



COMMONWEALTH of VIRGINIA

Department of Health

Office of Licensure and Certification

M. Norman Oliver, MD, MA
State Health Commissioner

TTY 7-1-1 OR
1-800-828-1120

9960 Mayland Drive, Suite
401
Henrico, Virginia 23233-
1485
Fax (804) 527-4502

July 20, 2020

Ms. Jamie Martin
Williams Mullen
200 South 10th Street, Suite 1600
Richmond, Virginia 23219

RE: **COPN Request No. VA-8503**
Potomac Hospital Corporation of Prince William d/b/a Sentara Northern Virginia
Medical Center, Woodbridge Virginia
Relocate One CT Scanner Within PD 8

Dear Ms. Martin:

For your consideration, I enclose the Division of Certificate of Public Need (DCOPN) report and recommendations on the above referenced project. The Health Systems Agency of Northern Virginia (HSANV) recommended approval of Sentara Northern Virginia Medical Center's request to relocate one CT scanner within PD 8. DCOPN is recommending **conditional approval** of this application for the reasons listed in the attached staff report.

If Sentara Northern Virginia Medical Center is willing to accept the recommendation for conditional approval of this project, please provide documentation of this acceptance *no later than July 24, 2020*. If not willing to accept, before the State Health Commissioner makes his decision on this project, the Department will convene an informal-fact-finding-conference (IFFC) pursuant to Title 2.2 of the Code of Virginia. This IFFC has been scheduled for Thursday, August 6, 2020 beginning at 10:00 a.m. in Board Room 3 of the Perimeter Center located at 9960 Mayland Drive in Henrico, Virginia. A copy of the procedures for conduct at IFFCs may be found at <http://www.vdh.virginia.gov/OCL/copn/>

Persons wishing to participate in an IFFC have four days from the date of this letter to submit written notification to the State Health Commissioner, DCOPN and the applicant stating a factual basis for good cause standing. If no person has submitted written notification stating grounds and providing a factual basis for good cause standing and Sentara Northern Virginia Medical Center accepts the conditional approval, DCOPN will then notify you of the

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cancellation of the scheduled IFFC. DCOPN would then anticipate action by the State Health Commissioner within a few weeks of transmission.

Should you have questions or need further clarification of this report and/or its recommendations, please feel free to call me at (804) 367-1889 or email me at Erik.Bodin@VDH.Virginia.Gov.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Erik Bodin', written over a horizontal line.

Erik Bodin, Director
Division of Certificate of Public Need

Enclosures

cc: Douglas R. Harris, J.D., Office of Adjudication, Virginia Department of Health
Dean Montgomery, Executive Director, Health Systems Agency of Northern Virginia

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

July 20, 2020

COPN Request No. VA-8503

Potomac Hospital Corporation of Prince William d/b/a Sentara Northern Virginia Medical Center
Woodbridge, Virginia

Establish a Medical Care Facility for CT Imaging by Relocating One CT Scanner within PD 8

Applicant

Potomac Hospital Corporation of Prince William, doing business as Sentara Northern Virginia Medical Center (SNVMC) is a division and wholly owned subsidiary of Sentara Health Care (Sentara). Sentara is a Virginia nonstock 501(c)(3) corporation. SNVMC has one wholly owned subsidiary, Potomac Ventures. SNVMC has two partially owned subsidiaries—Potomac Inova Healthcare Alliance and Lake Ridge ASC LLC. SNVMC is located in Woodbridge, Virginia, which is located in Planning District (PD) 8 within Health Planning Region (HPR) II.

Background

SNVMC is a 183-bed general acute care hospital located in Woodbridge, Virginia. It is a full-service community hospital offering a wide range of inpatient and outpatient services including medical, surgical, and diagnostic services, intensive care, obstetrics, and newborn services. SNVMC's outpatient services include emergency services, diagnostic imaging (to include MRI, CT, ultrasound, mammography, nuclear medicine, and interventional radiology), and a wide spectrum of other services.

SNVMC currently operates four CT Units--two CT units located at the main hospital, one CT unit at Sentara Lake Ridge, an ambulatory care center, and one CT scanner at Sentara Advanced Imaging Center—Springfield. In addition, SNVMC recently obtained approval to relocate and simultaneously upgrade one underutilized CT unit from the Sentara Advanced Imaging Center—Lorton to the Century Building Advanced Imaging Center (the Century Building) on the SNVMC campus.¹ The Century Building is currently under construction and anticipated to become operational by the fourth quarter of 2020. Pending operationalization of the Century Building, the Lorton CT unit is out of service.

¹ Authorized pursuant to COPN No. VA-04616, issued on August 23, 2018.

Computed Tomography (CT) Scanners in PD 8

According to 2018 Virginia Health Information (VHI) data, the most recent year for which such data is available, there were 55 Certificate of Public Need (COPN) authorized Computed Tomography (CT) scanners in PD 8, all of which were fixed units (**Table 1**). Additionally, DCOPN notes that in addition to the 55 CT scanners reported by VHI, an additional five CT scanners have been added to the PD 8 inventory since 2018, bringing the current PD 8 inventory to 60 fixed CT scanners. COPN No. VA-04572 authorized the addition of one fixed CT unit at Inova Fairfax Hospital and became operational in May 2019. COPN No. VA-04548 authorized the addition one one CT scanner at Virginia Hospital Center and is expected to be complete by January 2023. COPN No. VA-04595 authorized the establishment of a specialized center for CT imaging at Fairfax ENT and Facial Plastic Surgery and became operational in January 2019. COPN No. VA-04663 authorized the addition of one CT scanner at Insight Imaging and is expected to be complete by March 2020. DCOPN notes that the volume for the additional machines is not included in **Table 1** below, as this data is not yet available from VHI.

