

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

July 19, 2022

COPN Request No. VA-8630

University of Virginia Medical Center

Charlottesville, Virginia

Add one fixed MRI scanner at University Hospital

Applicant

The University of Virginia Medical Center (UVAMC) is a state-owned, academic health care center operated under the authority of The Rector and Visitors of the University of Virginia. UVAMC is located in Charlottesville, Virginia, Planning District (PD) 10, Health Planning Region (HPR) I.

Background

UVAMC is a comprehensive tertiary teaching hospital. The medical center is composed of an integrated network of primary and specialty services that include the Emily Couric Clinical Cancer Center, the UVA Children's Hospital, the Heart and Vascular Center, the Digestive Health Center of Excellence, a Level I Trauma Center, the Blue Ridge Poison Center, and more than 60 outpatient clinics located on the main hospital campus and in surrounding Albemarle County. Currently, UVAMC is authorized to utilize four fixed magnetic resonance imaging (MRI) scanners. As demonstrated in **Table 1** below, there are currently 15 authorized fixed diagnostic MRI scanners in PD 10. For 2020, the most recent year for which utilization data is available from Virginia Health Information (VHI), the collective utilization of the then 11 operational fixed diagnostic MRI scanners in PD 10 amounted to 74.8% of the SMFP fixed MRI expansion threshold (Table 8). UVAMC controls 12 of the 15 (80%) MRIs authorized in PD 10.

Table 1. PD 10 COPN Authorized Fixed Site Diagnostic MRI Units

Facility	Number of MRI Scanners
UVA Imaging -- Ivy Mountain	2
UVA Imaging - Zion Crossroads	1
Sentara Martha Jefferson Health Services - Proffit Road	1
Sentara Martha Jefferson Hospital	2
University of Virginia Medical Center	4
UVA Imaging Transitional Care Hospital	2
UVA Imaging Center Fontaine MOB 1	3
TOTAL	15

Source: DCOFN records

Proposed Project

UVAMC proposes to expand its existing MRI services through the addition of one Swoop Hyperfine fixed MRI unit – a portable scanner that is only used for imaging the head and brain. The magnet for this 0.064T scanner is only 4% of the strength of a 1.5T MRI. The MRI scanner in question is a highly specialized, limited use scanner, specifically designed to facilitate the diagnosis and treatment of several health issues relating to strokes, brain tumors, and post-operative neurological complications. The Hyperfine MRI unit is distinguishable from a traditional fixed MRI unit in several ways. For example, while it is fixed, meaning it permanently remains on the hospital site, the Hyperfine is portable, so that it can be wheeled directly to a patient’s bed. Moreover, as described above, the Hyperfine unit magnet operates at a fraction of the strength of a traditional 1.5T MRI fixed site unit.

UVAMC currently has an inventory of four fixed MRI scanners, and, based on 2020 utilization data from VHI, the most recent year such data is available, the four MRI scanners at UVAMC performed at 66.3% of the SMFP threshold for expansion of fixed site MRI services. The applicant states that it needs to add an MRI unit to UVAMC’s existing complement of four fixed MRI units in order to meet a unique medical need.

If the proposed project is approved, UVAMC will have a resulting complement of five fixed MRI units. The projected capital costs of the proposed project are \$467,190, all of which are attributed to the purchase of the Hyperfine MRI scanner (**Table 2**). The proposed specialized MRI is approximately a quarter of the cost of a more conventional, full service MRI. Capital costs will be funded entirely using the accumulated resources of the applicant. Accordingly, there are no financing costs associated with the proposed project. If approved, the new MRI scanner will be operational within six months of COPN issuance.

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

Equipment Not Included in Construction Contract	\$467,190
Total Capital Costs	\$467,190

Source: COPN Request No. VA-8630

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.” UVAMC is specifically exempted from the requirement to be licensed by Va Code § 32.1-124.

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 UVAMC in order to meet a unique medical need. Approval of a fifth MRI scanner will allow the provision of MRI services without requiring patients and providers to wait lengthy time periods for scheduling, diagnosis and treatment. Specifically, approval of the Hyperfine portable scanner would facilitate the diagnosis and treatment of strokes, brain tumors, and post-operative neurological complications, without the need to tie up one of UVAMC’s existing fixed scanners.

Geographically, UVAMC is readily accessible from I-64, US-29 and US-250. Additionally, public transportation is readily available via a Charlottesville Transit Service and Jefferson Area United Transit, Inc. Finally, the applicant states that there is ample public parking at UVAMC in hospital owned parking garages.

