

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

July 20, 2020

COPN Request No. VA-8507

Culpeper Memorial Hospital, Incorporated d/b/a Novant Health UVA Health System Culpeper Medical Center, Culpeper, Virginia
Establish a mobile PET/CT site

Applicant

Culpeper Memorial Hospital, Incorporated d/b/a Novant Health UVA Health System Culpeper Medical Center (CPMC) is a wholly owned subsidiary of Novant Health UVA Health System. Novant Health UVA Health System is a regional partnership between Novant Health and the University of Virginia Health System (UVA). CPMC is a 70-bed community hospital located in the Town of Culpeper, Planning District (PD) 9, Health Planning Region (HPR) I.

Background

According to Virginia Health Information (VHI) and Division of Certificate of Public Need (DCOPN) records, there are no PET/CT providers in PD 9. As shown in **Figure 1** below, the closest providers of PET/CT services are the Novant Health UVA Health System Cancer Center (Gainesville) in HPR II/PD 8, which is 45 minutes away, Medical Imaging of Fredericksburg in PD 16, which is 50 minutes away, and UVA University Hospital in PD 10, which is one hour away.

CPMC provides a wide range of services, including cancer care, emergency services, heart and vascular care, imaging, surgical services, rehabilitation, primary care, urgent care and women's services. CPMC treats more than 100 different types of cancer. CPMC cancer center, which was recently renovated by expanding the clinical space, includes on-site infusions center, radiation lab and medical and radiation oncology services. DCOPN notes that, pursuant to COPN No. VA-04653, CPMC began providing stereotactic radiosurgery services (SRS) in May 2019.

Proposed Project

CPMC proposes to further complement and enhance its cancer care program by establishing a mobile PET/CT site adjacent to the existing medical imaging center on its campus in Culpeper, Virginia. If the proposed project is approved by the State Health Commissioner

(Commissioner), CPMC will construct a concrete pad and retaining wall and modify its parking lot. Additionally, a canopy will be constructed over the mobile pad to minimize weather-related disruptions and enhance patient comfort. According to the applicant, although the mobile pad will be constructed to accommodate a mobile PET/CT unit, it could be used in the future for a mobile CT or MRI scanner, if needed. CPMC will utilize Alliance Radiology to provide PET/CT services, initially one day per week, with hours of operation to be dictated by demand and patient scheduling needs.

The projected capital costs of the proposed project total \$290,536, of which, 72% represents direct construction costs (**Table 1**). The applicant will fund the project using accumulated reserves. Accordingly, there are no financing costs associated with this project.

Table 1. Culpeper Medical Center’s Projected Capital Costs

Direct Construction Costs	\$208,416
Architectural and Engineering Fees	\$34,840
Other Consultant Fees	\$47,280
Total Capital Costs	\$290,536

Source: COPN Request No. VA-8507

The applicant projects that construction on the proposed project will begin April 1, 2021, and will be complete June 1, 2021. The applicant anticipates a target date of opening of July 1, 2021.

Project Definition

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part, as the “Introduction into an existing medical care facility of any new... positron emission tomographic (PET) scanning... which the facility has never provided or has not provided in the previous 12 months.”

Section 32.1-102.1:3 of the Code of Virginia defines a medical care facility, in part, as “Any facility licensed as a hospital, as defined in § 32.1-123.”

Required Considerations

Pursuant to Section 32.1-102.3 of the Code of Virginia, in determining whether a public need for a project exists, the following factors shall be considered:

- 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;**

Geographically, CPMC is located at 501 Sunset Lane, Culpeper, Virginia. CPMC is approximately one-quarter mile from U.S. Route 20 and one-half mile from U.S. Route 15, both busy thoroughfares in Culpeper. Furthermore, CPMC is accessible from Culpeper’s public transportation system.

Table 2 shows projected population growth in PD 9 and statewide through 2030. As depicted in **Table 2**, at an average annual growth rate of 0.81%, PD 9’s population growth rate from 2010-2020 is above the state’s average annual growth rate of 0.77%. Overall, the planning district was projected to add an estimated 14,383 people in the 10-year period ending in 2020 -- an approximate 9% increase with an average increase of 1,438 people annually. In the 10-year period ending in 2030, the planning district is projected to add an estimated 21,083 people -- an approximate 12% increase with an average increase of 2,108 people annually.