Table 1. COPN Authorized CT Units in PD 8: 2018

Hospital Based Facility	Units	Procedures	Scans/Unit	Utilization
Inova Alexandria Hospital	3	35,822	11,941	161.4%
Inova Fair Oaks Hospital	4	30,608	7,652	103.4%
Inova Fairfax Medical Campus*	5	83,836	16,767	226.6%
Inova Loudoun Hospital	2	30,067	15,034	203.2%
Inova Mount Vernon Hospital	2	20,347	10,174	137.5%
Novant Health UVA Health System Haymarket	2	12,071	6,036	81.6%
Novant Health UVA Prince William	2	19,090	9,545	129.0%
Reston Hospital Center**	4	25,159	6,290	85.0%
Sentara Northern Virginia Medical Center***	2	19,982	9,991	135.0%
Stone Springs Hospital Center	1	5,839	5,839	78.9%
Virginia Hospital Center****	3	51,021	17,007	229.8%
Hospital Based TOTAL and Average	33²	33,842	11,128	150.4%
Freestanding Facility				
Alexandria Computed Tomography				
Centreville/Clifton Imaging Center	1	6,050	6,050	81.8%
Fair Oaks Imaging Center	1	1,933	1,933	26.1%
Fairfax Diagnostic Imaging Center	1	4,362	4,362	58.9%
Fairfax MRI and Imaging Center at Tysons	1	2,014	2,014	27.2%
Inova Ashburn Healthplex	1	5,182	5,182	70.0%
Inova Emergency Room of Fairfax City	1	2,784	2,784	37.6%
Inova Imaging Center-Mark Center	1	3,740	3,740	50.5%
Inova Lorton HealthPlex	1	6,178	6,178	83.5%
Inova Loudoun Diagnostic Imaging (Cornwall)	1	9,941	9,941	134.3%
Inova Springfield HealthPlex	1	13,242	13,242	178.8%
Insight Imaging-Fairfax	1	3,799	3,799	51.3%
Kaiser Permanente-Reston Medical Center	1	6,559	6,559	88.6%
Kaiser Permanente-Woodbridge*****	1	9,078	9,078	122.7%
Lakeside at Loudoun Tech Center	1	2,156	2,156	29.1%
Metro Region PET Center	1	1,423	1,423	19.2%
Novant Imaging Center	1	844	844	11.4%
Orthopaedic Foot and Ankle Center of Washington	1	683	683	9.2%
Prosperity Imaging Center	1	7,717	7,717	104.3%
Radiology Imaging Associates at Landsdowne	1	3,883	3,883	52.5%
Radiology Imaging Associates at Sterling	1	2,346	2,346	31.7%
Sentara Advanced Imaging Center-Lake Ridge	1	7,449	7,449	100.7%
Sentara Advanced Imaging Center-Springfield	1	49	49	0.7%
Tysons Corner Diagnostic Imaging	1	1,299	1,299	17.6%
Woodburn Diagnostic Center	2	11,785	5,893	79.6%
Freestanding Facility TOTAL and Average	27³	114,496	4,580	61.9%
Grand TOTAL and Average	60⁴	448,338	8,152	110.2%

Source: VHI (2018) and DCOPN records

*7th CT scanner added pursuant to COPN No. VA-4572, issued August 15, 2017.

² Though not included in the overall calculations for occupancy, this number reflects the additions to the PD 8 CT inventory authorized pursuant to COPN Nos. VA-04572 and 04548.

³ Though not included in the overall calculations for occupancy, this number reflects the additions to the PD 8 CT inventory authorized pursuant to COPN Nos. VA-04595 and 04563.

⁴ Though not included in the overall calculations for occupancy, this number reflects the additions to the PD 8 CT inventory authorized pursuant to COPN Nos. VA-04572, 04548, 04595 and 04563.

** CT relocated from main hospital inventory to a newly established specialized center for CT imaging pursuant to COPN No. VA-04554, issued on February 21, 2017.

***CT relocated from main hospital inventory to newly established specialized center for CT imaging pursuant to COPN No. VA-04616, issued on August 13, 2018

****4* CT scanner added pursuant to COPN No. VA-04548, issued on February 1, 2017.

*****1 CT scanner relocated to a newly established healthcare facility established pursuant to COPN No. VA-04700, issued on February 18, 2020.

*****1 limited-purpose CT scanner added to a new specialized center for CT services established by Fairfax ENT and Facial Plastic Surgery pursuant to COPN No. VA-04595, issued on April 3, 2018.

*****1 CT scanner added at Insight Imaging—Arlington pursuant to COPN No. VA-04663, issued on September 3, 2019.

Proposed Project

The applicant proposes to relocate and simultaneously upgrade the CT scanner currently in operation at Sentara Advanced Imaging Center—Springfield, a CT imaging facility currently located at 6128 Brandon Avenue, to a new location four miles away. The applicant states that the current unit, an aged 6-slice CT unit that only supports four types of procedures, cannot provide the full continuum of CT studies needed by its patients. The applicant further states that relocation is necessary to facilitate the CT upgrade. The applicant provided a memorandum from an architect explaining that the current building is aged and cannot be efficiently modernized to accommodate a new CT unit. Specifically, the current building, built in 1971, is unable to support the new CT scanner due to limitations on weight bearing, ceiling height, and electrical loads necessary to handle the proper cooling and humidity systems needed to operate a 32-slice CT scanner. Thus, the applicant proposes to relocate the new scanner to a modernized site only four miles away, into an existing multi-use building not currently providing COPN services.

