

# VIRGINIA DEPARTMENT OF HEALTH

## Office of Licensure and Certification

### Division of Certificate of Public Need

#### Staff Analysis

July 19, 2022

#### **COPN Request No. VA-8627**

Riverside Hospital, Inc.  
Newport News, Virginia  
Add one MRI scanner

#### **Applicant**

Riverside Hospital, Inc. is the parent entity of Riverside Regional Medical Center (Riverside), which is a tertiary acute care hospital located in the independent city of Newport News, Virginia, in Planning District (PD) 21 and Health Planning Region (HPR) V. Riverside Hospital, Inc. is a Virginia domiciled, non-stock, not-for-profit corporation, which is a wholly-owned subsidiary and an integral part of the Riverside Health System. The Riverside Health System is also a non-stock, not-for-profit 501(c)(3) Virginia corporation headquartered in Newport News.

#### **Background**

According to Division of Certificate of Public Need (DCOPN) records, there are 17 certificate of public need (COPN) authorized fixed site magnetic resonance imaging (MRI) scanners in PD 21 (Table 1).

**Table 1. PD 21 COPN Authorized Fixed Site MRI Units**

<b>Facility</b>	<b>Number of MRI Scanners</b>
Bon Secours Mary Immaculate Hospital	1
Hampton Roads Orthopaedics and Sports Medicine (Newport News)	1
Hampton University Proton Therapy Institute	1
Orthopaedic Surgery and Sports Medicine Specialists	1
Riverside Diagnostic & Breast Imaging Center (Riverside Diagnostic Center - Oyster Point)	1
Riverside Diagnostic Center - Hampton	1*
Riverside Doctor's Hospital of Williamsburg	1
Riverside Regional Medical Center	2
Sentara Careplex Hospital	2
Sentara Geddy Outpatient Center	1
Sentara Port Warwick II	1
Sentara Williamsburg Regional Medical Center	1
Tidewater Medical Center	1
Tidewater Medical Center at New Town	1
Tidewater Orthopaedic Associates	1
<b>TOTAL</b>	<b>17</b>

Source: DCOPN records

Note: \*VHI records for 2020 incorrectly report the number of fixed MRI scanners at Riverside Diagnostic Center – Hampton as zero. There is one authorized fixed MRI scanner at that location.

**Proposed Projects**

Riverside proposes to expand its existing MRI services through the addition of one fixed MRI unit. Riverside currently has an inventory of two fixed MRI scanners, and, based on 2020 utilization data from Virginia Health Information (VHI), the most recent year such data is available, the two MRI scanners at Riverside performed at 87.5% (Table 7) of the SMFP threshold for expansion of fixed MRI services. The applicant states that it needs to add an MRI unit to Riverside’s existing complement of two fixed MRI units in order to meet an existing institutional need.

If the proposed project is approved, Riverside will have a resulting complement of three fixed MRI units. The projected capital costs of the proposed project are \$4,583,647, 44% of which are attributed to direct construction costs (Table 2). Capital costs will be funded entirely using the accumulated resources of the applicant. Accordingly, there are no financing costs associated with the proposed project. Construction on the proposed project is anticipated to begin in April 2023 and the target date of opening is November 2023.

**Table 2. COPN Request No. VA-8627 Projected Capital Costs**

Direct Construction Costs	\$2,019,933
Equipment Not Included in Construction Contract	\$2,291,691
Site Preparation Costs	\$10,023
Architectural and Engineering Costs	\$262,000
<b>Total Capital Costs</b>	<b>\$4,583,647</b>

Source: COPN Request No. VA-8627

**Project Definitions**

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part as the, “The addition by an existing medical care facility described in subsection A of any new medical equipment for the provision of...magnetic resonance imaging...” A medical care facility includes “[a]ny facility licensed as a hospital, as defined in Section 32.1 – 123.”