The most recent Weldon-Cooper data projects a total PD 10 population of 287,829 residents by 2030 (Table 3). This represents an approximate 22.6% 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 Charlottesville specifically, Weldon-Cooper projects a total population increase of approximately 20.5% from 2010 to 2030. With regard to the 65 and older age cohort, Weldon-Cooper projects a much more rapid increase among PD 10 as a whole than for the City of Charlottesville. Specifically, Weldon-Cooper projects an increase of approximately 90% in residents age 65 and over for PD 10 as a whole from 2010 to 2030, while an increase of only 57% is projected among the same age cohort for the City of Charlottesville (Table 4).

DCOPN did not identify any additional geographic, socioeconomic, cultural, transportation, and other barriers to access to care.

Table 3. PD 10 and Statewide Total Population Projections, 2010-2030

Locality	2010	2020	% Change	2030	% Change	2010-2030 % Change
Albemarle	98,970	111,039	12.2%	125,718	13.2%	27%
Charlottesville City	43,475	50,714	16.7%	52,376	3.3%	20.5%
Fluvanna	25,691	26,965	5.0%	30,258	12.2%	17.8%
Greene	18,403	20,348	10.6%	22,669	11.4%	23.2%
Louisa	33,153	36,737	10.8%	41,959	14.2%	26.6%
Nelson	15,020	14,828	-1.3%	14,850	0.1%	-1.1%
Total PD 10	234,712	260,631	11.0%	287,829	10.4%	22.6%
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 10 Population Projections for 65+ Age Cohort, 2010-2030

Locality	2010	2020	% Change	2030	% Change	2010-2030 % Change
Albemarle	14,124	21,417	51.6%	27,028	26.2%	91.4%
Charlottesville City	4,017	4,711	17.3%	6,306	33.9%	57%
Fluvanna	4,022	5,799	44.2%	7,366	27%	83.1%
Greene	2,345	3,836	63.6%	5,442	41.9%	132.1%
Louisa	4,796	7,826	63.2%	10,691	36.6%	122.9%
Nelson	2,988	4,124	38%	4,525	9.7%	51.4%

Total PD 10	32,292	47,712	47.8%	61,357	28.6%	90%
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 I facilities was 2.1% (**Table 5**).

Table 5. 2020 HPR I Charity Care Contributions

Health Planning Region I			
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:
Culpeper Regional Hospital	\$359,182,141	\$12,102,933	3.37%
University of Virginia Medical Center	\$5,962,089,202	\$186,745,010	3.13%
UVA Transitional Care Hospital	\$66,296,097	\$2,047,513	3.09%
Sentara RMH Medical Center	\$918,098,298	\$22,656,844	2.47%
Carilion Stonewall Jackson Hospital	\$137,363,522	\$2,944,339	2.14%
Martha Jefferson Hospital	\$731,733,007	\$11,500,103	1.57%
Page Memorial Hospital	\$63,530,998	\$792,862	1.25%
Augusta Medical Center	\$1,059,370,204	\$12,042,914	1.14%
Shenandoah Memorial Hospital	\$121,946,999	\$1,321,088	1.08%
Warren Memorial Hospital	\$150,609,573	\$1,621,917	1.08%
Stafford Hospital Center	\$287,238,184	\$3,044,975	1.06%
Winchester Medical Center	\$1,433,802,000	\$14,305,992	1.00%
Spotsylvania Regional Medical Center	\$589,741,098	\$5,843,457	0.99%
Mary Washington Hospital	\$1,429,424,065	\$13,513,637	0.95%
Bath Community Hospital	\$23,228,689	\$145,250	0.63%
Fauquier Hospital	\$412,365,921	\$1,528,892	0.37%
Total Facilities			16
Total \$ & Mean %	\$13,386,837,857	\$280,054,793	2.1%

Source: VHI (2020)

Geographically, UVAMC is located 2.5 miles from the U.S. 29 and U.S. 250 bypass and approximately 3 miles east of the I-64 exit on U.S. 29. Additionally, public transport is readily available by a public bus stop located across the street from the emergency department. 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 several letters of support for the proposed project from current UVA Health employees. Collectively, these letters articulated the unique benefits of the Hyperfine

MRI unit, particularly as it relates to the highly complex cases UVAMC sees as an academic hospital.

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 B of the Code of Virginia directs DCOPN to hold one public hearing on each application in a location in the county or city in which the project is proposed or a contiguous county or city in the case of competing applications; or in response to a written request by an elected local government representative, a member of the General Assembly, the Virginia State Health Commissioner, the applicant, or a member of the public. 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 a reasonable alternative. Currently, based on 2021 data provided by the applicant, UVAMC's four existing MRI scanners performed at an overall utilization rate of 70.8%, which is considerably short of the SMFP expansion threshold. Consequently, DCOPN finds that there is ample capacity within UVAMC's existing inventory, and no additional MRI scanners are needed.

