

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

July 19, 2022

COPN Request No. VA-8629

Med Atlantic, Inc.

Mechanicsville, Virginia

Establish a specialized center for imaging with one mobile PET/CT scanner limited to Prostate-Specific Membrane Antigen PET/CT diagnostic imaging and PET/CT imaging related to Prostate-Specific Membrane Antigen treatments at their Pleasant Grove Road location

Applicant

Med Atlantic, Inc. is a Virginia limited liability company. The physicians employed by Virginia Urology are the sole owners of Med Atlantic, Inc. Med Atlantic, Inc. owns and operates the urology-specific outpatient surgical hospital at the Virginia Urology Pleasant Grove Road location. Virginia Urology and Med Atlantic, Inc. are separate corporate entities and there is no parent-subsidiary relationship. The two entities, however, have identical ownership and are each owned and controlled by the Virginia Urology physicians. Virginia Urology is located in Planning District (PD) 15, Health Planning Region (HPR) IV.

Background

Virginia Urology is a urological specialty medical care facility and outpatient surgical hospital. Virginia Urology provides multifaceted urological care such as radiation therapy as well as outpatient surgical care. Division of Certificate of Public Need (DCOPN) records show that there are currently seven COPN authorized PET scanners in PD 15, consisting of five fixed PET/CT scanners and two mobile PET/CT scanners.

Table 1. PD 15 COPN Authorized PET Units

Fixed PET Units	Number of Scanners
Bon Secours Imaging Center at Reynolds Crossing	1
Henrico Doctors' Hospital - Forest	1
Johnston-Willis Hospital	1
VCU Health System	1
Virginia Cardiovascular Specialists	1
Fixed Total	5
Mobile PET Units	
Henrico Doctor's Hospital - Parham Doctors' Hospital	1
West Creek Medical Center	1
Mobile Total	2
Grand Total	7

Source: DCOPN records

Proposed Project

The applicant proposes to establish a specialized center for the provision of PET/CT services through the addition of one mobile PET/CT scanner to their new location on Pleasant Grove Road. The applicant has proffered that the proposed PET/CT scanner would be limited solely to PET imaging for Prostate-Specific Membrane Antigen (PSMA) PET/CT diagnostic imaging and PET/CT imaging related to PSMA treatments. The applicant additionally stated that the CT functionality of the proposed PET/CT scanner would not be utilized independent of the PET functionality. The total capital cost of the proposed project is \$2,320,184 (Table 2). The PET/CT scanner would be leased and paid for using operating expenses. The start-up capital costs associated with this project would be paid for using accumulated reserves. The applicant asserts that the proposed capital expenditure would not affect the costs of providing care.

Table 2. Capital and Financing Costs

Equipment Not Included in Construction Contract	\$2,282,516
Site Acquisition Costs	\$37,668
Total Capital Costs	\$2,320,184

Source: COPN Request No. VA-8629

Project Definitions

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part, as the “[e]stablishment of a medical care facility described in subsection A.” A medical care facility includes “[a]ny specialized center or clinic or that portion of a physician's office developed for the provision ... positron emission tomographic (PET) scanning...”

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 establish a specialized center for the provision of PSMA PET/CT services through the addition of one mobile PET/CT scanner to their new location on Pleasant Grove Road. The applicant asserts that the introduction of PSMA PET/CT imaging represents a vast improvement in the detection and treatment of prostate cancer. The applicant states that the FDA’s approval of PSMA PET/CT imaging noted that conventional imaging failed to identify the spread of cancer in 30% of patients who had a “clear” scan and who had advanced prostate cancer. The applicant asserts that PSMA PET/CT imaging gives vastly improved diagnostic information, including earlier detection of metastatic cancer, improved staging of prostate cancer, and improved localization of cancer sites. The applicant further asserts that this improved diagnostic information would lead to treatment that is earlier, more individualized, more informed, more precise, and more cost effective. DCOPN concurs that the available literature indicates that PSMA PET/CT imaging

would result in the diagnostic benefits discussed above. DCOPN further concurs that the early and accurate detection and treatment of prostate cancer would result in the treatment benefits listed above. As such, DCOPN concludes that the introduction of the proposed PET/CT scanner whose use is limited to solely PSMA PET would increase access to a significant, albeit highly specialized, health care service.