Regarding the 65+ age group for PD 9, Weldon-Cooper projects a much more rapid increase in population growth (an approximate 46% increase from 2010 to 2020 and approximately 31% from 2020 to 2030). This is significant, as this population group typically uses health care resources, including diagnostic imaging services, at a rate much higher than those individuals under the age of 65. Weldon-Cooper further projects that statewide, the 65+ age cohort population will increase at a rate of approximately 38% from 2010 to 2030 and approximately 27% from 2020 to 2030.

Table 2. Population Projections for PD 9, 2010-2030

Locality	2010	2020	% Change 2010-2020	Avg Ann % Change 2010-2020	2030	% Change 2020-2030	Avg Ann % Change 2020-2030
Culpeper	46,689	52,422	12.28%	1.14%	61,073	16.50%	1.54%
Fauquier	65,203	71,395	9.50%	0.89%	78,698	10.23%	0.98%
Madison	13,308	13,299	-0.07%	-0.01%	13,542	1.83%	0.18%
Orange	33,481	36,119	7.88%	0.74%	40,969	13.43%	1.27%
Rappahannock	7,373	7,202	-2.32%	-0.23%	7,237	0.50%	0.05%
Total PD 9	166,054	180,437	8.66%	0.81%	201,520	11.68%	1.11%
PD 9 65+	23,788	34,720	45.95%	3.76%	45,430	30.85%	2.73%
Virginia	8,001,024	8,655,021	8.17%	0.77%	9,331,666	7.82%	0.76%
Virginia 65+	976,937	1,352,448	38.44%	3.22%	1,723,382	27.43%	2.45%

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

Regarding socioeconomic barriers to access to services, according to regional and statewide data regularly collected by VHI, for 2018, the most recent year for which such data is available, the average amount of charity care provided by HPR I facilities was 4.5% of all reported total gross patient revenues (**Table 3**). In that same year, CPMC provided 5.72% of its gross patient revenue in the form of charity care. Should the Commissioner approve the proposed project, DCOPN recommends a charity care condition no less than the 4.5% HPR I average.

Table 3. HPR I Charity Care Contributions: 2018

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%
Winchester Medical Center	\$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%
UVA Transitional Care Hospital	\$72,568,503	\$1,273,051	1.80%
Total Facilities			16
Median			3.5%
Total \$ & Mean %	\$12,986,548,237	\$592,084,052	4.5%

DCOPN notes that the Culpeper County has a higher cancer burden than the statewide average in Virginia. According to the National Cancer Institute and the Centers for Disease Control and Prevention State Cancer Profiles¹, the age-adjusted incidence rate for all cancer sites from 2012 to 2016 for Culpeper County was 445.4 cases per 100,000 people 95% CI (420.4, 471.6)². In comparison, Virginia’s statewide age-adjusted incidence rate for all cancer sites from 2012 to 2016 was 418.7 cases per 100,000 people 95% CI (416.8, 420.6).

¹ *State Cancer Profiles*. National Cancer Institute & Centers for Disease Control and Prevention. , retrieved from: <https://statecancerprofiles.cancer.gov/map/map.withimage.php?51&001&001&00&0&01&0&1&5&0#results>

² With a 95% Confidence Interval (CI) we are 95% certain that the true incidence rate for Culpeper County falls between 420.4 cases and 471.6 cases per 100,000 people.

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 project demonstrated by people, businesses, and governmental leaders representing the area to be served;

DCOPN received six letters of support for the proposed project from members of the local medical community and government officials. Collectively, these letters addressed:

- CPMC's vital role in the health of the community.
- PET/CT imaging is the gold standard imaging modality for cancer patients and provides both anatomic and metabolic information.
- Benefits of PET/CT:
 - Earlier diagnosis;
 - Critical to the design of a radiation treatment plan;
 - Precise identification of malignant lesions and masses;
 - Targeted radiation treatment with improved accuracy and preservation of surrounding healthy tissue and the availability of critical information to adjust treatment as necessary;
 - Improved target volume accuracy reduces side effects and their consequences and improves tumor control; and
 - The only noninvasive modality that can accurately define the edges of a tumor when the tumor is of the same density as the surrounding tissue.
- PET/CT imaging will complement CPMC's robust cancer care program, improve timely delivery of care, promote clinical efficiencies and continuity of care, and enable CPMC to provide high-quality care close to home for Culpeper and the surrounding communities.
- Traveling for a PET/CT scan is logistically, physically, emotionally and financially taxing on clinically vulnerable patients.
- Patients at CPMC who need PET/CT scans experience unnecessary delays in care, and significant travel and cost burdens. The delays in treatment can create a risk of tumor progression. Some patients even choose to have a suboptimal scan closer to home to avoid the travel.