The applicant anticipates construction for the proposed project to commence on January 7, 2021 and to be complete by August 2021. The applicant anticipates a target opening date of September 14, 2021. The projected capital costs of the proposed project total \$1,628,392, the entirety of which will be funded using the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project.

Table 2. SNVMC Projected Capital Costs

Direct Construction Costs	\$450,922
Equipment Not Included in Contract	\$297,500
Site Acquisition Costs	\$814,249
Architectural and Engineering Fees	\$55,721
Other Consultant Fees	\$10,000
TOTAL Capital Costs	\$1,628,392

Source: COPN Request No. VA-8503

Project Definition

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part, as the “Establishment of a medical care facility described in subsection A.” A medical care facility is defined, in part, as “Any specialized center or clinic...developed for the provision of...computed tomographic (CT) scanning...”

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 project will provide or increase access to health care services for people in the area to be served and the effects that the proposed project will have on access to health care services in areas having distinct and unique geographic, socioeconomic, cultural, transportation, and other barriers to access to health care;**

The proposed new location is conveniently located close to major thoroughfares and local roads including Interstates 95, 295, and 495. The location provides quick access to the Beltway, two Metro stations (Franconia-Springfield and Van Dorn Street), and bus stops on the Fairfax Connector route. The area is also served by the Virginia Railway Express and Amtrak stations. As will be discussed in more detail later in this staff analysis report, DCOPN concludes that at least 95% of the population of PD 8 is within 30 minutes' drive time, one way, under normal driving conditions of existing CT services.

Regarding socioeconomic barriers to access to services, the applicant has provided assurances that outpatient CT services at the proposed freestanding site will be accessible to all patients, regardless of ability to pay or payment source. The applicant states that these services will be significantly less costly to patients and payors—35-50% less expensive—as compared to the same services offered in the hospital-based setting. While the Pro Forma Income Statement (Table 3) provided by the applicant did not explicitly proffer a charity care contribution, the applicant provided the following:

“... The expected charity care percentage is a helpful point to consider in assessing a project's financial accessibility. On that point, Sentara Northern Virginia Medical Center's charity care performance and Medicaid history demonstrate extraordinary commitment to the underserved. According to 2018 VHI data, SNVMC had the second-highest charity care contribution in dollars (nearly \$57 million) among all hospitals in Planning District 8/Health Planning Region II, second only to the much-larger Inova Fairfax Hospital. SNVMC's charity care amounted to 7.22% of its gross patient revenue, far in excess of the Health Planning Region's 4.1% average, and again placing it second among all PD 8 hospitals. SNVMC's Medicaid participation, also as reported by VHI, ties for first-place (with Inova Fairfax).

“We understand that charity care conditions are now placed on all COPN-authorized projects, even those operated by providers with high charity care. In light of that understanding, SNVMC has anticipated throughout this review that a charity care condition of the HPR average would be placed on any COPN issued in this case. SNVMC would gladly accept such a condition... Notably, the existing site does not have a charity care condition, so relocating the CT entails an opportunity for documented and reported charity care that does not now exist.”

DCOPN confirms the applicant’s assertion that the HPR II average charity care contribution for 2018 was 4.1% while SNVMC’s contribution for the same period was 7.22% (Table 4). Furthermore, DCOPN notes that pursuant to the recent changes to §32.1-102.4B of the Code of Virginia, DCOPN is now required to place a charity care condition on all applicants seeking a COPN. Accordingly, should the Commissioner approve the proposed project, DCOPN recommends a charity care condition consistent with the HPR II average, and equal to at least 4.1% of gross patient services revenue derived from CT services at SNVMC. DCOPN notes that its recommendation includes a provision allowing for the reassessment of the charity rate when more reliable data becomes available regarding the full impact of Medicaid expansion in the Commonwealth.

Table 3. SNVMC Pro Forma Income Statement

	Year 1	Year 2
Volume	2,600	3,250
Total Net Revenue	\$526,311	\$648,021
Total Operating Expenses	\$403,592	\$467,073
Net Income	\$122,710	\$180,948

Source: COPN Request No. VA-8503

Table 4. HPR II Charity Care Contributions: 2018

Health Planning Region II			
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 :
Novant Health UVA Health System Prince William Medical Center	\$495,433,432	\$44,647,076	9.01%
Sentara Northern Virginia Medical Center	\$789,301,159	\$56,962,621	7.22%
Inova Mount Vernon Hospital	\$479,308,693	\$25,072,214	5.23%
Inova Alexandria Hospital	\$924,056,506	\$46,277,537	5.01%
Inova Fairfax Hospital	\$3,422,077,165	\$157,062,195	4.70%
Inova Loudoun Hospital	\$730,947,536	\$26,227,153	3.59%
Novant Health UVA Health System Haymarket Medical Center	\$255,870,637	\$8,844,583	3.46%
Inova Fair Oaks Hospital	\$672,995,830	\$22,827,171	3.39%
Virginia Hospital Center	\$1,361,001,590	\$32,175,893	2.36%
StoneSprings Hospital Center	\$204,255,017	\$2,703,533	1.32%
Reston Hospital Center	\$1,323,668,487	\$14,710,834	1.20%
Total Facilities			11
Median			3.6%
Total \$ & Mean %	\$10,658,916,052	\$437,510,810	4.1%

Source: VHI (2018)

Also with regard to socioeconomic barriers to access to services, DCOPN notes that, according to the most recent U.S. Census data, no locality in PD 8 had a poverty rate equal to or higher than the statewide average (Table 5).

