

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis Report

March 22, 2021

COPN Request No. VA-8542

Broad/64 Imaging, LLC and Bon Secours-Virginia HealthSource, Inc.
Richmond, Virginia

Introduce CT services at the Bon Secours Imaging Center at Reynolds Crossing with relocation and replacement of a CT scanner from Bon Secours Innsbrook Imaging Center

Applicant

Broad/64 Imaging, LLC (“Broad/64”) is a Virginia limited liability company organized in December 2003. Bon Secours – Virginia Healthsource, Inc. is a Virginia stock corporation formed in April 1987. The sole corporate member of Bon Secours – Virginia Healthsource, Inc. is Bon Secours – Richmond Health System d/b/a Bon Secours Virginia Health System. Bon Secours – Virginia Healthsource, Inc. is the majority member of Broad/64.

Background

On June 23, 2004, the Virginia State Health Commissioner (“Commissioner”) issued COPN No. VA-03828 to Commonwealth Radiology P.C. and Broad/64, which authorized the establishment of Commonwealth Radiology Imaging Center at Reynolds Crossing with one CT scanner and one MRI scanner. On February 15, 2005, the Commissioner issued COPN No. VA-03828 to Virginia Physicians, Inc., which authorized the establishment of an imaging center through the relocation of existing CT and MRI services. On September 21, 2007, Virginia Physicians, Inc. received authorization through a significant change to relocate the imaging center to the current location of Bon Secours Imaging Center Innsbrook (“BSI”). On February 13, 2009, the Commissioner issued COPN No. VA-04191 to Commonwealth Radiology P.C. and Broad/64, which authorized the relocation of one CT scanner and one MRI scanner from Commonwealth Radiology Imaging Center at Reynolds Crossing to establish Bon Secours Imaging Center – Reynolds Crossing (“BSRC”). On November 19, 2015, the Commissioner issued COPN No. VA-04496 to Bon Secours St. Mary’s Hospital of Richmond, Inc. and Broad/64, authorizing the relocation of CT services from BSRC to a new facility, Bon Secours Short Pump Imaging Center. CT services at BSRC ceased operations on September 17, 2018, when Bon Secours Short Pump Imaging Center became operational. Division of Certificate of Public Need (“DCOPN”) records show that there are currently 50 COPN authorized fixed CT scanners (**Table 1**) in PD 15.

Table 1. PD 15 COPN Authorized Fixed CT Units

Facility	Number of Scanners
Bon Secours Chester Emergency and Imaging Center	1
Bon Secours Imaging Center Innsbrook	1
Bon Secours Memorial Regional Medical Center	3
Bon Secours Richmond Community Hospital	1
Bon Secours Short Pump Emergency/Imaging Center	1
Bon Secours St. Francis Medical Center	2
Bon Secours St. Mary's Hospital	3
Bon Secours Westchester Imaging Center	1
Buford Road Imaging	1
Chester Imaging Center	1
Chesterfield Imaging	1
Chippenham Hospital	3
Hanover Emergency Center	1
Henrico Doctor's Hospital - Parham Doctors' Hospital	1
Henrico Doctor's Hospital - Retreat	1
Henrico Doctors' Hospital - Forest	2
Independence Park Imaging	1
Virginia Cardiovascular Specialists	1
Johnston-Willis Hospital	3
Richmond Ear, Nose & Throat	1
Richmond Eye & Ear Healthcare Alliance d/b/a Medarva Healthcare	1
Swift Creek ER	1
VCU Health Neuroscience, Orthopedic and Wellness Center	1
VCU Medical Center	7
VCU Medical Center Adult Outpatient Pavilion	1
VCU Medical Center at Stony Point Radiology	1
VCU Health Emergency Center at New Kent	1
Virginia Cancer Institute - Harbourside	1
Virginia Cancer Institute - Reynolds Crossing	1
Virginia Ear Nose & Throat - Chesterfield	1
Virginia Ear Nose & Throat - Henrico	1
Virginia Urology	2
West Creek Medical Center	1
Total	50

Source: DCOPN records

Proposed Projects

The applicant proposes to re-establish CT services at BSRC by relocating and replacing the fixed CT scanner at BSI to BSRC. The applicant asserts that, following an evaluation of their imaging resources, Bon Secours determined that BSI services should be relocated and consolidated with other Bon Secours imaging facilities. In conjunction with another application filed this cycle, COPN Request No. VA-8543, Bon Secours seeks to replace and relocate all BSI imaging services. Should both projects receive approval, BSI will be closed once the relocation of services has been completed. The total capital and financing cost of the proposed project is \$1,006,590 (**Table 2**). The applicant states that the proposed project would be funded entirely by the capital contributions of the members of Broad/64.