DCOPN did not receive any letters of opposition to the proposed project.

Public Hearing

DCOPN conducted the required public hearing on July 7, 2020. A total of eight individuals participated, including three individuals who spoke. Representatives for CPMC presented the project. There was no opposition to the 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;

Neither the applicant nor DCOPN identified any reasonable alternatives to the proposed project that would meet the needs of the population in a less costly, more efficient, or more effective manner. The proposed project seeks to ensure that cancer patients in PD 9 have timely access to PET/CT services. Furthermore, the proposed project would ensure continuity of care for cancer patients in PD 9. Specifically, CPMC's cancer patients will receive PET/CT scans diagnosing and monitoring their cancer on the same hospital campus as their other oncology services, allowing CPMC to better integrate services for cancer patients and to respond to the care and treatment needs of the whole patient.

DCOPN recognizes that it can be argued that an alternative to the proposed project is the status quo. CPMC can continue to refer patients to UVA or another provider of PET/CT services in the area. However, as the applicant asserts, requiring a clinically vulnerable patient population to travel significant distances to receive a key component of care burdens patients and their families, impedes access, and frustrates optimal care delivery. As such, DCOPN concludes that the status quo is not a reasonable alternative, or, at the very least, is not as favorable as 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;

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 PD 9.

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

As shown in **Table 1**, the estimated capital costs of the proposed project are \$290,536. If the proposed project is approved, the applicant will fund the entire project using its accumulated reserves. Accordingly, there are no financing costs associated with this project. DCOPN concludes that when compared to similar PET/CT projects, these costs are reasonable. For example, COPN No. VA-04629 issued to Sentara Northern Virginia Medical Center to introduce PET/CT services, which cost approximately \$315,681.

The applicant identified numerous benefits to the proposed project, including:

- The proposed project is a straightforward request to keep care local for residents of PD 9.

- CPMC’s proposal will improve access to PET/CT services, the standard imaging modality for cancer patients, in an efficient and cost-effective manner.
- The proposal will complement CPMC’s robust cancer care program and allow CPMC to better integrate care and offer more timely care delivery.
- Requiring a clinically vulnerable patient population to travel significant distances to receive a key component of care burdens patients and their families, impedes access, and frustrates optimal care delivery. CPMC seeks to ameliorate this barrier to access by offering PET/CT services.
- The estimated costs to operationalize the proposed project by constructing a concrete pad and retaining wall and modifying the parking lot are modest.

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

The applicant provided assurances that the proposed project will be financially accessible to all patients regardless of their ability to pay or payment source. Furthermore, as part of the Novant Health UVA Health System, CPMC has a robust financial assistance policy, which was aligned with UVA’s financial assistance policy, effective February 2020.

The Pro Forma Income Statement provided by the applicant does not specifically address the provision of charity care (**Table 4**). However, the applicant asserts that in 2019, CPMC provided 3% of its gross patient services revenue derived from medical/radiation oncology services to “Charity/Self-Pay/Other.” DCOPN notes that, according to VHI data from 2018, the most recent year for which such data is available, the average amount of charity care provided by HPR I facilities was 4.5% of all reported total gross patient revenues (**Table 3**). In that same year, CPMC provided 5.72% of its gross patient revenue in the form of charity care. Should the Commissioner approve the proposed project, DCOPN recommends a charity care condition of no less than the 4.5% HPR I average.

Table 4. CPMC’s Pro Forma Income Statement

	Year 1	Year 2
Total Gross Revenue	\$429,029	\$460,683
Total Operating Expenses	\$268,721	\$288,159
Depreciation	\$16,702	\$16,702
Net Income	\$143,605	\$155,822

Source: COPN Request No. VA-8507

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

According to the applicant, of the 51 radiation therapy providers in Virginia, CPMC is one of only three providers that does not have COPN authorization to provide PET/CT services on-site, and is located more than 30 minutes from an existing provider. The other two providers are the Regional Cancer Center at Montross in PD 17 and Riverside Shore Memorial Hospital in PD 22. Furthermore, PD 9 is one of only four PDs in Virginia without PET/CT services, and of the four, is the most populous (**Table 5**).

Table 5: Population for Planning Districts without PET/CT Services

Planning District	2010 Population	2020 Projected Population
9	166,054	180,437
14	104,609	102,800
17	50,429	50,151
22	45,553	44,531

Sources: U.S. Census, Weldon Cooper Center Projections (June 2019) and DCOPN (interpolations) and VHI (2018) and DCOPN Records

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

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, these regulations provide the best available criteria and DCOPN will consider the consistency of the proposed project with the predecessor of the SHSP, the SMFP.