Table 5. Statewide and PD 8 Poverty Rates

Locality	Poverty Rate
Virginia	10.7%
Alexandria City	10.6%
Arlington	7.2%
Fairfax City	8.7%
Fairfax County	6.1%
Falls Church City	2.7%
Loudoun	3.6%
Manassas City	8.6%
Manassas Park City	9.7%
Prince William	6.4%

Source: U.S. Census Data (census.gov)

The most recent Weldon-Cooper data projects a total PD 8 population of 2,937,138 persons by 2030 (Table 6). This represents an approximate 31.7% increase in total population from 2010 to 2030. Comparatively, Weldon-Cooper projects the total population of Virginia to increase by approximately 16.63% for the same period. With regard to the 65 and older age cohort in PD 8, Weldon-Cooper projects a much more rapid increase. Weldon-Cooper projects a PD 8 increase of approximately 114.6% among this age cohort from 2010-2030 (Table 7). This is significant, as this age group typically uses health care services, including diagnostic imaging services, at a rate much higher than those under the age of 65.

Table 6. Statewide and PD 8 Total Population Projections, 2010-2030

Locality	2010	2020	% Change	2030	% Change	2010-2030 % Change
Virginia	8,001,024	8,655,021	8.17%	9,331,666	7.82%	16.63%
Alexandria City	139,966	166,261	18.8%	182,067	9.5%	30.1%
Arlington	207,627	249,298	21.1%	274,339	10.0%	32.1%
Fairfax City	22,565	25,047	11.0%	26,397	5.4%	17.0%
Fairfax County	1,081,726	1,162,504	7.5%	1,244,035	7.0%	15.0%
Falls Church City	12,332	14,988	21.5%	17,032	13.6%	38.1%
Loudoun	312,311	430,584	37.9%	554,808	28.9%	77.6%
Manassas City	37,821	43,099	14.0%	46,332	7.5%	22.5%
Manassas Park City	14,273	17,086	19.7%	20,284	18.7%	42.1%
Prince William	402,002	478,134	18.9%	571,844	19.6%	42.2%
Total PD 8	2,230,623	2,587,001	16.0%	2,937,138	13.5%	31.7%

Source: U.S. Census, Weldon Cooper Center Projections (August 2019) and DCOPN (interpolations)

Table 7. PD 8 Population Projections for 65+ Age Cohort, 2010-2030

Locality	2010	2020	% Change	2030	% Change	2010-2030 % Change
Alexandria City	12,806	17,359	35.6%	22,175	27.7%	73.2%
Arlington	18,054	22,515	24.7%	26,951	19.7%	49.3%
Fairfax City	3,088	3,754	21.6%	4,611	22.8%	49.3%
Fairfax County	106,290	151,585	42.6%	184,218	21.5%	73.3%
Falls Church City	1,293	1,907	47.5%	2,317	21.5%	79.2%
Loudoun	20,425	45,314	121.9%	84,522	86.5%	313.8%
Manassas City	2,607	3,930	50.7%	5,387	37.1%	106.6%
Manassas Park City	806	1,426	76.9%	2,258	58.3%	180.1%
Prince William	27,220	52,698	93.6%	80,830	53.4%	197.0%
Total PD 8	192,589	300,488	56.0%	413,269	37.5%	114.6%

Source: U.S. Census, Weldon Cooper Center Projections (August 2019) and DCOPN (interpolations)

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

- (i) The level of community support for the proposed project demonstrated by people, businesses, and governmental leaders representing the area to be served;**

The applicant provided numerous letters of support for the proposed project from medical professionals associated with Sentara Health Care. Collectively, these letters addressed the following:

- It is important to be able to offer advanced imaging services such as CT at a location off the hospital’s campus to keep inpatients and outpatients separate as well as free up limited resources for acute care patients.
- According to several medical journals and studies (National Center for Biotechnology Information and Radiology Society of North America), CT scans are helpful in assisting in rapid COVID-19 diagnosis as well as patient follow-up after acute COVID-19 illness. CT scan will allow pulmonologists and other medical providers the ability to follow any residual disease and indicate progression and recovery from the illness.
- Many patients who live in Prince William and Stafford County commute daily to Fairfax County and would benefit from the independent diagnostic testing facility near their place of employment. Providing outpatient diagnostic services beyond the hospital campus improves patient access and convenience in a lower cost setting.
- Relocation would support the physical upgrade of the CT scanner and allow the ability to expand testing capabilities.

DCOPN received no letters in opposition to the proposed project.

The Health Systems Agency of Northern Virginia (HSANV) conducted the required public hearing on June 29, 2020. There was no public comment on the proposal other than the statements of support submitted with the application.

- (ii) The availability of reasonable alternatives to the proposed project that would meet the needs of people in the area to be served in a less costly, more efficient, or more effective manner;**

DCOPN contends that no reasonable alternatives to the proposed project exist which would meet the needs of the area to be served in a less costly, more efficient, or more effective manner. First, maintaining the status quo is simply not a viable alternative to the proposed project. The existing 6-slice CT scanner at Springfield is at the end of its useful life and SNVMC is no longer able to secure repairs and replacement parts for the model. The unit is also no longer able to provide the full range of CT procedures needed by patients today, undoubtedly contributing to the gross underutilization of the service. While the machine can be replaced without COPN authorization at any time, replacement of the existing scanner with an updated model cannot be accomplished at the existing location, as the current building, built in 1971, is structurally unable to accommodate the installation and operation of a 32-slice CT in an appropriate and safe environment. Moreover, no additional CT capacity exists within a PD 8 Sentara Health Care facility for transfer, as every other machine operates at or above the SMFP expansion threshold of 7,4000 procedures per scanner per year (Tables 1 and 7).

