DCOPN is not suggesting the use of this weighted approach to calculate utilization, either generally or specifically in this case, but rather merely seeks to show the demonstrable burden on a single facility, functioning as the sole provider of a necessary and time consuming subspecialty imaging service for a Health Planning Region. Based on the calculations in Table 4, it is clear that, were UVAMC to run their MRI scanners for the same amount of time for solely regular MRI scans, as is the practice of all other facilities in HPR I, they would easily meet the utilization threshold to establish institutional need. Penalizing UVAMC for providing a necessary service that would otherwise be unavailable in HPR I runs contrary to the guiding principles of the SMFP found in 12VAC5-230-30, which states that “[t]he COPN program seeks to promote the development and maintenance of services and access to those services by every person who needs them...” As such, solely in this current application, DCOPN recommends that the Commissioner not permit the SMFP utilization threshold to be an obstacle to reducing the overutilization of an extremely important and time consuming subspecialty MRI imaging service.

Table 4. UVAMC Fixed MRI Scans: 2018-2019

Year	Number of MRI's	Total Scans	Scans per MRI	MRI Utilization
2018	3	13,832	4,610.7	92.2%
2019	3	14,258	4,752.7	95.1%
2019 (weighted)	3	20,558	6,852.7	137.1%

Source: COPN Request No. VA-8473 and DCOPN interpolations

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

The State Medical Facilities Plan (SMFP) contains the following relevant standards and criteria for institutional expansion. They are as follows:

Part I. Definitions and General Information

12VAC5-230-80. When Institutional Expansion Needed.

A. Notwithstanding any other provisions of this chapter, the commissioner may grant approval for the expansion of services at an existing medical care facility in a health planning district with an excess supply of such services when the proposed expansion can be justified on the basis of a facility's need having exceeded its current service capacity to provide such service or on the geographic remoteness of the facility.

The applicant states that there is an institutional need for one additional diagnostic MRI scanner. As detailed in Table 1 above, UVAMC's three MRI scanners performed 14,247 scans, or 4,749 per scanner, in 2017, the most recent year for which DCOPN has data from VHI. This is only

95% of the SMFP standard required to establish institutional need to expand. Moreover, the total scans provided by the applicant for 2018 and 2019 (Table 4) do not exceed this threshold either. As such, DCOPN concludes that the applicant has failed to demonstrate an institutional need to expand their MRI services. As noted above, however, DCOPN has, for this application only, recommended that the Commissioner not permit the SMFP utilization threshold to be an obstacle to reducing the overutilization of an extremely important and time consuming subspecialty MRI imaging service with no potential for detrimental effect for existing services at a comprehensive tertiary teaching hospital that is the sole provider in the HPR I.

B. If a facility with an institutional need to expand is part of a health system, the underutilized services at other facilities within the health system should be reallocated, when appropriate, to the facility with the institutional need to expand before additional services are approved for the applicant. However, underutilized services located at a health system's geographically remote facility may be disregarded when determining institutional need for the proposed project.

Reallocation is not a viable alternative. As shown in Table 1 above, all locations offering MRI services associated with the University of Virginia Health System are highly utilized. As such, reallocation of any MRI machine to UVAMC from another location associated with the University of Virginia Health System would result in a large deficit at that location.

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

Not applicable. The applicant is not a nursing facility.

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

The applicant is not using this section to justify a need to establish new services. UVAMC currently offers MRI scanning services.

The SMFP contains criteria/standards for the establishment or expansion of MRI services. They are as follows:

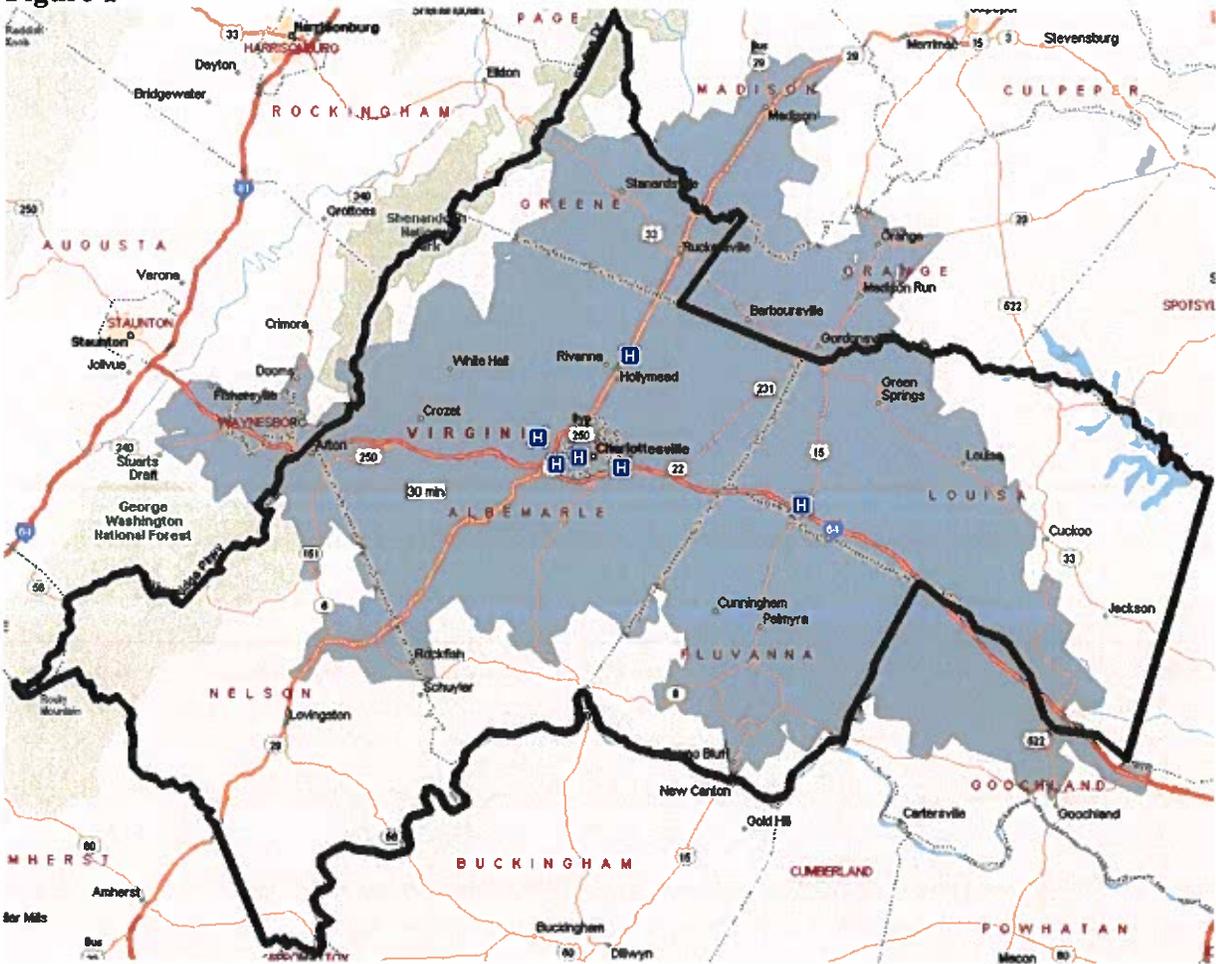
Part II
Diagnostic Imaging Services
Article 2
Criteria and Standards for Magnetic Resonance Imaging

12VAC5-230-140. Travel time.

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

The heavy dark line in Figure 1 identifies the boundaries of PD 10. The grey shading illustrates the area that is within a thirty-minute drive under normal driving conditions of all MRI service providers in PD 10. Based on the shaded area in Figure 1, and given that the population of PD 10 is heavily concentrated in Charlottesville and along the Interstate 64 corridor, it is reasonable to conclude that 95% of the population of PD 10 is within 30 minutes driving-time one-way under normal traffic conditions of MRI services.

Figure 1



12VAC5-230-150. Need for new fixed site service.

No new fixed site MRI service should be approved unless fixed site MRI services in the health planning district performed an average of 5,000 procedures per existing and approved fixed site MRI scanner during the relevant reporting period and the proposed new service would not significantly reduce the utilization of existing fixed site MRI providers in the health planning district. The utilization of existing scanners operated by a hospital and serving an area distinct from the proposed new service may be disregarded in computing average utilization of MRI scanners in such planning district.