Geographically, the applicant’s Hanover office is located 2.4 miles from US-295. The applicant states that there are no public bus stops proximate to the Hanover office. The applicant further states that several alternative options exist including transportation provided by Virginia Medicaid and Hanover County DASH for patients ages 60 and older. Finally, the applicant states that they have entered into a Medicare-compliant arrangement with Lyft Concierge to provide transportation to indigent patients with transportation issues. The applicant does not address any benefits or obstacles regarding parking at their Hanover facility.

Weldon-Cooper data projects a total PD 15 population of 1,219,936 residents by 2030 (**Table 3**), which represents an approximate 21.7% increase in total population from 2010 to 2030. This represents a larger percentage increase than the total for Virginia, which will increase by approximately 16.6% for the same period. With regard to Hanover County specifically, Weldon-Cooper projects a total population increase of 19,497, or approximately 19.5% from 2010 to 2030. This total population increase is fourth among the eight areas listed in **Table 3**, and fifth in percentage increase among the eight areas listed.

With regard to the 65 and older age cohort, Weldon-Cooper projects a total PD 15 population of 224,417 by 2030 (**Table 4**), which represents an approximate 92.5% increase in total population from 2010 to 2030. This is a much larger percentage increase than the total for Virginia, which will increase by approximately 76.4% for the same period. With regard to the Hanover County specifically, Weldon-Cooper projects a total population increase of 14,352, or approximately 109.5% from 2010 to 2030. This total population increase is the third among the eight areas listed in **Table 4**, and fifth in percentage increase among the eight areas listed.

Table 3. PD 15 and Statewide Total Population Projections, 2010-2030

Locality	2010	2020	% Change	2030	% Change	2010-2030 % Change
Charles City	7,256	6,982	-3.8%	6,941	-0.6%	-4.3%
Chesterfield	316,236	353,841	11.9%	396,647	12.1%	25.4%
Goochland	21,717	23,547	8.4%	26,702	13.4%	23.0%
Hanover	99,863	109,244	9.4%	119,360	9.3%	19.5%
Henrico	306,935	332,103	8.2%	363,259	9.4%	18.4%
New Kent	18,429	23,474	27.4%	28,104	19.7%	52.5%
Powhatan	28,046	29,909	6.6%	33,440	11.8%	19.2%
Richmond City	204,214	232,533	13.9%	245,483	5.6%	20.2%
Total PD 15	1,002,696	1,111,633	10.9%	1,219,936	9.7%	21.7%
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 15 Population Projections for 65+ Age Cohort, 2010-2030

Locality	2010	2020	% Change	2030	% Change	2010-2030 % Change
Charles City	1,214	1,773	46.1%	2,189	23.4%	80.3%
Chesterfield	32,878	55,297	68.2%	72,476	31.1%	120.4%
Goochland	3,237	5,420	67.4%	7,421	36.9%	129.3%
Hanover	13,104	19,807	51.2%	27,456	38.6%	109.5%
Henrico	37,924	53,255	40.4%	68,003	27.7%	79.3%
New Kent	2,226	4,303	93.3%	6,663	54.8%	199.3%
Powhatan	3,407	6,041	77.3%	8,552	41.5%	151.0%
Richmond City	22,619	26,352	16.5%	31,657	20.1%	40.0%
Total PD 15	116,609	172,249	47.7%	224,417	30.3%	92.5%
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)

2. The extent to which the proposed project will meet the needs of the 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;

Letters of Support

DCOPN received four letters of support from the physicians of Virginia Urology and three local physicians. Collectively, these letters articulated the imaging benefits of PSMA PET/CT imaging. Additionally, these letters discussed the incidence and mortality rate of prostate cancer.

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 the people in the area to be served in a less costly, more efficient, or more effective manner;

The proposed project is a preferable alternative to the status quo. Under the status quo, availability of PSMA PET/CT imaging would be limited to the one location in PD 15 that currently offers PSMA PET/CT, Johnston-Willis Hospital. Given the significantly increased accuracy associated with this new imaging technique, its availability is important for the effective treatment of prostate cancer. Moreover, given the specialized nature of this imaging technique, it is highly unlikely that the proposed project would materially

detrimentally effect existing providers. As such, DCOPN concludes that the proposed project is preferable to the alternative of the status quo.

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

Currently there is no organization in HPR IV designated by the Virginia Department of Health to serve as the Health Planning Agency for PD 15. Therefore, this consideration is not applicable to the review of the proposed project.

