



COMMONWEALTH of VIRGINIA

Department of Health

Office of Licensure and Certification

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State Health Commissioner

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July 20, 2020

Mr. Daniel Herlihy
VCU Hospitals Administration
1200 E. Marshall Street, Box 980010
Richmond, Virginia 23298

RE: COPN Request No. VA-8505
Virginia Commonwealth University Health System Authority
Add one fixed MRI scanner and one fixed CT scanner

Dear Mr. Herlihy:

For your consideration, I enclose the Division of Certificate of Public Need (DCOPN) report and recommendation on the above referenced project. DCOPN is recommending **conditional approval** of this application for the reasons listed in the attached staff report.

If Virginia Commonwealth University Health System Authority 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 Friday, July 31, 2020 beginning at 10:00 a.m. in Board Room 1 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/OLC/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 Virginia Commonwealth University Health System Authority accepts the conditional approval, DCOPN will then notify you of the cancellation of the scheduled IFFC. DCOPN would then anticipate action by the State Health Commissioner within a few weeks of transmission.

DIRECTOR
(804) 367-2102

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(804) 367-2104

COPN
(804) 367-2126

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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

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis Report

July 20, 2020

COPN Request No. VA-8505

Virginia Commonwealth University Health System Authority

Richmond, Virginia

Add one fixed MRI scanner and one fixed CT scanner

Applicant

The Virginia Commonwealth University Health Systems Authority (“VCUHS”) is a public body corporate and political subdivision of the Commonwealth of Virginia governed by the Virginia Commonwealth University Health System Authority Act of 1996-Title 23, Chapter 6.2, 23-50.16:1 of the Code of Virginia. VCUHS owns and operates the VCU Medical Center Adult Outpatient Pavilion (Adult Pavilion). The Adult Pavilion is located in Richmond, Virginia, Planning District (PD) 15, Health Planning Region (HPR) IV.

Background

The Adult Pavilion will be a comprehensive adult ambulatory care center located in Richmond, Virginia on VCUHS’ downtown campus. It will include a wide range of services, including, but not limited to, neurology, orthopedics, urology, and women’s services and will house VCUHS’ Massey Cancer Center. In 2018, the State Health Commissioner (Commissioner) issued COPN No. VA-04596 to VCUHS authorizing the addition of one MRI-equipped linear accelerator with Stereotactic Radiosurgery/Stereotactic Radiotherapy capabilities, one PET/CT simulator dedicated to radiation therapy treatment planning, and one MRI simulator dedicated to radiation therapy treatment planning. In 2018, the last year for which the Division of Certificate of Public Need (DCOPN) has data from Virginia Health Information (VHI), there were 39 COPN authorized fixed CT scanners (**Table 1**) and 29 COPN authorized fixed MRI scanners (**Table 2**) in PD 15. Currently, based on DCOPN records, there are 52 COPN authorized fixed CT scanners and 34 COPN authorized fixed MRI scanners in PD 15.

Proposed Project

The applicant proposes to expand their CT and MRI capacity through the addition of one CT scanner and one MRI scanner to the Adult Pavilion located on their downtown campus. The applicant states that there is an institutional need for both CT and MRI imaging capacity. The total capital and financing cost of the proposed project is \$6,808,481 (Table 3). The project will be paid through the use of VCUHS' accumulated reserves. The applicant asserts that it is not anticipated that the proposed project will have any impact on the cost of VCUHS providing care.

Table 3. Capital and Financing Costs

Direct Construction Costs	\$3,701,303
Equipment Not Included in Construction Contract	\$2,738,041
Site Preparation Costs	\$70,832
Architectural and Engineering Fees	\$258,305
Other Consultant Fees	\$40,000
TOTAL Capital and Financing Costs	\$6,808,481

Source: COPN Request No. VA-8505

Project Definition

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part, as, "The addition by an existing medical care facility described in subsection A of any new medical equipment for the provision of... computed tomographic (CT) scanning, magnetic resonance imaging (MRI)..." A medical care facility includes "[a]ny facility licensed as a hospital, as defined in § 32.1-123..."