The State Medical Facilities Plan (SMFP) contains standards and criteria for the establishment of PET/CT services. They are as follows:

Part II. Diagnostic Imaging Services Article 4. Positron Emission Tomography

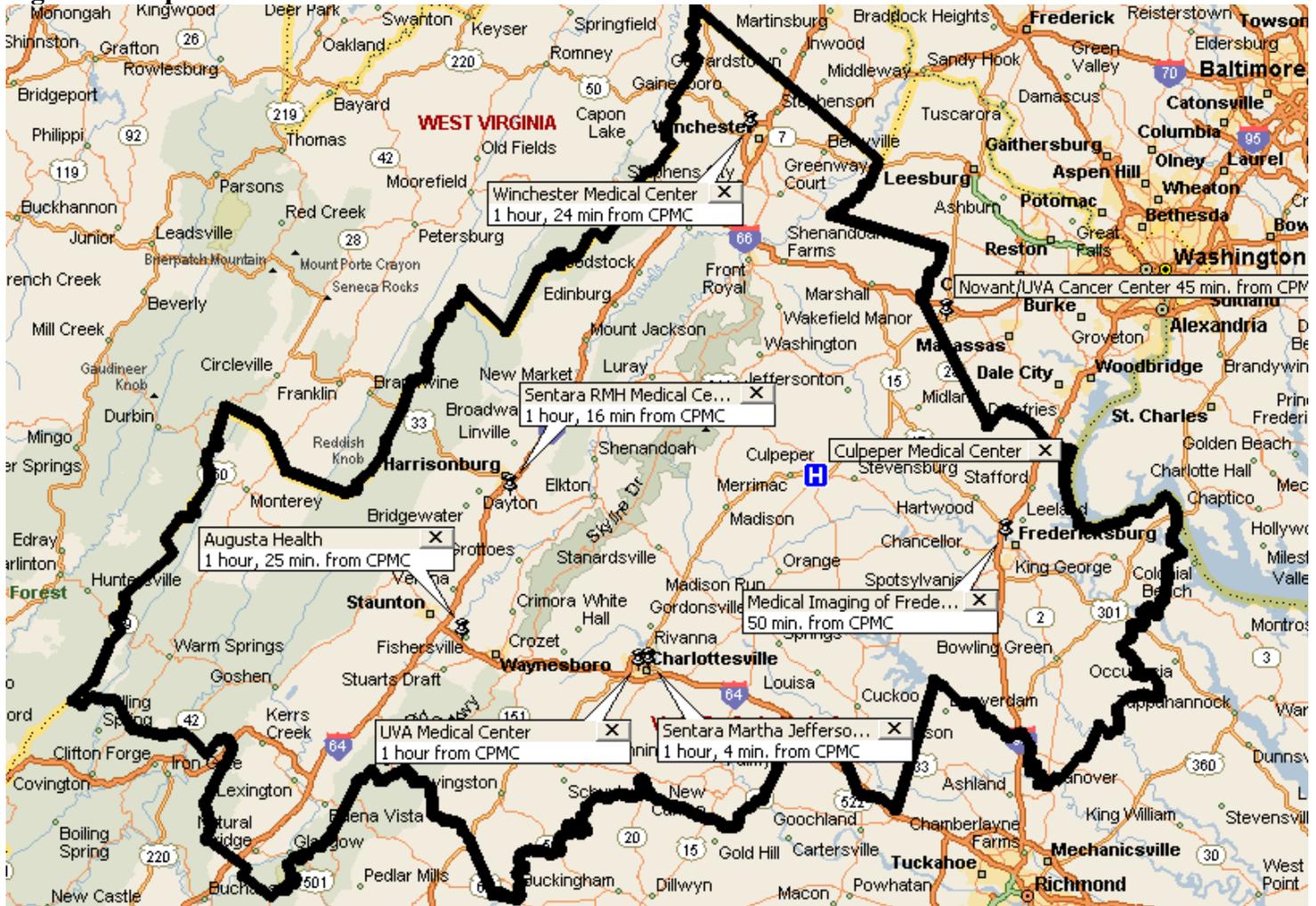
12VAC5-230-200. Travel time.

PET services should be within 60 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.