Table 2. Capital and Financing Costs

Direct Construction Costs	\$179,000
Equipment Not Included in Construction Contract	\$802,590
Architectural and Engineering Fees	\$25,000
TOTAL Capital and Financing Costs	\$1,006,590

Source: COPN Request No. VA-8542

Project Definition

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part, as the “[i]ntroduction into an existing medical care facility described in subsection A of any...computed tomographic (CT) scanning...when such medical care facility has not provided such service in the previous 12 months;” A medical care facility includes “[a]ny specialized center or clinic or that portion of a physician's office developed for the provision of...magnetic resonance imaging (MRI)...”

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 relocate and replace the sole CT scanner located at BSI to BSRC. The applicant states that, following an evaluation of their imaging resources, Bon Secours determined that BSI services should be relocated and consolidated with other Bon Secours imaging facilities. DCOPN notes, excluding the two Virginia Ear Nose & Throat CT scanners, the CT scanner located at BSI is the least utilized CT scanner in the planning district¹. Comparatively, the CT scanners located in proximity to the proposed BSRC location, such as Virginia Cancer Institute, which is located in the same building as BSRC, and Henrico Doctors’ Hospital (1.5 miles) are operating close to or exceeding the SMFP threshold of scans needed to add capacity. As such, approval of the project would relocate a severely underutilized CT scanner into an area where its presence could alleviate the burden on the heavily utilized services in the area without adding additional CT scanners to the planning district. The applicant additionally asserts that approval of the project will decompress the heavily utilized CTs at Bon Secours St. Mary’s Hospital (“St. Mary’s”), which is located 2.3 miles from BSRC. DCOPN notes that decompression of the highly utilized CT scanners at St. Mary’s was the reasoning behind the approval of COPN No. VA-04496 in 2018 that led to the relocation of BSRC’s CT service to Bon Secours Short Pump Imaging Center. While this does somewhat weaken Bon Secours argument, DCOPN notes that, even were the existing Bon Secours Short Pump Imaging Center CT scanner and the proposed BSRC CT scanner included in the utilization figures for St. Mary’s, the 2018 utilization rate for St. Mary’s would still exceed the SMFP threshold. As such, despite the somewhat confusing planning approach from Bon Secours with COPN No. VA-04496 (Short Pump Imaging Center)

¹ See **Table 4** below.

and the proposed project, DCOPN concludes that the proposed project would also help to alleviate the burden on the heavily utilized services at St. Mary's without adding additional CT scanners to the planning district

Geographically, BSRC at Reynolds Crossing is between the intersections of West Broad Street and Forest Avenue, and Glenside Drive and Forest Avenue, and is easily accessible by I-64 via entrance and exit ramps immediately on Glenside Drive. Public transportation is available through Henrico County with a stop located at the entrance of the campus near the intersection of West Broad Street and Forest Avenue.

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 18 letters of support from physicians associated with Neurosurgical Associates, P.C. and physicians associated with Bon Secours. Collectively, these letters articulate the benefits of access to CT services for a variety of medical specialties and subspecialties. Moreover, they state that approval of the project would increase access by allowing patients to receive scans at Reynolds Crossing instead of at a highly utilized area like St. Mary's hospital.

DCOPN received one letter of opposition to the proposed project from Dominion Imaging, LLC ("DI"). First, DI alleges that BSI is the only Bon Secours imaging center that does not bill at hospital rates. DCOPN finds this assertion dubious for several reasons. First, the source of this information comes solely from a conversation with an unidentified employee at BSI after having multiple Bon Secours staff members refuse to provide the information without an order for the procedure. As this conversation is entirely unverifiable and out of character compared to the behavior of the rest of the staff at Bon Secours facilities, DCOPN finds the probative value of this assertion extremely limited. Moreover, the extremely low utilization of BSI's CT scanner seems inconsistent with the assertion that BSI provides the same services at drastically reduced prices compared to other Bon Secours imaging facilities. Finally, when DI's analysis of imaging costs were first presented in COPN Request No. VA-8532, Bon Secours responded to these assertions and stated that the rates provided in DI's filing that were not accurate and, in some instances, drastically overstated the actual rates for the referenced Bon Secours facilities. These assertions were reiterated in Bon Secours' response to DI's letter of opposition.