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 applicant proposes to expand their CT and MRI capacity by adding one CT scanner and one MRI scanner at their Adult Pavilion located on their downtown campus. VCUHS states that the services provided at the Adult Pavilion will rely heavily on CT and MRI imaging. The applicant additionally states that such colocation is necessary, as the distance between certain buildings on VCU's campus are up to a half of a mile apart, which would be very difficult to navigate for patients that may be clinically vulnerable or mobility impaired. Given that the Adult Pavilion will house services devoted to orthopedic and oncology patients, these concerns regarding these

types of patients seem reasonable. Moreover, colocation of imaging services for these patients will increase access to, and continuity of care, by ensuring that they receive prompt service and prevent transportation barriers that might delay or stymie patients from receiving prompt care.

Geographically, the Adult Pavilion is readily accessible from I-64 and I-95 as well as Broad Street. Public transportation is readily available via a GRTC Transit bus and the new GRTC Pulse system. The applicant states that the Adult Pavilion will be more accessible than inpatient buildings because of a co-located parking garage with 1,000 parking spaces and entry and exit points on both 10th and 11th streets, which are easier to navigate than surrounding streets

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

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;

DCOPN received two letters of support from physicians associated with VCUHS. Collectively, these letters stated that VCUHS' MRI and CT departments are highly utilized, which can lead to delays in patients receiving scans and longer hours and necessitating that the radiology department to be open on nights and weekends to meet demand. Additionally, these letters articulated this distance that would be needed to be traveled by some patients should the proposed project not be approved, many of whom have limited mobility or are in a debilitated state. Finally, the letters stated that approval of the project would benefit VCUHS' educational and research missions by allowing residents, students, fellows, nursing students, and allied health students the manner in which imaging directly impacts patient care.

Public Hearing

DCOPN conducted the required public hearing on July 14, 2020. A total of ten individuals called in to the public hearing. The project was presented by two representatives from VCUHS. Seven members of the public indicated that they supported the proposed project but did not provide additional comment. No attendees spoke in opposition to the proposed project.

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

The status quo is not a viable alternative to the request to add one CT scanner. As discussed below, the CT scanners at VCUHS are operating above the SMFP threshold, even when accounting for CT scanners approved within the health system that were not operational in 2018, the last year for which DCOPN has data from VHI. Maintenance of the status quo will not resolve this issue and is likely to see it worsen should growth occur in VCUHS' wide primary service area.

With regard to the request to add one MRI scanner, the status quo is not a viable alternative to the proposed project. As discussed below, while VCUHS' MRI scanners are not operating above the SMFP threshold, this lowered utilization comes from VCUHS dedicating nearly a third of their MRI scanning potential to important and time consuming subspecialty MRI imaging services. Denial of this portion of the proposed project, and maintenance of the status quo, would not address the utilization issues reported by the applicant, and would likely have a chilling effect on the provision of these important and time consuming subspecialty MRI scanning services.

DCOPN concludes, based on the facts above, that the status quo is not a viable alternative to the proposed project.

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

Currently there is no organization in HPR IV designated by the Virginia Department of Health to serve as the Health Planning Agency for PD 15. Therefore, this consideration is not applicable to the review of the proposed project.

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

As discussed above, the total capital costs of the proposed project are \$6,808,481 (**Table 3**), which would be paid through the use of VCUHS' accumulated reserves. The costs for the project are reasonable and consistent with previously approved projects to add one CT scanner and one MRI scanner. For example, COPN VA-03865 issued to Blacksburg Imaging, LLC to add one MRI scanner and one CT scanner, which cost approximately \$6,397,000. The proposed project to add one CT scanner and one MRI scanner would offer several benefits. First, as discussed above, approval of the project would decrease the strain on VCUHS' overburdened CT and MRI scanners. Moreover, colocation of imaging services for clinically vulnerable or mobility impaired patients will increase access to and continuity

of care by ensuring that they receive prompt service and prevent transportation barriers that might delay or stymie patients from receiving prompt care.