**Required Considerations -- § 32.1-102.3 of the Code of Virginia**

In determining whether a public need exists for a proposed project, the following factors shall be taken into account when applicable:

- 1. The extent to which the proposed project will provide or increase access to health care services for people in the area to be served and the effects that the proposed project will have on access to health care services in areas having distinct and unique geographic, socioeconomic, cultural, transportation, and other barriers to access to health care;**

The applicant proposes to add one MRI unit for diagnostic imaging at Riverside in order to meet an existing institutional need. Approval of a third MRI scanner will allow the provision of MRI services without requiring patients and providers to wait lengthy time periods for scheduling, diagnosis and treatment.

The most recent Weldon-Cooper data projects a total PD 21 population of 504,939 residents by 2030 (Table 3). This represents an approximate 5.9% increase in total population from 2010 to

2030. Comparatively, Weldon-Cooper projects the total population of Virginia to increase by approximately 16.6% for the same period. With regard to the City of Newport News specifically, Weldon-Cooper projects a total population decrease of 967, or approximately -0.5%, from 2010 to 2030. With regard to the 65 and older age cohort, Weldon-Cooper projects a considerable increase among PD 21 as a whole, as well as for the City of Newport News. Specifically, Weldon-Cooper projects an increase of approximately 74.2% in residents age 65 and over for PD 21 as a whole from 2010 to 2030, while an increase of only 47.9% is projected among the same age cohort for the City of Newport News (**Table 4**). Between 2020 and 2030, the actual number of residents over the age of 65 is projected to increase by 9,209 residents in the City of Newport News.

**Table 3. PD 21 and Statewide Total Population Projections, 2010-2030**

Locality	2010	2020	% Change	2030	% Change	2010-2030 % Change
Hampton City	137,436	135,530	-1.4%	127,842	-5.7%	-7.0%
James City	67,009	78,016	16.4%	92,210	18.2%	37.6%
Newport News City	180,719	181,581	0.5%	179,752	-1.0%	-0.5%
Poquoson City	12,150	12,382	1.9%	12,635	2.0%	4.0%
Williamsburg City	14,068	15,463	9.9%	17,008	10.0%	20.9%
York	65,464	69,582	6.3%	75,492	8.5%	15.3%
<b>Total PD 21</b>	<b>476,846</b>	<b>492,554</b>	<b>3.3%</b>	<b>504,939</b>	<b>2.5%</b>	<b>5.9%</b>
Virginia	8,001,024	8,655,021	8.2%	9,331,666	7.8%	16.6%

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

**Table 4. PD 21 Population Projections for 65+ Age Cohort, 2010-2030**

Locality	2010	2020	% Change	2030	% Change	2010-2030 % Change
Hampton City	16,856	20,430	21.2%	25,467	24.7%	51.1%
James City	13,870	23,287	67.9%	31,875	36.9%	129.8%
Newport News City	19,219	22,973	19.5%	28,428	23.7%	47.9%
Poquoson City	1,891	2,451	29.6%	2,919	19.1%	54.3%
Williamsburg City	1,879	2,616	39.2%	3,005	14.8%	59.9%
York	7,934	11,723	47.8%	15,707	34.0%	98.0%
<b>Total PD 21</b>	<b>61,649</b>	<b>83,480</b>	<b>35.4%</b>	<b>107,401</b>	<b>28.7%</b>	<b>74.2%</b>
Virginia	976,937	1,352,448	38.4%	1,723,382	27.4%	76.4%

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

Regarding socioeconomic barriers to access to the applicant’s services, according to regional and statewide data regularly collected by VHI, for 2020, the most recent year for which such data is available, the average amount of charity care provided by HPR V facilities was 2.5% (**Table 5**).