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

The total capital cost of the proposed project is \$2,320,184 (**Table 2**). The PET/CT scanner would be leased and paid for using operating expenses. The start-up capital costs associated with this project would be paid for using accumulated reserves. The applicant asserts that the proposed capital expenditure would not affect the costs of providing care. The costs of this project are reasonable and consistent with previously approved projects to establish fixed PET/CT services. For example, COPN VA- 04152 issued to Alliance Imaging, Inc. to add a mobile PET/CT scanner, which cost approximately \$2,369,184. The introduction of one mobile PET/CT scanner used solely for PSMA PET/CT diagnostic imaging and PET/CT imaging related to PSMA treatments offers several benefits. PSMA PET/CT imaging provides improved diagnostic information that benefits earlier detection of metastatic cancer, improved staging of prostate cancer, and improved localization of cancer sites. This in turn leads to treatment that is earlier, more individualized, more informed, more precise, and more cost effective.

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

According to regional and statewide data regularly collected by VHI, for 2020, the average amount of charity care provided by the facilities in HPR IV that reported such charity care for that year was 1.3% of all reported total gross patient revenues (**Table 5**). In accordance with section 32.1-102.4.B of the Code of Virginia, should the proposed project receive approval, the applicant is expected to provide a level of charity care for total gross patient revenues that is no less than the equivalent average for charity care contributions in HPR IV.

Table 5. HPR IV 2020 Charity Care Contributions

Hospital	Gross Patient Revenues	Adjusted Charity Care Contribution	Percent of Gross Patient Revenue:
Bon Secours St. Francis Medical Center	\$909,600,664	\$28,930,399	3.18%
Bon Secours Richmond Community Hospital	\$916,350,189	\$28,612,659	3.12%
Bon Secours St. Mary's Hospital	\$2,028,786,995	\$51,459,409	2.54%
Bon Secours Memorial Regional Medical Center	\$1,425,167,696	\$28,386,279	1.99%
Centra Southside Community Hospital	\$324,125,273	\$5,447,210	1.68%
Sentara Halifax Regional Hospital	\$279,469,170	\$3,668,115	1.31%
CJW Medical Center	\$7,560,037,769	\$86,592,596	1.15%
VCU Health System	\$6,172,966,084	\$69,698,687	1.13%
John Randolph Medical Center	\$1,032,491,952	\$10,903,791	1.06%
Henrico Doctors' Hospital	\$4,859,466,138	\$51,444,601	1.06%
VCU Community Memorial Hospital	\$317,168,977	\$1,932,837	0.61%
Bon Secours Southern Virginia Regional Medical Center	\$183,898,466	\$1,059,319	0.58%
Bon Secours Southside Regional Medical Center	\$1,875,804,250	\$5,837,542	0.31%
Vibra Hospital of Richmond LLC	\$145,408,947	\$0	0.00%
Cumberland Hospital for Children and Adolescents	\$54,279,874	\$0	0.00%
Total \$ & Mean %	\$28,085,022,444	\$373,973,444	1.3%

Source: VHI

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

DCOPN did not identify any other discretionary factors, not discussed elsewhere in this staff analysis report, to bring to the attention of the Virginia State Health Commissioner (Commissioner) as may be relevant in 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, 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 PET services. They are as follows:

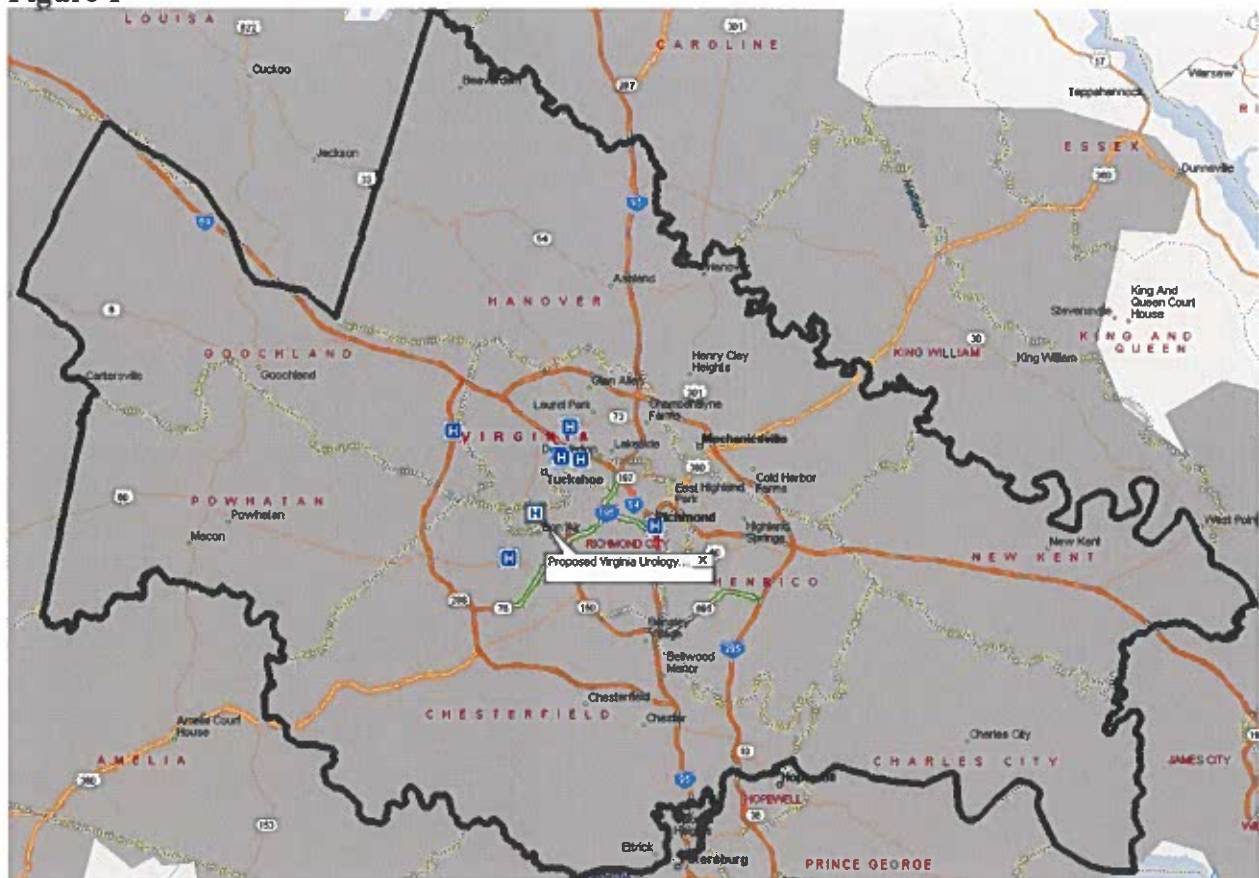
Part II
Diagnostic Imaging Services
Article 4
Criteria and Standards for Positron Emission Tomography

12VAC5-230-200. Travel Time.

PET services should be within 60 minutes driving time one way under normal conditions of 95% of the health planning district using a mapping software as determined by the commissioner.

Currently, there are seven COPN authorized PET service providers in PD 15, consisting of five fixed PET service providers and two mobile PET sites. The heavy black line in **Figure 1** is the boundary of PD 15. The blue H icons indicate facilities that currently offer PET scanning services. The white H icon indicates the proposed Virginia Urology mobile PET service location. The grey shading illustrates the area that is within a sixty-minute drive under normal driving conditions of all PET service providers in PD 15. **Figure 1** clearly illustrates that PET scanning services are already well within a sixty-minute drive under normal conditions for 95% of the population of the planning district.

Figure 1



12VAC5-230-210. Need for New Fixed Site Service.

- A. If the applicant is a hospital, whether free-standing or within a hospital system, 850 new PET appropriate cases shall have been diagnosed and the hospital shall have provided radiation therapy services with specific ancillary services suitable for the equipment before a new fixed site PET service should be approved for the health planning district.**
- B. No new fixed site PET services should be approved unless an average of 6,000 procedures per existing and approved fixed site PET scanner were performed in the health planning district during the relevant reporting period and the proposed new service would not significantly reduce the utilization of existing fixed site PET 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 PET units in such health planning district.**

Note: For the purposes of tracking volume utilization, an image taken with a PET/CT scanner that takes concurrent PET/CT images shall be counted as one PET procedure. Images made with PET/CT scanners that can take PET or CT images independently shall be counted as 1 individual PET procedure and CT procedure respectively, unless those images are made concurrently.

Not applicable. The applicant is seeking to establish a new mobile PET service.

12VAC5-230-220. Expansion of Fixed Site Services.

Proposals to increase the number of PET scanners in an existing PET service should be approved only when the existing scanners performed an average of 6,000 procedures for the relevant reporting period and the proposed expansion would not significantly reduce the utilization of existing fixed site providers in the health planning district.

Not applicable. The applicant is seeking to establish a new mobile PET service.

12VAC5-230-230. Adding or Expanding Mobile PET or PET/CT Services.

- A. Proposals for mobile PET or PET/CT scanners should demonstrate that, for the relevant reporting period, at least 230 PET or PET/CT appropriate patients were seen and that the proposed mobile unit will not significantly reduce the utilization of existing providers in the health planning district.**

The applicant calculates that, in 2021, Virginia Urology saw 832 patients that were eligible for PSMA PET/CT. This number was calculated by a detailed analysis of current and recent prostate cancer patients who would be eligible for PSMA PET/CT imaging based on the clinical indications found in the application. Based on this information, as well as the detailed explanation regarding this analysis provided in the application, the applicant's predicted volume seems reasonable. As such, DCOPN concludes that the applicant meets this threshold.

- B. Proposals to convert authorized mobile PET or PET/CT scanners to fixed site scanners should demonstrate that, for the relevant reporting period, at least 1,400 procedures were performed by the mobile scanner and that the proposed conversion will not significantly reduce the utilization of existing providers in the health planning district.**

Not applicable. The applicant is not proposing to convert an authorized mobile PET or PET/CT scanners to a fixed site scanner.

12VAC5-230-240. Staffing.

PET services should be under the direction or supervision of one or more qualified physicians. Such physicians shall be designated or authorized by the Nuclear Regulatory Commission or licensed by the Division of Radiologic Health of the Virginia Department of Health, as applicable.

The applicant provided assurances that the PET services will be provided under the direction or supervision of one or more qualified physicians who meet the applicable requirements of this section.

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;**

Only one other facility in the planning district, Johnston-Willis Hospital, currently performs PSMA PET/CT scanning. Johnston-Willis Hospital is located approximately 22.1 miles from the proposed location. As such the addition of PSMA PET/CT scanning to the proposed location would introduce some degree of institutional competition that would be otherwise absent in the planning district. However, given the specialized nature of the PET/CT scanning permitted under the limited scope proffered by the applicant, it is highly unlikely that this institutional competition would be significant.

- 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;**

Given the proffered limited scope of the proposed PET/CT scanner, the highly specialized nature of the scope of the scanner's use, the lack of opposition from existing providers of PET services, and the relatively low volume of patients predicted, DCOPN concludes that the proposed project would not adversely affect the utilization and efficiency of existing PET providers in the planning district.

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;

The Pro Forma Income Statement (Table 7) provided by the applicant projects a net profit of \$487,737 by the end of the first year of operation and a net profit of \$550,947 by the end of year two for the proposed project \$2,320,184 (Table 2). The PET/CT scanner would be leased and paid for using operating expenses. The start-up capital costs associated with this project would be paid for using accumulated reserves. Approximately 98.4%% of the total costs are attributed to equipment not included in the construction contract and 1.6% of the total costs are attributed to the site acquisition costs. The applicant asserts that the proposed capital expenditure would not affect the costs of providing care. Moreover, the modest projected revenues accrued from the project appear sufficient to address the subsequent lease costs. As such, DCOPN concludes that the proposed project is feasible with regard to financial costs in both the immediate and the long-term.

With regard to staffing, the applicant will require two FTEs for Radiologic Technologists. The applicant states that they have entered into a contract with Captive Radiology, LLC, a national provider of PET/CT equipment and staff, in part for the provision of the staff necessary to operate the PET/CT unit. The applicant further states that Captive Radiology is a highly experienced provider of these services, with significant experience in staffing mobile imaging facilities. As such, the applicant does not anticipate any difficulty in obtaining staff. The applicant additionally states that they do not anticipate that the proposed project would adversely impact the staff of any other facilities in the area, but do not elaborate on why this is the case. While DCOPN finds the lack of information supporting this assertion concerning, there has been no opposition or letters expressing concern for staffing from existing providers. This lack of expressed concern from existing providers compels DCOPN to conclude to that the proposed project would not materially adversely affect the staffing of existing PET/CT providers. As such, DCOPN finds the proposed project is feasible with regards to staffing.