- (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;**

The HSANV Board of Directors reviewed at its June 29, 2020 meeting the COPN application filed by SNVMC. The Board voted unanimously (14 in favor) to recommend approval of the application.

The Board bases the recommendation on its review of the application, on the HSANV staff report on the proposal, on the testimony and evidence presented at the June 29, 2020 public hearing and Board of Directors meeting, and on several basic findings and conclusions, including:

1. The CT scanning service SNVMC proposes to replace and relocate dates from the early 1990s, is outdated, and has little use.
2. The supply and demand for CT scanning services in Northern Virginia is well balanced. There is no indication of a current or near term regional need for additional CT services or additional CT scanners.
3. The SNVMC proposal is a replacement and relocation project. Consequently, it would not change the number of CT scanning services or the number of CT scanners in the planning region.
4. Thought not needed to meet current or near term community demand, relocating and updating a dated and poorly located service is a reasonable, perhaps necessary, business decision that should result in more efficient operations and marginal improvement in access to CT services.

5. The capital cost of the proposed project is within the range reported for similar projects locally and elsewhere in Virginia.
6. Though the new service would be likely to affect demand at nearby freestanding CT services, there is no indication, or reason to believe, that potential negative effects on competing service providers would be destabilizing or otherwise unacceptable.
7. The project appears to be generally consistent with the applicable provisions of the Virginia State Medical Facilities Plan as they have been applied to similar proposals.

(iv) Any costs and benefits of the proposed project;

The total projected capital cost of the proposed project is \$1,628,392, the entirety of which will be funded using the accumulated reserves of the applicant (Table 2). Accordingly, there are no financing costs associated with the proposed project. DCOPN concludes that the costs for the proposed project are reasonable when compared to previously approved projects similar in scope.⁵

The applicant cited the following benefits of the proposed project:

- The proposed project would allow SNVMC to implement a modern 32-slice CT unit that can produce high-quality images in a cost-effective manner and can provide the full spectrum of standard-of-care CT procedures needed by patients, including low-dose screening procedures.
- The project will much better serve existing patients in SNVMC's service area, particularly Fairfax County and the surrounding communities, and will ensure that those patients have access to affordable CT services in their community.
- At the new location, the relocated facility will be operated as an outpatient, non-hospital-based imaging center and will be reimbursed at IDTF (independent diagnostic testing facility) rates. Thus, the relocation will allow SNVMC to offer patients CT services in a lower-cost site of care. Lower costs will apply to the full range of patients—Medicare, Medicaid, and those who are self-pay and/or have high-deductible health plans.
- The replacement CT facility, located in a modern and easily accessible building in a vibrant development that houses a range of business, medical providers, and other services, will significantly improve timely and convenient access for patients while enhancing the coordination and continuity of care for patients.
- Operating as a freestanding facility dedicated to outpatients will allow the Springfield/Alexandria imaging center to ensure prompt access and eliminate scheduling interruptions otherwise found in the hospital setting due to a need to accommodate inpatients and emergency patients. Parking will be in close proximity to the replacement facility and will not require navigating a complex medical campus.
- The facility will provide other (non-COPN-reviewable) diagnostic imaging services, including mammography, ultrasound, X-ray and DEXA scanning.

⁵ COPN No. VA-04616, issued on August 13, 2018, which authorized the establishment of a specialized center for CT imaging and had an authorized capital cost of \$422,845; COPN No. VA-04663, issued on September 3, 2019, which authorized the introduction of fixed CT services and had an authorized capital cost of \$731,800.

- (v) **The financial accessibility of the proposed project to people in the area to be served, including indigent people; and**

As already discussed, the applicant has provided assurances that outpatient CT services at the proposed freestanding site will be accessible to all patients, regardless of ability to pay or payment source. The applicant additionally states that these services will be significantly less costly to patients as compared to the same services in the hospital-based setting. However, as previously noted, the Pro Forma Income Statement (**Table 3**) provided by the applicant did not explicitly proffer a charity care contribution, however discussions with the applicant indicate that a condition consistent with the HPR II average is expected, and will be accepted should the proposed project be approved by the Commissioner. DCOPN notes that the HPR II average charity care contribution for 2018 was 4.1% while SNVMC's contribution for the same period was 7.22% (**Table 4**). Accordingly, should the Commissioner approve the proposed project, DCOPN recommends a charity care condition consistent with the HPR II average, and equal to at least 4.1% of gross patient services revenue derived from CT services at SNVMC. DCOPN again notes that its recommendation includes a provision allowing for the reassessment of the charity rate when more reliable data becomes available regarding the full impact of Medicaid expansion in the Commonwealth.

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

Section 32.10-102:1 of the Code of Virginia calls for the State Health Services Plan Task Force to develop, by November 1, 2022, recommendations for a comprehensive State Health Services Plan (SHSP). In the interim, DCOPN will consider the consistency of the proposed project with the predecessor of the SHSP, the SMFP.