According to VHI data and DCOPN records, there are no PET/CT providers in PD 9. As previously discussed, and as shown in **Figure 1**, the closest providers of PET/CT services are the Novant Health UVA Health System Cancer Center (Gainesville) in HPR II/PD 8, which is 45 minutes away, Medical Imaging of Fredericksburg in PD 16, which is 50 minutes away and UVA in PD 10, which is one hour away. All other PET/CT providers are located more than an hour away. According to the applicant, CPMC refers approximately 120 patients per year, most

of whom reside in Culpeper, for approximately 200 PET/CT scans per year. Most CPMC patients in need of a PET/CT scan are referred to UVA.

Figure 1: Map of PET/CT Services in HPR I



Source: DCOPN Records

12VAC5-230-210. Need for New Fixed Site Service.

A. If the applicant is a hospital, whether free-standing or within a hospital system, 850 new PET appropriate cases shall have been diagnosed and the hospital shall have provided radiation therapy services with specific ancillary services suitable for the equipment before a new fixed site PET service should be approved for the health planning district.

Not applicable. The applicant is not requesting to establish a fixed-site PET/CT service.

B. No new fixed site PET services should be approved unless an average of 6,000 procedures per existing and approved fixed site PET scanner were performed in the health planning district during the relevant reporting period and the proposed new service would not significantly reduce the utilization of existing fixed site PET 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 PET units in such health planning district.

Not applicable. The applicant is not requesting to establish a fixed-site PET/CT service.

12VAC5-230-220. Expansion of Fixed Site Services.

Proposals to increase the number of PET scanners in an existing PET service should be approved only when the existing scanners performed an average of 6,000 procedures for the relevant reporting period and the proposed expansion would not significantly reduce the utilization of existing fixed site providers in the health planning district.

Not applicable. The applicant is not requesting to expand a fixed-site PET/CT service.

12.VAC5-230-230. Adding or Expanding Mobile PET or PET/CT Services.

A. Proposals for mobile PET or PET/CT scanners should demonstrate that, for the relevant reporting period, at least 230 PET or PET/CT appropriate patients were seen and that the proposed mobile unit will not significantly reduce the utilization of existing providers in the health planning district.

Although this standard addresses the addition of mobile PET or PET/CT *scanners*, and CPMC is proposing to add a mobile PET/CT *site*, this standard most closely relates to the proposed project.

According to applicant, in 2019 CPMC saw 735 cancer cases and this number is expected to grow by 11.6% by 2024. Many cancer patients undergo PET/CT scanning in the diagnosis, staging, and management of their disease. Another measure of PET appropriate patients is the number of patients beginning a new course of radiation therapy at CPMC. The number of patients beginning a new course of radiation therapy is indicative of the need for cancer planning and staging utilizing PET/CT scanning for newly diagnosed and previously diagnosed cancer patients. According to VHI data for 2018, the most recent year for which data is available, CPMC began 198 new courses of radiation therapy. Finally, the applicant projects that it will perform 275 PET/CT scans in the first full year of operation of the proposed service and 289 PET/CT scans in the second full year of operation.

DCOPN has previously acknowledged the SMFP's utilization standards for PET/CT services are outdated and that that expecting a PET service to reach the threshold suggested by the SMFP amounts to a misconception about the utilization of this modality at the time the SMFP was written, and should be treated as such:

“Consistency with SMFP planning guidance in this case is, in effect, an academic exercise. The assumptions underlying the service volume standards, for example, have been

superseded by technological developments (e.g., shorter average scan times) and the failure to identify additional clinical applications for the technology. Moreover, none of the existing services met fully the SMFP review criteria and standards when they obtained COPN authorization.” (Source: Health Systems Agency of Norther Virginia Staff Report RE: COPN Request No. VA-8327, November 28, 2017).

B. Proposals to convert authorized mobile PET or PET/CT scanners to fixed site scanners should demonstrate that, for the relevant reporting period, at least 1,400 procedures were performed by the mobile scanner and that the proposed conversion will not significantly reduce the utilization of existing providers in the health planning district.

Not applicable. The applicant is not proposing to convert an authorized mobile PET or PET/CT scanner to a fixed-site PET/CT scanner.

12VAC5-230-240. Staffing.

PET services should be under the direction or supervision of one or more qualified physicians. Such physicians shall be designated or authorized by the Nuclear Regulatory Commission or licensed by the Division of Radiologic Health of the Virginia Department of Health, as applicable.

The applicant has provided assurance that the proposed mobile PET/CT service will be under the direction of one or more physicians, credentialed by the American Board of Radiology. Furthermore, in connection with CPMC’s partnership with UVA, UVA radiologists will read the PET/CT scans. The applicant meets this standard.