(v) the financial accessibility of the proposed project to the people in the area to be served, including indigent people; 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 IV that reported such charity care for that year was 3.7% of all reported total gross patient revenues. During the same period, VCU Health System provided 6.28% of its gross patient revenue in the form of charity care. The applicant additionally states that, in 2019, VCUHS’ payor mix for CT and MRI imaging services provided on the MCV campus, excluding the Children’s Pavilion scanners, included 32.1% Medicare patients, nearly 18% Medicaid patients, and 6.3% indigent patients. In accordance with section 32.1-102.4.B of the Code of Virginia, should the proposed project receive approval, VCUHS 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 IV.

Table 4. HPR IV 2018 Charity Care Contributions

Health Planning Region IV			
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:
Bon Secours Richmond Community Hospital	\$674,969,731	\$42,666,943	6.32%
VCU Health System	\$5,621,665,960	\$352,825,510	6.28%
Southside Community Hospital	\$293,702,705	\$14,237,351	4.85%
Bon Secours St. Francis Medical Center	\$970,223,902	\$43,084,096	4.44%
Bon Secours Memorial Regional Medical Center	\$1,552,613,092	\$68,611,063	4.42%
Bon Secours St. Mary's Hospital	\$2,176,359,866	\$77,859,815	3.58%
Sentara Halifax Regional Hospital	\$294,576,590	\$9,953,244	3.38%
Southside Regional Medical Center	\$1,956,522,794	\$63,281,154	3.23%
VCU Community Memorial Hospital	\$260,605,004	\$7,269,351	2.79%
CJW Medical Center	\$6,586,796,429	\$176,068,998	2.67%
Henrico Doctors' Hospital	\$4,501,141,313	\$97,784,217	2.17%
Southern Virginia Regional Medical Center	\$208,002,057	\$4,386,121	2.11%
John Randolph Medical Center	\$839,825,455	\$17,429,142	2.08%
Vibra Hospital of Richmond LLC	\$120,847,463	\$0	0.00%
Cumberland Hospital for Children and Adolescents	\$60,602,814	\$0	0.00%
Total \$ & Mean %	\$26,118,455,175	\$975,457,005	3.7%

Source: VHI

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

DCOPN, in a recent staff report, addressed the difficulties with the SMFP associated with calculating the volume of a facility that offers MRI imaging for pediatric patients¹⁰. The applicant conservatively estimated that 75% of pediatric patients required anesthesia or sedation. The average pediatric scan that required anesthesia or sedation required approximately two hours compared to 20-25 minutes per scan for an adult. DCOPN noted that 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. DCOPN noted that, while the applicant did not meet the threshold necessary to justify expansion, penalizing the applicant, who would otherwise meet the SMFP were it not for these important and time consuming subspecialty scans, would run 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, DCOPN 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. The Commissioner accepted this recommendation and approved the project.

DCOPN finds that the issues presented with utilization at VCUHS is sufficiently similar to the applicant in COPN Request No. VA-8473, both of which are hospitals associated with an academic institution dedicating a significant portion of one or more MRI scanners to extremely important and time-consuming subspecialty MRI imaging services. The MRI scanner in the Children’s Pavilion is the only MRI scanner in the planning district devoted solely to pediatric patients. Additionally, the MRI scanner at North Hospital is largely dedicated to specialty cardiac procedures, which occupy 60% of the scanner’s capacity, including a high number of pacemaker scans, which also require longer scan times. The applicant states that VCUHS is the only location in the planning district, and one of the very few in the state, that will perform MRI scans on patients with “non-conditional” pacemakers. This is made possible by a protocol developed by VCUHS to safely perform MRI scanning for such patients involving both a radiologist and interventional cardiologist assisting with the procedure. The applicant states that they believe the closest provider of these services, aside from VCUHS, is Duke Medical Center in Durham, North Carolina. As such, solely in this current application, DCOPN recommends that the Commissioner not permit the SMFP utilization threshold to be an obstacle to the necessary expansion of a facility that dedicates a significant portion of their MRI scanning capabilities to important and time consuming subspecialty MRI imaging services.