3. The extent to which the proposed project is consistent with the State Health Services Plan;

The State Medical Facilities Plan (SMFP) contains the criteria and standards for the establishment of a specialized center developed for the provision of computed tomographic scanning. They are as follows:

**Part II. Diagnostic Imaging Services
Article 1. Criteria and Standards for Computed Tomography**

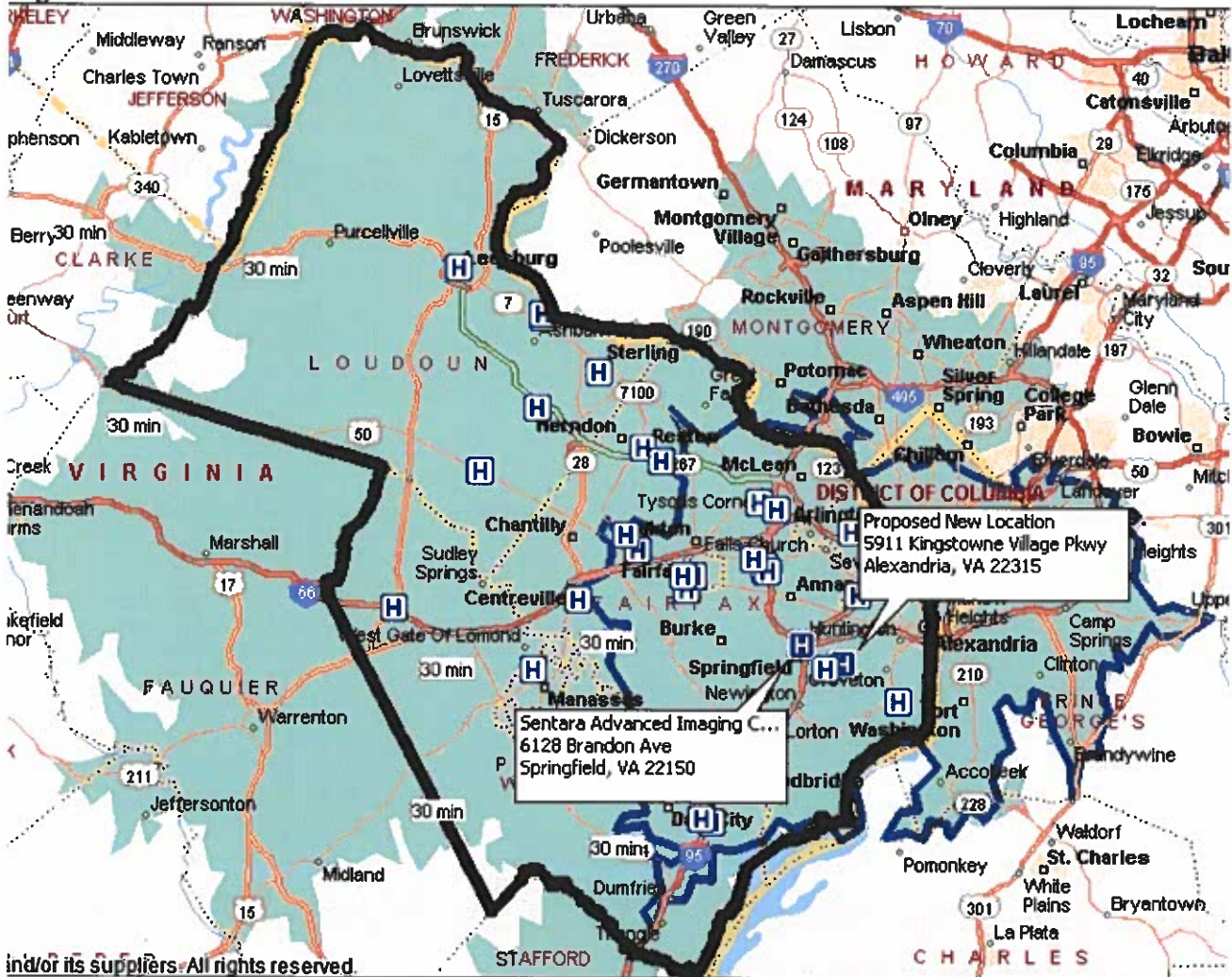
12VAC5-230-90. Travel time.

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

The heavy black line in **Figure 1** represents the boundary of PD 8. The blue "H" signs marks the current location of Sentara Advanced Imaging Center—Springfield and the proposed site for relocation. The white "H" signs mark the locations of all other existing CT services in PD 8. The green shaded area represents the area of PD 8 and surrounding areas that are within 30 minutes' drive time of existing PD 8 CT services. The thin blue line represents the area within a 30 minutes'

drive time of the proposed new location for Sentara Advanced Imaging Center—Springfield. Given the amount of shaded area, it is evident that CT services are already well within a 30 minute drive for at least 95% of the population of PD 8. Furthermore, DCOPN notes existing CT services in PD 8 are well distributed and that approval of the proposed project would not likely improve geographic access to CT services for residents of PD 8 in any meaningful way. However, as already discussed, DCOPN contends that the upgrade in equipment involved with this project would result in improved access by increasing the number of CT studies able to be conducted at the imaging center. Therefore, it is likely that approval would improve CT utilization for Sentara Advanced Imaging Center—Springfield.

Figure 1.



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12VAC5-230-100. Need for New Fixed Site or Mobile Service.

- A. No new fixed site or mobile CT service should be approved unless fixed site CT services in the health planning district performed an average of 7,400 procedures per existing and approved CT scanner during the relevant reporting period and the proposed new service would not significantly reduce the utilization of existing 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 site may be disregarded in computing the average utilization of CT scanners in such health planning district.**
- B. Existing CT scanners used solely for simulation with radiation therapy treatment shall be exempt from the utilization criteria of this article when applying for a COPN. In addition, existing CT scanners used solely for simulation with radiation therapy treatment may be disregarded in computing the average utilization of CT scanners in such health planning district.**

As previously discussed, VHI data demonstrates that the 55 CT scanners in operation in PD 8 in 2018 operated at a cumulative utilization of 110.2% (8,152 procedures per scanner), well above the SMFP expansion threshold of 7,400 procedures per scanner per year. DCOPN observes that utilization of hospital-based CT scanners varies significantly from that of CT scanners at freestanding facilities. Specifically, the 30 hospital-based CT scanners in PD 8 operated at a collective utilization of 150.4%, while the 25 CT scanners located at freestanding facilities operated at a collective utilization of only 61.9% (or 4,580 procedures per scanner) for the same period, well beneath the SMFP threshold for expansion. However, DCOPN notes that Anthem's 2018 policy change, which results in reimbursement for only those procedures performed in outpatient settings when available, will likely result in an increase in utilization of freestanding diagnostic imaging facilities. DCOPN also notes that when the five additional scanners added subsequent to 2018 are considered, DCOPN has calculated the resulting utilization to be approximately 101.0%.⁶

Using 2018 VHI data, based on the 55 authorized CT units in PD 8 and reported CT volume of 448,338 CT procedures (8,152 procedures per unit); there is a calculated deficit of 5.6 CT units in PD 8 as follows:

COPN authorized CT units per VHI data = 55
Needed CT units = $448,338 \div 7,400 = 60.6$
Utilization Percentage = 110.2%
CT unit deficit per VHI data = 5.6

However, when the CT units added pursuant to COPN Nos. VA-04572, 04548, 04595 and 04663 are considered, the result is a calculated **deficit of 0.6 (1) CT scanner**

While the CT unit in operation at Sentara's Springfield facility operated at only 0.7% in 2018 (Table 1), DCOPN contends that this gross underutilization is likely due to the age and virtual obsolescence of the machine. Moreover, within the PD 8 Sentara Health Care system, the four existing CT scanners operated at a collective utilization of 92.8% (6,879 scans per unit), just shy of the 7,400

⁶ This number was derived by adjusting the total number of CT scanners to reflect the five additional machines added subsequent to 2018, while maintaining the same number of procedures reported to VHI for 2018.

procedure standard. However, DCOPN notes that aside from the scanner at the Springfield location, each CT scanner within the PD 8 Sentara Health Care system operated above the threshold for expansion. Accordingly, DCOPN contends that maintaining the status quo is not a more favorable alternative to the proposed project. To reiterate, the existing 6-slice scanner is at the end of its useful life and SNVMC is no longer able to secure repairs and replacement parts for the model. Additionally, the unit is no longer able to provide the full range of CT procedures needed by patients today, undoubtedly contributing to the underutilization of the service. The applicant projects that approval of the project will improve utilization of this service (Table 3). Because the new machine will be able to offer a full range of CT studies and procedures, as compared the four studies performed with the current machine, DCOPN contends that the applicant's projections are reasonable. Increased utilization of the Springfield service is likely to have some impact on neighboring providers of CT services, however DCOPN does not anticipate that this impact will be destabilizing.

Table 7. Sentara Health Care PD 8 Inventory and Utilization: 2018

Facility	Units	Scans	Scans/Unit	Utilization
Sentara Northern Virginia Medical Center	2	19,982	9,991	135.0%
Sentara Advanced Imaging Center-Lake Ridge	1	7,449	7,449	100.7%
Sentara Advanced Imaging Center-Springfield	1	49	49	0.7%
TOTAL and Average	4	27,480	6,870	92.8%

Source: VHI (2018)

12VAC5-230-110. Expansion of Fixed Site Service.

Proposals to expand an existing medical care facility's CT service through the addition of a CT scanner should be approved when the existing services performed an average of 7,400 procedures per scanner for the relevant reporting period. The commissioner may authorize placement of a new unit at the applicant's existing medical care facility or at a separate location within the applicant's primary service area for CT services, provided the proposed expansion is not likely to significantly reduce the utilization of existing providers in the health planning district.

Not applicable. The applicant is not proposing to expand an existing fixed site service, but rather, to establish a new service.

12VAC5-230-120. Adding or Expanding Mobile CT Services.

- A. Proposals for mobile CT scanners shall demonstrate that, for the relevant reporting period, at least 4,800 procedures were performed and that the proposed mobile unit will not significantly reduce the utilization of existing CT providers in the health planning district.**
- B. Proposals to convert authorized mobile CT scanners to fixed site scanners shall demonstrate that, for the relevant reporting period, at least 6,000 procedures were performed by the mobile scanner and that the proposed conversion will not significantly reduce the utilization of existing CT providers in the health planning district.**

Not applicable. The applicant is not proposing to add or expand mobile CT services.

12VAC5-230-130. Staffing.

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

The applicant has provided assurances that upon relocation to the new facility, the CT service will continue to operate under the direction and supervision of qualified physicians.

Eight Required Considerations Continued

- 4. The extent to which the proposed project fosters institutional competition that benefits the area to be served while improving access to essential health care services for all people in the area to be served;**

The proposed project seeks the relocation and upgrade of an existing CT service into a more accessible and low-cost facility. The proposed new facility is approximately four miles away from the existing service and therefore will not materially change the current facility's primary service area. While the project will not increase the overall number of COPN-authorized CT units in the planning district, approval will likely result in the improved utilization of the Springfield service, which will likely have some impact on the utilization of nearby providers of CT services. However, DCOPN contends that this impact is not likely to be significant. DCOPN contends that the project is not intended to foster competition within PD 8, but rather is intended to ensure SNVMC's patients access to needed CT services.

- 5. The relationship of the proposed project to the existing health care system of the area to be served, including the utilization and efficiency of existing services or facilities;**

As discussed, 2018 VHI data demonstrates that the 55 CT units operational in 2018 in PD 8 operated at a collective utilization of 110.2%. DCOPN again notes that when the five machines added subsequent to 2018 are considered, the resulting utilization is approximately 101%, still above the SMFP threshold for expansion. Furthermore, there is a calculated deficit of 0.6 (1) CT scanner in PD 8. Approval of the proposed project would ultimately have a neutral impact on the total number of CT units in PD 8. However, approval would likely result in the improved utilization of the Springfield service, while also helping to alleviate the strain currently experienced by the remaining PD 8 Sentara Health Care system CT units, all of which operated at or above the SMFP threshold for expansion in 2018. Because there is a calculated need for additional CT capacity in the planning district, any negative impact approval of the proposed project may have on nearby facilities is likely to be insignificant.

- 6. The feasibility of the proposed project, including the financial benefits of the proposed project to the applicant, the cost of construction, the availability of financial and human resources, and the cost of capital;**

As already discussed, DCOPN contends that the projected costs for the proposed project are reasonable when compared to previously authorized projects similar in scope. Furthermore, the Pro Forma Income Statement provided by the applicant projects a net profit of \$122,710 in the first year of operation and \$180,948 by year two. The applicant will fund the project entirely with accumulated reserves. Accordingly, there are no financing costs associated with this project.

With regard to staffing, the facility's CT service will be staffed by the CT technologist staff currently staffing the Springfield facility. The applicant anticipates the need to hire one additional full-time registration employee. The applicant states that it utilizes a variety of methods to recruit additional personnel including online employment opportunities, newspaper advertisement and career fairs. The applicant states that it will utilize Sentara's human resources department as well as internal resources to obtain the necessary additional registration personnel. Due to the small number of employees needed to staff this project, DCOPN does not anticipate that the applicant will have any difficulty staffing the proposed project or that doing so will have a negative impact on other PD 8 facilities.

7. **The extent to which the proposed project provides improvements or innovations in the financing and delivery of health care 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 health care services on an outpatient bases; (iii) any cooperative efforts to meet regional health care needs; and (iv) at the discretion of the Commissioner, any other factors as may be appropriate; and**

While the proposed project will not, per se, introduce new imaging technology in PD 8, the project represents new and updated technology much-needed to allow SNVMC to effectively serve its existing patient population. The existing Springfield unit has not only outlived its useful life, but it is also incapable of meeting today's standard of diagnostic imaging. Approval of the proposed project will allow SNVMC to replace the current unit with a low-dose 32-slice CT scanner which will be used for the full range of diagnostic CT procedures, including low-dose preventative screening programs not feasible on the current equipment.

The relocated facility will be dedicated to outpatients only and will be reimbursed at Independent Diagnostic Testing Facility rates, thus promoting the quality and cost-effectiveness of CT services.

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 services for citizens of the Commonwealth, including indigent or underserved populations.**

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

DCOPN Staff Findings and Conclusions

The proposed project enjoys broad support from healthcare providers associated with Sentara Health Care. Additionally, there is no known opposition to the project. DCOPN finds that the total capital costs of the proposed project are reasonable and consistent with previously approved projects similar in scope. Furthermore, DCOPN finds that the project appears to be economically feasible both in the immediate and long-term. Finally, DCOPN concludes that approval of the

proposed project is not likely to have a significant negative impact on the staffing or utilization of existing PD 8 providers of CT services.

DCOPN finds that the project is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. Approval of the proposal of the proposed project will have a neutral effect on the collective PD 8 inventory, however it will help to alleviate the strain currently experienced by Sentara Health Care facilities located in PD 8 while simultaneously equipping the Springfield facility with the technology it needs to effectively and efficiently care for its patient population. Moreover, DCOPN finds that no reasonable alternatives to the proposed project exist which would serve the residents of PD 8 in a less costly, more efficient manner.

DCOPN Staff Recommendation

The Division of Certificate of Public Need recommends the **conditional approval** of Sentara Northern Virginia Medical Center's request to relocate one CT scanner within PD 8 for the following reasons:

1. The proposed project is generally consistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The capital costs of the proposed project is reasonable.
3. The proposed project appears economically viable in the immediate and the long-term.
4. There is no known opposition to the proposed project.
5. The project is more favorable than maintain the status quo.

DCOPN's recommendation is contingent on Sentara Northern Virginia Medical Center's agreement to the following charity care condition:

Sentara Northern Virginia Medical Center will provide computed tomography (CT) services to all persons in need of this service, regardless of their ability to pay, and will facilitate the development and operation of primary medical care services to medically underserved persons in PD 8 in an aggregate amount equal to at least 4.1% of Sentara Advanced Imaging Center—Springfield's gross patient revenue derived from CT services. 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. Sentara Northern 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 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.

Sentara Northern Virginia Medical Center will provide CT care to individuals who are eligible for benefits under Title XVIII of the Social Security Act (42 U.S.C. § 1395 et seq.), Title XIX of the Social Security Act (42 U.S.C. § 1396 et seq.), and 10 U.S.C. § 1071 et seq. Additionally **Sentara Northern Virginia Medical Center** will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.