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 is unlikely to foster institutional competition in the area to be served. As shown in **Figure 1**, none of the existing providers of PET/CT services in HPR I are in PD 9. Currently, CPMC patients who need PET/CT services must travel to another PD. If the proposed project is approved, CPMC will be the first and only provider of PET/CT services in PD 9.

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 previously discussed, based on CPMC’s projected patient volumes and referral data, DCOPN contends that the proposed project will have a minimal impact on existing providers of PET/CT services in HPR I. If the Commissioner approves the proposed project, CPMC’s patients who currently travel to UVA for PET/CT services may be able to receive treatment at CPMC instead and those patients will still be receiving these services from a UVA-affiliated provider.

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 \$143,605 in the first year of operation and \$155,822 by year two. The applicant will fund the proposed project entirely with accumulated reserves. Accordingly, there are no financing costs associated with this project.

CPMC does not anticipate needing to hire personnel to staff the proposed project, as it will provide mobile PET/CT services with existing resources and through the mobile vendor, Alliance Radiology.

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

The applicant is not introducing a new technology that promotes quality, cost effectiveness, or both in the delivery of healthcare services. However, DCOPN has previously acknowledged the importance of integrated cancer care with the inclusion of PET/CT services:

“Clearly, PET-CT has become the standard of care in the treatment and work-up of cancer – from detection, to staging, monitoring and restaging of cancer.” (Source: Adjudication Officer Recommendation RE: COPN Request No. VA-7191, May 9, 2008).

PET/CT services are predominantly performed on an outpatient basis.

The owner and operator of CPMC, Novant Health UVA Health System, is a regional partnership between Novant Health, the UVA Health System and the UVA Medical Center, the region’s only tertiary/quaternary academic medical center. Novant Health UVA Health System combines Novant Health’s experience operating community hospitals with the University of Virginia’s expertise in academic medicine to deliver seamless care. This partnership combines the specialization and expertise of an academic medical center with the financial and geographic accessibility of a community hospital.

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.**

As discussed above, through Novant Health's regional partnership with UVA Health System, CPMC is able to bring the benefits of academic medicine, including the experience and expertise of its radiologists, to Culpeper and the surrounding communities while still providing the financial and geographic accessibility of a community hospital.

DCOPN Staff Findings and Conclusions

DCOPN finds that the proposed project to add a mobile PET/CT site at CPMC is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. Currently, there is no provider of PET/CT services in PD 9 and CPMC's patients must travel at least 45 minutes for access to this service, which is considered the standard of care in cancer treatment. The status quo is not a reasonable alternative because requiring medically vulnerable patients to travel for treatment is overly burdensome. Accordingly, DCOPN concludes that a reasonable, more efficient alternative to the proposed project does not exist.

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. Additionally, DCOPN concludes that approval of the proposed project is not likely to have a significant negative impact on the staffing or utilization of existing PET/CT providers to which CPMC currently refers patients who are in need of this service. Finally, there is no known opposition to the proposed project.

Staff Recommendation

DCOPN recommends **conditional approval** of Culpeper Memorial Hospital, Incorporated d/b/a Novant Health UVA Health System Culpeper Medical Center's request to establish a mobile PET/CT service site at Culpeper Medical Center:

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 proposed project will provide residents of PD 9 with PET/CT services and comprehensive cancer care.
3. A reasonable, less costly, more efficient alternative to the proposed project does not exist.

4. The proposed project appears financially feasible.
5. There is no known opposition to the proposed project.

DCOPN's recommendation is contingent upon Culpeper Memorial Hospital, Incorporated d/b/a Novant Health UVA Health System Culpeper's agreement to the following charity care condition:

Culpeper Memorial Hospital, Incorporated d/b/a Novant Health UVA Health System Culpeper will provide PET/CT imaging 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 PET/CT imaging services to medically underserved persons in an aggregate amount equal to at least 4.5% of Culpeper Memorial Hospital, Incorporated d/b/a Novant Health UVA Health System Culpeper's total patient services revenue derived from PET/CT imaging services provided at Culpeper 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. Culpeper Memorial Hospital, Incorporated d/b/a Novant Health UVA Health System Culpeper 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.

Culpeper Memorial Hospital, Incorporated d/b/a Novant Health UVA Health System Culpeper will provide PET/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 Culpeper Memorial Hospital, Incorporated d/b/a Novant Health UVA Health System Culpeper will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.