¹⁰ COPN Request No. VA-8473.

Section 32.1-102.2:1 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 State Medical Facilities Plan (SMFP).

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

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

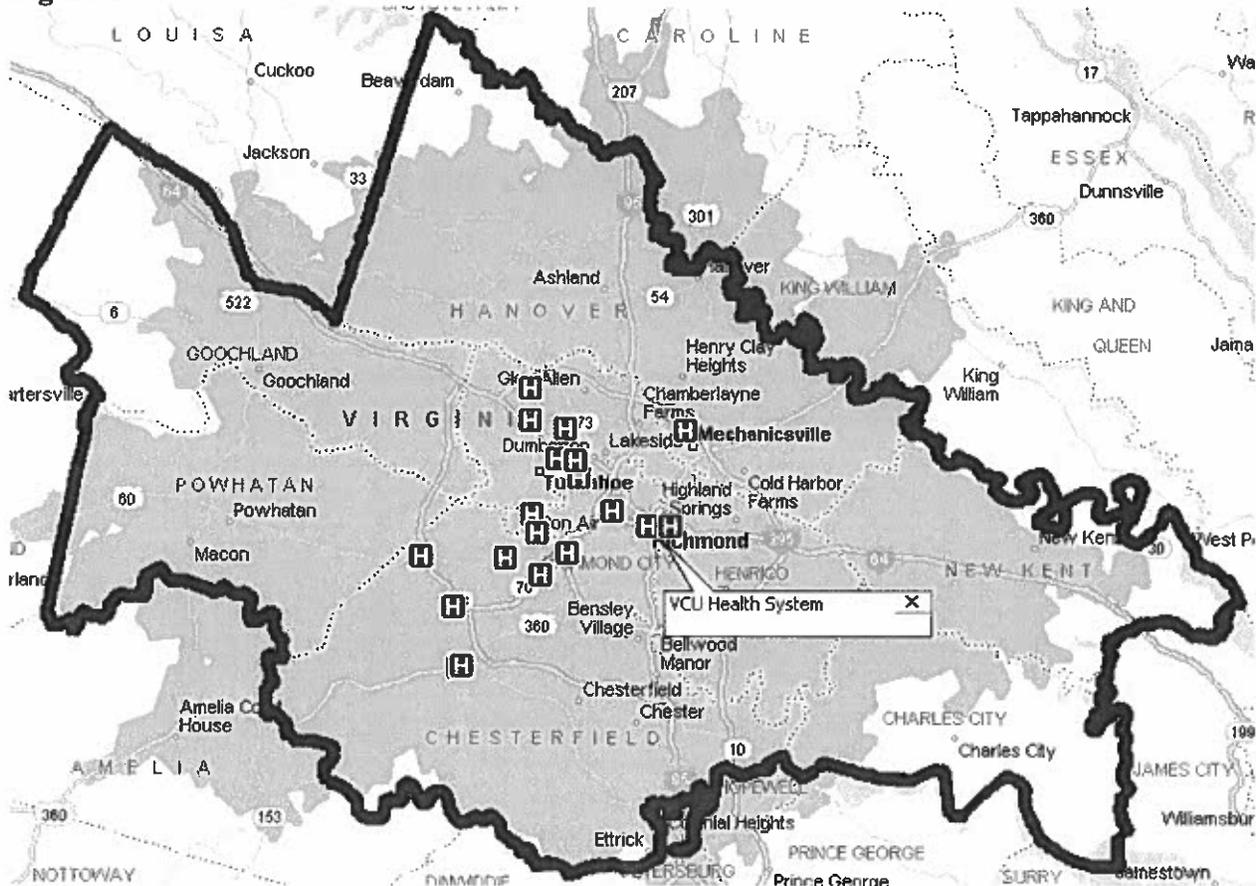
Part II
Diagnostic Imaging Services
Article 1
Criteria and Standards for Computed Tomography

12VAC5-230-90. Travel time.

CT services should be available 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.

