

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

July 19, 2021

COPN Request No. VA-8555

Inova Reston MRI Center, LLC

Reston, Virginia

Establish a Specialized Center for MRI Services

With One Relocated and Replaced MRI Scanner

COPN Request No. VA-8567

Vienna Diagnostic Imaging, LLC

Centreville, Virginia

Add One Fixed MRI Scanner

Applicants

COPN Request No. VA-8555: Inova Reston MRI Center, LLC (IRMC)

Inova Reston MRI Center, LLC (IRMC) is a Virginia limited liability company jointly owned by Inova Health Care Services and Fairfax Radiological Consultants, P.C. The applicant has no subsidiaries. The applicant proposes to establish the Centreville MRI Center, to be located in Centreville, Virginia. Centreville is located in Planning District (PD) 8 within Health Planning Region (HPR) II.

COPN Request No. VA-8567: Vienna Diagnostic Imaging, LLC (VDI)

Vienna Diagnostic Imaging, LLC (VDI) is a Virginia limited liability company and the wholly owned subsidiary of Prince William Health System. Prince William Health System is a wholly owned subsidiary of Novant Health UVA Health System. The applicant has no subsidiaries. VDI is located in Centreville, Virginia in PD 8, within HPR II.

Background-Magnetic Resonance Imaging (MRI) Scanners and Utilization in PD 8

According to DCOPN records, to date, there are 56 COPN authorized fixed-site MRI scanners in PD 8 (**Table 1**). More specifically, 21 of the authorized scanners are located within acute care hospitals while 35 are located within freestanding facilities. According to 2019 Virginia Health Information (VHI) data, the most recent year for which utilization data is available, the 51 then-existing fixed-site MRI scanners in PD 8 operated at a collective utilization of 85.4% based on the State Medical Facilities Plan (SMFP) expansion threshold of 5,000 MRI procedures per MRI scanner per year. The Division of Certificate of Public Need (DCOPN) observes that utilization of hospital-based MRI scanners varies slightly from that of MRI scanners at freestanding facilities. Specifically, hospital-based MRI scanners in PD 8 operated at a collective utilization of 86.4% in 2019, while MRI scanners located in freestanding facilities operated at a collective utilization of only 84.9% for the same period. DCOPN notes that MRI scanners located at both hospital-based facilities and freestanding facilities operated marginally beneath the SMFP expansion threshold in 2019.

Table 1. 2019 COPN Authorized MRI Scanners in PD 8

Fixed MRI Units				
Hospital Based Facility	Units	Scans	Scans/Unit	Utilization
Iova Alexandria Hospital	2	8,258	4,129	82.6%
Inova Fair Oaks Hospital	2	7,988	3,994	79.9%
Inova Fairfax Hospital	4 ¹	15,514	5,171	103.4%
Inova Lorton HealthPlex	1 ²	--	--	--
Inova Loudoun Hospital	1	6,181	6,181	123.6%
Inova Mount Vernon Hospital	1	5,667	5,667	113.3%
Novant Health UVA Health System Haymarket Medical Center	1	4,467	4,467	89.3%
Novant Health UVA Health System Prince William Medical Center	2	5,740	2,870	57.4%
Reston Hospital Center	1	4,337	4,337	86.7%
Sentara Northern Virginia Medical Center	1	2,974	2,974	59.5%
Stone Springs Hospital Center	1	1,302	1,302	26.0%
Virginia Hospital Center	4	15,354	5,118	102.4%
Hospital Based TOTAL and Average	21³	77,782	4,321	86.4%
Freestanding Facility				
	Units	Scans	Scan/Unit	Utilization
Fairfax MRI and Imaging Center at Tysons	2	10,146	5,073	101.5%
Fairfax MRI Center at Reston	1	5,837	5,837	116.7%
Inova Center for Personalized Health	5 ⁴	--	--	--
Inova Fairfax MRI Center	0 ⁵	28,625	4,771	95.4%
Inova Imaging Center—Ballston ⁶	1	2,226	2,226	44.5%
Inova Imaging Center - Leesburg	1	2,427	2,427	48.5%
Inova Imaging Center-Mark Center	1	3,109	3,109	62.2%
Inova Springfield HealthPlex	1	3,844	3,844	76.9%
Insight Imaging - Arlington / Medical Imaging Center of Arlington	2	7,529	3,765	75.3%
Insight Imaging - Fairfax / Medical Imaging Center of Fairfax	1	4,219	4,219	84.4%
Insight Imaging Woodbridge / Medical Imaging Center of Woodbridge	2	8,379	4,190	83.8%
Kaiser Permanente - Reston Medical Center	1	6,933	6,933	138.7%

¹ Fourth fixed MRI scanner authorized pursuant to COPN No. VA-04572. Became operational in May 2019.

² COPN No. VA-04571 authorized the establishment of MRI services. Became operational in April 2019.

³ Though not included in the overall calculations for utilization, this number includes changes to the PD 8 inventory made subsequent to 2019.

⁴ COPN No. VA-04674, issued in September 2019, authorized the establishment of a specialized center for MRI services with five MRI units.

⁵ Inova specialized facilities established through the relocation of units from this facility.

⁶ COPN No. VA-04593 authorized the establishment of a specialized center for MRI imaging. Became operational in December 2019.

Kaiser Permanente - Woodbridge Imaging Center	2 ⁷	3,864	3,864	77.3%
Kaiser Permanente-Tyson's Corner Imaging Center	2	3,864	3,864	77.3%
Lakeside at Loudoun Tech Center ⁸	1	--	--	--
MRI of Reston	4	16,890	4,223	84.5%
Novant Imaging Centerville dba Vienna Diagnostic Imaging		6,517	6,517	130.3%
Radiology Imaging Associates at Lansdowne	2	7,397	3,699	74.0%
Radiology Imaging Associates at Sterling	1	4,059	4,059	81.2%
Sentara Advanced Imaging Center - Lake Ridge	1	2,914	2,914	58.3%
Tyson's Corner Diagnostic Imaging	2	7,456	3,728	74.6%
Washington Radiology Associates, PC	1	3,811	3,811	76.2%
Freestanding TOTAL and Average	35⁹	140,046	4,234	84.9%
Fixed MRI Unit Grand TOTAL and Average	56¹⁰	217,828	4,271	85.4%

Source: VHI (2019) and DCOPN Records

COPN Request No. VA-8555: Inova Reston MRI Center, LLC (IRMC)

With respect to the PD 8 Inova Health System MRI inventory, in 2019, Inova's then-existing 19 MRI units operated at a collective utilization of 88.3%, falling just short of the SMFP threshold for expansion (**Table 2**). However, DCOPN notes that the proposed project, as will be discussed in more detail later in this staff analysis report, would involve the relocation of an existing MRI scanner from within the Inova Health System and that accordingly, approval of the proposed project would ultimately be inventory neutral.

⁷ COPN No. VA-04700 authorized the establishment of a specialized center for CT and MRI imaging services and is expected to be complete by November 2021.

⁸ Utilization data not reported to VHI for 2019.

⁹ Though not included in the overall calculations for utilization, this number includes all changes to the PD 8 inventory made subsequent to 2019.

¹⁰ Though not included in the overall calculations for utilization, this number reflects the total PD 8 MRI inventory as of the date of this report.

Table 2. PD 8 Inova Health System Authorized MRI Scanners and Utilization: 2019

Fixed MRI Units				
Hospital Based Facility	Units	Scans	Scans/Unit	Utilization
Iova Alexandria Hospital	2	8,258	4,129	82.6%
Inova Fair Oaks Hospital	2	7,988	3,994	79.9%
Inova Fairfax Hospital	4 ¹¹	15,514	5,171	103.4%
Inova Lorton HealthPlex	1 ¹²	--	--	--
Inova Loudoun Hospital	1	6,181	6,181	123.6%
Inova Mount Vernon Hospital	1	5,667	5,667	113.3%
Hospital Based TOTAL and Average	11¹³	43,608	4,845	96.9%
Freestanding Facility				
	Units	Scans	Scan/Unit	Utilization
Inova Center for Personalized Health	5 ¹⁴	--	--	--
Inova Fairfax MRI Center	0 ¹⁵	28,625	4,771	95.4%
Inova Imaging Center—Ballston ¹⁶	1	2,226	2,226	44.5%
Inova Imaging Center - Leesburg	1	2,427	2,427	48.5%
Inova Imaging Center-Mark Center	1	3,109	3,109	62.2%
Inova Springfield HealthPlex	1	3,844	3,844	76.9%
Freestanding TOTAL and Average	9¹⁷	40,231	4,023	80.5%
Fixed MRI Unit Grand TOTAL and Average	20¹⁸	83,839	4,413	88.3%

Source: VHI (2019) and DCOPN Records

COPN Request No. VA-8567: Vienna Diagnostic Imaging, LLC (VDI)

With respect to the PD 8 Novant Health UVA Health System MRI inventory, in 2019, Novant’s then-existing four MRI units operated at a collective utilization of 83.6%, falling well short of the SMFP threshold for expansion (**Table 3**). However, DCOPN notes that with regard to VDI specifically, the sole scanner operated at 130.3% of the SMFP expansion threshold.

¹¹ Fourth fixed MRI scanner authorized pursuant to COPN No. VA-04572. Became operational in May 2019.

¹² COPN No. VA-04571 authorized the establishment of MRI services. Became operational in April 2019.

¹³ Though not included in the overall calculations for utilization, this number includes changes to the PD 8 Inova Health System inventory made subsequent to 2019.

¹⁴ COPN No. VA-04674, issued in September 2019, authorized the establishment of a specialized center for MRI services with five MRI units.

¹⁵ Inova specialized facilities established through the relocation of units from this facility.

¹⁶ COPN No. VA-04593 authorized the establishment of a specialized center for MRI imaging. Became operational in December 2019.

¹⁷ Though not included in the overall calculations for utilization, this number includes all changes to the PD 8 inventory made subsequent to 2019.

¹⁸ Though not included in the overall calculations for utilization, this number reflects the total PD 8 MRI inventory as of the date of this report.

Table 3. PD 8 Novant Health UVA Health System MRI Inventory and Utilization: 2019

Fixed MRI Units				
Hospital Based Facility	Units	Scans	Scans/Unit	Utilization
Novant Health UVA Health System Haymarket Medical Center	1	4,467	4,467	89.3%
Novant Health UVA Health System Prince William Medical Center	2	5,740	2,870	57.4%
Hospital Based TOTAL and Average	3	10,207	3,402	68.0%
Freestanding Facility				
Freestanding Facility	Units	Scans	Scan/Unit	Utilization
Novant Imaging Centerville dba Vienna Diagnostic Imaging	1	6,517	6,517	130.3%
Freestanding TOTAL and Average	1	6,517	6,517	130.3%
Fixed MRI Unit Grand TOTAL and Average	4	16,724	4,181	83.6%

Source: VHI (2019) and DCOFN Records

Proposed Projects

COPN Request No. VA-8555: Inova Reston MRI Center, LLC (IRMC)

IRMC proposes to establish a specialized center for MRI services in Centreville through the relocation and simultaneous replacement of an existing MRI unit currently located in the Tysons area. The new imaging center will be co-located within an imaging center owned and operated by Inova Fairfax Radiological Consultants. The applicant states that due to heavy demand for women’s imaging services in the area, Fairfax Radiology is expanding mammography services. The applicant further states that mammography services currently provided include mammography, stereotactic breast biopsy, breast ultrasound, and tomosynthesis/3D. The applicant further states that MRI is frequently requested and used in addition to mammography to detect breast cancer, particularly in women who have dense breast tissue or who may be at high risk for breast cancer. The applicant continues that the proposed relocation and replacement of one of the existing units from Tysons to Centreville will complete the imaging continuum of care for breast imaging patients as well as other patients traveling from Centreville to Tysons or Reston for MRI services.

The projected capital costs of the proposed project total \$2,280,000, the entirety of which will be funded using the accumulated reserves of the applicant (**Table 4**). Accordingly, there are no financing costs associated with this project.

Table 4. IRMC Projected Capital Costs

Direct Construction	\$455,000
Equipment Not Included in Construction Contract	\$2,275,000
Architectural and Engineering Fees	\$90,000
TOTAL Capital Costs	\$2,820,000

Source: COPN Request No. VA-8555

Construction for the proposed project is projected to commence by December 13, 2021 and to be completed by February 14, 2022. The applicant anticipates a February 21, 2022 date of opening.

COPN Request No. VA-8567: Vienna Diagnostic Imaging, LLC (VDI)

VDI proposes to expand its existing MRI service through the addition of one MRI scanner. To accommodate the additional scanner, the applicant will renovate existing space instead of adding to the building’s current footprint. The applicant states that by renovating existing internal space, it can efficiently and cost effectively expand MRI services at a modest cost and with reduced environmental impact. The applicant states that specifically, it can leverage existing common areas, waiting and reception areas, and staff to accommodate the expansion.

Currently, the applicant operates a 3T MRI. The applicant states that while the 3T MRI offers many clinical benefits for imaging, it also has some limitations due to its high field strength. The applicant contends that adding a second MRI—and specifically, a 1.5T unit—will enable it to better meet current and future demand for its MRI services.

The projected capital costs of the proposed project total \$2,002,052, the entirety of which will be funded using the accumulated reserves of the applicant (**Table 5**). Accordingly, there are no financing costs associated with this project.

Table 5. VDI Projected Capital Costs

Direct Construction	\$437,500
Equipment Not Included in Construction Contract	\$1,272,800
Site Acquisition Costs	\$218,919
Site Preparation Costs	\$10,000
Architectural and Engineering Fees	\$60,000
Taxes During Construction	\$2,833
TOTAL Capital Costs	\$2,002,052

Source: COPN Request No. VA-8567

Construction for the proposed project is expected to begin by April 4, 2022 and to be completed by July 29, 2022. The applicant anticipates an August 1, 2022 date of opening.

Project Definitions

COPN Request No. VA-8555: Inova Reston MRI Center, LLC (IRMC)

§ 32.1-102.1:3 of the Code of Virginia defines a project, in part, as the “Establishment of a medical care facility described in subsection A.” A medical care facility is further described as “Any specialized center...developed for the provision of...magnetic resonance imaging (MRI)...”

COPN Request No. VA-8567: Vienna Diagnostic Imaging, LLC (VDI)

§ 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...magnetic resonance imaging (MRI).” A medical care facility is further described as “Any specialized center...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, 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;**

COPN Request No. VA-8555: Inova Reston MRI Center, LLC (IRMC)

IRMC is well-served by public transit and public road systems. The proposed project will be located approximately one mile southeast of Interstate 66 with easy access to Route 28/Centreville Road. Route 28 is a major thoroughfare, and the site is easily accessible from both the north and south directions. Public bus transportation is available within walking distance of the site.

Regarding socioeconomic barriers to access to the applicant's services, according to regional and statewide data regularly collected by VHI, for 2019, the most recent year for which such data is available, the average amount of charity care provided by HPR II facilities was 3.9% of all reported total gross patient service revenues (**Table 6**). The Pro Forma Income Statement provided by the applicant (**Table 7**) anticipates a charity care contribution equal to 3% of total gross patient revenues derived from MRI services (reflected in the "Deductions from Revenue" line). DCOPN notes that this is well beneath the HPR II average reported by VHI for 2019, as well as beneath the contributions made by all other Inova facilities in the same period. DCOPN also notes that the applicant is part of the Inova Health System and that as such, should the proposed project be approved, it would be subject to the 4.1% system-wide charity care condition currently in place.

Table 6. 2019 HPR II Charity Care Contributions

Hospital	Gross Patient Revenues	Adjusted Charity Care Contribution	Percent of Gross Patient Revenue:
Inova Mount Vernon Hospital	\$522,179,824	\$37,645,405	7.21%
Inova Alexandria Hospital	\$1,024,263,648	\$64,990,632	6.35%
Sentara Northern Virginia Medical Center	\$843,370,034	\$52,990,724	6.28%
Novant Health UVA Health System Prince William Medical Center	\$538,358,330	\$26,511,528	4.92%
Inova Loudoun Hospital	\$833,003,930	\$39,556,258	4.75%
Inova Fairfax Hospital	\$3,871,812,346	\$156,045,238	4.03%
Inova Fair Oaks Hospital	\$726,706,638	\$27,651,318	3.81%
Virginia Hospital Center	\$1,571,698,958	\$34,673,062	2.21%
Novant Health UVA Health System Haymarket Medical Center	\$289,627,681	\$5,624,171	1.94%
Reston Hospital Center	\$1,491,147,173	\$19,004,683	1.27%
StoneSprings Hospital Center	\$231,498,142	\$1,337,917	0.58%
Total Facilities			11
Median			4.1%
Total \$ & Mean %	\$11,943,666,704	\$466,030,936	3.9%

Source: VHI (2019)

Table 7. IRMC Pro Forma Income Statement

	Year 1	Year 2
Number of Scans	3,235	\$3,559
Gross Patient Services Revenue	\$5,615,922	\$6,177,514
Deductions from Revenue	\$3,481,872	\$3,830,059
Net Patient Services Revenue	\$2,134,050	\$2,347,455
Expenses	\$769,068	\$834,775
Net Income	\$1,364,982	\$1,512,680

Source: COPN Request No. VA-8555

Also with regard to socioeconomic barriers to access to services, DCOPN notes that, according to the most recent U.S. Census data, no locality within HPR II/PD 8 had a poverty rate equal to or higher than the 10.7% statewide average (**Table 8**).

Table 8. Statewide and PD 8 Poverty Rates

Locality	Poverty Rate
Virginia	10.7%
Arlington	7.6%
Fairfax County	6.0%
Loudoun	3.1%
Prince William	6.1%
Alexandria City	10.3%
Fairfax City	9.3%
Falls Church City	3.2%
Manassas City	8.0%
Manassas Park City	6.4%

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

The most recent Weldon-Cooper data projects a total PD 8 population of 2,937,128 persons by 2030 (**Table 9**). This represents an approximate 31.7% increase in total population from 2010 to 2030. Comparatively, Weldon-Cooper projects the total population of Virginia to increase by approximately 16.63% for the same period. With regard to the 65 and older age cohort in PD 8, Weldon-Cooper projects a much more rapid increase. Weldon-Cooper projects a PD 8 increase of approximately 88.4% among this age cohort from 2010-2030 (**Table 10**). This is significant, as this age group typically uses health care services, including diagnostic imaging services, at a rate much higher than those under the age 65.

Table 9. Statewide and PD 8 Total Population Projections, 2010-2030

Locality	2010	2020	% Change	2030	% Change	2010-2030 % Change
Virginia	8,001,024	8,655,021	8.17%	9,331,666	7.82%	16.63%
Arlington	207,627	249,298	20.1%	274,339	10.0%	32.1%
Fairfax County	1,081,726	1,162,504	7.5%	1,244,025	7.0%	15.0%
Loudoun	312,311	430,584	37.9%	554,808	28.9%	77.6%
Prince William	402,002	478,134	18.9%	571,844	19.6%	42.2%
Alexandria City	139,966	166,261	18.8%	182,067	9.5%	30.1%
Fairfax City	22,565	25,047	11.0%	26,397	5.4%	17.0%
Falls Church City	12,332	14,988	21.5%	17,032	13.6%	38.1%
Manassas City	37,821	43,099	14.0%	46,332	7.5%	22.5%
Manassas Park City	14,273	17,086	19.7%	20,284	18.7%	42.1%
TOTAL PD 8	2,230,623	2,587,000	16.0%	2,937,128	13.5%	31.7%

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

Table 10. PD 8 Population Projections for 65+ Age Cohort, 2010-2030

Locality	2010	2020	% Change	2030	% Change	2010-2030 % Change
Arlington	18,054	22,515	24.7%	26,951	19.7%	49.3%
Fairfax County	165,878	217,162	30.9%	246,030	13.3%	48.3%
Loudoun	20,425	45,314	121.9%	84,522	86.5%	313.8%
Prince William	27,220	52,698	93.6%	80,830	53.4%	197.0%
Alexandria City	12,806	17,359	35.6%	22,175	27.7%	73.2%
Fairfax City	3,088	3,754	21.6%	4,611	22.8%	49.3%
Falls Church City	1,293	1,908	47.5%	2,317	21.5%	79.2%
Manassas City	2,607	3,930	50.8%	5,387	37.0%	106.6%
Manassas Park City	806	1,426	76.9%	2,258	58.4%	180.2%
TOTAL PD 8	252,177	366,067	45.2%	475,081	29.8%	88.4%

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

COPN Request No. VA-8567: Vienna Diagnostic Imaging, LLC (VDI)

VDI is readily accessible by public transportation and local highways, as well as larger thoroughfares like Interstate 66 and Highway 28. Public transportation is provided by Fairfax Connector Bus Route 630—Centreville South.

Regarding socioeconomic barriers to access to the applicant’s services, DCOPN again notes that according to regional and statewide data regularly collected by VHI, for 2019, the most recent year for which such data is available, the average amount of charity care provided by HPR II facilities was 3.9% of all reported total gross patient service revenues (**Table 6**). The Pro Forma Income Statement provided by the applicant (**Table 11**) anticipates a charity care contribution equal to 4.1% of total gross patient revenues derived from MRI services (reflected in the “Deductions from Revenue” line). DCOPN notes that this is higher than the 3.9% HPR II average reported by VHI for 2019. DCOPN also notes that VDI is a wholly owned subsidiary of Prince William Health System (which is a wholly owned subsidiary of Novant Health UVA Health System) and that as such, VDI operates pursuant to a system-wide charity care condition issued pursuant to COPN No. VA-04282, requiring Prince William Health System to ensure a charity care contribution of 4.1%. Furthermore, DCOPN notes that pursuant to recent changes to § 32.1-102.4B of the Code of Virginia, DCOPN is now required to place a charity care condition on all applicants seeking a COPN. Accordingly, should the State Health Commissioner (Commissioner) approve the proposed project, the project would be subject to the existing system-wide charity care condition discussed above.

Table 11. VDI Pro Forma Income Statement

	Year 1	Year 2
Number of Scans	7,163	7,794
Gross Patient Services Revenue	\$13,629,214	\$14,830,544
Deductions from Revenue	\$10,358,280	\$11,271,298
Net Patient Services Revenue	\$2,882,501	\$3,136,576
Expenses	\$2,690,569	\$2,897,665
Net Income	\$191,932	\$238,911

Source: COPN Request No. VA-8567

DCOPN again notes that no locality within PD 8 has a poverty rate equal to or higher than the 10.7% statewide average (**Table 8**). Furthermore, DCOPN again notes that Weldon-Cooper data projects a total PD 8 population increase of 31.7% from 2010 to 2030 and an 88.4% increase among the 65 and older age cohort (**Tables 9 and 10**). This is significant as this age group typically uses health care services at a rate much higher than those under the age of 65.

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;**

COPN Request No. VA-8555: Inova Reston MRI Center, LLC (IRMC)

The applicant provided numerous letters of support for the proposed project from area physicians. Collectively, these letters addressed the following:

- Relocation of MRI services to the Centreville location will enhance the continuum of care while adding a level of familiarity and convenience for patients in Centreville and the surrounding areas.
- The relocation of this MRI scanner will allow patients to receive high-quality MRI Imaging from a trusted, subspecialty Fairfax Radiology Center physician and aid in treating patients. This Centreville location would be convenient for patients in the Centreville area to receive care close to home.
- The relocation will allow Inova and Fairfax Radiological Consultants to better serve their existing patients by establishing a new access site for MRI services in the dense Centreville community. As this project is a relocation it will not add to the regional number of MRI scanners and is expected to primarily serve existing Inova and Fairfax Radiological Consultants patients closer to home, in a non-hospital based setting.
- Inova and Fairfax Radiological Consultants have a very busy mammography screening program at this Centreville location and the addition of breast MRI will allow all women to have a full continuum of breast imaging in one convenient location.

DCOPN received no letters in opposition to the proposed project.

COPN Request No. VA-8567: Vienna Diagnostic Imaging, LLC (VDI)

The applicant provided numerous letters of support for the proposed project from area healthcare providers. Collectively, these letters addressed the following:

- The applicant currently operates with extended weekday and weekend hours for MRI services to keep up with demand, however patients still experience long wait times. Additionally, the applicant often gets requests for “stat” and urgent exams and is forced to turn patients away.

- The current MRI scanner is a 3 Tesla machine. This machine cannot do certain exams due to the high field strength of a 3 Tesla scanner. A substantial number of existing patients have metal due to prior surgery, and must be scanned at a 1.5 Tesla to reduce metal artifact. In addition, patients with certain implants cannot be scanned safely at 3 Tesla.
- VDI is conveniently accessible and a key lower-cost imaging option. The radiologists have the expertise and experience necessary to ensure high-quality scans, specifically tailored to patients' needs and clinical indications. With a second MRI scanner, VDI will be able to better accommodate more referrals without straining their resources to keep up with demand. As more patients seek lower-cost, readily accessible outpatient imaging, that demand will continue to grow.

DCOPN received no letters in opposition to the proposed project. Additionally, DCOPN did not receive any request by an elected local government representative, a member of the General Assembly, the Commissioner, the applicant, or a member of the public to hold a public hearing on the proposed project and accordingly, one was not 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;**

As previously discussed, 2019 VHI data reported an 85.4% collective utilization rate among all existing fixed MRI scanners in PD 8. This data demonstrates that existing fixed MRI scanners in PD 8 operated well beneath the SMFP expansion threshold of 5,000 scans per unit in 2019. As will be discussed in more detail below, DCOPN has calculated a current surplus of 28 fixed-site MRI scanners in PD 8. DCOPN concludes that based on this data, there is ample excess capacity within the planning district to accommodate the residents of PD 8.

COPN Request No. VA-8555: Inova Reston MRI Center, LLC (IRMC)

DCOPN contends that maintaining the status quo is not a better alternative to the proposed project, despite the underutilized existing inventory of PD 8. DCOPN again notes that because the applicant proposes to transfer an existing MRI scanner from within the PD 8 Inova Health System inventory, the project is ultimately inventory neutral and will not further contribute to the existing surplus in PD 8. Furthermore, DCOPN contends that relocating and updating the IRMC service appears prudent. First, the applicant states that the scanner being replaced is near the end of its useful life. Also, the proposed project involves the relocation and replacement of one of the two IRMC Tysons MRI Units within PD 8. The IRMC unit will move from the Falls Church/Tysons area, where there is greater concentration of MRI services, and will be co-located with IRFC's Centreville imaging center, where many patients' access to MRI services is negatively impacted by traffic issues. The MRI will be replaced and will be equipped to perform Breast MRI and MRI guided breast biopsies, which are not provided at the current Tysons location.

COPN Request No. VA-8567: Vienna Diagnostic Imaging, LLC (VDI)

DCOPN contends that maintaining the status quo is not a better alternative to the proposed project, despite the underutilized existing inventory of PD 8. First, VHI data reports that in 2019, VDI's sole existing fixed MRI unit performed 6,515 procedures (operating at 130.3% utilization), well above

the 5,000 procedure per unit expansion threshold required under the SMFP. Additionally, the applicant notes that even with suppressed utilization in 2020 due to the ongoing COVID-19 pandemic, MRI utilization still exceeded capacity with 5,640 MRI scans (113% of the SMFP threshold). Additionally, as will be discussed in more detail later in this staff analysis report, DCOPN further concludes that the applicant has adequately demonstrated a unique institutional need to expand its existing MRI service.

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

The Health Systems Agency of Northern Virginia (HSANV) Board of Directors reviewed the COPN applications filed by Inova Reston MRI Center, LLC (COPN Request No. VA-8555) and Vienna Diagnostic Imaging, LLC (COPN request No. VA8567) at its June 14, 2021 meeting. With regard to the Inova Reston MRI Center project, the Board voted unanimously (eleven in favor) to recommend approval of the application. With regard to the Vienna Diagnostic Imaging application, the board voted ten in favor and one opposed to recommend approval of the project.

The Board based its recommendation on its review of the applications, on the HSANV staff report on the proposals, on the testimony and evidence presented at the June 14, 2021 public hearing and Board of Directors meeting held on the applications, and on several basic findings and conclusions, including:

- There is substantial unused MRI capacity region wide. On average, caseloads are at about 80% of nominal service volume thresholds, 5,000 scans per scanner annually. There is no regional need for additional services or additional capacity.
- The IRMC and VDI proposals are competing applications under the COPN rules. Both represent incremental service enhancements that each believes would permit the service to respond to internal needs and to provide MRI scanning more conveniently and more efficiently.
- Though not needed to meet current or near term regional demand, relocating and updating the IRMC service appears prudent. The scanner being replaced is near the end of its useful life. The proposed location at the Inova Fairfax Radiology Consultants diagnostic imaging center in Centreville which does not now offer MRI scanning, is consistent with projected population changes and with improving the geographic distribution of MRI capacity.
- Vienna Diagnostic Imaging MRI caseloads over the last three years qualifies the service for consideration under the institutional need provision of the Virginia SMFP to add capacity, even if there is no region wide need for additional capacity.
- Though not needed to meet current or near term regional demand, adding capacity at VDI should permit more flexible patient scheduling, and permit the center to respond to increasing demand more effectively.

- Projected capital costs of both proposals are within the range reported for similar projects locally and elsewhere in Virginia.

DCOPN agrees with the HSANV recommendations for approval, and concurs with, and adopts, the attached HSANV staff report and analysis.

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

COPN Request No. VA-8555: Inova Reston MRI Center, LLC (IRMC)

As illustrated in **Table 4**, the total projected capital cost of the proposed project is \$2,820,000, the entirety of which will be funded using the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project. DCOPN concludes that the costs for the proposed project are reasonable and consistent with previously approved PD 8 projects similar in clinical scope (COPN No. VA-04547 authorized the addition of one MRI scanner and had an authorized capital cost of \$3,448,262; COPN No. VA-04593 authorized the establishment of a specialized center for MRI imaging with one relocated MRI scanner and had an authorized capital cost of \$2,676,219; COPN No. VA-04674 authorized the establishment of a specialized center for MRI services with five MRI scanners and had an authorized capital cost of \$15,284,706).

With regard to benefits of the proposed project, the applicant provided the following:

- The proposed relocation and replacement of IRMC's MRI units from Tysons to Centreville will complete the imaging continuum of care for breast imaging patients as well as other patients traveling from Centreville to Tysons or Reston for MRI Services.
- The proposed relocation is expected to improve the patient experience and overall accessibility to imaging services across the Inova service area.
- The IRMC unit will move from the Falls Church/Tysons area, where there is a great concentration of MRI services, and will be co-located with IFRC's Centreville imaging center, where many of these patients' access to MRI services is negatively impacted by traffic issues. The MRI will be replaced and will be equipped to perform Breast MRI and MRI guided breast biopsies, which are not provided at the current Tysons location.

COPN Request No. VA-8567: Vienna Diagnostic Imaging, LLC (VDI)

As illustrated in **Table 5**, the total projected capital cost of the proposed project is \$2,002,052, the entirety of which will be funded using the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project. As discussed, DCOPN concludes that the cost for the proposed project is reasonable and consistent with previously approved PD 8 projects similar in clinical scope.¹⁹

With regard to the benefits of the proposed project, the applicant provided the following:

¹⁹ See Footnote #19.

- Currently, VDI’s sole MRI unit, a 3T MRI, consistently operates above capacity. Further, although the 3T MRI offers many clinical benefits for imaging, it also has some limitations due to its high field strength. Adding a second MRI unit to its inventory—and specifically a 1.5T unit—will enable the applicant to better meet current and future demands for its MRI services in furtherance of its long-range plan.
- (v) **The financial accessibility of the proposed project to people in the area to be served, including indigent people; and**

COPN Request No. VA-8555: Inova Reston MRI Center, LLC (IRMC)

As already discussed, the applicant provided assurances that MRI Services at the proposed facility will be accessible to all patients, regardless of financial considerations. Additionally, the Pro Forma Income Statement provided by the applicant anticipates a charity care contribution equal to 3% of gross patient services revenue derived from MRI services (**Table 7**). DCOPN again notes that this is well beneath the 2019 HPR II average as well as beneath the contributions made by all other Inova facilities in the same period. Furthermore, DCOPN again notes that, should the Commissioner approve the propose project, it would be subject to the 4.1% system-wide charity care condition currently in place for Inova Health System.

COPN Request No. VA-8567: Vienna Diagnostic Imaging, LLC (VDI)

As already discussed, the applicant provided assurances that MRI Services at VDI will be accessible to all patients, regardless of financial considerations. Additionally, the Pro Forma Income Statement provided by the applicant anticipates a charity care contribution equal to 4.1% of gross patient services revenue derived from MRI services (**Table 11**). DCOPN again notes that this is well above the 3.9% HPR II average reported by VHI for 2019. DCOPN also again notes that VDI is a wholly owned subsidiary of Prince William Health System (which is a wholly owned subsidiary of Novant Health UVA Health System) and that as such, VDI operates pursuant to a system-wide charity care condition issued pursuant to COPN No. VA-04282, requiring Prince William Health System to ensure a charity care contribution of 4.1%. Furthermore, DCOPN notes that pursuant to recent changes to § 32.1-102.4B of the Code of Virginia, DCOPN is now required to place a charity care condition on all applicants seeking a COPN. Accordingly, should the Commissioner approve the proposed project, the project would be subject to the existing system-wide charity care condition discussed above.

- (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 32.1-102:1 of the Code of Virginia calls for the State Health Services Plan Task Force to develop, by November 1, 2022, recommendations for a comprehensive State Health Services Plan (“SHSP”). In the interim, DCOPN will consider the consistency of the proposed project with the predecessor of the SHSP, the SMFP.

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

The State Medical Facilities Plan (SMFP) contains criteria and standards for Magnetic Resonance Imaging. They are as follows:

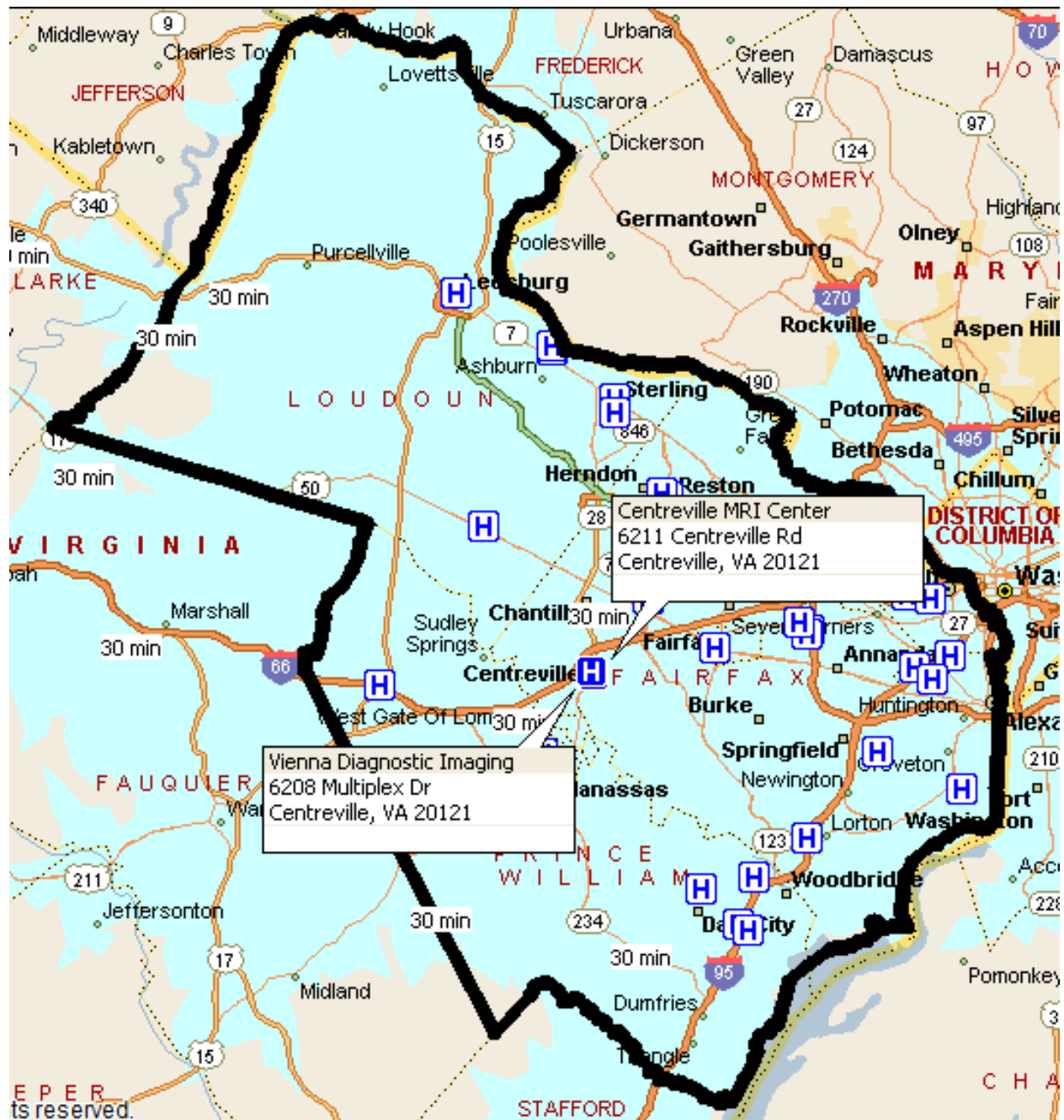
Part II.
Diagnostic Imaging Services
Article 2.
Criteria and Standards for Magnetic Resonance Imaging

12VAC5-230-140. Travel Time.

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

The heavy black line in **Figure 1** identifies the boundary of PD 8. The blue “H” signs mark the locations of the proposed projects. The white “H” signs mark the locations of all other existing MRI services located in PD 8. The green shaded area illustrates the area of PD 8 and the surrounding area that is currently within a 30-minute drive of existing MRI services. The amount and location of this shading illustrates that there is currently no area within 30 minutes of either proposed project that is not also within a 30 minutes’ drive time of another existing provider. Furthermore, given the location of the shaded area, it is evident that MRI services currently exist within a 30-minute drive for at least 95% of the population of PD 8. DCOPN also notes that each applicant is a current provider of MRI services, and accordingly, approval of either proposed project would not likely improve geographic access to this service for residents of PD 8 in any meaningful way.

Figure 1.



12VAC5-230-150. Need for New Fixed Site Service.

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

COPN Request No. VA-8555: Inova Reston MRI Center, LLC (IRMC)

VHI data reports that the then-existing PD 8 fixed-site MRI inventory performed a collective MRI volume of 140,046 MRI procedures (4,234 procedures per scanner) in 2019 (**Table 1**). Based on this data, and considering subsequent additions to the PD 8 MRI inventory, DCOPN has calculated a current surplus of 28 fixed MRI scanners in PD 8 as follows:

COPN authorized fixed MRI units = 56
Needed MRI units = $140,046 \div 5,000 = 28$
Utilization Percentage in 2019 = 85.4%
Fixed MRI unit surplus = 28

COPN Request No. VA-8567: Vienna Diagnostic Imaging, LLC (VDI)

This applicant is not proposing to establish a new MRI service, but rather is proposing to expand an existing service. Accordingly, this standard is not applicable to the proposed project.

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.

COPN Request No. VA-8555: Inova Reston MRI Center, LLC (IRMC)

This applicant is not proposing to expand an existing fixed-site MRI service, but rather is proposing to establish a new fixed-MRI service. Accordingly, this standard is not applicable to this project.

COPN Request No. VA-8567: Vienna Diagnostic Imaging, LLC (VDI)

VHI data reports that in 2019, VDI's sole existing fixed MRI unit performed 6,515 procedures (operating at 130.3% utilization), well above the 5,000 procedure per unit expansion threshold required under the SMFP. Additionally, the applicant notes that even with suppressed utilization in 2020 due to the ongoing COVID-19 pandemic, MRI utilization still exceeded capacity with 5,640 MRI scans (113% of the SMFP threshold). Accordingly, DCOPN concludes that the applicant has satisfied this standard. Additionally, as will be discussed in more detail later in this staff analysis report, DCOPN further concludes that the applicant has adequately demonstrated a unique institutional need to expand its existing MRI service.

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.**

Neither applicant is proposing to add or expand mobile MRI services and accordingly, this standard is not applicable to the review of either proposed project.

12VAC5-230-180. Staffing.

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

Both applicants provided assurances that the proposed project would be under the direction or supervision of one or more qualified physicians.

The SMFP also contains criteria/standards for when competing applications are received. They are as follows:

**Part 1
Definitions and General Information**

12VAC5-230-60. When Competing Applications Received.

In reviewing competing applications, preference may be given to an applicant who:

- 1. Has an established performance record in completing projects on time and within the authorized operating expenses and capital costs;**
- 2. Has both lower capital costs and operating expenses than his competitors and can demonstrate that his estimates are credible;**
- 3. Can demonstrate a consistent compliance with state licensure and federal certification regulations and a consistent history of few documented complaints, where applicable;
or**
- 4. Can demonstrate a commitment to serving his community or service area as evidenced by unreimbursed services to the indigent and providing needed but unprofitable services, taking into account the demands of the particular service area.**

COPN Request No. VA-8555: Inova Reston MRI Center, LLC (IRMC)

Based on an analysis of previous DCOPN projects, IRMC generally has a history of completing projects on time and within the authorized capital costs. With respect to the proposed project, the capital costs (\$2,820,000) are comparatively higher than the VDI project; however, DCOPN notes that the projects do differ in clinical scope. DCOPN is unaware of any ongoing or extraordinary documented complaints involving this applicant. DCOPN further observes that with regard to the anticipated charity care contribution, the applicant anticipates a contribution equal to 3% of gross

patient services revenue, an amount lower than both the 3.9% HPR II average for 2019 as well as the 4.1% anticipated by the competing applicant upon completion of the project.

COPN Request No. VA-8567: Vienna Diagnostic Imaging, LLC (VDI)

Based on an analysis of previous DCOPN projects, VDI generally has a history of completing projects on time and within the authorized capital costs. With respect to the proposed project, the capital costs (\$42,002,052) are comparatively lower than the IRMC project; however, DCOPN notes that the projects do differ in clinical scope. DCOPN is unaware of any ongoing or extraordinary documented complaints involving this applicant. DCOPN further observes that with regard to the anticipated charity care contribution, the applicant anticipates a contribution equal to 4.1% of gross patient services revenue, an amount higher than both the 3.9% HPR II average for 2019 as well as the 3% anticipated by the competing applicant upon completion of the project.

Conclusion

With respect to preference, VDI deserves favorable preference for the lower capital costs associated with the project and for its demonstrated commitment to providing a higher level of charity care. As both applicants have a history of on time, on budget delivery, DCOPN concludes that neither applicant deserves preference regarding completing projects on time and within the approved capital budget or with respect to meeting state licensure and federal certification regulations.

The SMFP also contains criteria/standards for when institutional expansion is needed. They are as follows:

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

- A. Notwithstanding any other provisions of this chapter, the commissioner may grant approval for the expansion of services at an existing medical care facility in the health planning district with an excess supply of such services when the proposed expansion can be justified on the basis of a facility's need having exceeded its current service capacity to provide such service or on the geographic remoteness of the facility.**
- B. If a facility with an institutional need to expand is part of a health system, the underutilized services at other facilities within the health system should be reallocated, when appropriate, to the facility with the institutional need to expand before additional services are approved for the applicant. However, underutilized services located at a health system's geographically remote facility may be disregarded when determining institutional need for the proposed project.**
- C. This section is not applicable to nursing facilities pursuant to § 32.1-102.3:2 of the Code of Virginia.**
- D. Applicants shall not use this section to justify a need to establish new services.**

COPN Request No. VA-8555: Inova Reston MRI Center, LLC (IRMC)

This applicant is not alleging a unique institutional need for expansion as a primary reason for its application. Accordingly, this standard is not applicable to the review of this project.

COPN Request No. VA-8567: Vienna Diagnostic Imaging, LLC (VDI)

VDI, currently authorized to operate one MRI scanner, proposes to add one additional scanner to its existing inventory. As **Table 3** demonstrates, for 2019, VDI's sole existing scanner operated at

130.3% utilization, well above the SMFP threshold for expansion. Furthermore, for the same period, the collective PD 8 Novant Health UVA Health System inventory operated at 83.6% utilization (4,181 scans per scanner), indicating that arguably, excess capacity exists within the health system to care for VDI's patient population. However, DCOPN nonetheless concludes that transferring capacity from within the existing health system inventory would not be prudent. First, only one facility within the health system (Novant Health UVA Health System Prince William Medical Center) has an additional scanner available for transfer. However, DCOPN has calculated that relocation of a scanner from that facility would result in the overutilization of the remaining scanner (114.8% resulting utilization—derived by maintaining the same number of scans while decreasing the number of available units). Accordingly, DCOPN maintains that no reasonable alternative to the proposed project exists, and that the applicant has adequately demonstrated a unique institutional need for the requested additional scanner.

Eight Required Considerations Continued

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

COPN Request No. VA-8555: Inova Reston MRI Center, LLC (IRMC)

DCOPN contends that the proposed project is not intended to foster institutional competition, but rather is intended to improve ease of access to services for current patients of the Inova Health System. Furthermore, as the applicant is an established provider of MRI services, DCOPN concludes that the project will not improve geographic access to underserved members of PD 8. DCOPN again notes that there is no known opposition to the proposed project, including from the competing applicant.

COPN Request No. VA-8567: Vienna Diagnostic Imaging, LLC (VDI)

Recognizing that the proposed project is intended to meet a unique institutional need, DCOPN does not find that the proposal is intended to foster institutional competition, but rather is intended to ensure VDI's patients access to needed MRI services. Furthermore, as the applicant is an established provider of MRI services, DCOPN concludes that the project will not improve geographic access to underserved members of PD 8. DCOPN again notes that there is no known opposition to the proposed project, including from the competing applicant.

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;

COPN Request No. VA-8555: Inova Reston MRI Center, LLC (IRMC)

As already discussed, existing fixed MRI scanners in PD 8 operated at a collective utilization of 85.4% in 2019. More specifically, fixed MRI scanners within the PD 8 Inova Health System operated at a collective utilization of 88.3% in 2019, below the SMFP threshold for expansion. However, for reasons already discussed throughout this staff analysis report, DCOPN contends that maintaining the status quo is not a more favorable option than the proposed project and that the project warrants approval despite a calculated surplus of MRI scanners in PD 8. DCOPN

additionally concludes that approval of the proposed project is not likely to have a significant negative impact on existing providers of MRI services in PD 8.

COPN Request No. VA-8567: Vienna Diagnostic Imaging, LLC (VDI)

As already discussed, existing fixed MRI scanners in PD 8 operated at a collective utilization of 85.4% in 2019. More specifically, fixed MRI scanners within the PD 8 Novant Health UVA Health System operated at a collective utilization of 83.6% in 2019, while VDI's sole existing MRI scanner operated at 130.3% for the same period, well above the SMFP threshold for expansion. Accordingly, as already discussed, DCOPN maintains that the applicant has adequately demonstrated a unique institutional need for the additional MRI unit. Furthermore, as already discussed, DCOPN concludes that no more favorable alternative to the proposed project exists. Lastly, because the project hinges upon a unique institutional need, DCOPN contends that approval of the proposed project is not likely to have a significant negative impact on existing providers of MRI services in PD 8.

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;

COPN Request No. VA-8555: Inova Reston MRI Center, LLC (IRMC)

The Pro Forma Income Statement provided by the applicant anticipates a net profit of \$1,364,982 by the end of the first year of operation and \$1,512,682 in year two, illustrating that the proposed project is financially feasible both in the immediate and the long-term. As already discussed, DCOPN contends that the projected capital costs for the proposed project are reasonable when compared to previously authorized projects similar in clinical scope. The applicant will fund the project entirely using accumulated reserves and accordingly, there are no financing costs associated with this project.

With regard to staffing, the applicant does not anticipate the need to hire additional full time employees in order to staff the proposed project. The applicant states that all staffing needs at the proposed new center are expected to be met through the relocation of staff currently responsible for operating the unit designated for relocation. Accordingly, DCOPN does not anticipate that the proposed project would have a significant impact on existing providers of MRI services in PD 8.

COPN Request No. VA-8567: Vienna Diagnostic Imaging, LLC (VDI)

The Pro Forma Income Statement provided by the applicant anticipates a net profit of \$191,932 by the end of the first year of operation and \$238,911 in year two, illustrating that the proposed project is financially feasible both in the immediate and the long-term. As already discussed, DCOPN contends that the projected capital cost for the proposed project are reasonable and consistent with previously authorized projects similar in clinical scope. The applicant will fund the project entirely using accumulated reserves and accordingly, there are no financing costs associated with this project.

With regard to staffing, the applicant anticipates the need to hire an additional 1.6 full-time employees to staff the proposed project. DCOPN notes that the applicant is an established provider of MRI services with a robust employee retention plan. Accordingly, DCOPN does not

anticipate that the applicant will have difficulty staffing the proposed project or that doing so will have a significant negative impact on existing providers of MRI services.

- 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 healthcare needs; and (iv) at the discretion of the Commissioner, any other factors as may be appropriate; and**

Neither proposed project offers the introduction of new technology that promotes quality, cost effectiveness, or both in the delivery of health care services. However, each proposed project does provide the potential for the provision of services on an outpatient basis. DCOPN further notes that the patient populations to be served by each project are those patients currently being treated by the applicants and accordingly, DCOPN concludes that the approval of either proposed project would likely result in timelier and more efficient patient treatment.

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

Not applicable. Neither applicant is a teaching hospital or associated with a public institution of higher education or a medical school in the area to be served.

DCOPN Staff Findings and Conclusions

COPN Request No. VA-8555: Inova Reston MRI Center, LLC (IRMC)

The applicant proposes to establish a specialized center for MRI services in Centreville through the relocation and simultaneous replacement of an existing MRI unit currently located in the Tysons area. The projected capital costs of the proposed project total \$2,820,000, the entirety of which will be funded using the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with the proposed project. DCOPN concludes that these costs are reasonable and consistent with previously approved projects similar in clinical scope. The applicant has provided a projected opening date of February 21, 2022.

The applicant's proposal would ultimately have a neutral impact on the existing PD 8 inventory, for which DCOPN calculated a current surplus of 28 MRI units. Furthermore, DCOPN finds that no reasonable, less costly, or more favorable alternative to the project exists. DCOPN finds that the proposed project will prove financially feasible both in the immediate and the long-term. Should the Commissioner approve the proposed project, DCOPN notes that it would be subject the 4.1% system-wide charity care condition currently in place for Inova Health System.

COPN Request No. VA-8567: Vienna Diagnostic Imaging, LLC (VDI)

The applicant proposes to expand its existing MRI service through the addition of one MRI scanner. The projected capital costs of the proposed project total \$2,002,052, the entirety of which will be funded using the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project. DCOPN concludes that the costs are reasonable and consistent with previously approved projects similar in clinical scope. The applicant has provided a projected opening date of August 1, 2022.

DCOPN has calculated a surplus of 28 MRI scanners in PD 8. The applicant's proposal would increase this surplus by one, however DCOPN concludes that the applicant has adequately demonstrated a unique institutional need for the additional scanner and accordingly, contends that the project warrants approval despite the calculated surplus. DCOPN additionally finds that no reasonable, less costly, or more favorable alternative to the project exists. DCOPN finds that the proposed project will prove financially feasible both in the immediate and the long-term. Should the Commissioner approve the proposed project, DCOPN notes that it would be subject to the system-wide charity care condition issued pursuant to COPN No. VA-04282, requiring Prince William Health System to ensure a charity care contribution of 4.1%

DCOPN Staff Recommendations

COPN Request No. VA-8555: Inova Reston MRI Center, LLC (IRMC)

The Division of Certificate of Public Need recommends **conditional approval** of the proposed project to establish a specialized center for MRI services with one relocated and replaced MRI scanner for the following reasons:

1. The proposed project is generally consistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The capital costs are reasonable.
3. The proposed project appears economically viable both in the immediate and in the long-term.
4. Maintaining the status quo is less favorable than the proposed project.
5. The project will have a neutral impact on the existing PD 8 inventory.
6. There is no known opposition to the proposed project.
7. Approval of the proposed project is not likely to have a significant negative impact on existing providers of MRI services in PD 8.
8. The Health Systems Agency of Northern Virginia recommended approval of the proposed project.

DCOPN's recommendation is contingent upon Inova Reston MRI Center, LLC's agreement to the following charity care condition:

This project shall be subject to the 4.1% system-wide charity care condition applicable to Inova Health Care Services d/b/a Inova Health System pursuant to COPN No. VA-04381 (issued April 2, 2013), as amended by the State Health Commissioner by letter dated January 4, 2016 (the "Inova System-Wide Condition"); provided, however, that charity care provided under the Inova System-

Wide condition shall be 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.

Inova Health System 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. In addition to any right to petition the Commissioner contained in the Inova System-Wide condition, to the extent Inova Health System expects its Inova System-Wide condition 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. or any revised percentage to materially alter the value of its charity care commitment thereunder, it may petition the Commissioner for a modification to the Inova System-Wide condition to resolve the expected discrepancy.

COPN Request No. VA-8567: Vienna Diagnostic Imaging, LLC (VDI)

The Division of Certificate of Public Need recommends **conditional approval** of the proposed project to add one fixed MRI scanner for the following reasons:

1. The proposed project is generally consistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The capital costs are reasonable.
3. The proposed project appears economically viable both in the immediate and in the long-term.
4. There is no reasonable alternative to the proposed project.
5. The applicant has adequately demonstrated a unique institutional need for the requested additional MRI scanner.
6. There is no known opposition to the proposed project.
7. Approval of the proposed project is not likely to have a significant negative impact on existing providers of MRI services in PD 8.
8. The Health Systems Agency of Northern Virginia recommended approval of the proposed project.

DCOPN's recommendation is contingent upon Vienna Diagnostic Imaging, LLC's agreement to the following charity are condition:

This project shall be subject to the 4.1% system-wide charity care condition applicable to Prince William Health System d/b/a Vienna Diagnostic Imaging, LLC pursuant to COPN No. VA-04282 (issued December 13,2010); provided, however, that charity care provided under the Prince William System-Wide condition shall be 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.

Prince William Health System 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. In addition to any right to petition the Commissioner contained in the Prince William Health System, to the extent Prince William Health System expects its Prince William System-Wide condition 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. or any revised percentage to materially alter the value of its charity care commitment thereunder, it may petition the Commissioner for a modification to the Prince William System-Wide condition to resolve the expected discrepancy.