Not applicable. The applicant is not proposing a new fixed site service.

12VAC5-230-160. Expansion of fixed site service.

Proposals to expand an existing medical care facility's MRI services through the addition of an MRI scanner may be approved when the existing service performed an average of 5,000 MRI procedures per scanner during the relevant reporting period. The commissioner may authorize placement of the new unit at the applicant's existing medical care facility, or at a separate location within the applicant's primary service area for MRI services, provided the proposed expansion is not likely to significantly reduce the utilization of existing providers in the health-planning district.

As noted in Table 1 above, the utilization of existing MRI services in the planning district was only 90.9% of the 5,000 procedures per scanner necessary to expand UVAMC's existing MRI services under this section of the SMFP. As such, DCOPN concludes that the applicant does not meet this standard.

12VAC5-230-170. Adding or expanding mobile MRI services.

A. Proposals for mobile MRI scanners shall demonstrate that, for the relevant reporting period, at least 2,400 procedures were performed and that the proposed mobile unit will not significantly reduce the utilization of existing MRI providers in the health-planning district.

Not applicable. The applicant is not proposing the addition or expansion of a mobile MRI service.

B. Proposals to convert authorized mobile MRI scanners to fixed site scanners shall demonstrate that, for the relevant reporting period, 3,000 procedures were performed by the mobile scanner and that the proposed conversion will not significantly reduce the utilization of existing MRI providers in the health-planning district.

Not applicable. The applicant is not proposing the conversion of a mobile MRI service to a fixed site scanner.

12VAC5-230-180. Staffing.

MRI services should be under the direct supervision of one or more qualified physicians.

The applicant stated that all MRI services provided at UVAMC are provided under the supervision of members of the clinical staff who are appropriately trained and credentialed to direct and supervise these services.

Required Considerations Continued

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

As the sole provider of pediatric and cardiac MRI services, it is unlikely that the proposed project would foster institutional competition that benefits the area to be served. While the proposed MRI scanner is not limited to solely pediatric and cardiac patients, given the excessive wait times currently experienced by these two patient populations, DCOPN finds it unlikely that the proposed MRI scanner would be significantly utilized for MRI scanning outside of these two patient populations. As the applicant is the sole provider of MRI services for these two patient populations, approval of the project would improve access to essential health care services for pediatric and cardiac patients.

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 and facilities;

The applicant asserts, and DCOPN agrees, that approval of the project is unlikely to impact existing services or facilities. As previously discussed, the primary purpose of the proposed MRI scanner would be to lessen the wait times for the subspecialty MRI services that are only supplied in HPR I by UVAMC.

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;

As discussed above, the total capital costs of the proposed project are \$12,032,000 (Table 2), which would be funded using UVAMC's accumulated reserves. The costs for the project are significantly higher than previously approved projects to add one MRI scanner. For example,

COPN VA-04573 issued to Carilion Medical Center to add an MRI unit at Carilion Medical Center, which cost approximately \$3,144,812. The applicant states the high costs of the project are a result of the need to effectuate significant structural reinforcement in the proposed MRI suite location in order to support the weight of the new magnet. While the costs of the project are high, DCOPN concludes that they are necessary and reasonable for the project described.

7. The extent to which the project provides improvements or innovations in the financing and delivery of health services, as demonstrated by:

(i) the introduction of new technology that promotes quality, cost effectiveness, or both in the delivery of health care services; (ii) the potential for provision of services on an outpatient basis; (iii) any cooperative efforts to meet regional health care needs; (iv) at the discretion of the Commissioner, any other factors as may be appropriate; and

DCOPN did not identify any improvements or innovations in the financing or delivery of health services, as demonstrated by the introduction of new technology, the potential for the provision of outpatient services, any cooperative efforts to meet regional health care needs, or any other factors as may be appropriate.

8. In the case of a project proposed by or affecting a teaching hospital associated with a public institution of higher education or a medical school in the area to be served, (i) the unique research, training, and clinical mission of the teaching hospital or medical school, and (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.

