

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

January 19, 2022

COPN Request No. VA-8602

Riverside Hospital, Inc.

Isle of Wight County, Virginia

Establish a diagnostic imaging center through the relocation of one fixed CT scanner and one mobile MRI scanner

Applicant

Riverside Hospital, Inc. (Riverside) is a Virginia nonstock 501(c)(3) corporation organized in 1982. Riverside seeks to establish a diagnostic imaging center in Smithfield, Virginia, in Planning District (PD) 20, Health Planning Region (HPR) V.

Background

Fixed CT Inventory in PD 20

Division of Certificate of Public Need (DCOPN) records show that there are currently 42 COPN authorized fixed computed tomography (CT) scanners in PD 20 (**Table 1**).

Table 1. PD 20 COPN Authorized Fixed CT Units

Facility	Fixed-Site Scanners
Bon Secours Harbour View Hospital	1
Bon Secours Health Center at Harbour View	1
Bon Secours Maryview Medical Center	2
Bon Secours Southampton Medical Center	1
Chesapeake Bay ENT P.C. ¹	1
Chesapeake Bay ENT P.C. ²	1
Chesapeake Regional Medical Center	4
Children's Hospital of The King's Daughters	2
Children's Hospital of The King's Daughters Health and Surgery Center at Concert Drive ³	1

¹ One cone beam CT unit, authorized pursuant to COPN No. VA-04748 dated August 16, 2021, limited to performing scans of the snus cavity and temporal bone.

² One cone beam CT unit, authorized pursuant to COPN No. VA-04749 dated August 16, 2021, limited to performing scans of the snus cavity and temporal bone.

³ One cone beam CT unit, authorized pursuant to COPN No. VA-04736 dated February 15, 2021.

Facility	Fixed-Site Scanners
Children's Hospital of The King's Daughters Health Center at Fort Norfolk ⁴	1
First Meridian d/b/a MRI & CT Diagnostics - Virginia Beach	1
First Meridian d/b/a MRI & CT Diagnostics -Chesapeake	1
Hanbury Imaging Center	1
Lakeview Medical Center	1
Riverside Diagnostic Center - Smithfield	1
Sentara Advanced Imaging Center - Belleharbour	2
Sentara Advanced Imaging Center - Greenbrier Healthplex	1
Sentara Advanced Imaging Center - Leigh	1
Sentara Advanced Imaging Center - Princess Anne	1
Sentara Advanced Imaging Center at First Colonial	1
Sentara Advanced Imaging Center-Fort Norfolk	1
Sentara Independence	1
Sentara Leigh Hospital	2
Sentara Norfolk General Hospital	4
Sentara Obici Hospital	2
Sentara Princess Anne Hospital	2
Sentara Virginia Beach General Hospital	3
Vann-Virginia Center for Othopaedics, P.C. d/b/a Atlantic Orthopaedic Specialists	1
Total	42

Source: DCOPN records

MRI Inventory in PD 20

DCOPN records show that there are currently 30 COPN authorized fixed-site magnetic resonance imaging (MRI) scanners and five mobile MRI sites in PD 20 (**Table 2**).

Table 2. PD 20 COPN Authorized Fixed MRI Units and Mobile MRI Sites

Facility	Fixed-Site Scanners	Mobile Sites
Bon Secours Health Center at Harbour View	3	0
Bon Secours Southampton Medical Center	0	1
Chesapeake Regional Imaging - Kingsborough	2	0
Chesapeake Regional Medical Center	3	0
Children's Hospital of The King's Daughters	2	1

⁴ One cone beam CT unit, authorized pursuant to COPN No. VA-04737 dated February 15, 2021.

Facility	Fixed-Site Scanners	Mobile Sites
First Meridian d/b/a MRI & CT Diagnostics - Chesapeake	2	0
First Meridian d/b/a MRI & CT Diagnostics - Virginia Beach	2	0
Hanbury Imaging Center	1	0
Lynnhaven Imaging Center	1	0
Riverside Diagnostic Center - Smithfield	0	1
Sentara Advanced Imaging Center - Belleharbour	1	0
Sentara Advanced Imaging Center - Greenbrier Healthplex	0	1
Sentara Advanced Imaging Center - Leigh	2	0
Sentara Advanced Imaging Center - Princess Anne	1	0
Sentara Advanced Imaging Center - St. Luke's	0	1
Sentara Advanced Imaging Center at First Colonial	1	0
Sentara Independence	1	0
Sentara Leigh Hospital	1	0
Sentara Norfolk General Hospital ⁵	4	0
Sentara Obici Hospital	1	0
Sentara Princess Anne Hospital	1	0
Sentara Virginia Beach General Hospital	1	0
Total	30	5
Grand Total	35	

Source: DCOPN records

Proposed Project

Riverside proposes to establish a new diagnostic imaging center at a site located near the intersection of Route US-258, VA-32 and VA-10 in Isle of Wight County, Virginia. The project proposes to transfer one existing fixed-site CT scanner and one existing mobile MRI site from Riverside Diagnostic Center – Smithfield (RDC - Smithfield), approximately two miles from the location of the proposed project. The proposed new diagnostic imaging center will also offer x-ray, ultrasound and laboratory services, also relocated from RDC – Smithfield. The RDC - Smithfield space is leased and will revert back to the landlord if the State Health Commissioner (Commissioner) approves the proposed project.

⁵ One MRI unit, authorized pursuant to COPN No. VA-04523 dated August 23, 2016, limited to intraoperative use.

The projected capital costs of the proposed project total \$7,952,662, the entirety of which will be funded using the accumulated reserves of the applicant (**Table 3**). Accordingly, there are no financing costs associated with this project.

Table 3. Riverside Projected Capital Costs

Direct Construction	\$5,292,600
Equipment Not Included in Construction Contract	\$763,635
Site Preparation Costs	\$1,145,430
Architectural and Engineering Fees	\$750,997
Total Capital Costs	\$7,952,662

Source: COPN Request No. VA-8602

Construction for the proposed project is expected to begin by June 2022 and to be completed by June 2023. The applicant anticipates an opening date in August 2023.

Project Definition

§32.1-102.1:3 of the Code of Virginia defines a project, in part, as “Establishment of a medical care facility described in subsection A” and “The addition by an existing medical care facility described in subsection A of any new medical equipment for the provision of...computed tomographic (CT) scanning... magnetic resonance imaging (MRI)...”

§32.1-123 defines a medical care facility as “Any specialized center or clinic or that portion of a physician's office developed for the provision of ... computed tomographic (CT) scanning, 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 proposed location of the diagnostic imaging center is near the intersection of Route US-258, VA-32 and VA-10 in Isle of Wight County, which is bordered on all sides by existing and planned roadways. Additionally, the new site is in close proximity to public transportation (Hampton Roads Transit bus and I-Ride).

As depicted in **Table 4** at an average annual growth rate of 0.52%, PD 20’s population growth rate is slightly below the state’s average annual growth rate of 0.77%. Overall, the planning district is projected to add an estimated 62,104 people in the 10-year period ending in 2020 – an average increase of 6,210 people annually and 47,742 in the 10-year period ending 2030 – an average increase of 4,774 people annually.

Regarding the 65+ age group for PD 20, Weldon-Cooper projects a more rapid increase in population growth (an approximate 35% increase from 2010 to 2020 and approximately 33% from 2020 to 2030). This is significant, as this population group typically uses health care resources at a rate much higher than those individuals under the age of 65. Weldon-Cooper further projects that statewide, the 65+ age cohort population will increase at a rate of approximately 38% from 2010 to 2030 and approximately 27% from 2020 to 2030.

Table 4. Population Projections for PD 20, 2010-2030

Locality	2010	2020	% Change 2010-2020	Avg Ann % Change 2010-2020	2030	% Change 2020-2030	Avg Ann % Change 2020-2030
Isle of Wight	35,270	38,060	7.91%	0.75%	41,823	9.89%	0.95%
Southampton	18,570	17,739	-4.47%	-0.45%	17,711	-0.16%	-0.02%
Chesapeake	222,209	249,244	12.17%	1.13%	270,506	8.53%	0.82%
Franklin	8,582	8,268	-3.66%	-0.36%	8,140	-1.55%	-0.16%
Norfolk	242,803	246,881	1.68%	0.16%	249,889	1.22%	0.12%
Portsmouth	95,535	95,027	-0.53%	-0.05%	90,715	-4.54%	-0.46%
Suffolk	84,585	94,733	12.00%	1.11%	109,424	15.51%	1.45%
Virginia Beach	437,994	457,699	4.50%	0.43%	467,187	2.07%	0.21%
Total PD 20	1,145,548	1,207,652	5.42%	0.52%	1,255,394	3.95%	0.39%
PD 20 65+	124,196	167,891	35.18%	2.98%	222,845	32.73%	2.87%
Virginia	8,001,024	8,655,021	8.17%	0.77%	9,331,666	7.82%	0.76%
Virginia 65+	976,937	1,352,448	38.44%	3.22%	1,723,382	27.43%	2.45%

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

Regarding socioeconomic barriers to access to 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 V facilities was 3.5% of all reported total gross patient revenues (**Table 5**). The proposed diagnostic imaging center is a to-be-constructed facility and as such, does not have an established charity care history. However, the applicant’s flagship facility, Riverside Regional Medical Center, provided 3.5% of its gross patient revenue in the form of charity care in 2019. Pursuant to Section 32.1 – 102.4 of the Code of Virginia, should the Commissioner approve the proposed project, Riverside should be subject to a charity care condition no less than the 3.5% HPR V average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

Table 5. HPR V Charity Care Contributions: 2019

2019 Charity Care Contributions at or below 200% of Federal Poverty Level			
Hospital	Gross Patient Revenues	Adjusted Charity Care Contribution	Percent of Gross Patient Revenue:
Riverside Doctors' Hospital Williamsburg	\$154,484,401	\$8,984,653	5.82%
Riverside Tappahannock Hospital	\$178,917,096	\$10,301,634	5.76%
Riverside Shore Memorial Hospital	\$260,969,719	\$14,708,470	5.64%
Sentara Careplex Hospital	\$957,419,827	\$49,854,327	5.21%
Bon Secours DePaul Medical Center	\$646,905,565	\$33,341,271	5.15%
Riverside Walter Reed Hospital	\$256,987,962	\$11,824,515	4.60%
Bon Secours Maryview Medical Center	\$1,271,861,494	\$53,695,556	4.22%
Sentara Obici Hospital	\$921,265,904	\$37,299,918	4.05%
Sentara Virginia Beach General Hospital	\$1,263,503,075	\$49,259,329	3.90%
Riverside Regional Medical Center	\$2,076,281,863	\$72,651,353	3.50%
Sentara Norfolk General Hospital	\$3,715,953,612	\$128,674,022	3.46%
Sentara Leigh Hospital	\$1,318,114,262	\$39,689,346	3.01%
Sentara Williamsburg Regional Medical Center	\$705,249,390	\$21,107,537	2.99%
Sentara Princess Anne Hospital	\$1,092,371,655	\$31,716,570	2.90%
Bon Secours Mary Immaculate Hospital	\$656,379,835	\$18,964,605	2.89%
Chesapeake Regional Medical Center	\$963,632,536	\$26,148,298	2.71%
Hampton Roads Specialty Hospital	\$31,270,985	\$613,073	1.96%
Bon Secours Southampton Memorial Hospital	\$247,313,417	\$3,200,565	1.29%
Bon Secours Rappahannock General Hospital	\$82,964,493	\$1,067,845	1.29%
Children's Hospital of the King's Daughters	\$1,116,322,433	\$7,869,958	0.70%
Lake Taylor Transitional Care Hospital	\$43,115,803	\$0	0.00%
Hospital For Extended Recovery	\$26,389,988	\$0	0.00%
Total Facilities Reporting			22
Median			3.3%
Total \$ & Mean %	\$17,987,675,315	\$620,972,845	3.5%

Source: VHI (2019)

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 four letters of support for the proposed project from members of the Riverside medical community. Collectively, these letters articulate several benefits of the project, including:

- Isle of Wight County has experienced substantial growth over the last several years and will continue experiencing growth.

- The transfer of diagnostic imaging services to a new location is imperative to support the continued growth of the community.
- The new location offers more streamlined access to diagnostic imaging services, including more protection, safer conditions and an overall improved patient experience.
- Parking at the current location is extremely challenging when the mobile MRI unit is on site and will become increasingly challenging with the upcoming addition of mammography services.

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

Public Hearing

Section 32.1-102.6 B of the Code of Virginia directs DCOPN to hold one public hearing on each application in a location in the county or city in which the project is proposed or a contiguous county or city 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. COPN Request No. VA-8602 is not competing with another project in this batch cycle and DCOPN did not receive a request to conduct a public hearing for the proposed project. Thus, 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;

Neither DCOPN nor the applicant identified a reasonable alternative 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 it can be argued that the status quo is a reasonable alternative to the proposed project, the proposed project is an inventory neutral relocation from RDC – Smithfield, which is approximately two miles from the location of the proposed project. The applicant asserts that the new site is more centrally located on a main intersection in Smithfield, is easily accessible, and is more convenient to its patients. Furthermore, the new location is owned by Riverside. In contrast, the applicant explains that the imaging equipment currently resides in a leased office building located off a secondary road in an office park, which is difficult to find, as it cannot be seen from the proximate main roadways.

Regarding patient convenience and safety, RDC – Smithfield’s mobile MRI unit is currently stationed in the office building’s parking lot, which requires patients to walk outside to access the mobile MRI unit. In comparison, the new construction includes a plan for a custom docking station built for a mobile MRI.

For these reasons, DCOPN finds that the proposed project to relocate the CT scanner and mobile MRI site within PD 20 is more advantageous than maintaining 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 V designated by the Virginia Department of Health to serve as the Health Planning Agency for PD 20. Therefore, this consideration is not applicable to the review of the proposed project.

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

As demonstrated by **Table 3**, the projected capital costs of the proposed project are \$7,952,662 approximately 66% of which are attributed to direct construction costs, the entirety of which will be funded using the accumulated reserves of the applicant (**Table 3**). Accordingly, there are no financing costs associated with this project. DCOPN concludes that when compared to similar projects these costs are reasonable. For example, COPN No. VA-04729 issued to Virginia Commonwealth University Health System Authority to establish a specialized center for MRI and CT services with one fixed CT scanner and one fixed MRI scanner is anticipated to cost approximately \$8,000,161.

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

- The project is inventory neutral.
- The proposed site is more centrally located, easily accessible and more convenient to the residents of both PD 20 and PD 19.
- The current location is difficult to find, as it cannot be seen from the proximate main roadways. The new location, on a site owned by Riverside, offers better logistical access for patients and physicians alike.
- The new site is in close proximity to public transportation (Hampton Roads Transit bus and I-Ride), thus improving access to these services.
- The proposed site includes 8,821 square feet. Not only is the proposed site more spacious, but it is owned by Riverside.
- Because the proposed site is owned by Riverside, Riverside will have greater flexibility to renovate and expand over time to meet future patient demand for additional services.

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

The Pro Forma Income Statement provided by the applicant includes the provision of charity care in the amount of 0.7% (**Table 6**). DCOPN 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 V facilities was 3.5% of all reported total

gross patient revenues (Table 5). As previously discussed, recent changes to § 32.1-102.4B of the Code of Virginia now require DCOPN to place a charity care condition on every applicant seeking a COPN. DCOPN notes that, if approved, the proposed project should be subject to a charity care condition no less than the 3.5% HPR V average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

Table 6. Riverside Pro Forma Income Statement

	Year 1	Year 2
Total Gross Revenue	\$5,553,713	\$6,979,248
Charity Care	(\$41,034)	(\$51,569)
Bad Debt	(\$48,021)	(\$60,349)
Contractual Allowances	(\$4,421,791)	(\$5,569,483)
Net Operating Revenue	\$1,042,867	\$1,297,847
Total Operating Expenses	\$1,123,544	\$1,289,350
Net Operating Gain (loss)	(\$80,677)	\$8,497

Source: COPN Request No. VA-8602

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

DCOPN notes that Riverside Hospital, Inc. previously submitted COPN Request No. VA-8573 to establish a new acute care general hospital with 34 medical-surgical beds, 10 intensive care unit (ICU) beds, and six obstetric beds, four general purpose operating rooms (GPOR), one fixed CT scanner, and one mobile MRI unit. COPN Request No. VA-8573 and COPN Request No. VA-8602 represent overlapping requests. The location of COPN Request No. VA-8573 and the location of COPN Request No. VA-8602 are identical. Similarly, the CT scanner and mobile MRI site proffered as a transfer to the new location for both projects are the same. Regarding the relationship between the two projects, the applicant explained:

COPN Req. No. VA-8602 represents a reaffirmation of Riverside Hospital, Inc.’s commitment to the residents of Isle of Wight County and the surrounding communities to bring more accessible services to this location. If the Commissioner approves COPN Req. No. VA-8573, the existing diagnostic services at Riverside Diagnostic Center-Smithfield will be relocated to the new acute care hospital to establish diagnostic services at the new acute care hospital and COPN Request No. VA 8602 will be withdrawn. Regardless of whether the Commissioner approves COPN Request No. VA-8573, Riverside Hospital, Inc. still intends to relocate diagnostic services to the site at the intersection of Routes US-258, VA-32 and VA-10. For this reason, Riverside Hospital, Inc. has submitted COPN Req. No. VA-8602.

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

Section 32.1-102.2:1 of the Code of Virginia calls for the State Health Services Plan Task Force to develop, by November 1, 2022, recommendations for a comprehensive State Health Services Plan (SHSP). In the interim, these regulations provide the best available criteria and

DCOPN will consider the consistency of the proposed project with the predecessor of the SHSP, the State Medical Facilities Plan (SMFP).

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

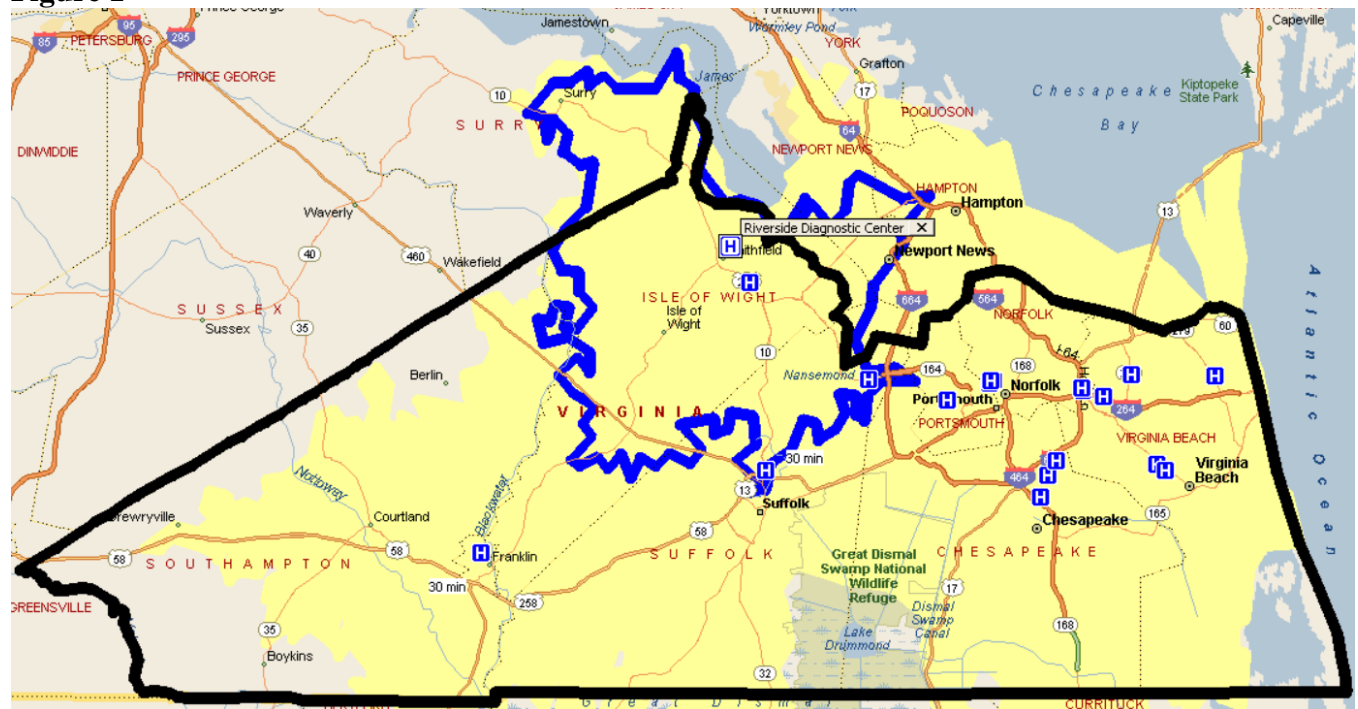
Part II
Diagnostic Imaging Services
Article 1
Criteria and Standards for Computed Tomography

12VAC5-230-90. Travel time.

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

The heavy black line in **Figure 1** is the boundary of PD 20. The blue “H” symbols mark the locations of existing CT providers in PD 20. The white “H” symbol marks the location of the proposed project. The blue outline represent the area that is within a 30 minutes driving time one-way under normal conditions of the location of the proposed project. The yellow shaded area includes the area that is within 30 minutes driving time one-way under normal conditions of existing CT services in PD 20. **Figure 1** clearly illustrates that CT services are already well within a 30 minute drive under normal conditions of 95% of the residents of PD 20 and approval of the proposed project will not increase geographic access to CT services in PD 20.

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.

The applicant is not proposing to add a new fixed-site CT scanner. Therefore, the information below is provided for illustrative purposes. As noted in **Table 7** below, the utilization of existing CT scanners in the planning district was 110.2% of the 7,400 procedures per scanner SMFP standard necessary to introduce CT scanning services in 2019. Using 2019 VHI data, based on 37 COPN authorized fixed CT scanners in PD 20 (**Table 7**) and reported CT volume of 301,731 procedures, there is a need for 40.7 (41) CT scanners in PD 20. According to DCOPN records, there are currently 42 COPN authorized fixed CT scanners in PD 20, after considering changes to the PD 20 CT inventory since 2019 (**Table 1**). Therefore, at present, there is a surplus of one CT scanner in PD 20.

2019 COPN authorized CT scanners = 37

Calculated Need = 301,731 total scans in 2019 ÷ 7,400 (scans/SMFP CT standard) = 40.7 (41) CT scanners needed

2021 COPN authorized CT scanners = 42

PD 20 Calculated Surplus = 1 CT scanner

Table 7: PD 20 COPN Authorized Fixed CT Units and Utilization: 2019

Facility	Number of Scanners	Number of Scans	Utilization Rate
Bon Secours DePaul Medical Center	2	13,377	90.39%
Bon Secours Maryview Medical Center	4	25,425	85.90%
Chesapeake Regional Imaging - Kempsville	1	1,666	22.51%
Chesapeake Regional Medical Center	4	32,035	108.23%
Children's Hospital of The King's Daughters	1	4,436	59.95%
First Meridian d/b/a MRI & CT Diagnostics - Virginia Beach	1	4,497	60.77%
First Meridian d/b/a MRI & CT Diagnostics - Chesapeake	1	3,529	47.69%
Riverside Diagnostic Center - Smithfield	1	582	7.86%
Sentara Advanced Imaging Center - Belleharbour	1	9,058	122.41%
Sentara Advanced Imaging Center - Greenbrier Healthplex	1	3,368	45.51%
Sentara Advanced Imaging Center - Leigh	1	5,041	68.12%
Sentara Advanced Imaging Center - Princess Anne	1	4,121	55.69%
Sentara Advanced Imaging Center at First Colonial	1	4,902	66.24%
Sentara Advanced Imaging Center-Fort Norfolk	1	1,756	23.73%

Facility	Number of Scanners	Number of Scans	Utilization Rate
Sentara Independence	1	8,964	121.14%
Sentara Leigh Hospital	2	35,320	238.65%
Sentara Norfolk General Hospital	5	51,507	139.21%
Sentara Obici Hospital	2	24,813	167.66%
Sentara Princess Anne Hospital	2	30,599	206.75%
Sentara Virginia Beach General Hospital	3	31,912	143.75%
Southampton Memorial Hospital	1	4,823	65.18%
2019 Total and Average	37	301,731	110.20%

Source: VHI (2019)

B. Existing CT scanners used solely for simulation with radiation therapy treatment shall be exempt from the utilization criteria of this article when applying for a COPN. In addition, existing CT scanners used solely for simulation with radiation therapy treatment may be disregarded in computing the average utilization of CT scanners in such health planning district.

DCOPN has excluded existing CT scanners used solely for simulation prior to the initiation of radiation therapy from its inventory and average utilization of diagnostic CT scanners in PD 20 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 not seeking to expand fixed site CT services.

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 seeking 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 has provided assurances that all CT services will be under the direction and supervision of qualified physicians.

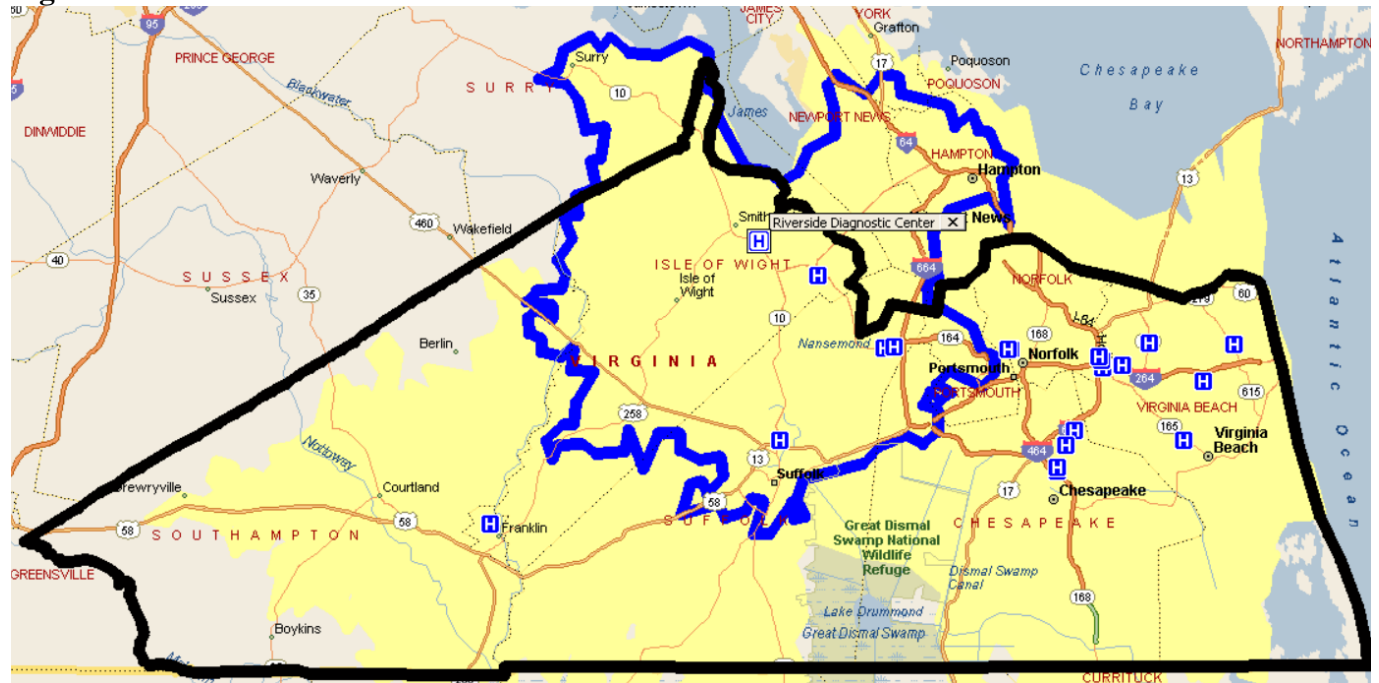
**Article 2
Criteria and Standards for Magnetic Resonance Imaging**

12VAC5-230-140. Travel time.

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

The heavy black line in **Figure 2** is the boundary of PD 20. The blue “H” symbols mark the locations of existing MRI providers in PD 20. The white “H” symbol marks the location of the proposed project. The blue outline represent the area that is within a 30 minutes driving time one-way under normal conditions of the location of the proposed project. The yellow shaded area includes the area that is within 30 minutes driving time one-way under normal conditions of existing MRI services in PD 20. **Figure 2** clearly illustrates that MRI services are already well within a 30 minute drive under normal conditions of 95% of the residents of PD 20 and approval of the proposed project will not increase geographic access to MRI services in PD 20.

Figure 2



12VAC5-230-150. Need for new fixed site service.

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

Not applicable. The applicant is not proposing to establish a fixed site service.

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.

Not applicable. The applicant is not proposing to expand an existing fixed site 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.**

The applicant is not proposing to add or expand mobile MRI services. Therefore, the information below is provided for illustrative purposes. As displayed in **Table 8** below, the utilization of existing MRI units in the planning district was 36.34% of the 2,400 procedures per scanner SMFP standard necessary to introduce mobile MRI services in 2019.

Table 8. PD 20 COPN Authorized Fixed and Mobile MRI Units and Utilization: 2019

Facility	Mobile Sites	Mobile MRI Procedures	Mobile MRI Utilization
Children's Hospital of The King's Daughters	1	593	24.71%
Riverside Diagnostic Center - Smithfield	1	218	9.08%
Sentara Advanced Imaging Center - Greenbrier Healthplex	1	2,570	107.08%
Sentara Advanced Imaging Center - St. Luke's	1	108	4.50%
Total	4	3,489	36.34%

Source: VHI (2019)

12VAC5-230-180. Staffing.

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

The applicant has provided assurances that all MRI services will be under the direction and supervision of qualified physicians.

The State Medical Facilities Plan (SMFP) contains criteria/standards for the addition of general-purpose operating rooms. They are as follows:

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;**

As an alternative to hospital based services, the proposed project would offer lower cost of health care for patients who do not require diagnostic imaging services in a hospital setting, thereby

providing beneficial market competition and offering services to patients of PD 20 at a lower price point.

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;

Bon Secours Hampton Roads Health System and Sentara Hospitals Health System operate the majority of imaging services in PD 20. For example, of the 42 fixed-site CT scanners detailed in **Table 1**, five CT units, or 12%, are located at a facility within the Bon Secours Hampton Roads Health System, and 21 CT units, or 50%, are located at a facility within the Sentara Hospitals Health System, for a combined total of 62% of all PD 20 CT units. DCOPN notes that the proposed project is an inventory-neutral relocation of existing imaging equipment. Therefore, DCOPN concludes that approval of the proposed project is unlikely to negatively affect other CT service providers in PD 20.

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

As already discussed, DCOPN contends that the projected costs of \$7,952,662 are reasonable when compared to previously authorized projects similar in scope. For example, COPN No. VA-04729 issued to Virginia Commonwealth University Health System Authority to establish a specialized center for MRI and CT services with one fixed CT scanner and one fixed MRI scanner is anticipated to cost approximately \$8,000,161. The entirety of the capital costs will be funded using the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project. The Pro Forma Income Statement provided by the applicant projects a net loss of \$80,677 from in the first year of operation, but a net profit of \$8,497 in the second year of operation.

With regard to staffing, the applicant states that no additional staff is required to operate the diagnostic imaging services. The applicant explains that all diagnostic services are currently staffed with qualified technologists who will transfer to the new location once the project is complete.

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 proposed project would not introduce new technology that would promote quality or cost effectiveness in the delivery of inpatient acute care. Nor does either project increase the potential for provision of services on an outpatient basis, as the requested services are already provided 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, and (ii) any contribution the teaching hospital or medical school may provide in the delivery, innovation, and improvement of health care for citizens of the Commonwealth, including indigent or underserved populations.**

The applicant is not a teaching hospital or affiliated with a public institution of higher education or medical school in the area to be served. Approval of the proposed project would not contribute to the unique research, training or clinical mission of a teaching hospital or medical school.

DCOPN Findings and Conclusions

DCOPN finds that Riverside's proposed project to relocate existing CT and MRI services within PD 20 is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. The proposed project is an inventory neutral relocation of an existing COPN approved CT unit and mobile MRI site. Additionally, Riverside will move its CT and MRI services to a location that is better suited to the needs of its patients, that is in a location that is easier to access and is less than two miles from its existing location. Furthermore, the new location is larger than the current location, and will include a custom docking station for the mobile MRI unit, which will increase patient convenience and safety. For these reasons, DCOPN concludes that the proposed project is more favorable than maintaining the status quo.

DCOPN finds that the total capital costs of the proposed project are reasonable and consistent with previously approved projects similar in scope. Furthermore, DCOPN finds that the project appears to be economically feasible both in the immediate and long-term. Finally, there is no known opposition to the proposed project.

DCOPN Staff Recommendation

The Division of Certificate of Public Need recommends **conditional approval** of Riverside Hospital Inc's COPN request to relocate one CT scanner and one mobile MRI site within PD 20 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 in the long-term.
4. There is no known opposition to the proposed project.
5. The project is inventory neutral and is more favorable than maintaining the status quo.

Recommended Condition

Riverside Hospital, Inc. will provide CT and MRI services to all persons in need of these services, regardless of their ability to pay, and will provide as charity care to all indigent persons free services or rate reductions in services and will facilitate the development and operation of primary medical care services to medically underserved persons in PD 20 in an aggregate amount equal to at least 3.5% of Riverside Hospital, Inc.'s gross patient revenue derived from CT and MRI services. Compliance with this condition will be documented to the Division of Certificate of Public Need annually by providing audited or otherwise appropriately certified financial statements documenting compliance with the preceding requirement. Riverside Hospital, Inc. will accept a revised percentage based on the regional average after such time regional charity care data valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. is available from Virginia Health Information. The value of charity care provided individuals pursuant to this condition shall be based on the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq.

Riverside Hospital, Inc. will provide CT and MRI 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 Riverside Hospital, Inc. will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.