Table 7. Pro Forma Income Statement

	Year 1	Year 2
Gross Revenue	\$4,166,535	\$4,513,746
Deductions from Revenue	\$166,661	\$180,550
Net Patient Services Revenue	\$3,999,874	\$4,333,196
Total Operating Expenses	\$3,512,137	\$3,782,249
Excess Revenue Over Expenses	\$487,737	\$550,947

Source: COPN Request No. VA-8629

- 7. The extent to which the proposed project provides improvements or innovations in the financing and delivery of health care services, as demonstrated by (i) the introduction of new technology that promotes quality, cost effectiveness, or both in the delivery of health care services; (ii) the potential for provision of health care services on an outpatient basis; (iii) any cooperative efforts to meet regional health care needs; and (iv) at the discretion of the Commissioner, any other factors as may be appropriate; and**

The proposed project would provide improvements in the delivery of health care services by increasing the provision of PSMA PET/CT scanning services on an outpatient basis. Currently, there is only one provider of PSMA PET/CT scanning services, who is located over 20 miles from the proposed project. PSMA PET/CT scanning at the proposed location would be performed solely on an outpatient basis. As such, approval of the proposed project would provide improvements in the delivery of health care services by increasing the provision of PSMA PET/CT scanning services on an outpatient basis

As there is an existing provider of PSMA PET/CT imaging services in PD 15 and the applicant has not raised any arguments regarding the unique nature of the proposed PET/CT scanner, the proposed project would not provide improvements or innovations in the financing and delivery of health care services, as demonstrated by the introduction of new technology that promotes quality, cost effectiveness, or both in the delivery of health care services. The applicant does not make any arguments regarding any cooperative efforts to meet regional health care needs. DCOPN did not identify any other factors as may be appropriate 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.**

The proposed project is not 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. Accordingly, this standard is not applicable to the proposed project.

DCOPN Staff Findings and Conclusions

DCOPN finds that the proposed project to establish a specialized center for imaging with one mobile PET/CT scanner limited to PSMA PET/CT diagnostic imaging and PET/CT imaging related to PSMA treatments at to their new location on Pleasant Grove Road is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. The applicant's predicted volume easily exceeds the threshold necessary to establish a mobile PET scanner. Additionally, the applicant has proffered that the CT functionality of the PET/CT scanner will be used only in conjunction with its PET functionality. Finally, the applicant has proffered that the PET/CT scanner will be limited solely to PET imaging for PSMA PET/CT diagnostic imaging and PET/CT imaging related to PSMA treatments.

Moreover, DCOPN finds that the proposed project is a preferable alternative to the status quo. Under the status quo, availability of PSMA PET/CT imaging would be limited to one location in PD 15. Given the significantly increased accuracy associated with this new imaging technique, its availability is important for the effective treatment of prostate cancer. Moreover, given the specialized nature of this imaging technique it is highly unlikely that the proposed project would materially detrimentally effect existing providers.

Finally, DCOPN finds that the total capital costs of the proposed project are \$2,320,184 (**Table 2**). The PET/CT scanner would be leased and paid for using operating expenses. The start-up capital costs associated with this project would be paid for using accumulated reserves. The applicant asserts that the proposed capital expenditure would not affect the costs of providing care. The costs of this project are reasonable and consistent with previously approved projects to establish fixed PET/CT services. For example, COPN VA- 04152 issued to Alliance Imaging, Inc. to add a mobile PET/CT scanner, which cost approximately \$2,369,184.

DCOPN Staff Recommendation

The Division of Certificate of Public Need recommends **conditional approval** of Med Atlantic, Inc.'s request to establish a specialized center for imaging with one mobile PET/CT scanner limited to Prostate-Specific Membrane Antigen PET/CT diagnostic imaging and PET/CT imaging related to Prostate-Specific Membrane Antigen treatments at to their location on Pleasant Grove Road 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 PET/CT scanner's use will be limited solely to PET/CT imaging for Prostate-Specific Membrane Antigen PET/CT diagnostic imaging and PET/CT imaging related to Prostate-Specific Membrane Antigen treatments.
3. The CT functionality of the PET/CT scanner will only be utilized in conjunction its PET functionality.
4. The project is preferable to the alternative of the status quo.
5. The capital costs are reasonable and consistent with the projects of this type.

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

Med Atlantic, Inc. will provide PET services to all persons in need of these services, regardless of their ability to pay, and will provide as charity care to all indigent persons free services or rate reductions in services and facilitate the development and operation of primary care services to medically underserved persons in an aggregate amount equal to at least 1.3% of Med Atlantic, Inc.'s total patient services revenue derived from PET services as valued under the provider

reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. Compliance with this condition will be documented to the Division of Certificate of Public Need annually by providing audited or otherwise appropriately certified financial statements documenting compliance with the preceding requirement. Med Atlantic, 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 to individuals pursuant to this condition shall be based on the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq.

Med Atlantic, Inc. will provide PET 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 Med Atlantic, 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.