Currently, there are 52 COPN authorized CT scanners in PD 15. The heavy black line in Figure 1 is the boundary of PD 15. The grey shaded area includes all locations that are within 30 minutes driving time one way under normal conditions of CT services in PD 15. Figure 1 clearly illustrates that CT services are already well within a 30 minute drive under normal conditions of 95% of the residents of the planning district.

Figure 1



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.

As noted in Table 5 below, the utilization of existing CT scanners in the planning district was 109.4% of the 7,400 procedures per scanner necessary to introduce CT scanning services to a new location under this section of the SMFP. DCOPN notes that the proposed project does not seek to establish a new CT scanning service where none previously existed, but rather to expand the capacity at an existing provider of CT scanning services. As such, this data is presented merely to provide an overview of the number of CT scanners currently required in the planning district.

COPN authorized scanners = 52

Calculated Needed CT scanners = $315,776 / 7,400 = 42.7$

PD 15 Calculated Need = 43 CT scanners

PD 15 Calculated Surplus = 9 CT scanners

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.

DCOPN has excluded existing CT scanners used solely for simulation prior to the initiation of radiation therapy from its inventory and average utilization of CT scanners in PD 15 with respect to the proposed project.

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.

As detailed in Table 4 below, VCUHS' seven CT scanners operated at 139.3% of the standard required for expansion under this section of the SMFP. As noted above, VCUHS has two CT scanners that were approved at locations other than their downtown campus. Even were one to make an argument that the approval of these projects would help to decompress their downtown location, VCUHS' utilization would still be 108.3% of the threshold required for expansion under this section. As such, DCOPN concludes that VCUHS has met this standard.

Table 5. PD 15 COPN Authorized Fixed CT Units: 2018

Facility	Number of Scanners	Number of Scans	Utilization Rate
Bon Secours Imaging Center at Reynolds Crossing	1	1,832	24.8%
Bon Secours Imaging Center Innsbrook	1	1,329	18.0%
Bon Secours Memorial Regional Medical Center	3	34,058	153.4%
Bon Secours Richmond Community Hospital	1	3,659	49.4%
Bon Secours St. Francis Medical Center	2	20,261	136.9%
Bon Secours St. Mary's Hospital	3	38,084	171.5%
Bon Secours Westchester Imaging Center	1	4,520	61.1%
Buford Road Imaging	1	2,317	31.3%
Chesterfield Imaging	1	4,500	60.8%
Chippenham Hospital	3	37,468	168.8%
Henrico Doctor's Hospital - Parham Doctors' Hospital	1	9,529	128.8%
Henrico Doctor's Hospital - Retreat	1	2,850	38.5%
Henrico Doctors' Hospital - Forest	4	31,387	106.0%
Independence Park Imaging	1	2,297	31.0%
Intercardia Life Imaging / Virginia Cardiovascular Specialists	1	3,128	42.3%
Johnston-Willis Hospital	2	26,123	176.5%
VCU Health System	7	72,145	139.3%
VCU Medical Center at Stony Point Radiology	1	5,747	77.7%
Virginia Cancer Institute - Reynolds Crossing	1	6,795	91.8%
Virginia Ear Nose & Throat - Chesterfield	1	570	7.7%
Virginia Ear Nose & Throat - Henrico	1	673	9.1%
Virginia Urology	1	6,504	87.9%
2018 Total and Average	39	315,776	109.4%

Source: VHI & DCOPN interpolations

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 CT scanner and that the proposed conversion will not significantly reduce the utilization of existing CT providers in the health planning district.**

Not applicable. VCUHS is not proposing to add or expand mobile CT services or to convert authorized mobile CT scanners to fixed site scanners.

12VAC5-230-130. Staffing.

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

The applicant confirmed that CT services at the Adult Pavilion will be under the direct supervision of one or more board-certified radiologists who are part of VCUHS' radiology department.