UVAMC is a state owned academic medical center. UVAMC asserts that they have a tripartite mission to provide research, training, and clinical care to benefit the citizens of the Commonwealth. The applicant additionally asserts that, in addition to the benefits discussed above, approval of the project will aid and enhance their research and teaching mission. MRI services at UVA are used, in part, to train Cardiology fellows and Radiology residents and fellows. The applicant asserted, at the public hearing, that approval of the proposed MRI scanner would allow additional students and residents to access and learn to use MRI technologies. With regard to research currently using MRIs, the applicant states that UVAMC is currently using MRIs for a large number of projects, including, 1) advancing the field of MRI-guided interventions, 2) developing pulse sequences and protocols to allow for more rapid and shortened studies to improve patient care, 3) evaluate lung ventilation and the effects of various medications in patients with asthma, COPD, and cystic fibrosis, and 4) assess maternal fetal abnormalities in complex pregnancies.

DCOPN Staff Findings and Conclusion

DCOPN finds that the proposed project to add one MRI scanner for diagnostic use at University of Virginia Medical Center is consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia with the exception of 12VAC5-230-80. The sole reason the applicant fails to meet this threshold is that they are the sole provider in HPR I of a necessary and time-consuming subspecialty MRI imaging service. Were the applicant to be supplying general MRI scans for the same amount of time, they would easily meet the threshold required to establish an institutional need for one MRI scanner. Given that denial of the project would penalize the sole provider of a necessary service to the region for providing that service, DCOPN finds that approval of the project is consistent with the SMFP, or is in harmony or general agreement with the SMFP, and recommends that the Commissioner not permit the SMFP utilization threshold to be an obstacle to reducing the overutilization of an extremely important and time consuming subspecialty MRI imaging service.

Moreover, DCOPN finds that the proposed project is more favorable than the alternative of the status quo. Maintenance of the status quo would not resolve the significant wait times for subspecialty services that are only provided at UVAMC, and would not address the significant increase in demand for these services. Additionally, DCOPN finds that, as a major educational institution in the field of medicine, approval of the project will increase access to MRI services at UVAMC for educational and research purposes. Moreover, DCOPN finds that, as the primary purpose of the proposed MRI scanner would be to lessen the wait times for the subspecialty MRI services that are only supplied in the region by UVAMC, approval of the project is unlikely to affect materially the utilization at existing services or facilities.

Finally, DCOPN finds that the total capital costs of the proposed project are \$12,032,000 (Table 2), which would be funded using UVAMC's accumulated reserves. The costs for the project are significantly higher than previously approved projects to add one MRI scanner. For example, COPN VA-04573 issued to Carilion Medical Center to add an MRI unit at Carilion Medical Center, which cost approximately \$3,144,812. These significantly higher costs are a result of the need to effectuate significant structural reinforcement in the proposed MRI suite location in order to support the weight of the new magnet. As such, while the costs of the project are high, DCOPN concludes that they are necessary and reasonable for the project described.

Staff Recommendation

The Division of Certificate of Public Need recommends **conditional approval** of the applicant's COPN request to add one MRI scanner for diagnostic use at University of Virginia Medical Center for the following reasons:

1. The proposed project is consistent with the applicable criteria and standards of the State Medical Facilities Plan, or is in harmony or general agreement with the SMFP, and the Eight Required Considerations of the Code of Virginia.
2. The project is more favorable than the alternative of the status quo.
3. Approval of this project is unlikely to affect materially the underutilization of existing facilities and services in the planning district.
4. As a major educational institution in the field of medicine, approval of the project will increase access to MRI services for educational and research purposes.
5. While the costs of the project are high, they are necessary and reasonable for the project described

Recommended Condition

University of Virginia Medical Center will provide MRI services to all persons in need of this service, regardless of their ability to pay, and will provide as charity care to all indigent persons free services or rate reductions in services and facilitate the development and operation of primary care services to medically underserved persons in an aggregate amount equal to at least 4.5% of University of Virginia Medical Center's total patient services revenue derived from MRI services provided at University of Virginia Medical Center as valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. Compliance with this condition will be documented to the Division of Certificate of Public Need annually by providing audited or otherwise appropriately certified financial statements documenting compliance with the preceding requirement. University of Virginia Medical Center will accept a revised percentage based on the regional average after such time regional charity care data valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. is available from Virginia Health Information. The value of charity care provided to individuals pursuant to this condition shall be based on the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq.