

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis Report

July 19, 2022

COPN Request No. VA-8624

Woodburn Nuclear Medicine
Annandale, Virginia
Add one CT scanner

COPN Request No. VA-8633

IFRC, LLC
Herndon, Virginia
Establish a specialized center for CT services with one relocated and replaced CT scanner

COPN Request No. VA-8635

Reston Hospital Center, LLC
Reston, Virginia
Establish a specialized center for CT imaging with one CT scanner

COPN Request No. VA-8639

Loudoun Medical Group, P.C.
Leesburg, Virginia
Establish a specialized center for CT imaging with one CT scanner

Applicants

COPN Request No. VA-8624: Woodburn Nuclear Medicine (Woodburn)

Woodburn Nuclear Medicine, LTD (Woodburn) is a corporation formed in 2013 under the laws of the Commonwealth of Virginia. Woodburn operates Woodburn Nuclear Medicine/Metro Region PET Center in Annandale, Virginia, which is in Planning District (PD) 8, Health Planning Region (HPR) II.

COPN Request No. VA-8633: IFRC, LLC (IFRC)

IFRC, LLC is a limited liability company formed in 2019 under the laws of the Commonwealth of Virginia. IFRC is jointly owned by Inova Health Care Services, the majority member, and Fairfax Radiological Consultants, PLLC, the minority member. IFRC, LLC does business as Fairfax Radiology Center of Reston-Herndon in Herndon, Virginia, which is in PD 8, HPR II.

COPN Request No. VA-8635: Reston Hospital Center, LLC (RHC)

Reston Hospital Center, LLC (RHC) is a limited liability company formed in 1999 under the laws of the State of Delaware. The ultimate corporate parent of RHC is HCA Healthcare, Inc. (HCA). RHC is located in Reston, Virginia. The applicant proposes to establish CT services at a freestanding emergency department in Woodbridge, Virginia, which is located in PD 8, HPR II.

COPN Request No. VA-8639: Loudoun Medical Group, P.C. (LMG)

Loudoun Medical Group, P.C. (LMG) is a professional corporation formed in 2000 under the laws of Virginia. LMG is comprised of 100 medical practices and operates LMG Imaging Center in Leesburg, Virginia, which is in PD 8, HPR II.

Background

DCOPN (Division of Certificate of Public Need) records show that there are currently 65 COPN Authorized CT scanners in PD 8 (**Table 1**).

Table 1. PD 8 COPN Authorized Fixed CT Units

Facility	Number of Scanners
Centreville-Clifton Imaging Center - Fairfax Radiology	1
Fair Oaks Imaging Center	1
Fairfax Diagnostic Imaging Center	1
Fairfax ENT & Plastic Surgery Center	1
Fairfax MRI and Imaging Center at Tysons	1
Fairfax Radiology Center at Prosperity	1
Fairfax Radiology Center at Woodburn	2
Inova Alexandria Hospital	3
Inova Ashburn Healthplex	1
Inova Emergency Room of Fairfax City	1
Inova Fair Oaks Hospital	3
Inova Fairfax Hospital	7
Inova HealthPlex - Franconia/Springfield	1
Inova Imaging Center - Leesburg	1
Inova Imaging Center-Mark Center	1
Inova Lorton HealthPlex	1
Inova Loudoun Hospital	2
Inova Mount Vernon Hospital	2
Inova Oakville Ambulatory Center in the City of Alexandria	1
Insight Imaging - Arlington	1
Insight Imaging - Fairfax / Medical Imaging Center of Fairfax	1
Kaiser Permanente - Reston Medical Center	1
Kaiser Permanente - Tysons Corner Imaging Center	1
Kaiser Permanente - Woodbridge Imaging Center	1
Lakeside at Loudoun Tech Center	1

Facility	Number of Scanners
Metro Region PET Center ¹	1
Metropolitan ENT & Facial Plastic Surgery	1
Novant Health Imaging Tysons Corner	1
Novant Health UVA Health System Imaging – Centreville	1
Orthopaedic Foot and Ankle Center	1
Prince William Hospital d/b/a UVA Haymarket Medical Center	2
Prince William Hospital d/b/a UVA Prince William Medical Center	2
Radiology Imaging Associates at Lansdowne	1
Radiology Imaging Associates at Sterling	1
Reston Hospital Center	3
Sentara Advanced Imaging Center - Alexandria	1
Sentara Lake Ridge Ambulatory Care Center	1
Sentara Northern Virginia Medical Center	2
Sentara Northern Virginia Medical Center - Century Medical Office Building	1
StoneSprings Hospital Center	2
Tysons Corner Emergency Center	1
VHC Emergency & Imaging Center	1
Virginia Hospital Center	4
Total	65²

Source: DCOPN records

Proposed Projects

COPN Request No. VA-8624: Woodburn Nuclear Medicine (Woodburn)

The applicant proposes to establish CT services at 3289 Woodburn Road, Annandale, Virginia. The applicant currently operates a 16-slice PET/CT scanner. COPN No. VA-03328, issued February 7, 1997, authorized Woodburn Nuclear Medicine to acquire and operate “positron emission tomography scanning equipment.” According to the applicant “[w]e have been providing diagnostic CT scans beginning in 2004 (when the first PET scanners became available with combined CT imaging to replace gadolinium)...” DCOPN notes this historical use should not be construed to authorize the use of the PET/CT scanner to perform independent diagnostic CT imaging at this location. However, DCOPN also notes that COPN No. VA-03328 did not explicitly contain a prohibition against this behavior, providing clarity that is common practice in more recently issued certificates.

¹ While the diagnostic imaging machine located at Metro Region is a PET/CT scanner, its significant use as a CT scanner without PET functionality along with no prohibition against this behavior, either in assertions made by the applicant during review of the project or by the Commissioner when issuing COPN No. VA-03328 necessitates its inclusion in **Table 1**.

² COPN No. VA-04793, issued July 7, 2022, authorized Inova Health Care Services to add one CT scanner at the relocated Inova Alexandria Hospital, which is not due to open until January 2028.

The applicant seeks approval to establish CT services with a standalone 32/64 slice CT scanner to improve its diagnostic imaging capabilities. The applicant will continue to use the 16-slice PET/CT scanner to perform PET scans only and will perform diagnostic CT scans only on the standalone CT unit. The total capital and financing cost of the proposed project is \$684,000, of which approximately 5% represent direct construction costs (**Table 2**). The applicant states that the proposed project would be financed using its accumulated reserves. Accordingly, there are no financing costs associated with this project.

Table 2. Woodburn Capital and Financing Costs

Direct Construction Costs	\$32,000
Equipment Not Included in Construction Contract	\$360,000
Site Acquisition Costs	\$257,000
Site Preparation Costs	\$0
Off-Site Costs	\$0
Architectural and Engineering Fees	\$20,000
Other Consultant Fees	\$15,000
Total	\$684,000

Source: COPN Request No. VA-8624

Construction for the proposed project is expected to begin by June 1, 2022 and to be completed by September 30, 2022. The applicant anticipates an opening date of October 15, 2022.

COPN Request No. VA-8633: IFRC, LLC (IFRC)

IFRC proposes to relocate and replace one CT scanner from 100 Elden Street, Suite 16, Herndon, Virginia to 450 Springpark Place, Herndon, Virginia, approximately one mile away. The total capital and financing cost of the proposed project is \$1,922,109, of which approximately 39% represent direct construction costs (**Table 3**). The applicant states that the construction/buildout portion of the project will be funded through its accumulated reserves and cash flow, and the CT equipment will be leased from the vendor. Accordingly, there are no financing costs associated with this project.

Table 3. IFRC Capital and Financing Costs

Direct Construction Costs	\$750,564
Equipment Not Included in Construction Contract	\$753,316
Site Acquisition Costs	\$322,893
Site Preparation Costs	\$0
Off-Site Costs	\$0
Architectural and Engineering Fees	\$95,336
Total	\$1,922,109

Source: COPN Request No. VA-8633

Construction for the proposed project is expected to begin by September 30, 2022 and to be completed by June 30, 2023. The applicant anticipates an opening date of July 31, 2023.

COPN Request No. VA-8635: Reston Hospital Center, LLC (RHC)

RHC proposes to establish a freestanding emergency department with one CT scanner, Woodbridge ER, located at 4630 Prince William Parkway, Woodbridge, Virginia. The CT portion of the proposed project is subject to COPN review. The total capital and financing cost of the proposed project is \$30,432,000, of which approximately 71% represent direct construction costs (**Table 4**). The applicant states that the proposed would be financed using the internal resources of HCA Healthcare, Inc. Accordingly, there are no financing costs associated with this project.

Table 4. RHC Capital and Financing Costs

Direct Construction Costs	\$21,513,000
Equipment Not Included in Construction Contract	\$2,855,000
Site Acquisition Costs	\$3,350,000
Site Preparation Costs	\$735,000
Off-Site Costs	\$409,000
Architectural and Engineering Fees	\$1,570,000
Total	\$30,432,000

Source: COPN Request No. VA-8635

Construction for the proposed project is expected to begin by November 2023 and to be completed by November 2024. The applicant anticipates an opening date of December 31, 2024.

COPN Request No. VA-8639: Loudoun Medical Group, P.C. (LMG)

LMG proposes to establish CT services by adding one CT scanner to its existing LMG Imaging Center located at 19500 Sandridge Way, Suites 420 and 460, Leesburg, Virginia. The LMG Imaging Center currently offers mammography, ultrasounds, DEXA scans, and digital x-rays. The applicant anticipates that CT services would be offered five days per week, and could expand to include evening and weekend hours. The applicant asserts that CT services will be dedicated to serving current LMG patients. According to the applicant, LMG serves over 250,000 patients in the Washington DC metropolitan area.

The total capital and financing cost of the proposed project is \$2,755,388 (**Table 5**). The applicant states that the proposed project would be financed using LMG’s accumulated reserves. Accordingly, there are no financing costs associated with this project.

Table 5. LMG Capital and Financing Costs

Direct Construction Costs	\$625,081
Equipment Not Included in Construction Contract	\$1,092,463
Site Acquisition Costs	\$1,037,844
Site Preparation Costs	\$0
Off-Site Costs	\$0
Architectural and Engineering Fees	\$0
Total	\$2,755,388

Source: COPN Request No. VA-8639

Construction for the proposed project is expected to begin six months after COPN approval and to be completed nine months after COPN approval. The applicant anticipates an opening date nine months after COPN approval.

Project Definitions

COPN Request No. VA-8624: Woodburn Nuclear Medicine (Woodburn)

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part, as “[t]he addition by an existing medical care facility described in subsection A of any new medical equipment for the provision of...computed tomographic (CT) scanning...” A medical care facility includes “[a]ny specialized center...developed for the provision of... computed tomographic (CT) scanning...”

COPN Request No. VA-8633: IFRC, LLC (IFRC)

Section 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 includes “Any specialized center...developed for the provision of...computed tomographic (CT) scanning...”

COPN Request No. VA-8635: Reston Hospital Center, LLC (RHC)

Section 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 includes “Any specialized center...developed for the provision of...computed tomographic (CT) scanning...”

COPN Request No. VA-8639: Loudoun Medical Group, P.C. (LMG)

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part, as “[t]he addition by an existing medical care facility described in subsection A of any new medical equipment for the provision of...computed tomographic (CT) scanning...” A medical care facility includes “[a]ny specialized center...developed for the provision of...computed tomographic (CT) scanning...”

The Virginia Medical Care Facilities Certificate of Public Need Rules and Regulations at 12VAC5-220-220 requires that applications for the same or similar services which are proposed for the same planning district shall be considered as competing applications. As all four COPN requests involve CT services in PD 8, they are deemed to be competing requests.

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;**

According to regional and statewide data regularly collected by Virginia Health Information (VHI), for 2020, the most recent year for which such data is available, the average amount of charity care provided by HPR II facilities was 3.4% of all reported total gross patient revenues (Table 6).

Table 6. HPR II Charity Care Contributions: 2020

2020 Charity Care Contributions at or below 200% of Federal Poverty Level			
Hospital	Gross Patient Revenues	Adjusted Charity Care Contribution	Percent of Gross Patient Revenue:
Inova Alexandria Hospital	\$949,158,182	\$57,879,875	6.10%
Inova Mount Vernon Hospital	\$499,398,426	\$29,342,493	5.88%
Inova Loudoun Hospital	\$817,869,692	\$35,123,877	4.29%
Novant Health UVA Health System Prince William Medical Center	\$530,326,336	\$21,923,014	4.13%
Inova Fairfax Hospital	\$3,855,962,450	\$147,813,100	3.83%
Sentara Northern Virginia Medical Center	\$823,831,674	\$29,925,512	3.63%
Inova Fair Oaks Hospital	\$649,476,560	\$21,302,369	3.28%
Virginia Hospital Center	\$1,491,327,243	\$29,205,595	1.96%
Novant Health UVA Health System Haymarket Medical Center	\$284,391,247	\$4,747,340	1.67%
Reston Hospital Center	\$1,535,959,085	\$19,925,030	1.30%
StoneSprings Hospital Center	\$247,806,370	\$1,302,439	0.53%
Total Facilities			11
Median			3.6%
Total \$ & Mean %	\$11,685,507,265	\$398,490,644	3.4%

Source: VHI (2020)

Table 7 shows projected population growth in PD 8 through 2030. Overall, the planning district was projected to add an estimated 356,377 people in the 10-year period ending in 2020. For the 10-year period ending in 2030, the planning district is projected to add an estimated 350,128 people. DCOPN notes that the population of PD 8 as a whole is expected to increase approximately 16% for the period ending in 2020 and approximately 14% for the period ending in 2030, rates nearly double that of the statewide average.

With regard to the 65 and older age cohort, Weldon-Cooper projects a much more rapid increase (**Table 7**). Specifically, Weldon-Cooper projects an increase of approximately 56% for the period ending in 2020 and approximately 38% for the period ending in 2030. This is significant, as this age group uses medical care resources, including diagnostic services, at a rate much higher than the rest of the population.

Table 7. Population Projections for PD 8, 2010-2030

Locality	2010	2020	% Change 2010-2020	Avg Ann % Change 2010-2020	2030	% Change 2020-2030	Avg Ann % Change 2020-2030
Arlington	139,966	166,261	18.79%	1.69%	182,067	9.51%	0.91%
Fairfax County	207,627	249,298	20.07%	1.80%	274,339	10.04%	0.96%
Loudoun	22,565	25,047	11.00%	1.02%	26,397	5.39%	0.53%

Locality	2010	2020	% Change 2010-2020	Avg Ann % Change 2010-2020	2030	% Change 2020-2030	Avg Ann % Change 2020-2030
Prince William	1,081,726	1,162,504	7.47%	0.71%	1,244,025	7.01%	0.68%
Alexandria City	12,332	14,988	21.54%	1.92%	17,032	13.64%	1.29%
Fairfax City	312,311	430,584	37.87%	3.18%	554,808	28.85%	2.57%
Falls Church City	37,821	43,099	13.96%	1.28%	46,332	7.50%	0.73%
Manassas City	14,273	17,086	19.71%	1.77%	20,284	18.72%	1.73%
Manassas Park City	402,002	478,134	18.94%	1.71%	571,844	19.60%	1.81%
Total PD 8	2,230,623	2,587,000	15.98%	1.46%	2,937,128	13.53%	1.28%
PD 8 65+	192,589	300,491	56.03%	4.44%	413,269	37.53%	3.24%
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 (August 2019) and DCOPN (interpolations)

COPN Request No. VA-8624: Woodburn Nuclear Medicine (Woodburn)

Geographically, Woodburn is located at 3289 Woodburn Road, Annandale, Virginia. The facility is located one mile from a Metro station and is ¼ mile from the Gallows Road exit off Interstate 495.

Regarding socioeconomic barriers to access to the applicant’s services, according to regional and statewide data regularly collected by VHI, for 2020, the most recent year for which such data is available, the average amount of charity care provided by HPR II facilities was 3.4% of all reported total gross patient revenues (**Table 6**). Pursuant to § 32.1-102.4B of the Code of Virginia DCOPN must now place a charity care condition on every applicant seeking a COPN. Accordingly, should the Commissioner approve the proposed project, Woodburn should be subject to a charity care condition no less than the 3.4% HPR II average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

DCOPN is not aware of any other distinct and unique geographic, socioeconomic, cultural, transportation, or other barriers to care that this project would address.

COPN Request No. VA-8633: IFRC, LLC (IFRC)

Geographically, the proposed location in Herndon is approximately one half mile northwest of Fairfax County Parkway with the closest cross street at Spring Street, and is approximately the same distance from the Dulles Toll Road. Fairfax County Parkway and the Dulles Toll Road are both major thoroughfares in the area. The site is easily accessible from both directions of Spring Street (Route 675). Additionally, the proposed site is approximately one mile from the future Herndon Silver Line Metro station. Effective summer 2022, a new bus route on the Herndon Connector will be initiated, which connects downtown Herndon to the Herndon Metro station and

serves Spring Street with stops within easy walking distance of the building. Currently there is not public transit that serves Spring Street, but this new line will be initiated well in advance of occupancy at the new site.

Regarding socioeconomic barriers to access to the applicant's services, according to regional and statewide data regularly collected by VHI, for 2020, the most recent year for which such data is available, the average amount of charity care provided by HPR II facilities was 3.4% of all reported total gross patient revenues (**Table 6**). Pursuant to § 32.1-102.4B of the Code of Virginia DCOPN must now place a charity care condition on every applicant seeking a COPN. Accordingly, should the Commissioner approve the proposed project, IFRC should be subject to the 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). Pursuant to the 2016 reconsideration, the Inova System-Wide Condition reset to 3.9% as of January 1, 2022.

DCOPN is not aware of any other distinct and unique geographic, socioeconomic, cultural, transportation, or other barriers to care that this project would address.

COPN Request No. VA-8635: Reston Hospital Center, LLC (RHC)

Geographically, Woodbridge ER will be located at 4630 Prince William Parkway, Woodbridge, Virginia, approximately 28 miles from RHC. Prince William Parkway is a major state road that runs directly through Woodbridge and Dale City. Woodbridge ER will be located 4.6 miles off exit 158B of Interstate-95, the major highway that runs through the eastern portion of Virginia between Richmond to the south and Washington, D.C. to the north. Additionally, Woodbridge ER will be on the route of several bus services, including OmniRide. Five bus routes will provide access to the Woodbridge ER, including the McCoart Building bus stop on Prince William Parkway, which is 0.3 miles from the proposed site.

Regarding socioeconomic barriers to access to the applicant's services, according to regional and statewide data regularly collected by VHI, for 2020, the most recent year for which such data is available, the average amount of charity care provided by HPR II facilities was 3.4% of all reported total gross patient revenues (**Table 6**). For that same year, RHC provided 1.30% of its gross patient revenue in charity care (**Table 6**). Pursuant to § 32.1-102.4B of the Code of Virginia DCOPN must now place a charity care condition on every applicant seeking a COPN. Accordingly, should the Commissioner approve the proposed project, RHC should be subject to a charity care condition no less than the 3.4% HPR II average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

DCOPN is not aware of any other distinct and unique geographic, socioeconomic, cultural, transportation, or other barriers to care that this project would address.

COPN Request No. VA-8639: Loudoun Medical Group, P.C. (LMG)

Geographically, the LMG Imaging Center located at 19500 Sandridge Way, Suites 420 and 460, Leesburg, Virginia. The LMG Imaging Center is located in the Lansdowne area of Loudoun County near Route 7. Route 7 is the major east-west corridor in Loudoun County that extends east into the densely populated part of PD 8 and west into rural western Loudoun County. A

support letter from the Loudoun Chamber indicates that the site is also accessible by public transportation.

Regarding socioeconomic barriers to access to the applicant's services, according to regional and statewide data regularly collected by VHI, for 2020, the most recent year for which such data is available, the average amount of charity care provided by HPR II facilities was 3.4% of all reported total gross patient revenues (**Table 6**). Pursuant to § 32.1-102.4B of the Code of Virginia DCOPN must now place a charity care condition on every applicant seeking a COPN. Accordingly, should the Commissioner approve the proposed project, LMG should be subject to a charity care condition no less than the 3.4% HPR II average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

DCOPN is not aware of any other distinct and unique geographic, socioeconomic, cultural, transportation, or other barriers to care that this project would address.

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-8624: Woodburn Nuclear Medicine (Woodburn)

DCOPN received two letters of support for the proposed project from physicians at Woodburn, which addressed:

- Since 1999, Metro Region PET has been a pillar of the medical community in the area and the expertise they provide to local physicians is invaluable.
- The center is actively participating in clinical trials by providing PET and CT scans for the treatment of lung cancer and Alzheimer's disease.
- The strain on the PET/CT schedule because of increased PET/CT referrals, a growing demand for correlative diagnostic CTs, and scheduling constraints associated with the growing array of PET/CT agents.
- A separate CT scanner will make more efficient use of the PET/CT unit and ensure compliance with the patients' treatment schedules, particularly for research patients.

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

COPN Request No. VA-8633: IFRC, LLC (IFRC)

DCOPN received three letters of support for the proposed project from members of the Fairfax and Reston medical communities, which addressed:

- IFRC's current CT is at its end of life and a new scanner will include state-of-the-art capabilities, including the lowest possible radiation dose, enhanced image quality and improved patient comfort.
- The current facility on Elden Street cannot support a replacement CT scanner due to additional space requirements. Further, the physical condition of the space is at end of life and there are recurring problems with water under the facility.
- The proposed new space provides the necessary space and modern atmosphere, which will improve patient flow, patient satisfaction and patient safety. It also has significantly enhanced parking and additional handicapped spaces.
- The new space and scanner will better meet the needs of patients.

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

COPN Request No. VA-8635: Reston Hospital Center, LLC (RHC)

DCOPN received two letters of support for the proposed project from Reston Radiology Consultants and the Prince William County Fire and Rescue System, which addressed:

- RHC's project will ensure that time-sensitive, emergency CT services are accessible for patients by locating a CT scanner in a highly accessible, freestanding emergency center.
- The new emergency center will be ideally located to improve access to emergency and CT scanning services, which is of special concern in traffic-heavy northern Virginia.
- Prince William County is Virginia's second-most populous county that is spread over 344 square miles. It takes more than 40 miles to drive from the county's northwest corner to the county's southwest corner.
- In 2021, Prince William County Fire and Rescue responded to 31,508 emergency medical services incidents. In an emergency, time is of the essence.
- Transporting stroke patients to an emergency department facility with CT imaging as soon as possible is critical to providing patients presenting signs of a stroke with a fighting chance at a successful recovery.
- The time saved by transporting patients to the Woodbridge freestanding emergency room versus existing options will make a significant difference in outcomes for many patients.
- A freestanding ER in Woodbridge would benefit the entire region during a large-scale emergency or disaster by providing an additional facility to diagnose and treat less severe patients, freeing up the larger trauma centers to focus on more severe patients.

On July 13, 2022, DCOPN received a letter from Prince William County, which said, “[a]fter our review of the Health System Agency of Northern Virginia Board of Directors June 3, 2022, meeting minutes and relevant materials regarding [COPN Request No. VA- 8635], Prince William County is withdrawing our support of the project.”

DCOPN received two letters of opposition from Potomac Hospital Corporation of Prince William d/b/a Sentara Northern Virginia Medical Center (SNVMC) (Sentara Opposition Letter), dated June 9, 2022 and from Inova Health System (Inova Opposition Letter), dated June 10, 2022.

The Sentara Opposition Letter discussed:

- Woodbridge ER is to be developed 45 minutes and nearly 30 miles from RHC, and only about five miles from both SNVMC and the Sentara Lake Ridge Emergency Room.
- RHC’s new facility is far outside any measure of RHC’s historical primary service area and squarely within SNVMC’s.
- The project will adversely impact existing facilities serving the proposed service area and undermine access to and continuity of care for patients.
- There is no public need for the proposed CT scanner project or for the associated ED that would house the CT.
- Historically, by the applicant’s own admission, only approximately 0.5% of RHC’s inpatient and outpatient CT scans have originated in ZIP codes 22192, 22193, and 20112, the three ZIP codes identified as the primary service area for the new Woodbridge ER. Similarly, less than 0.6% of RHC’s ED patients originated in the proposed service area in 2020 and 2021.
- Inpatient data likewise underscore RHC’s lack of service to this area. In 2019, only 1.1% of all inpatients originating in the proposed primary service area were treated at RHC – and this despite patients’ general tendency to travel further for acute care services than for outpatient services. Similarly, RHC served only 3% of the inpatients originating in Prince William County and only 3.2% of the inpatients in Prince William County, Manassas City, and Manassas Park City combined.
- RHC’s proposal is overwhelmingly predicated on a single purported indicator of need: that there is an unmet numerical need for one additional CT unit in PD 8. SNVMC’s calculations, however, yield a calculated surplus of CT scanners. But even if there were a calculated need for one additional scanner, RHC has not identified any other indicia of public need – i.e., no access, quality, or cost considerations – that would justify approval of its project.
- RHC’s focus on the purported dearth of CT services within a five-mile radius of the proposed facility is inappropriate. For purposes of public need assessment under COPN law, the relevant standard for gauging the accessibility of CT services, established by the SMFP, provides that “CT services should be within 30 minutes driving time one way under normal conditions of 95%” of the PD’s population.

- Approval of a new CT service at the Woodbridge ER, less than 15 minutes from SNVMC and the Lake Ridge facility, would have a significant adverse impact on Sentara's facilities. The proposed CT service will undoubtedly divert substantial volumes of patients from a key part of SNVMC's service area.
- Existing CT units nearby long serving the proposed service area have capacity available to continue meeting the CT needs of patients in the area.
- The Woodbridge ED would be located less than 15 minutes from both the Sentara Lake Ridge ED (which draws more than 82% of its ED patients from Prince William County) and the SNVMC hospital ED (which draws nearly 90% of its ED patients from Prince William County). Locating a new freestanding, CT-supported ED in such proximity is certain to divert not only CT patients but also ED patients currently seeking care at those facilities, particularly patients traveling from the west.
- Per its transfer agreement with RHC, Woodbridge ER would likely transfer the vast majority of patients requiring inpatient services to the distant RHC, prolonging travel and delaying patients' access to emergency care, increasing safety risks to patients, and escalating the associated costs.

The Inova Opposition Letter discussed:

- The project is a clear attempt by Reston Hospital to garner additional inpatient admissions by establishing a freestanding emergency department and co-located CT service at a location that can best be described as a (very) remote outpost, in an area that is already well served by other, substantially closer providers.
- Patients whose treatment needs exceed the capabilities of the Woodbridge ER, either because they require an inpatient admission or hospital services not available at the Woodbridge ER would be transported for admission and further care to Reston Hospital in the vast majority of instances. Reston Hospital, however, is located more than 27 miles from the proposed Woodbridge ER site with drive times that range, depending on the time of day, from 35 minutes to upwards of 1 hour and 10 minutes.
- Freestanding emergency department and co-located CT services are already available in the area to be served by the Woodbridge ER at the Sentara Lake Ridge Emergency Room, located 4.7 miles from the proposed site, and the Inova Lorton Emergency Room, located less than 10 miles from the proposed site. In total, there are 12 hospitals and freestanding emergency departments located closer than Reston Hospital to the proposed Woodbridge ER site.
- Based on the CT and emergency room patient origin data Reston Hospital submitted in response to the Division of Certificate of Public Need's request, the Woodbridge ER site is located well outside the outermost limits of Reston Hospital's primary service areas (each, a "PSA") for both CT and emergency room services.

- There is an existing surplus of CT units in PD 8 and no computational need for additional CT capacity under the methodology prescribed by 12 VAC 5-230-100.

On July 5, 2022, Counsel for RHC provided the following response to the Inova and Sentara Opposition Letters:

...Sentara's and Inova's opposition was, of course, discussed during [the June 13, 2022 HSANV Board of Directors Meeting]...I pointed out that Sentara's letter discusses only its 2019 and 2020 CT utilization. Of course, Sentara has its 2021 CT utilization, but opted not to share it. I think a fair inference is that the 2021 data would show much higher utilization of Sentara's CT scanners. [Executive Director of HSANV, Dean Montgomery] said 15% of ED patients are admitted as inpatients. That means the vast majority of Woodbridge ER patients would return home after receiving treatment without the need for hospital inpatient care. For the small number who did require hospital admission, it would be a decision between the patient and his/her doctor where (which hospital) to be admitted. And, importantly, Prince William County Fire & Rescue strongly supports Woodbridge ER because it would improve care and save lives.

COPN Request No. VA-8639: Loudoun Medical Group, P.C. (LMG)

DCOPN received 116 letters of support for the proposed project from members of the Loudoun medical and civic communities. Collectively these letters addressed:

- LMG is an outstanding community partner with a long history of providing high-quality care to our residents, including patients without resources.
- As part of an accountable care organization (ACO), one of the goals that LMG works towards is providing high-quality services to patients at low cost.
- The location of the proposed new facility is centrally located and accessible by major roadways and public transportation.
- Currently, County officials project Loudoun's population will increase by 118,000, or 28%, by 2040, making this Virginia's the third-largest jurisdiction, and the fastest growing jurisdiction in the Washington, D.C. Capitol region. This exponential growth needs to be met with a commensurate growth in critical services, especially those in health care.
- CT scans are imperative to the treatment and diagnosis of many conditions.
- Adding CT capabilities to the existing LMG Imaging Center will provide patients with a more comprehensive imaging and diagnostic experience by expediting patient scheduling at a more affordable cost than hospital based settings.
- In addition to solving for long wait times, a CT in the same imaging center - would allow for a more collaborative approach to care and better continuity of care.
- In the western part of Loudoun County there are less imaging center locations.

- Currently, all of the providers of CT scans in the Leesburg area are either owned or partnered with Inova.

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

Public Hearing

DCOPN provided notice to the public regarding these projects on May 10, 2022. The public comment period closed on June 24, 2022. On June 13, 2022, HSANV held a public hearing for the four projects.

- Woodburn's project was presented by its president and medical director and one of its radiologists. No members of the public spoke in support or opposition of the Woodburn project.
- IFRC's project was presented by three representatives from Inova Health System. No members of the public spoke in support or opposition of the IFRC project.
- RHC's project was presented its counsel. A representative from Inova Health Care Services spoke in opposition to the RHC project. A representative from Sentara Northern Virginia Hospital Center also spoke in opposition to the RHC project.
- LMG's project was presented by three representatives from LMG. No members of the public spoke in support or opposition of the LMG project.

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

COPN Request No. VA-8624: Woodburn Nuclear Medicine (Woodburn)

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. As previously discussed, COPN No. VA-03328, issued February 7, 1997, authorized Woodburn Nuclear Medicine to acquire and operate "positron emission tomography scanning equipment." According to the applicant "[w]e have been providing diagnostic CT scans beginning in 2004 (when the first PET scanners became available with combined CT imaging to replace gadolinium)..." DCOPN notes this historical use should not be construed to authorize the use of the PET/CT scanner to perform diagnostic CT imaging at this location. However, DCOPN also notes that COPN No. VA-03328 did not explicitly contain a prohibition against this behavior, as is common practice in more recently issued certificates. The applicant seeks approval to establish CT services with a standalone 32/64 slice CT scanner to improve its diagnostic imaging capabilities. The applicant will continue to use the 16-slice PET/CT scanner to perform PET scans only and will perform diagnostic CT scans on the standalone CT unit. Woodburn indicates that it does not intend to advertise or otherwise promote its diagnostic CT services and proposes to serve only those referred for diagnostic CT scans by the referral network of physicians who use its nuclear medicine services. Furthermore, as discussed below, the applicant performs a relatively low procedure volume of scans per year and the upgrade to a 32/64 slice CT scanner is unlikely to significantly reduce the utilization of existing providers in the area to be served, but will offer greater imaging quality for Woodburn's

patients and physicians. For these reasons, DCOPN finds that the proposed project is more advantageous than maintaining the status quo.

COPN Request No. VA-8633: IFRC, LLC (IFRC)

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. The applicant asserts that the Elden Street site has a number of building-related problems related to the age of and resulting deterioration of the physical plant. Additionally, the existing CT scanner is at the end of its life and needs upgrading. However, because of space constraints, placing a new CT scanner at the Elden Street location is not possible. The proposed project is an inventory-neutral relocation from the Elden Street location to the Springpark location, which is approximately one mile away and in the same Zip Code. Furthermore, the move is within the applicant's primary service area. As such, the proposed project is highly unlikely to affect the utilization and efficiency of existing providers. For these reasons, DCOPN finds that the proposed project to relocate one fixed CT scanner within PD 8 is more advantageous than maintaining the status quo.

COPN Request No. VA-8635: Reston Hospital Center, LLC (RHC)

As will be discussed in greater detail below, the proposed location is not within RHC's primary service area. As noted above, the proposed location for Woodbridge ER is approximately 28 miles from RHC. Furthermore, regarding the effect that the proposed location would have on other facilities in the area, DCOPN's analysis of the available data, shows evidence that the proposed location would significantly reduce the utilization of existing providers in the area. Specifically, the Woodbridge ER site is within six miles of SNVMC, within five miles of Sentara Lake Ridge ER and within 10 miles of Inova Lorton ER. Finally, while the proposed project will increase the potential for the provision of services on an outpatient basis, the applicant has indicated that the CT service would operate as a hospital based service, and patients will incur RHC charges³. As such, the Woodbridge ER CT service would not increase the cost effectiveness for CT service because the CT service would not be offered at a lower price point than a hospital based setting. For these reasons, DCOPN concludes that there are reasonable alternatives to the proposed project, including the status quo.

COPN Request No. VA-8639: Loudoun Medical Group, P.C. (LMG)

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. As will be discussed in greater detail later in this staff analysis report, approximately 74% of the CT scanners in PD 8 are owned by, or in partnership with, three hospital systems – Inova Health Care Services, Sentara Healthcare or HCA. Moreover, all of the existing CT scanners in Leesburg, the location of the proposed project, are owned by, or in partnership with Inova Health Care Services. Therefore, approval of the proposed project would introduce beneficial institutional competition that would increase patient choice for CT providers in PD 8. Regarding the effect that the proposed location would have on other facilities in the area, DCOPN's analysis of the available data, both in the application and from VHI, shows no evidence that the proposed location would significantly reduce the utilization of existing

³ HSANV Board of Directors June 13, 2022 meeting minutes at pg. 5.

providers in the area. Moreover, there is no opposition to the proposed project from existing providers. For these reasons, DCOPN concludes that no alternatives exist that would meet the needs of the people in the area to be served in a less costly, more efficient, or more effective manner.

(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;

HSANV considered these four proposed projects at its June 13, 2022 meeting.

COPN Request No. VA-8624: Woodburn Nuclear Medicine (Woodburn)

The Board voted six in favor and three opposed to recommend that the application be approved. HSANV stated that their recommendation was based on its review of the application, on the HSANV staff report on the proposal, on the testimony and other evidence presented at the June 13, 2022 public hearing, and on several findings and conclusions, including:

1. Though not authorized to a CT scanning service, Woodburn Nuclear Medicine has been providing diagnostic CT scans for more than a decade with the PET/CT scanner it is authorized to operate.
2. Diagnostic CT scan service volume at Woodburn is modest, about 1,100 scans a year, and are unlikely to increase significantly as they are incidental referrals from physicians who use Woodburn's nuclear medicine services. The applicant professes no intention or desire to expand the service or otherwise compete with other CT scanning services.
3. A dedicated state-of-the-art scanner would enable Woodburn to serve referring physicians and their patients better and more efficiently.
4. The project is unlikely to affect any other CT scanning service negatively.
5. The capital cost of the project is within the range reported for similar projects locally and elsewhere in Virginia.

COPN Request No. VA-8633: IFRC, LLC (IFRC)

The Board voted nine in favor and none opposed to recommend that the application be approved. HSANV stated that their recommendation was based on its review of the application, on the HSANV staff report on the proposal, on the testimony and other evidence presented at the June 13, 2022 public hearing, and on several findings and conclusions, including:

1. The CT scanning service IFRC proposes to relocate, and the scanner it proposes to replace, are dated. The service needs to be moved to more appropriate space. The scanner is near the end of its useful life and must be replaced, onsite or elsewhere.
2. The new location in Herndon, VA, is about 1.3 miles from the current site. There would be no measurable change in the center's primary service area or in the population served.

3. The supply and demand for CT scanning services in Northern Virginia is well balanced. There is no indication of a current or near term regional need for additional CT services or additional CT scanners.
4. A replacement and relocation proposal, the project would not change the number of local CT scanning services or scanners.
5. Though not needed to meet current or near term community demand, relocating and updating a dated and poorly located service is a reasonable, perhaps necessary, business decision that should result in more efficient operations and marginal improvement in access to care.
6. The capital cost of the project is within the range reported for similar projects locally and elsewhere in Virginia.
7. There is no indication, or reason to believe, that the project would affect any imaging service negatively.
8. The project appears to be generally consistent with applicable provisions of the Virginia State Medical Facilities Plan as they have been applied to similar proposals.

COPN Request No. VA-8635: Reston Hospital Center, LLC (RHC)

The Board voted eight in favor and one opposed to recommend that the application be denied. HSANV stated that their recommendation was based on its review of the application, on the HSANV staff report on the proposal, on the testimony and other evidence presented at the June 13, 2022 public hearing, and on several findings and conclusions, including:

1. The supply of and demand for CT scanning services in Northern Virginia is well balanced. There is no indication of a current or near term regional need for additional CT services or additional CT scanners.
2. There is substantial unused capacity in freestanding CT services in the planning region.
3. RHC has presented no reliable data or credible argument that eastern Prince William County is under supplied or underserved in terms of CT or emergency medical services.
4. There is no need for another CT service in Woodbridge. The area is well served by the nearby Sentara Northern Virginia Medical Center (SNVMC) and Kaiser Foundation Health Plan CT services.
5. The RHC proposal is problematic in most relevant respects. It is distinguishable from all other Northern Virginia CT proposals associated with satellite emergency department projects in that the venture would not be within RHC's primary or natural service area.
6. The project would be an aggressive move in the primary service area of Sentara Northern Virginia Medical Center, with substantial negative implications for service volumes and revenue streams at that hospital.

7. The project is not patient friendly. Compared with the services now used by eastern Prince William County residents, Reston Hospital Center is a high charge service provider that serves relatively few uninsured and other medically indigent persons.
8. The project is opposed by Sentara Healthcare and Inova Health System, the health systems serving the majority of eastern Prince William County residents.
9. The project is not consistent with the applicable provisions of the Virginia State Medical Facilities Plan.

COPN Request No. VA-8639: Loudoun Medical Group, P.C. (LMG)

The Board voted six in favor and three opposed to recommend that the application be approved. HSANV stated that their recommendation was based on its review of the application, on the HSANV staff report on the proposal, on the testimony and other evidence presented at the June 13, 2022 public hearing, and on several findings and conclusions, including:

1. Loudoun Medical Group (LMG), a large multispecialty medical group that serves more than 200,000 people, maintains an imaging center in the Lansdowne area of Loudoun County, VA.
2. A CT scanner would complement the diagnostic imaging technologies and services in its imaging center and permit LMG to serve patients of its constituent medical specialty practices more effectively.
3. Though there is substantial unused freestanding CT scanning capacity in the planning region, the imaging services used by LMG patients have high and increasing use. Arguably, an in house LMG scanner would permit the applicant to serve many of its patients more efficiently, and at a lower cost, without notable negative effects on the imaging services now used by LMG patients.
4. The capital cost of the project is within the range reported for similar projects locally and elsewhere in Virginia.

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

COPN Request No. VA-8624: Woodburn Nuclear Medicine (Woodburn)

As demonstrated by **Table 2**, the projected capital costs of the proposed project are \$684,000, approximately 5% of which represent direct construction costs. 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. DCOPN concludes that when compared to similar projects, these costs are reasonable. For example, COPN No. VA-04663 issued to Insight Health Corporation to introduce CT imaging at Insight Imaging – Arlington with one fixed CT scanner is anticipated to cost approximately \$731,800.

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

- To provide the highest quality of care for Woodburn's patients, it has elected to upgrade its existing 16-slice hybrid PET/CT to a 32/64 slice CT scanner.
- The goal is to maintain the current diagnostic CT volume but to perform the images on a better quality CT scanner.
- Many of the patients included in the current CT volume have already received a PET/CT scan at Woodburn and referring physicians want to maintain continuity of care so refer back to the same facility for diagnostic CT scans.

COPN Request No. VA-8633: IFRC, LLC (IFRC)

As demonstrated by **Table 3**, the projected capital costs of the proposed project are \$1,922,109 approximately 39% of which represent direct construction costs. The applicant states that the construction/buildout portion of the project will be funded through the applicant's accumulated reserves and cash flow, and the CT equipment will be leased from the vendor. 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-04698 issued to Mary Washington Hospital, Inc. to add one CT scanner is anticipated to cost approximately \$2,884,526.

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

- The current building is deteriorating and has experienced several issues related to the physical plant. The current CT unit is at its end of life and a replacement is needed. The current facility cannot support a replacement CT unit due to space constraints and the space's physical condition.
- The CT unit is at end of life and is in the same suite with the MRI that is the subject of COPN Request No. VA-8632, hence CT services will need to be relocated to 450 Springpark Place with the relocation of the MRI to avoid duplicating leasing costs at both the new and existing site.
- The CT dedicated space at the existing facility is suboptimal and not wheelchair-patient friendly. Based on the configuration of the space, staff must transport patients in wheelchairs outside the building to access the CT.
- The CT will be co-located with other imaging modalities to create one imaging specialty center for the convenience and for the quality and efficiency improvement it will create for patients.
- The new location is 1.3 miles away from the current location with ample parking including better handicapped access and will include the latest ADA-compliant features.

COPN Request No. VA-8635: Reston Hospital Center, LLC (RHC)

As demonstrated by **Table 4**, the projected capital costs of the proposed project are \$30,432,000, approximately 71% of which represent direct construction costs. The entirety of the capital costs will be funded using the internal resources of HCA Healthcare, Inc. Accordingly, there are no financing costs associated with this project. DCOPN concludes that when compared to similar projects, these costs appear to be high. However, the majority of the costs, \$21,513,000, or 71%, represent direct construction costs for the freestanding emergency department. When comparing only the equipment costs of \$1,720,000 to other projects for one CT scanner, the costs are more consistent with similar projects. For example, COPN No. VA-04775 issued to Virginia Hospital Center to establish a specialized center for CT services, for which the equipment costs were approximately \$1,726,200. Furthermore, HSANV ultimately concluded, “the projected capital expenditure is within the range reported locally and statewide for the equipment and service described.” As the regional health-planning agency, DCOPN defers to HSANV’s regional knowledge regarding the costs of similar projects and concludes that the costs of the proposed project are reasonable.

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

- This project would be an extension of RHC’s high-quality imaging services and improve patient access to CT imaging and emergency services in an area where traffic congestion is an impediment to timely access to care.
- Development of the Woodbridge ER will address the PD 8 planning district need for additional CT capacity by offering improved access to emergency services, including CT imaging, and outpatient imaging capacity in the Woodbridge community.
- There are only two CT scanners within five miles of Woodbridge ER and both operated in excess of the SMFP standard in 2020.
- Given the calculated need for an additional CT scanner in PD 8, the paucity of CT scanners within five miles of the site and the high utilization of those few scanners, Woodbridge ER is the best location for the additional CT scanner in PD 8.

COPN Request No. VA-8639: Loudoun Medical Group, P.C. (LMG)

As demonstrated by **Table 5**, the projected capital costs of the proposed project are \$2,755,388, approximately 23% of which represent direct construction costs. 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. DCOPN concludes that when compared to similar projects, these costs are reasonable. For example, COPN No. VA-04698 issued to Mary Washington Hospital, Inc. to add one fixed CT scanner is anticipated to cost approximately \$2,884,526.

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

- The existing services and infrastructure in the current imaging center will support the new CT service, including registration, information technology, and billing.

- This location will allow the existing support infrastructure of the LMG Imaging Center to support the new CT service, increasing efficiency and limiting overall project cost.
- The proposed project will allow LMG to offer low-cost CT services to its patients while maximizing the efficiency of its operations in patient care and care coordination.
- The proposed project would enable patients to receive timely, cost-effective and convenient care and improve the accessibility of healthcare services to the greater Loudoun community.
- Additional staffing needs for the proposed project are minimal.
- Currently, nearly all CT services servicing the residents of western and northwestern Loudoun County are owned by or in partnership with Inova. The development of CT services at LMG Imaging Center will provide beneficial competition within Leesburg and the surrounding area.

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

DCOPN notes that, according to regional and statewide data regularly collected by VHI, for 2020, the most recent year for which such data is available, the average amount of charity care provided by HPR II facilities was 3.4% of all reported total gross patient revenues (**Table 6**). 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 projects should be subject to a charity care condition no less than the 3.4% HPR II average, or the system-wide charity care condition applicable, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

COPN Request No. VA-8624: Woodburn Nuclear Medicine (Woodburn)

Table 8. Woodburn Pro Forma Income Statement

	Year 1	Year 2
Total Gross Revenue	\$5,928,659	\$6,343,665
Total Operating Expenses	\$4,562,601	\$4,850,045
Net Income	\$1,366,058	\$1,493,620

Source: COPN Request No. VA-8624

COPN Request No. VA-8633: IFRC, LLC (IFRC)

DCOPN notes that, if approved, the proposed project should be subject to the Inova Health Care Services d/b/a Inova Health System system-wide charity care condition 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). Pursuant to the 2016 reconsideration, the Inova System-Wide Condition reset to 3.9% as of January 1, 2022.

Table 9. IFRC Pro Forma Income Statement

	Year 1	Year 2
Total Gross Revenue	\$6,543,000	\$6,645,000
Charity Care	(\$255,000)	(\$259,000)
Contractual Allowances/Other Discounts	(\$4,222,000)	(\$4,288,000)
Net Operating Revenue	\$2,066,000	\$2,098,000
Total Operating Expenses	\$1,962,000	\$2,004,000
Net Income	\$104,000	\$95,000

Source: COPN Request No. VA-8633

COPN Request No. VA-8635: Reston Hospital Center, LLC (RHC)

The Pro Forma Income Statement provided by the applicant includes the provision of charity care in the amount of 3.4% (**Table 10**).

Table 10. RHC Pro Forma Income Statement

	Year 1	Year 2
Total Gross Revenue	\$10,724,985	\$11,273,617
Charity Care	(\$364,649)	(\$383,303)
Bad Debt	(\$145,860)	(\$153,321)
Contractual Allowances	(\$8,168,756)	(\$8,630,119)
Net Operating Revenue	\$2,045,720	\$2,106,874
Total Operating Expenses	\$1,460,510	\$1,538,689
Net Income	\$585,209	\$568,184

Source: COPN Request No. VA-8635

COPN Request No. VA-8639: Loudoun Medical Group, P.C. (LMG)

Table 11. LMG Pro Forma Income Statement

	Year 1	Year 2
Total Gross Revenue	\$2,453,472	\$2,582,602
Charity Care	(\$93,232)	(\$98,139)
Contractual Allowances and Bad Debt	(\$1,186,302)	(\$1,248,739)
Net Operating Revenue	\$1,173,938	\$1,235,724
Total Operating Expenses	\$365,333	\$439,382
Net Income	\$467,718	\$455,455

Source: COPN Request No. VA-8639

(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 did not identify any other discretionary factors, not discussed elsewhere in this staff analysis report, to bring to the attention of the Commissioner as may be relevant to determining a public need for the proposed projects.

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

Section 32.1-102.2:1 of the Code of Virginia calls for the State Health Services Plan Task Force to develop, by November 1, 2022, recommendations for a comprehensive State Health Services Plan (SHSP). In the interim, DCOPN will consider the consistency of the proposed project with the predecessor of the SHSP, the SMFP.

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

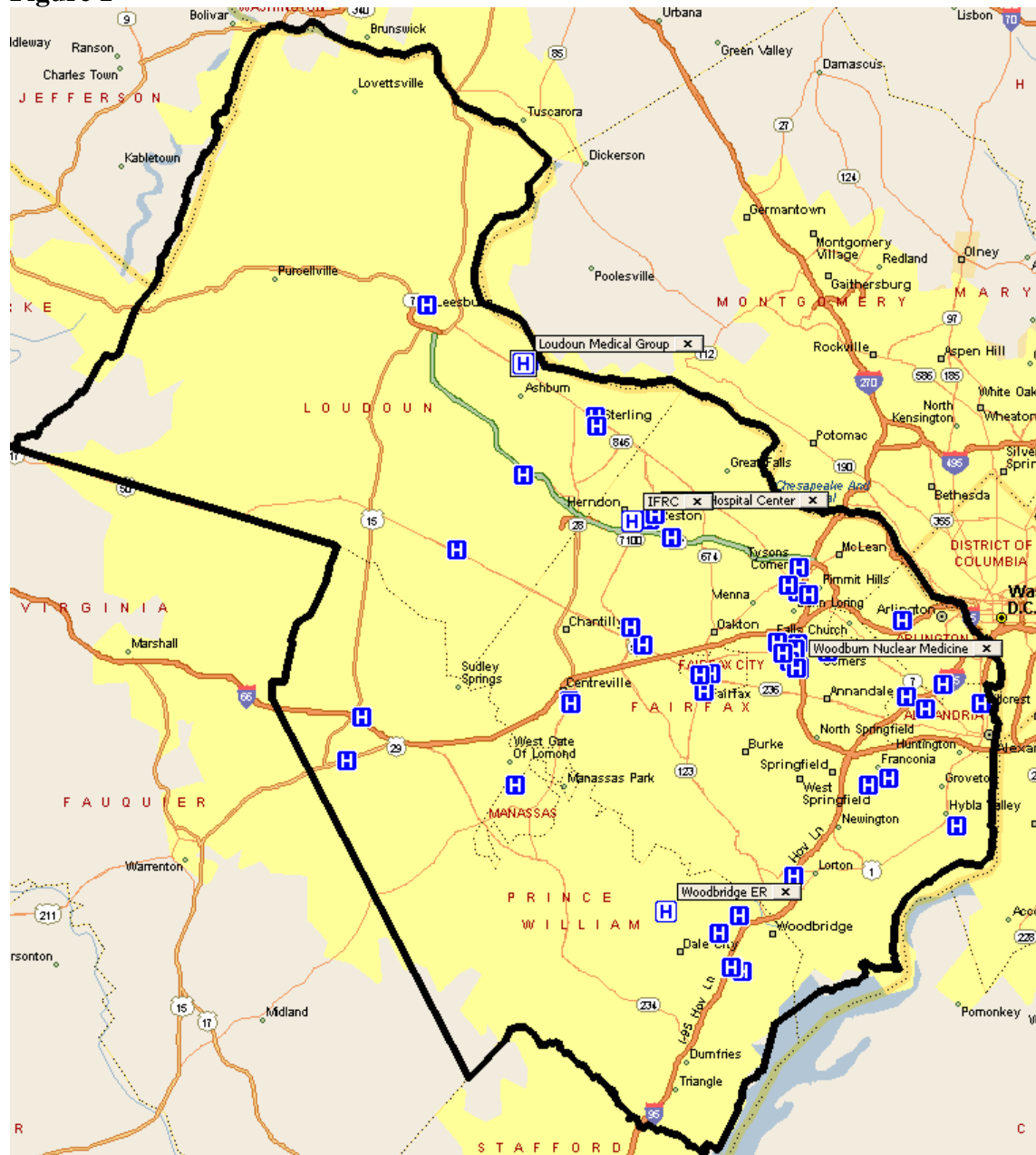
Part II
Diagnostic Imaging Services
Article 1
Criteria and Standards for Computed Tomography

12VAC5-230-90. Travel time.

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

The heavy black line in **Figure 1** is the boundary of PD 8. The blue “H” symbols mark the locations of existing CT providers in PD 8. The white “H” symbols mark the locations 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 8. **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 8.

Figure 1



12VAC5-230-100. Need for new fixed site or mobile service.

A. No new fixed site or mobile CT service should be approved unless fixed site CT services in the health planning district performed an average of 7,400 procedures per existing and approved CT scanner during the relevant reporting period and the proposed new service would not significantly reduce the utilization of existing providers in the health planning district. The utilization of existing scanners operated by a hospital and serving an area distinct from the proposed new service site may be disregarded in computing the average utilization of CT scanners in such health planning district.

As noted in **Table 12** below, in 2020, the utilization of existing CT scanners in the planning district was 114.21% of the 7,400 procedures per scanner necessary to introduce CT scanning services to a new location under this section of the SMFP. Moreover, DCOPN calculates a surplus of three fixed CT scanners in the planning district.

Calculated Needed Fixed CT Scanners in PD 8

COPN authorized CT scanners = 65

Calculated Needed CT scanners = 456,394 scans in the PD / 7,400 scans / scanner = 61.7 (62) scanners needed

PD 8 Calculated Need = 62 CT scanners

PD 8 Calculated Surplus = 3 CT scanners

Table 12. PD 8 COPN Authorized Fixed CT Units and Utilization: 2020

Facility	Number of Scanners	Number of Scans	Procedures / Unit	Utilization Rate
Centreville / Clifton Imaging Center	1	5,662	5,662	76.51%
Fair Oaks Imaging Center	1	1,955	1,955	26.42%
Fairfax Diagnostic Imaging Center	1	3,914	3,914	52.89%
Fairfax MRI and Imaging Center at Tysons	1	2,845	2,845	38.45%
Fairfax Radiology Center of Sterling	1	2,549	2,549	34.45%
Inova Alexandria Hospital	3	34,809	11,603	156.80%
Inova Ashburn Healthplex	1	5,787	5,787	78.20%
Inova Fair Oaks Hospital	3	29,171	9,724	131.40%
Inova Fairfax Hospital	6	94,661	15,777	213.20%
Inova Imaging Center - Leesburg	1	9,741	9,741	131.64%
Inova Imaging Center-Mark Center	1	4,526	4,526	61.16%
Inova Lorton HealthPlex	1	6,165	6,165	83.31%
Inova Loudoun Hospital	2	30,536	15,268	206.32%
Inova Mount Vernon Hospital	2	17,186	8,593	116.12%
Inova Springfield HealthPlex	1	12,830	12,830	173.38%
Insight Imaging - Fairfax / Medical Imaging Center of Fairfax	1	4,134	4,134	55.86%
Kaiser Permanente - Reston Medical Center	1	4,890	4,890	66.08%
Kaiser Permanente - Woodbridge Medical Center	1	8,268	8,268	111.73%
Kaiser Permanente Tysons Corner Surgery Center	1	16,208	16,208	219.03%
Lakeside @ Loudoun Tech Center 1	1	2,299	2,299	31.07%
Metro Region PET Center	1	2,158	2,158	29.16%
Novant Health UVA Health System Haymarket Medical Center	1	12,197	12,197	164.82%
Novant Health UVA Health System Prince William Medical Center	2	19,334	9,667	130.64%

Facility	Number of Scanners	Number of Scans	Procedures / Unit	Utilization Rate
Novant Imaging Centerville dba Vienna Diagnostic Imaging	1	1,359	1,359	18.36%
Orthopaedic Foot and Ankle Center of Washington	1	205	205	2.77%
Prosperity Imaging Center	1	5,263	5,263	71.12%
Radiology Imaging Associates at Lansdowne	1	3,537	3,537	47.80%
Reston Hospital Center	4	27,344	6,836	92.38%
Sentara Advanced Imaging Center - Lake Ridge	1	7,576	7,576	102.38%
Sentara Advanced Imaging Center - Springfield	1	2	2	0.03%
Sentara Northern Virginia Medical Center	2	21,728	10,864	146.81%
Stone Springs Hospital Center	1	6,548	6,548	88.49%
Tysons Corner Diagnostic Imaging	1	1,036	1,036	14.00%
Virginia Hospital Center	3	38,869	12,956	175.09%
Woodburn Diagnostic Center	2	11,102	5,551	75.01%
Total/Average	54⁴	456,394	8,452	114.21%

Source: VHI (2020)

In the applications for COPN Request No. VA-8635 and COPN Request No. VA-8639, the applicants assert that the depressed levels of CT diagnostic services in 2020 due to the COVID-19 pandemic do not present a reliable picture of the CT services need in PD 8.

From the application for COPN Request No. VA-8635:

Although [at the time of the application], 2020 VHI data has not been released, 2020 PD 8 CT utilization was suppressed by the pandemic and, consequently, does not provide as sound a basis for health planning as the 2019 VHI data. In its January 19, 2022 report⁵, DCOPN found that the 2019 data showed a need for 5 additional CT scanners in PD 8....The four projects reviewed by the January 19, 2022 [staff report] were approved, leaving, therefore, an unmet need for one additional CT scanner in PD 8.

From the application for COPN Request No. VA-8639:

The current SMFP need calculation for CT scanners in PD 8 understates the needed inventory because of the dampening effects that the COVID-19 pandemic had on the utilization of CT services in 2020.... If 2020 had been a “normal” year and scans had

⁴ VHI data for 2020 reported that Kaiser Permanente - Woodbridge Medical Center had five CT scanners and Kaiser Permanente Tysons Corner Surgery Center had 11 CT scanners. These inventory numbers are incorrect and have been corrected in **Table 12** to reflect the correct inventory of one CT scanner at each facility.

⁵ January 19, 2022 Staff Report for COPN Request Nos. VA-8559, 8595, 8596 & 8603.

increased at a rate of 21,977 scans per year as they had the prior five years, approximately 508,162 scans would have been performed in 2020.... Regardless of how “normal” utilization for 2020 is estimated, prior to the pandemic it would have been reasonable to anticipate that 510,000 scans would have been performed within PD 8 in 2020 if 2020 had been a “normal” year. If 510,000 scans had been performed in 2020, the SMFP formula would show a calculated need for 68.9 CT scanners in PD 8. This would leave PD 8 with a four (4) scanner deficit and would seriously necessitate the approval of this project. The Commissioner should consider these historic utilization trends, and the impact that the COVID-19 pandemic had on diagnostic imaging service utilization in 2020, when analyzing this project.

According to VHI, in 2019, the utilization of existing CT scanners in PD 8 was 119% of the 7,400 procedures per scanner necessary to introduce CT scanning services to a new location under this section of the SMFP. Moreover, in its January 19, 2022 Staff Report for COPN Request Nos. VA-8559, 8595, 8596 & 8603, DCOPN calculated a need for five fixed CT scanners in PD 8. However, DCOPN notes, that even if it were to use the 2019 VHI data in place of the aberrant 2020 VHI data, the need for five CT scanners in PD 8 has been met – by the CT scanners added to the PD 8 inventory since the January 19, 2022 staff report:

- COPN No. VA-04775, issued February 7, 2022, authorized Virginia Hospital Center to establish a specialized center for CT services at VHC Emergency and Imaging Center with one CT scanner.
- COPN No. VA-04776, issued February 7, 2022, authorized Inova Health Care Services to establish CT services at Inova Oakville Ambulatory Center with one CT scanner.
- COPN No. VA-04777, issued February 7, 2022, authorized Inova Healthcare Services to add one CT scanner at Inova Fairfax Hospital.
- COPN No. VA-04778, issued February 7, 2022, authorized Northern Virginia Community Hospital, LLC to add one CT scanner at StoneSprings Hospital Center.
- COPN No. VA-04793, issued July 7, 2022, authorized Inova Health Care Services to add one CT scanner at the relocated Inova Alexandria Hospital.

COPN Request No. VA-8624: Woodburn Nuclear Medicine (Woodburn)

As previously discussed, COPN No. VA-03328, issued February 7, 1997, authorized Woodburn Nuclear Medicine to acquire and operate “positron emission tomography scanning equipment.” According to the applicant “[w]e have been providing diagnostic CT scans beginning in 2004 (when the first PET scanners became available with combined CT imaging to replace gadolinium)...” DCOPN notes this historical use should not be construed to authorize the use of the PET/CT scanner to perform diagnostic CT imaging at this location. However, DCOPN also notes that COPN No. VA-03328 did not explicitly contain a prohibition against this behavior, as is common practice in more recently issued certificates.

The applicant reports that it performed 1,009 diagnostic CT scans in 2019 and 1,085 CT scans in 2020. As noted in **Table 12** above, in 2020, the applicant (displayed as Metro Region PET Center) reported 2,158 CT scans to VHI and operated at 29.16% utilization. In response to an inquiry from DCOPN regarding the differences in the reported procedure volume, the applicant explains:

The COPN Request for Additional Information showed the number of patients scheduled for diagnostic CTs, while the VHI data showed the number of billable diagnostic CT services. To explain why the numbers reported to VHI differ from the number of diagnostic CTs reported on COPN Request No. VA-8624, understand that approximately 90% of our patients who come for a CT scan have multiple areas imaged resulting in more than one billable service; usually two areas/services, but up to three. Therefore, a patient may have a Thorax CT (CPT 71260) along with an Abdomen CT (CPT 74160) or even a Thorax CT with an Abdomen & Pelvis CT (CPT 74177). Some patients may have a Neck with a Thorax, as well.

In its application, Woodburn asserts that it began providing diagnostic CT services in 2004 with the approval of HSANV. HSANV disputes this fact. Woodburn indicates that it does not intend to advertise or otherwise promote its diagnostic CT services and proposes to serve only those referred for diagnostic CT scans by the referral network of physicians who use its nuclear medicine services. Therefore, DCOPN concludes that approval of the proposed project is unlikely to reduce the patient loads of those nearby CT providers because of the low procedure volume performed by the applicant.

COPN Request No. VA-8633: IFRC, LLC (IFRC)

The applicant asserts that this section is not applicable because “[e]stablishment of a specialized center for CT services will be accomplished through the relocations of an existing COPN-authorized CT unit. Approval of the project will not result in an increase in COPN-authorized CT units in PD 8.” While DCOPN agrees with the assertion that the project is inventory-neutral with regard to the CT unit, DCOPN disagrees with the assertion that this section of the SMFP does not apply. The applicant is proposing to establish a medical care facility with CT services at the Springpark Place location, which does not currently offer CT services. No exception is made in the language of the SMFP to differentiate between the addition of a fixed site service through the relocation of previously approved CT units and the addition of a fixed site service through the addition of a new CT unit.

As noted in **Table 12** above, in 2020, the utilization of existing CT services in the planning district was 114.21% of the 7,400 procedures per scanner necessary to introduce CT scanning services to a new location under this section of the SMFP. In its application, IFRC indicates that while it participates in VHI, it has been unable to correct the missing data for the Elden Street location and that they intend to report the utilization at the Springpark site. For 2020, the applicant reports that the one CT scanner at the Elden Street location performed 5,046, which equates to 68.19% utilization. DCOPN notes that the location of the relocation is close to several existing facilities, including Reston Hospital Center and Kaiser Permanente - Reston Medical Center. However, the units at these facilities were well utilized in 2020, at 92.38%, and 66.08%

respectively. Therefore, DCOPN concludes that approval of the proposed project is unlikely to reduce the patient loads of those nearby CT providers.

COPN Request No. VA-8635: Reston Hospital Center, LLC (RHC)

As the applicant is establishing a new CT service at Woodbridge ER, this section of analysis is pertinent to the review of RHC's application. As shown above, DCOPN has calculated a surplus of three CT scanners when using the 2020 VHI data and a need for five CT scanners (which has been subsequently satisfied) when using the 2019 VHI data.

Regarding the effect that the proposed location would have on other facilities in the area, DCOPN's analysis of the available data, both in the application and from VHI, shows substantial evidence that the proposed location would significantly reduce the utilization of existing providers in the area. Moreover, there is opposition to the proposed project from existing providers, including Inova Health Care Services and Sentara Healthcare. As noted above, the proposed location for Woodbridge ER is approximately 28 miles from RHC. Additionally, the Woodbridge ER site is within six miles of SNVMC, within five miles of Sentara Lake Ridge ER and within 10 miles of Inova Lorton ER.

The applicant anticipates that the primary service area for the Woodbridge ER will be from Zip Codes 22193, 22192 and 20112. According to RHC's CT scan patient origin data, in 2020 RHC performed 150 CT scans on patients from these three Zip Codes, and in 2021, RHC performed 163 CT scans on patients from these three Zip Codes. This amounts to only 0.5% of RHC's CT scans in both 2020 and 2021. As observed by HSANV in its review of COPN Request No. VA-8635:

Contrary to RHC's claim that developing a satellite emergency service in Woodbridge is "a natural extension of Reston's high-quality emergency services and advanced diagnostic imaging services," the project is, or would be, an intrusion into the primary service area of [SNVMC]. The proposed location for the satellite emergency service and CT scanner is about six miles west of SNVMC. It would be located in the SNVMC primary service area, in the zip code area from which SNVMC now serves more than 50% of the population obtaining hospital care annually and compared with RHC's 2% market share....

[T]here is no "natural" relationship between Reston Hospital Center and eastern Prince William County. No part of Prince William County is in RHC's primary service area. Virtually all of the service volume, emergency department visits and CT scans, which might be garnered by the RHC satellite facility would come at the expense of SNVMC.

DCOPN concurs with HSANV. As such, DCOPN concludes that the location of the proposed project is not within the applicant's primary service area, and would significantly reduce the utilization of existing providers in PD 8 and the applicant does not satisfy this standard.

COPN Request No. VA-8639: Loudoun Medical Group, P.C. (LMG)

As shown above, DCOPN has calculated a surplus of three CT scanners when using the 2020 VHI data and a need for five CT scanners (which has been subsequently satisfied) when using the 2019 VHI data. If the Commissioner approves the proposed project, there will be a surplus of four CT

scanners in PD 8 (or a surplus of one CT scanner if using the 2019 VHI data). As will be discussed in greater detail later in this staff analysis report, approximately 74% of the CT scanners in PD 8 are owned by, or in partnership with, three hospital systems – Inova Health Care Services, Sentara Healthcare or HCA Healthcare. Moreover, all of the existing CT scanners in Leesburg, the location of the proposed project, are owned by, or in partnership with Inova Health Care Services. Therefore, approval of the proposed project would introduce beneficial institutional competition that would increase patient choice for CT providers in PD 8.

Regarding the effect that the proposed location would have on other facilities in the area, DCOPN notes that LMG Imaging Center is in very close to Inova Loudoun Hospital. However, according to VHI records, in 2020, the two CT scanners at Inova Loudoun Hospital operated at 206.32% utilization. Furthermore, DCOPN did not receive any opposition to the proposed project. Therefore, DCOPN's analysis of the available data, both in the application and from VHI, shows no evidence that the proposed location would significantly reduce the utilization of existing providers in the area.

Moreover, there is no opposition to the proposed project from existing providers. As such, DCOPN concludes that the proposed project would not significantly reduce the utilization of existing providers. Therefore, DCOPN recommends that in this particular case, the surplus should not preclude approval.

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 8 with respect to the proposed projects.

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.

COPN Request No. VA-8624: Woodburn Nuclear Medicine (Woodburn), COPN Request No. VA-8633: IFRC, LLC (IFRC), COPN Request No. VA-8635: Reston Hospital Center, LLC (RHC) and COPN Request No. VA-8639: Loudoun Medical Group, P.C. (LMG)

Not applicable. The applicants are not proposing to expand fixed site CT services, but rather are proposing to establish a new service

12VAC5-230-120. Adding or expanding mobile CT services.

- A. Proposals for mobile CT scanners shall demonstrate that, for the relevant reporting period, at least 4,800 procedures were performed and that the proposed mobile unit will not significantly reduce the utilization of existing CT providers in the health planning district.**
- B. Proposals to convert authorized mobile CT scanners to fixed site scanners shall demonstrate that, for the relevant reporting period, at least 6,000 procedures were performed by the mobile CT scanner and that the proposed conversion will not significantly reduce the utilization of existing CT providers in the health planning district.**

Not applicable. The applicants do not propose 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.

COPN Request No. VA-8624: Woodburn Nuclear Medicine (Woodburn)

The applicant confirmed that CT services would be under the direct supervision of one or more qualified physicians.

COPN Request No. VA-8633: IFRC, LLC (IFRC)

The applicant asserts that CT services will remain under the direct supervision of certified and trained radiologists.

COPN Request No. VA-8635: Reston Hospital Center, LLC (RHC)

The applicant asserts that CT services will be under the direction of a qualified physician.

COPN Request No. VA-8639: Loudoun Medical Group, P.C. (LMG)

The applicant asserts that CT services will be under the direction of one or more qualified physicians.

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-8624: Woodburn Nuclear Medicine (Woodburn)

As discussed above, the proposed project is not anticipated to foster institutional competition, but rather is intended to improve efficiency and provide better CT scan images for Woodburn's current patients. Furthermore, Woodburn indicates that it does not intend advertise or otherwise promote its diagnostic CT services and proposes to serve only those referred for diagnostic CT scans by the referral network of physicians who use its nuclear medicine services.

COPN Request No. VA-8633: IFRC, LLC (IFRC)

The proposed project is not anticipated to foster institutional competition, but rather is intended to improve patient experience and accessibility for IFRCs current patients. IFRC does not expect that its primary service area or patient base will materially change, and the new location is within the same Zip Code as the current location. Regarding the effect on other providers of surgical services, the applicant states, “[b]ecause the proposed project is inventory-neutral and involves the relocation of existing CT capacity, approval is not expected to have a negative impact on any other provider of CT services in PD 8.”

COPN Request No. VA-8635: Reston Hospital Center, LLC (RHC)

As discussed in detail below, RHC is part of the HCA Health System, which is one of three hospital systems that operate the majority of imaging services in PD 8. As such, the proposed project is not meant to, and will not foster institutional competition that will benefit the area to be served.

COPN Request No. VA-8639: Loudoun Medical Group, P.C. (LMG)

DCOPN records indicate that of the current inventory of 65 CT scanners in PD 8 (**Table 1**), 32, or 49%, are owned by, or in partnership with, Inova Health Care Services. Additionally, COPN No. VA-04793, issued July 7, 2022, authorized Inova Health Care Services to add one CT scanner at the relocated Inova Alexandria Hospital, scheduled to open in 2028, which will bring the total to 33, or 50%. Furthermore, another 16 of the 65 CT scanners in the PD 8 inventory are operated by Sentara Healthcare or HCA Health System, bringing the total number of CT scanners operated by one of these three hospital systems to 48, or approximately 74% of the CT scanners in PD 8. Moreover, all of the existing CT scanners in Leesburg, the location of the proposed project, are owned by, or in partnership with Inova Health Care Services. Therefore, approval of the proposed project would introduce beneficial institutional competition that would increase patient choice for CT providers in PD 8.

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-8624: Woodburn Nuclear Medicine (Woodburn)

As discussed above, DCOPN concluded that the proposed projects would not significantly reduce the utilization of existing providers in the area to be served.

COPN Request No. VA-8633: IFRC, LLC (IFRC)

As discussed above, the proposed project is an inventory-neutral relocation and replacement of one existing fixed CT scanner. The new site is approximately one mile from the existing site. Furthermore, the move is within the applicant’s primary service area and within the same Zip Code. As such, the proposed project is highly unlikely to affect the utilization and efficiency of existing providers.

COPN Request No. VA-8635: Reston Hospital Center, LLC (RHC)

As discussed above, DCOPN and HSANV conclude that the proposed project will significantly reduce the utilization of existing providers in PD 8 and that the proposed location of Woodbridge ER is not in RHC’s primary service area.

COPN Request No. VA-8639: Loudoun Medical Group, P.C. (LMG)

According to the applicant, in 2021, it referred patients for CT scans to 12 facilities in PD 8. Of these 12 facilities, 10 are owned by or in partnered with Inova Health Care Services. As such, any impact on these providers would be diffused across these facilities. Furthermore, given the market share held by Inova Health Care Services in PD 8 and the high utilization of the CT scanners in PD 8, the introduction of one fixed CT scanner at LMG is unlikely to significantly affect the utilization and efficacy of existing providers in the area.

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-8624: Woodburn Nuclear Medicine (Woodburn)

As already discussed, DCOPN contends that the projected costs of \$684,000 are reasonable when compared to previously authorized projects similar in scope. For example, COPN No. VA-04663 issued to Insight Health Corporation to introduce CT imaging at Insight Imaging – Arlington with one fixed CT scanner is anticipated to cost approximately \$731,800. 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 (**Table 8**) projects a net profit of \$1,366,058 from in the first year of operation, and a net profit of \$1,493,620 in the second year of operation. With regard to staffing, the applicant does not anticipate the need to hire any additional employees to staff the proposed project.

COPN Request No. VA-8633: IFRC, LLC (IFRC)

As already discussed, DCOPN contends that the projected costs of \$2,884,526 are reasonable when compared to previously authorized projects similar in scope. For example, COPN No. VA-04698 issued to Mary Washington Hospital, Inc. to add one CT scanner is anticipated to cost approximately \$2,884,526. The applicant states that the construction/buildout portion of the project will be funded through the applicant's accumulated reserves and cash flow, and the CT equipment will be leased from the vendor. Accordingly, there are no financing costs associated with this project. The Pro Forma Income Statement provided by the applicant projects a net profit of \$104,000 from in the first year of operation, and a net profit of \$95,000 in the second year of operation (**Table 9**).

With regard to staffing, the applicant states that no additional staff are required to staff the proposed project. The applicant explains that the current staff at the existing center will be relocated to the new center.

COPN Request No. VA-8635: Reston Hospital Center, LLC (RHC)

As already discussed, DCOPN concludes that when compared to similar projects, these costs appear to be high. However, the majority of the costs, \$21,513,000, or 71%, represent direct construction costs for the freestanding emergency department. When comparing only the equipment costs of \$1,720,000 to other projects for one CT scanner, the costs are more reasonable. For example, COPN No. VA-04775 issued to Virginia Hospital Center to establish a specialized center for CT services, for which the equipment costs were approximately \$1,726,200. Furthermore, HSA NV ultimately concluded, "the projected capital expenditure is

within the range reported locally and statewide for the equipment and service described.” As the regional health planning agency, DCOPN defers to HSANV’s regional knowledge regarding the costs of similar projects and concludes that the costs of the proposed project are reasonable. The applicant states that the proposed would be financed using the internal resources of HCA Healthcare, Inc. Accordingly, there are no financing costs associated with this project. The Pro Forma Income Statement provided by the applicant projects a net profit of \$585,209 from in the first year of operation, and a net profit of \$568,184 in the second year of operation.

With regard to staffing, the applicant anticipates the need to hire 4.2 radiological techs to staff the proposed project. DCOPN notes that the HCA Health System has a robust employee recruitment and retention program. Accordingly, DCOPN maintains that the applicant will not have difficulty filling the required positions or that doing so will have a significant negative impact on existing providers.

COPN Request No. VA-8639: Loudoun Medical Group, P.C. (LMG)

As already discussed, DCOPN contends that the projected costs of \$2,755,388 are reasonable when compared to previously authorized projects similar in scope. For example, COPN No. VA-04698 issued to Mary Washington Hospital, Inc. to add one fixed CT scanner is anticipated to cost approximately \$2,884,526. The applicant states that the proposed project would be financed using LMG’s accumulated reserves. Accordingly, there are no financing costs associated with this project. The Pro Forma Income Statement provided by the applicant projects a net profit of \$467,718 from in the first year of operation, and a net profit of \$455,455 in the second year of operation.

With regard to staffing, LMG plans to recruit two full time CT Techs in order to staff the proposed project. LMG will recruit both regionally and nationally in order to secure needed staffing. According to the applicant, LMG utilizes existing resources such as LinkedIn and other electronic job boards and posts open positions on LMG’s website. Because of the low number of FTEs needed, DCOPN maintains that the applicant will not have difficulty filling the required positions or that doing so will have a significant negative impact on existing providers of surgical 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 health care needs; and (iv) at the discretion of the Commissioner, any other factors as may be appropriate; and**

COPN Request No. VA-8624: Woodburn Nuclear Medicine (Woodburn)

The proposed project would not introduce new technology that would promote quality or cost effectiveness in the delivery of inpatient acute care. Nor will the proposed project increase the potential for provision of services on an outpatient basis, as the applicant already provides CT services on an outpatient basis.

COPN Request No. VA-8633: IFRC, LLC (IFRC)

The proposed project would not introduce new technology that would promote quality or cost effectiveness in the delivery of inpatient acute care. Nor will the proposed project increase the potential for provision of services on an outpatient basis, as the applicant already provides CT services on an outpatient basis.

COPN Request No. VA-8635: Reston Hospital Center, LLC (RHC)

The proposed project would not introduce new technology that would promote quality or cost effectiveness in the delivery of inpatient acute care. While the proposed project will increase the potential for provision of services on an outpatient basis, the applicant has indicated that the CT service would operate as a hospital based service and patients will incur RHC charges⁶. As such, the Woodbridge ER CT service would not increase the cost effectiveness for CT service because the CT service would not be offered at a lower price point than a hospital based setting.

COPN Request No. VA-8639: Loudoun Medical Group, P.C. (LMG)

The proposed project would not introduce new technology that would promote quality or cost effectiveness in the delivery of inpatient acute care. 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 8 at a lower price point.

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

COPN Request No. VA-8624: Woodburn Nuclear Medicine (Woodburn), COPN Request No. VA-8633: IFRC, LLC (IFRC), COPN Request No. VA-8635: Reston Hospital Center, LLC (RHC), and COPN Request No. VA-8639: Loudoun Medical Group, P.C. (LMG)

Not applicable. These facilities are not affiliated with a teaching hospital associated with a public institution of higher education or a medical school in the area to be served.

DCOPN Staff Findings and Conclusion

COPN Request No. VA-8624: Woodburn Nuclear Medicine (Woodburn)

DCOPN finds that the proposed project to establish CT services with one fixed CT scanner is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. Furthermore, the proposed project is more favorable than maintaining the status quo. Additionally, the Board of the Health Systems Agency of Northern Virginia voted to recommend that the application be approved. Moreover, 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

⁶ HSANV Board of Directors June 13, 2022 meeting minutes at pg. 5.

appears to be economically feasible both in the immediate and long-term. Finally, there is no known opposition to the proposed project.

COPN Request No. VA-8633: IFRC, LLC (IFRC)

DCOPN finds that IFRC, LLC's COPN request to establish a specialized center for CT services with one relocated and replaced CT scanner 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 scanner. Additionally, move is within the applicant's primary service area and within the same Zip Code. Finally, the current location has a number of building related issues and the existing MRI unit is nearing the end of its useful life. For these reasons, DCOPN concludes that the proposed project is more favorable than maintaining the status quo.

Additionally, the Board of the Health Systems Agency of Northern Virginia voted unanimously to recommend that the application be approved. Moreover, 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.

COPN Request No. VA-8635: Reston Hospital Center, LLC (RHC)

DCOPN finds that Reston Hospital Center, LLC's COPN request to establish a freestanding emergency department with one CT scanner, Woodbridge ER, is generally inconsistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia.

DCOPN finds that the total capital costs of the proposed project are reasonable and consistent with previously approved projects similar in scope. DCOPN also finds that the project appears to be economically feasible both in the immediate and long-term. However, the location of the proposed project is in close proximity to several existing facilities, and DCOPN and HSNV conclude that the proposed project significantly reduce the utilization of existing providers in the area. Specifically, the Woodbridge ER site is within six miles of SNVMC, within five miles of Sentara Lake Ridge ER and within 10 miles of Inova Lorton ER. Moreover, while the proposed project will increase the potential for provision of services on an outpatient basis, the CT scans will be billed at hospital rates and will not offer cost savings for the residents of PD 8. DCOPN concludes that there are reasonable alternatives to the proposed project, including the status quo.

Finally, DCOPN received written opposition to the proposed project, which cited: (1) the considerable distance from RHC to the proposed location of Woodbridge ER; (2) RHC's primary service area, which does not include the Zip Codes the applicant proposes Woodbridge ER would service; (3) the adverse effect the proposed project will have on existing providers; and (4) the lack of public need for the project.

COPN Request No. VA-8639: Loudoun Medical Group, P.C. (LMG)

DCOPN finds that Loudoun Medical Group, P.C.'s proposed project to establish a specialized center for CT services with one fixed CT scanner is generally consistent with the applicable

criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. Additionally, the project would introduce beneficial institutional competition that would increase patient choice for CT providers in PD 8. Furthermore, the proposed project is more favorable than maintaining the status quo.

Additionally, the Board of the Health Systems Agency of Northern Virginia voted to recommend that the application be approved. Moreover, 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.

Staff Recommendation

COPN Request No. VA-8624: Woodburn Nuclear Medicine (Woodburn)

The Division of Certificate of Public Need recommends **conditional approval** of Woodburn Nuclear Medicine' COPN request to establish CT services with one fixed CT scanner for the following reasons:

1. The project is consistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The project is more favorable than maintaining the status quo.
3. The Board of the Health Systems Agency of Northern Virginia voted to recommend that the application be approved.
4. The capital costs are reasonable.
5. The proposed project appears economically viable in the immediate and the long-term.
6. There is no known opposition to the proposed project.

Recommended Condition

Woodburn Nuclear Medicine, LTD will provide CT services to all persons in need of these services, regardless of their ability to pay, and will provide as charity care to all indigent persons free services or rate reductions in services and will facilitate the development and operation of primary medical care services to medically underserved persons in PD 8 in an aggregate amount equal to at least 3.4% of Woodburn Nuclear Medicine, LTD's gross patient revenue derived from CT 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. Woodburn Nuclear Medicine, LTD 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.

Woodburn Nuclear Medicine, LTD will provide CT care to individuals who are eligible for benefits under Title XVIII of the Social Security Act (42 U.S.C. § 1395 et seq.), Title XIX of the Social Security Act (42 U.S.C. § 1396 et seq.), and 10 U.S.C. § 1071 et seq. Woodburn Nuclear Medicine, LTD will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.

COPN Request No. VA-8633: IFRC, LLC (IFRC)

The Division of Certificate of Public Need recommends **conditional approval** IFRC, LLC's COPN request to establish a specialized center for CT services with one relocated and replaced CT 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 project is inventory neutral and is more favorable than maintaining the status quo.
3. The Board of the Health Systems Agency of Northern Virginia voted unanimously to recommend that the application be approved.
4. The capital costs are reasonable.
5. The proposed project appears economically viable in the immediate and the long-term.
6. There is no known opposition to the proposed project.

Recommended Condition

This project shall be subject to the 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). Pursuant to the 2016 reconsideration, the Inova System-Wide Condition reset to 3.9% as of January 1, 2022. 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-8635: Reston Hospital Center, LLC (RHC)

The Division of Certificate of Public Need recommends **denial** of Reston Hospital Center, LLC's COPN request to establish a freestanding emergency department with one CT scanner, Woodbridge ER, for the following reasons:

1. The project is inconsistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The location of the proposed project is not within the applicant's primary service area.
3. The applicant has not established an unmet public need within the planning district that the proposed project would address.
4. There are reasonable alternatives to the proposed project, including the status quo.
5. The Board of the Health Systems Agency of Northern Virginia voted to recommend that the application be denied.
6. There is opposition to the proposed project.

COPN Request No. VA-8639: Loudoun Medical Group, P.C. (LMG)

The Division of Certificate of Public Need recommends **conditional approval** of Loudoun Medical Group, P.C.'s COPN request to establish a specialized center for CT services with one fixed CT scanner for the following reasons:

1. The 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 project would introduce beneficial institutional competition that would increase patient choice for CT providers in PD 8.
3. No alternatives to the project exist that would meet the needs of the people in the area to be served in a less costly, more efficient, or more effective manner.
4. The Board of the Health Systems Agency of Northern Virginia voted to recommend that the application be approved.
5. The capital costs are reasonable and consistent with the projects of this type.

Recommended Condition

Loudoun Medical Group, P.C. will provide CT services to all persons in need of these services, regardless of their ability to pay, and will provide as charity care to all indigent persons free services or rate reductions in services and will facilitate the development and operation of primary medical care services to medically underserved persons in PD 8 in an aggregate amount equal to at least 3.4% of Loudoun Medical Group, P.C.'s gross patient revenue derived from CT 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. Loudoun Medical Group, P.C. 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.

Loudoun Medical Group, P.C. will provide CT care to individuals who are eligible for benefits under Title XVIII of the Social Security Act (42 U.S.C. § 1395 et seq.), Title XIX of the Social Security Act (42 U.S.C. § 1396 et seq.), and 10 U.S.C. § 1071 et seq. Loudoun Medical Group, P.C. will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.