Article 2

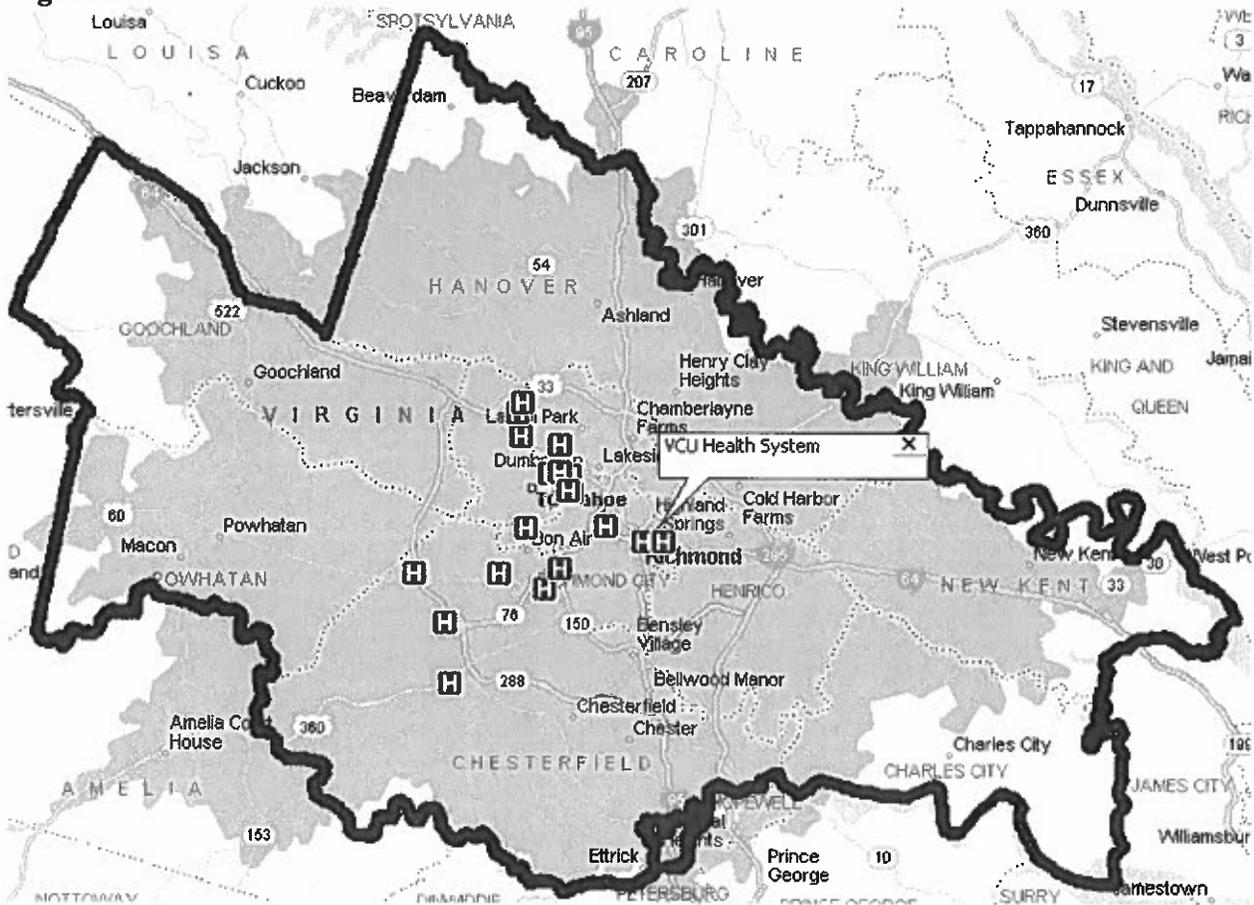
Criteria and Standards for Magnetic Resonance Imaging

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.

Currently, there are 34 COPN authorized MRI scanners in PD 15. The heavy dark line in Figure 2 identifies the boundaries of PD 15. The grey shading illustrates the area that is within a thirty-minute drive under normal driving conditions of all MRI service providers in PD 15. Figure 2 clearly illustrates that MRI services are already well within a 30 minute drive under normal conditions of 95% of the residents of the planning district.

Figure 2



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.