DI additionally alleges in their letter of opposition that DI had filed a COPN application (COPN Request No. VA-8532) to establish an imaging center with a new CT scanner and a new MRI scanner at a location 0.6 miles from BSRC and that their application, currently awaiting the Commissioner's decision following an informal fact finding conference, has

priority. DCOPN rejects the implication that priority should be considered, as there is not, nor has there ever been, legal precedent for this being a factor in determining approval of a project. DI finally alleges that the proposed project should be denied because DI's application will provide a lower cost option compared to the proposed project. Even if this is accepted, which, as discussed above, there are ample reasons to find DI's information regarding costs to be dubious, the DI project is not competing during the same cycle with the proposed project. As such, there is no precedent that the existence of the DI request for a project that has not been approved by the Commissioner, should bar approval of the proposed project.

Public Hearing

DCOPN provided notice to the public regarding this project on February 2, 2021. The public comment period closed on March 19, 2021. Section 32.1-102.6 of the Virginia Code mandates that "in the case of competing applications or in response to a written request by an elected local government representative, a member of the General Assembly, the Commissioner, the applicant, or a member of the public, [DCOPN shall] hold one hearing on each application in a location in the county or city in which the project is proposed or a contiguous county or city." The proposed project is not competing, and no public hearing was requested by the applicant, the Commissioner, an interested party, or member of the public. As such, no public hearing was held.

(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 applicant does not identify any 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. While the maintenance of the status quo is an alternative, it would result in the continued underutilization of the CT scanner located at BSI, which is the lowest utilized CT scanner in the planning district that is not located at an otolaryngology office. Moreover, the high utilization or overutilization of CT scanners located proximal to BSRC would continue as well. This is troubling because, should these scanners become more utilized, it would likely result in an institutional need to expand via the addition of new capacity. As the proposed project would resolve both issues without the need to exacerbate the current surplus of CT scanners in PD 15, DCOPN finds that the proposed project is more beneficial than the alternative of the status quo.

(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 and financing cost of the proposed project is \$1,006,590 (**Table 2**) and would be funded entirely by the capital contributions of the members of Broad/64. The costs for the project are reasonable and generally consistent with previously approved projects to establish CT services through the relocation and replacement of one fixed CT scanner. For example, COPN VA- 04554 issued to Reston Hospital Center to establish a specialized center for CT imaging through the relocation and replacement of an existing fixed CT scanner, which cost approximately \$1,053,100. As stated throughout the report, the proposed project would reduce the burden on existing providers proximate to the BSRC location and prevent the further increase of the surplus in the planning district through the relocation of a highly underutilized CT scanner.

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

The applicant asserts that all services at Bon Secours are available to anyone, regardless of their ability to pay or source of payment. The applicant additionally asserts that Bon Secours also offers reduced rate and free care to qualifying individuals and families through its participation in other programs including the Care-A-Vans, pediatric asthma management, Safe Harbor, Every Women's Life, parish nurses, and other community partnership incentives. According to regional and statewide data regularly collected by Virginia Health Information ("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, Bon Secours owned facilities whose charity care was reported to VHI performed charity care equivalent to 4.3% of all reported total gross patient revenues. In accordance with section 32.1-102.4.B of the Code of Virginia, should the proposed project receive approval, Broad/64 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 3. HPR IV 2018 Charity Care Contributions

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.

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 services. They are as follows:

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

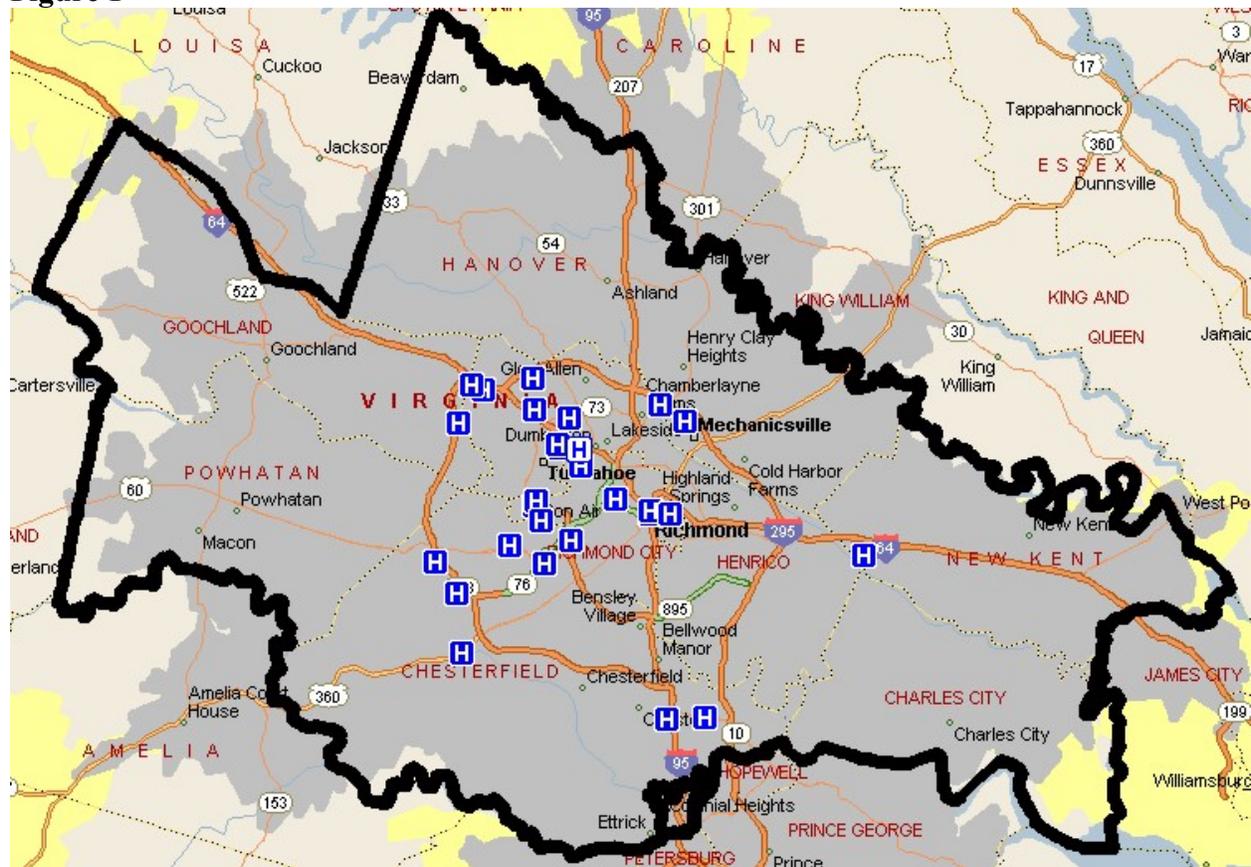
12VAC5-230-90. Travel time.

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 50 COPN authorized CT scanners in PD 15. The heavy black line in **Figure 1** is the boundary of PD 15. The blue H icons indicate facilities that currently offer fixed CT

services. The white H icon indicates the locations of the proposed project. The grey shading illustrates the area that is within a thirty-minute drive under normal driving conditions of all CT service providers in PD 15. The yellow shading illustrates the area that is within a thirty-minute drive under normal driving conditions of CT service providers outside of in PD 15 that may overlap into PD 15. As BSI would no longer provide service to the planning district, should the proposed project be approved, its service area was not included. As BSRC is located proximal to other CT providers, the proposed project will not increase the availability of CT services to those individuals in PD 15 that are not within 30 minutes driving time one way under normal conditions of existing CT services. With regard to the section of the planning district not shaded in the western and northern portions of the planning district, these areas are significantly less populated than other areas of the planning district. As such, DCOPN concludes that CT services are within 30 minutes driving time one way under normal conditions of 95% of the population of PD 15.

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.**

Calculated Needed Fixed CT Scanners in PD 15

COPN authorized CT scanners = 50

Calculated Needed CT scanners =

$315,776 \text{ scans in the PD} / 7,400 \text{ scans / scanner} = 42.7 \text{ (43) scanners needed}$

PD 15 Calculated Need = 43 CT scanners

PD 15 Calculated Surplus/Deficit = 7 CT scanners

As noted in **Table 4** 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. Despite the 2018 utilization exceeding the SMFP threshold in 2018, due to the rapid growth of CT scanners in PD 15, DCOPN calculates a surplus of 7 fixed CT scanners. While this would generally be a bar to the establishment of a new CT provider in the planning district, the proposed project is inventory neutral. As discussed above, DCOPN anticipates that the proposed project would be beneficial to the area by reducing the burden on highly utilized providers in the area and avoiding the need for expansion at those locations, which would exacerbate the surplus in the planning district.

Table 4. 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%
Intecardia 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

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 the five 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.

Not applicable. The applicant is proposing to introduce fixed CT services rather than expand an existing fixed site 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 CT 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 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 states that CT services at BSI are currently under the direct supervision of qualified radiology physicians affiliated with Commonwealth Radiology. The applicant further states that Commonwealth Radiology also directs and supervises the interpretation of radiology services at Reynolds Crossing and provided a letter of commitment to provide interpretive radiology services from Commonwealth Radiology.

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 highly utilized facilities proximate to BSRC that are discussed through this report are not affiliated with Bon Secours facilities, so the proposed project would foster some degree of institutional competition. BSRC is, however, located within an area where Bon Secours already has a strong foothold. As such, while the proposed project would foster some degree of institutional competition, DCOPN concludes that this competition is unlikely to be sufficient to affect materially the area to be served.

- 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 throughout this report, approval of the project would improve the efficiency of existing services by relocating one of the least utilized CT scanners in the planning district to an area with several significantly utilized provider. Moreover, DCOPN determined that this move would likely help to decompress these highly utilized facilities without adding to the existing

surplus in the planning district. As such, DCOPN concludes that the proposed project offers significant improvements in the utilization and efficiency of existing services.

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 and financing cost of the proposed project proposed project is \$1,006,590 (**Table 2**), which are reasonable and generally consistent with previously approved projects to establish CT services through the relocation and replacement of one fixed CT scanner. For example, COPN VA- 04554 issued to Reston Hospital Center to establish a specialized center for CT imaging through the relocation and replacement of an existing fixed CT scanner, which cost approximately \$1,053,100. Additionally, as discussed above, the proposed project would be funded entirely by the capital contributions of the members of Broad/64. As such, DCOPN concludes that the proposed project is feasible with regard to financial costs.

With regard to staffing, the applicant asserts that the proposed project will only require an additional 1.5 CT technologist FTEs. The applicant plans to offer these positions to CT Technologists currently employed at BSI. Should additional staff needs remain, Bon Secours would utilize a substantial recruitment method utilizing advertisement, employment fairs, recruiting firms, and more. DCOPN concludes that the staffing needs of this project are feasible with regards to staffing and will not 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

The applicant did not identify any of the factors listed above. As discussed throughout this report, the proposed project involves the relocation of the CT service from the severely underutilized BSI to BSRC, which is located proximate to highly utilized providers. As both BSI and BSRC are outpatient imaging facilities, relocation of the CT service from an area where it is severely underutilized to an area where it will be more effectively utilized would improve the delivery of CT services on an outpatient basis.

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.

Not applicable. The proposed project was not proposed by and does not affect a teaching hospital associated with a public institution of higher education or a medical school in the area to be served

DCOPN Staff Findings and Conclusion

DCOPN finds that the proposed project to establish CT services at BSRC by relocating and replacing the fixed CT scanner at BSI to BSRC is consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. Approval of the proposed project would relocate a significantly underutilized CT scanner to an area of high utilization, where the scanner would help to alleviate the burden on existing scanners, without contributing to the surplus in the planning district.

Moreover, DCOPN finds that the proposed project is more advantageous than the alternative of the status quo. Under the status quo, the underutilization of the CT scanner at BSI would continue. Moreover, the high utilization of exiting providers proximate to BSRC would continue and potentially require additional CT scanners to alleviate their burden. As the proposed project would resolve both issues without the need to exacerbate the current surplus of CT scanners in PD 15, DCOPN finds that the proposed project is more advantageous than the alternative of the status quo

Finally, DCOPN finds that the total capital costs of the proposed project proposed project is \$1,006,590 (**Table 2**), which would be funded entirely by the capital contributions of the members of Broad/64. The costs for the project are reasonable and generally consistent with previously approved projects to establish CT services through the relocation and replacement of one fixed CT scanner. For example, COPN VA- 04554 issued to Reston Hospital Center to establish a specialized center for CT imaging through the relocation and replacement of an existing fixed CT scanner, which cost approximately \$1,053,100.

Staff Recommendation

The Division of Certificate of Public Need recommends **conditional approval** of Broad/64 Imaging, LLC and Bon Secours-Virginia HealthSource, Inc.'s COPN request to establish CT services at Bon Secours Imaging Center at Reynolds Crossing by relocating and replacing the fixed CT scanner at Bon Secours Imaging Center Innsbrook to Bon Secours Imaging Center at Reynolds Crossing for the following reasons:

1. The project is 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 would alleviate the burden on existing providers in close proximity to Bon Secours Imaging Center at Reynolds Crossing without adding to the surplus of CT scanners in the planning district.
3. The proposed project is more advantageous than the alternative of the status quo.

4. The capital costs are significantly less than other projects of this type.

Recommended Condition

Broad/64 Imaging, LLC will provide CT 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 Broad/64 Imaging, LLC's total patient services revenue derived from CT services provided at Bon Secours Imaging Center at Reynolds Crossing 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. Broad/64 Imaging, LLC 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.

Broad/64 Imaging, LLC 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 Broad/64 Imaging, LLC will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.