**Table 5. 2020 HPR V Charity Care Contributions**

<b>2020 Charity Care Contributions at or below 200% of Federal Poverty Level</b>			
<b>Hospital</b>	<b>Gross Patient Revenues</b>	<b>Adjusted Charity Care Contribution</b>	<b>Percent of Gross Patient Revenue:</b>
Riverside Tappahannock Hospital	\$165,747,566	\$8,843,478	5.34%
Riverside Shore Memorial Hospital	\$247,007,286	\$10,695,992	4.33%
Riverside Doctors' Hospital Williamsburg	\$149,491,510	\$6,064,567	4.06%
Riverside Walter Reed Hospital	\$252,482,633	\$9,401,927	3.72%
Bon Secours DePaul Medical Center	\$363,165,760	\$12,756,832	3.51%
Sentara Careplex Hospital	\$909,090,883	\$31,651,344	3.48%
Sentara Obici Hospital	\$914,294,131	\$26,301,718	2.88%
Sentara Virginia Beach General Hospital	\$1,265,310,067	\$36,146,887	2.86%
Sentara Norfolk General Hospital	\$3,753,299,758	\$106,756,170	2.84%
Sentara Leigh Hospital	\$1,330,835,003	\$34,335,012	2.58%
Riverside Regional Medical Center	\$2,191,107,102	\$53,859,556	2.46%
Chesapeake Regional Medical Center	\$986,713,280	\$21,292,946	2.16%
Hampton Roads Specialty Hospital	\$46,913,449	\$1,010,073	2.15%
Sentara Princess Anne Hospital	\$1,032,703,976	\$21,443,232	2.08%
Bon Secours Maryview Medical Center	\$1,148,940,309	\$22,068,850	1.92%
Bon Secours Mary Immaculate Hospital	\$620,268,395	\$11,887,663	1.92%
Sentara Williamsburg Regional Medical Center	\$655,360,428	\$11,516,832	1.76%
Bon Secours Rappahannock General Hospital	\$70,546,600	\$1,148,522	1.63%
Children's Hospital of the King's Daughters	\$1,120,616,182	\$4,135,241	0.37%
Bon Secours Southampton Memorial Hospital	\$211,414,625	\$460,731	0.22%
Lake Taylor Transitional Care Hospital	\$44,295,918	\$0	0.00%
Hospital For Extended Recovery	\$30,370,572	\$0	0.00%
Total Facilities Reporting			22
<b>Total \$ &amp; Mean %</b>	<b>\$17,509,975,433</b>	<b>\$431,777,573</b>	<b>2.5%</b>

Source: VHI (2020)

Geographically, Riverside is located on U.S. Route 17, which connects to Interstate 64 approximately 2.6 miles from the facility and SR 143 approximately 1 mile from the facility. Public transportation is available on campus and connects to all parts of the surrounding area.

DCOPN is not aware of any geographic, socioeconomic, cultural, or transportation barriers to access to care

**2. The extent to which the proposed project will meet the needs of people in the area to be served, as demonstrated by each of the following:**

- (i) The level of community support for the proposed project demonstrated by people, businesses, and governmental leaders representing the area to be served;**

The applicant provided 21 letters of support for the proposed project from the local medical community, as well as the Mayor and Fire Chief for the City of Newport News. Collectively, these letters articulated the need for additional MRI capacity at Riverside and the benefits of reducing wait times for diagnostic imaging.

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

Public Hearing

DCOPN provided notice to the public regarding this project on May 10, 2022. The public comment period closed on June 24, 2022. Section 32.1-102.6 of the Virginia Code mandates that “in the case of competing applications or in response to a written request by an elected local government representative, a member of the General Assembly, the Commissioner, the applicant, or a member of the public, [DCOPN shall] hold one hearing on each application in a location in the county or city in which the project is proposed or a contiguous county or city.” The proposed project is not competing, and no public hearing was requested by the applicant, the Commissioner, an interested party, or member of the public. As such, no public hearing was held.

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

Maintaining the status quo is not a reasonable alternative. Currently, patients at Riverside must wait up to two months to receive an MRI scan. This lengthy wait time applies to all Riverside MRI service locations, including Riverside’s main hospital and off-campus MRI service locations. As will be discussed, based on data provided by the applicant, as VHI data is not yet available, Riverside’s two fixed MRI scanners performed at a utilization rate of 102.1% in 2021.

For these reasons, DCOPN concludes that there does not appear to be reasonable alternatives to the proposed project that would meet the needs of the population 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;**

Currently there is no organization in HPR V designated by the Virginia Department of Health to serve as the Health Planning Agency for PD 21. Therefore, this consideration is not applicable to the review of the proposed project.

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

As demonstrated by **Table 2**, the projected capital costs of the proposed project are \$4,583,647, 44% of which are attributed to direct construction costs. Capital costs will be funded through the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project. DCOPN concludes that the costs for the proposed project are reasonable when compared with previously approved projects similar in clinical scope. For example, COPN No. VA-04753 issued to Chippenham & Johnston-Willis Hospitals, Inc. to add one MRI unit is projected to cost approximately \$3,701,138.

The applicant identified the following benefits of the proposed project:

- Approval of a third MRI scanner will allow the provision of MRI services without requiring patients and providers to wait lengthy time periods for scheduling, diagnosis and treatment.
- The new 3T MRI technology that the applicant intends to utilize offers many benefits, including better overall image quality, enhanced imaging and diagnostic capabilities, faster scans without compromising the accuracy of the images, and an enhanced patient experience. The quicker scanning times will enable RRMC to accommodate higher patient volumes without sacrificing image quality.
- Additionally, the 3T MRI scanner is more comfortable for patients with a wider opening providing more space to accommodate patients of various sizes and easing the anxiety of claustrophobic patients.

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

The Pro Forma Income Statement provided by the applicant includes the provision of charity care in the amount of 2.2% (**Table 6**). DCOPN notes that, according to VHI data from 2020, the most recent year for which such data is available, the average amount of charity care provided by HPR V facilities was 2.5% of all reported total gross patient revenues (**Table 5**). Pursuant to Section 32.1 – 102.4 of the Code of Virginia, should the Commissioner approve the proposed project, DCOPN recommends a charity care condition of no less than the 2.5% HPR V average.

**Table 6. COPN Request No. VA-8627 Pro Forma Income Statement**

	<b>Year 1</b>	<b>Year 2</b>
<b>Gross Patient Revenue</b>	<b>\$1,870,771</b>	<b>\$1,984,817</b>
Contractual Allowances and Provision for Bad Debts	(\$1,361,547)	(\$1,444,550)
Charity Allowances	(\$41,531)	(\$44,063)
<b>Net Revenue</b>	<b>\$467,693</b>	<b>\$496,204</b>
Total Expenses	(\$979,084)	(\$983,298)
<b>Net Operating Income</b>	<b>(\$511,932)</b>	<b>(\$487,094)</b>

Source: COPN Request No. VA-8627

**(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 project.

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

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

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

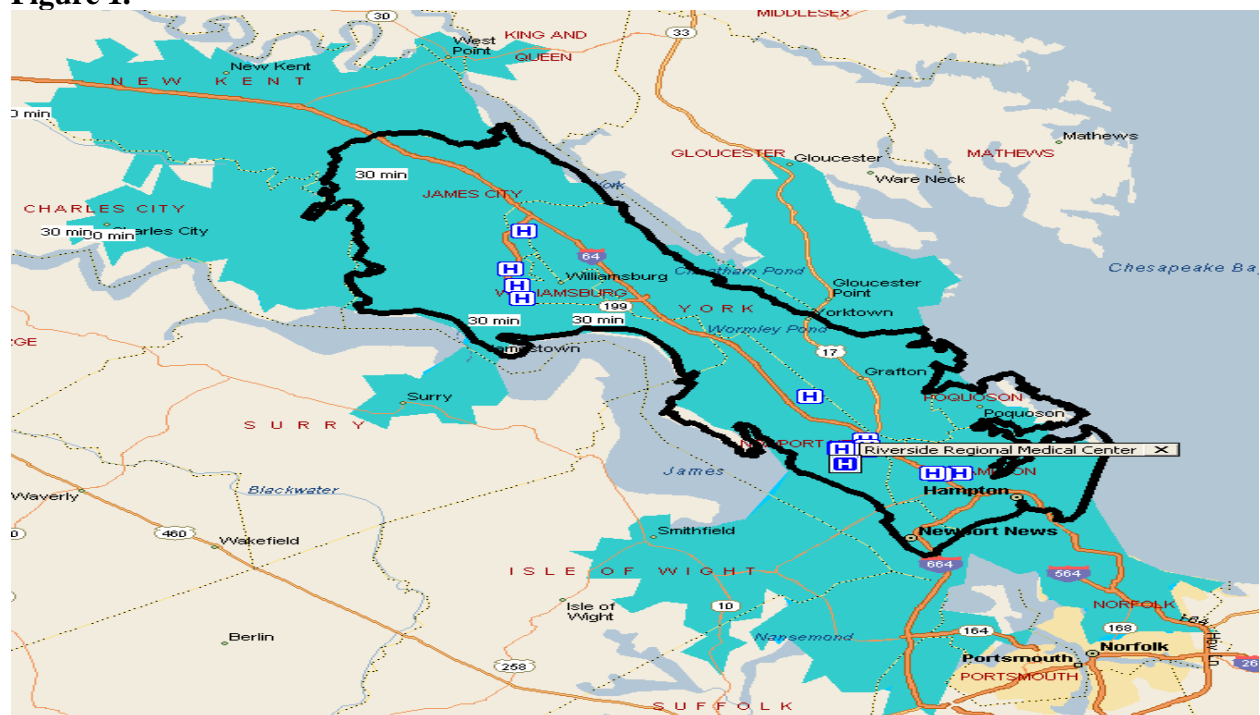
#### Part II Diagnostic Imaging Services Article 2. Criteria and Standards for Magnetic Resonance Imaging

##### 12VAC5-230-140. Travel Time.

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

The heavy black line in **Figure 1** is the boundary of PD 21. The white “H” symbols mark the locations of existing MRI providers in PD 21. The blue “H” symbol marks the location of Riverside. The blue shaded area includes all locations that are within 30 minutes driving time one-way under normal conditions of MRI services in PD 21. As the proposed project would be located in a facility that already offers MRI services, it would not improve geographic access to this service in any meaningful way.

**Figure 1.**



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

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

The applicant is not proposing to establish a new fixed site MRI service, but rather to expand an existing service. Accordingly, this standard is not applicable to the review at hand. However, in the interest of completeness, DCOPN will address this standard.

As shown in **Table 7** below, in 2020, the existing PD 21 fixed MRI inventory performed a collective MRI volume of 48,330 MRI procedures in 2020. Based on this data, DCOPN has calculated a current surplus of nine fixed MRI scanners in PD 21 as follows:

$$2021 \text{ COPN authorized fixed MRI units} = 17$$

$$\text{Needed MRI units} = 48,330 \text{ (2020 MRI procedures)} \div 5,000 = 9.66$$

**Fixed MRI unit surplus = 9**

**12VAC5-230-160. Expansion of Fixed Site Service.**

Proposals to expand an existing medical care facility’s MRI services through the addition of an MRI scanner may be approved when the existing service performed an average of 5,000 MRI procedures per scanner during the relevant reporting period. The commissioner may authorize placement of the new unit at the applicant’s existing medical care facility, or at a separate location within the applicant’s primary service area for MRI services, provided the proposed expansion is not likely to significantly reduce the utilization of existing providers in the health planning district.

Riverside has cited an institutional specific need to expand its current MRI services. As noted in **Table 7** below, for 2020, the most recent year for which VHI data is available, Riverside’s two MRI units performed 8,751 MRI procedures with a utilization rate of 87.5%, below the SMFP expansion standard of 5,000 procedures per scanner per year. However, as previously discussed, based on data provided by the applicant, in 2021, Riverside’s two MRI scanners performed at a utilization rate of 102.1%, which is in excess of the SMFP standard.

**Table 7. PD 21 COPN Authorized Fixed MRI Units and Utilization: 2020**

Facility	Number of MRI Scanners	Number of MRI Scans	Utilization Rate
Bon Secours Mary Immaculate Hospital	1	2,456	49.1%
Hampton Roads Orthopaedics and Sports Medicine (Newport News)	1	3,743	74.9%
Orthopaedic Surgery and Sports Medicine Specialists (Newport News)	1	4,583	91.7%
Riverside Diagnostic & Breast Imaging Center (Riverside Diagnostic Center - Oyster Point)	1	2,958	59.2%



Riverside Diagnostic Center - Hampton	1	2,145	42.9%
Riverside Doctors' Hospital Williamsburg	1	3,082	61.6%
Riverside Regional Medical Center	2	8,751	87.5%
Sentara Careplex Hospital	2	6,288	62.9%
Sentara Geddy Outpatient Center	1	1,378	27.6%
Sentara Port Warwick II	1	2,300	46.0%
Sentara Williamsburg Regional Medical Center	1	4,780	95.6%
Tidewater Orthopaedic Associates	1	1,185	23.7%
TPMG Imaging Center - Newport News	1	2,576	51.5%
TPMG Imaging Center - Williamsburg	1	2,105	42.1%
<b>TOTAL and Average</b>	<b>16</b>	<b>48,330</b>	<b>60.4%</b>

Source: VHI Data (2020)

**112VAC5-230-170. Adding or Expanding Mobile MRI Services.**

- A. Proposals for mobile MRI scanners shall demonstrate that, for the relevant reporting period, at least 2,400 procedures were performed and that the proposed mobile unit will not significantly reduce the utilization of existing MRI providers in the health planning district.**
- B. Proposals to convert authorized mobile MRI scanners to fixed site scanners shall demonstrate that, for the relevant reporting period, 3,000 procedures were performed by the mobile scanner and that the proposed conversion will not significantly reduce the utilization of existing MRI providers in the health planning district.**

Not applicable. The applicant is not proposing the addition or expansion of a mobile MRI service, nor is the applicant proposing the conversion of a mobile MRI service to a fixed site scanner.

**12VAC5-230-180. Staffing.**

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

The applicant has provided assurances that the MRI services would be under the direction or supervision of one or more qualified physicians. According to the applicant, the addition of a fixed MRI scanner will require the addition of two registered radiological technologists. Riverside will use a combination of its existing recruiting program and its accredited School of Radiological Technology within the Riverside College of Health Careers to fill future vacancies for registered radiological technologists.

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

- 1. Notwithstanding any other provisions of this chapter, the commissioner may grant approval for the expansion of services at an existing medical facility in a health planning district with an excess supply of such services when the proposed expansion can be justified on the basis of a facility's need having exceeded its current service capacity to provide such service or on the geographic remoteness of the facility.**
- 2. If a facility with an institutional need to expand is part of a health system, the underutilized services at other facilities within the health system should be reallocated, when appropriate, to the facility with the institutional need to expand before additional**

services are approved for the applicant. However, underutilized services located at a health system’s geographically remote facility may be disregarded when determining institutional need for the proposed project.

3. This section is not applicable to nursing facilities pursuant to §32.1-102.3:2 of the Code of Virginia.
4. Applicants shall not use this section to justify a need to establish new services.

Riverside has cited an institutional specific need to expand its current MRI services. As noted in **Table 7** above, for 2020, the most recent year for which VHI data is available, Riverside’s two MRI units performed 8,751 MRI procedures with a utilization rate of 87.5%, below the SMFP expansion standard of 5,000 procedures per scanner per year. However, as previously discussed, based on data provided by the applicant, in 2021, Riverside’s two MRI scanners performed at a utilization rate of 102.1%, which is in excess of the SMFP standard.

Furthermore, as demonstrated by **Table 8**, DCOPN concludes that there are no other MRI scanners within the Riverside Health System that would be appropriate for relocation to Riverside Regional Medical Center. Consequently, DCOPN concludes that the applicant has demonstrated an institutional need to expand its current service, and that the proposed project is more favorable than all other alternatives.

**Table 8. PD 21 Riverside Health System Fixed MRI Units and Utilization: 2020**

Facility	Number of MRI Scanners	Number of MRI Scans	Utilization Rate
Riverside Diagnostic & Breast Imaging Center (Riverside Diagnostic Center - Oyster Point)	1	2,958	59.2%
Riverside Diagnostic Center - Hampton	1	2,145	42.9%
Riverside Doctors' Hospital Williamsburg	1	3,082	61.6%
<b>TOTAL and Average</b>	<b>3</b>	<b>8,185</b>	<b>54.5%</b>

**Eight Required Considerations Continued**

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

As an existing MRI service provider, and the most-heavily utilized MRI provider in PD 21, it is unlikely that the proposed project would foster institutional competition that benefits the area to be served. However, given the excessive wait times currently experienced by patients needing these scans, as discussed above, DCOPN finds approval of the proposed project would improve access to essential health care services for people in PD 21.

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;**

The applicant asserts, and DCOPN agrees, that approval of the project is unlikely to impact existing services or facilities. As previously discussed, the primary purpose of the proposed MRI scanner would be to lessen the wait times for patients already seeking care from Riverside.

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

As previously discussed, the projected capital costs of the proposed project are \$4,583,647, 44% of which are attributed to direct construction costs. Capital costs will be funded through the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project. DCOPN concludes that the costs for the proposed project are reasonable when compared with previously approved projects similar in clinical scope. For example, COPN No. VA-04753 issued to Chippenham & Johnston-Willis Hospitals, Inc. to add one MRI unit is projected to cost approximately \$3,701,138.

**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 bases; (iii) any cooperative efforts to meet regional health care needs; and (iv) at the discretion of the Commissioner, any other factors as may be appropriate; and**

The proposed project does not offer the introduction of new technology that promotes quality, cost effectiveness, or both in the delivery of health care services. However, given the excessive wait times currently experienced by patients needing these scans, as discussed above, DCOPN finds approval of the proposed project would improve access to essential health care services for people in PD 21. DCOPN did not identify any other relevant factors to bring to the Commissioner's attention.

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

Although Riverside provides a wide variety of training programs for health professionals through its accredited School of Health and Medical Services, the applicant does not make any assertions about the proposed project the proposed project affecting a teaching hospital associated with a public institution of higher education or a medical school in the area to be served.

**DCOPN Staff Findings and Conclusion**

DCOPN finds that the proposed project to expand Riverside's existing MRI services through the addition of one fixed MRI 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. Additionally, DCOPN notes that there is no known opposition to the proposed project.

The proposed project is more favorable than maintaining the status quo. Approval of a third MRI scanner will allow the provision of MRI services without requiring patients and providers to wait lengthy time periods for scheduling, diagnosis and treatment. Moreover, given the lack of capacity within the Riverside Health System, the proposed project is more favorable than attempting to relocate a scanner from within the Riverside Health System.

Finally, DCOPN concludes that Riverside has cited an institutional specific need to expand its current MRI services. As noted in **Table 7** below, for 2020, the most recent year for which VHI data is available, Riverside's two MRI units performed 8,751 MRI procedures with a utilization rate of 87.5%, below the SMFP expansion standard of 5,000 procedures per scanner per year. However, as previously discussed, based on data provided by the applicant, in 2021, Riverside's two MRI scanners performed at a utilization rate of 102.1%, which is in excess of the SMFP standard.

### **DCOPN Staff Recommendation**

The Division of Certificate of Public Need recommends **conditional approval** of Riverside Hospital, Inc.'s request to expand its existing MRI services through the addition of one fixed MRI unit, 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. There is no known opposition to the project.
3. The project is more favorable than the alternative of the status quo.
4. Riverside has cited an institutional specific need to expand its current MRI services.

DCOPN's recommendation is contingent upon Riverside Hospital, Inc.'s agreement to the following charity care condition:

Riverside Hospital, Inc. will provide MRI services to all persons in need of these services, regardless of their ability to pay, and will provide as charity care to all indigent persons free services or rate reductions in services and will facilitate the development and operation of primary medical care services to medically underserved persons in PD 21 in an aggregate amount equal to at least 2.5% of Riverside Hospital, Inc.'s gross patient revenue derived from MRI services. Compliance with this condition will be documented to the Division of Certificate of Public Need annually by providing audited or otherwise appropriately certified financial statements documenting compliance with the preceding requirement. Riverside Hospital, Inc. will accept a revised percentage based on the regional average after such time regional charity care data valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. is available from Virginia Health Information. The value of charity care provided individuals pursuant to this condition shall be based on the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq.

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