As noted in Table 5 below, the utilization of existing MRI services in the planning district was only 69.4% of the 5,000 procedures per scanner necessary to introduce a MRI scanning services to a new location under this section of the SMFP. As such, this data is presented merely to provide an overview of the number of MRI scanners currently required in the planning district.

COPN authorized scanners = 34

Calculated Needed MRI scanners = $100,569 / 5,000 = 20.1$

PD 15 Calculated Need = 21 MRI scanners

PD 15 Calculated Surplus = 13 MRI scanners

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 detailed in **Table 6** below, VCUHS' six MRI scanners operated at 70.3% of the standard required for expansion under this section of the SMFP. VCUHS makes the argument that the four outpatient MRI scanners at VCUHS' downtown campus operated at 100.7% of this threshold, however, this selective use of data is not permissible under this section of the SMFP. DCOPN, therefore, concludes that the applicant does not meet this threshold.

Table 6. PD 15 COPN Authorized Fixed MRI Units: 2018

Facility	Number of Scanners	Number of Scans	Utilization Rate
Bon Secours Imaging Center at Reynolds Crossng	1	1,634	32.7%
Bon Secours Imaging Center Innsbrook	1	1,634	32.7%
Bon Secours Memorial Regional Medical Center	2	9,699	97.0%
Bon Secours Midlothian Imaging Center	1	2,349	47.0%
Bon Secours Richmond Community Hospital	1	824	16.5%
Bon Secours St. Francis Medical Center	1	5,178	103.6%
Bon Secours St. Mary's Hospital	2	10,941	109.4%
Bon Secours West End MRI	1	741	14.8%
Bon Secours Westchester Imaging Center	1	2,629	52.6%
Chesterfield Imaging	1	3,737	74.7%
Chippenham Hospital	1	5,345	106.9%
Henrico Doctor's Hospital - Parham Doctors' Hospital	1	2,307	46.1%
Henrico Doctor's Hospital - Retreat	1	665	13.3%
Henrico Doctors' Hospital - Forest	2	5,442	54.4%
Independence Park Imaging	1	3,134	62.7%
Johnston-Willis Hospital	2	8,686	86.9%
OrthoVirginia MRI	1	5,334	106.7%
Tuckahoe Orthopeadic MRI Center	1	4,556	91.1%
VCU Health System	6	21,083	70.3%
VCU Medical Center at Stony Point Radiology	1	4,651	93.0%
2018 Total and Average	29	100,569	69.4%

Source: VHI & DCOPN interpolations

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.**

- 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 addition or expansion of a mobile MRI service.

12VAC5-230-180. Staffing.

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

The applicant confirmed that MRI services at the Adult Pavilion would be under the direct supervision of one or more board-certified radiologists who are part of VCUHS' radiology department.

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;**

Given that over 20% of all CT and MRI scans in the planning district in 2018 occurred at VCUHS, DCOPN concludes that the proposed project is highly unlikely to foster any institutional competition.

- 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 above, both the CT and MRI scanners that are not occupied with important and time-consuming subspecialty MRI procedures are currently overburdened. As such, DCOPN does not anticipate that the proposed project would adversely affect the utilization of other existing providers. However, as discussed below, the proposed project would be beneficial to the efficiency of outpatient services at VCUHS.

- 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 discussed above, the total capital costs of the proposed project are \$6,808,481 (Table 3), which would be paid through the use of VCUHS' accumulated reserves. The costs for the project are reasonable and consistent with previously approved projects to add one CT scanner and one MRI scanner. For example, COPN VA-03865 issued to Blacksburg Imaging, LLC to add one MRI scanner and one CT scanner, which cost approximately \$6,397,000.

The applicant asserts that the required staffing for the proposed project, including 4.4 FTEs for a radiologic technologist, should be able to be filled without issue and should not affect existing providers. Graduates of VCU's School of Radiation Sciences are routinely hired to fill vacancies and, historically, have filled 50% of all VCUHS vacancies for radiologic technologists. DCOPN

concludes that the staffing requirements are reasonable and are unlikely to adversely affect existing providers.

- 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 basis; (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**

As the proposed CT and MRI scanner would be located at the Adult Pavilion, a comprehensive adult ambulatory care center, the proposed project would improve the delivery of health services on an outpatient basis. As discussed in greater detail above, the distance between certain buildings on VCU's campus are up to a half of a mile apart, which would be very difficult to navigate for patients that may be clinically vulnerable or mobility impaired when travelling from their physician to diagnostic imaging and back to begin treatment. Given that the Adult Pavilion will house services devoted to orthopedic and oncology patients, concerns regarding these types of patients seem reasonable. Moreover, colocation of imaging services for these patients will increase access to and continuity of care by ensuring that they receive prompt service and prevent transportation barriers that might delay or stymie patients from receiving prompt care.

- 8. In the case of a project proposed by or affecting a teaching hospital associated with a public institution of higher education or a medical school in the area to be served,**
 - (i) The unique research, training, and clinical mission of the teaching hospital or medical school.**
 - (ii) Any contribution the teaching hospital or medical school may provide in the delivery, innovation, and improvement of health care for citizens of the Commonwealth, including indigent or underserved populations.**

VCUHS is an academic medical center that employs more than 800 physicians in 200 specialties. The applicant asserts that advanced CT and MRI imaging are essential tools for VCU researchers to study the long term efficacy of treatment and disease progression. A major impediment to participation in these ongoing research studies is access to VCUHS' MRI and CT scanners. VCUHS further asserts that the proposed project will directly enhance the ability of VCU researchers to enroll research participants in these studies by providing a convenient and readily accessible outpatient imaging location downtown.

Additionally, VCUHS is the clinical affiliate of VCU's School of Radiation Sciences. Graduating students interested in filling specialty vacancies, like MRI and CT, have the opportunity spend the last four to six months of their program in the subspecialty area. VCUHS has also created part-time positions titled "student workers" where students are encouraged to

work after hours and on weekends as radiologic technologist assistants. In this role, radiologic technology students are paired with a certified technologist to assist with his/her duties. The applicant asserts that this process enhances the clinical experience obtained by the student.

DCOPN Staff Findings and Conclusion

DCOPN finds that the proposed project to add one CT scanner and one MRI scanner at the Adult Pavilion 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 a major provider of necessary and time-consuming subspecialty MRI imaging services. Given that denial of the project would penalize a major provider of necessary subspecialty MRI services 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 status quo is not a viable alternative to the proposed project. Maintenance of the status quo would not resolve the high utilization of VCUHS' CT scanners and MRI scanners not devoted to time consuming subspecialty MRI scanning services. Additionally, given the high utilization of these services, approval of the proposed project is highly unlikely to have a negative impact on any other existing CT and MRI providers. Furthermore, DCPON finds that the project has no opposition from other providers, health care professionals or community representatives.

Finally, DCOPN finds that the total capital costs of the proposed project are \$6,808,481 (**Table 3**), which would be paid through the use of VCUHS' accumulated reserves. The costs for the project are reasonable and consistent with previously approved projects to add one CT scanner and one MRI scanner. For example, COPN VA-03865 issued to Blacksburg Imaging, LLC to add one MRI scanner and one CT scanner, which cost approximately \$6,397,000.

Staff Recommendation

The Division of Certificate of Public Need recommends **conditional approval** of the applicant's COPN request to add one CT scanner and one MRI scanner at the Adult Pavilion for the following reasons:

1. The 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 highly unlikely to have an adverse effect on the utilization of existing providers.
3. The status quo is not a viable alternative to the proposed project.
4. There is no opposition to the proposed project.
5. The capital costs are reasonable and consistent with the projects of this type.

Recommended Condition

Virginia Commonwealth University Health System Authority will provide CT and MRI services to all persons in need of these services, 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 3.7% of Virginia Commonwealth University Health System Authority's total patient services revenue derived from CT and MRI services provided at the VCU Medical Center Adult Outpatient Pavilion 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. Virginia Commonwealth University Health System Authority 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.

Virginia Commonwealth University Health System Authority will provide MRI and 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 Virginia Commonwealth University Health System Authority will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.