However, given the applicant's arguments regarding the innovation in technology presented by the Hyperfine MRI unit, in addition to its portability and low cost, the DCOPN posits that one possible alternative to the proposed project would be for UVAMC to simply replace one of its existing hospital-based fixed MRI scanners with the Hyperfine unit. This alternative would be more beneficial than both the status quo, and the proposed project, for several reasons:

- (1) Replacement of an existing unit would not exacerbate the current surplus of fixed MRI units in PD 10.
- (2) Based on data provided by the applicant, even with the replacement of one of the existing MRI units with the Hyperfine unit, UVAMC would still have ample capacity to meet its current and future need. For example, based on 2021 data provided by the applicant, along with the applicant's assertion that the Hyperfine unit would perform 1,200 scans in Year 1, the remaining three fixed MRI scanners would perform approximately 12,875 scans, which amounts to a utilization rate of 85.8% for the three remaining fixed scanners, which would still be short of the SMFP threshold for expansion, and leave sufficient capacity within UVAMC's inventory to accommodate future demand. UVAMC makes the claim that demand for MRI usage will continue to rise in the near future, as neurological cases affecting the head and brain continue to increase. However, as discussed above, even with the replacement of one of the four existing fixed site units

with the Hyperfine unit, the three traditional fixed MRI units would still operate well below peak utilization. Moreover, if the applicant’s assertion is correct, that head and brain cases will continue to rise, then the applicant would be well-positioned to demonstrate the efficacy and utility of the Hyperfine, as the sole provider in the Commonwealth. However, as the data demonstrates, currently, there is no need for added capacity as it pertains to fixed site MRI units in PD 10.

- (3) Moreover, it is arguable that the reduction in existing fixed units would likely encourage more utilization of the Hyperfine unit, which, as highlighted by the applicant, has the added benefits of portability, comfortability, as well as reduced costs for patients.

It is also notable that, among the four UVA Health System outpatient facilities in PD 10 that are providing MRI services, there are currently eight authorized MRI scanners – three of which were not in service in 2020, or did not report utilization data. Based on 2020 data, the five functioning fixed MRI scanners performed at a collective utilization rate of 77.8%, demonstrating that UVA Health System has additional outpatient capacity within the health system should it need to offload cases to decompress demand at UVAMC. For these reasons, DCOPN concludes that there are reasonable alternatives to the proposed project that would meet the needs of the population in a less costly, more efficient, or more effective manner.

Table 6. UVA Health System MRI Utilization 2020

Facility	Number of MRI Scanners	Number of MRI Scans	Utilization Rate
UVA Imaging - Transitional Care Hospital (Northridge)	2	8,314	83.1%
UVA Imaging Center Fontaine (MOB 1)	3	11,149	74.3%
TOTAL and Average	5	19,463	77.8%

Source: VHI (2020)

Note:

*COPN VA-04745 authorized the establishment of a diagnostic imaging center with two MRI and one CT by UVA Imaging. Not yet operational.

**COPN VA-04370 authorized the establishment of a diagnostic imaging center with one MRI and one CT by University of Virginia Imaging, LLC. Not included in 2020 VHI data.

- (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 I designated by the Virginia Department of Health to serve as the Health Planning Agency for HPR I. 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 \$467,190. 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 fifth MRI scanner will allow the provision of MRI services without requiring patients and providers to wait lengthy time periods for scheduling, diagnosis and treatment.
- Additionally, UVAMC argues that, as a teaching hospital, it has a particular responsibility to introduce new technology that will safely advance patient care throughout the commonwealth.
- The portability of the new MRI unit would allow it to be wheeled into the emergency room or ICU, and placed right alongside a patient’s bed, without jeopardizing breathing tube or IV connections during transport.
- The 0.064T is very affordable, and does not require shielding, cooling, or screening for ferromagnetic objects normally necessary with higher field-strength MRIs.
- In addition to the significant clinical value, the Hyperfine MRI will also have important research and teaching implications.

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

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 I facilities was 2.1% 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 2.1% HPR I average.

Table 7. COPN Request No. VA-8630 Pro Forma Income Statement

	Year 1	Year 2
Gross Patient Revenue	\$8,842,210	\$9,019,054
Contractual Allowances and Provision for Bad Debts	(\$6,973,519)	(\$7,112,989)
Charity Allowances	(\$61,613)	(\$62,846)
Net Revenue	\$1,807,078	\$1,843,219
Total Expenses	(\$1,393,469)	(\$1,459,223)
Net Operating Income	(\$413,609)	(\$383,996)

Source: COPN Request No. VA-8630

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

DCOPN notes that, while there are alternatives that are more advantageous than the proposed project, there are unique benefits associated with implementation of the Hyperfine unit, namely, its portability and utility in an ER setting. For example, because of its lower strength magnet, the Hyperfine unit does not require shielding or cooling, making it very efficient in an emergency setting. Moreover, the Hyperfine unit's size and portability make it ideal for rapid deployment on patients presenting symptoms of possible stroke.

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

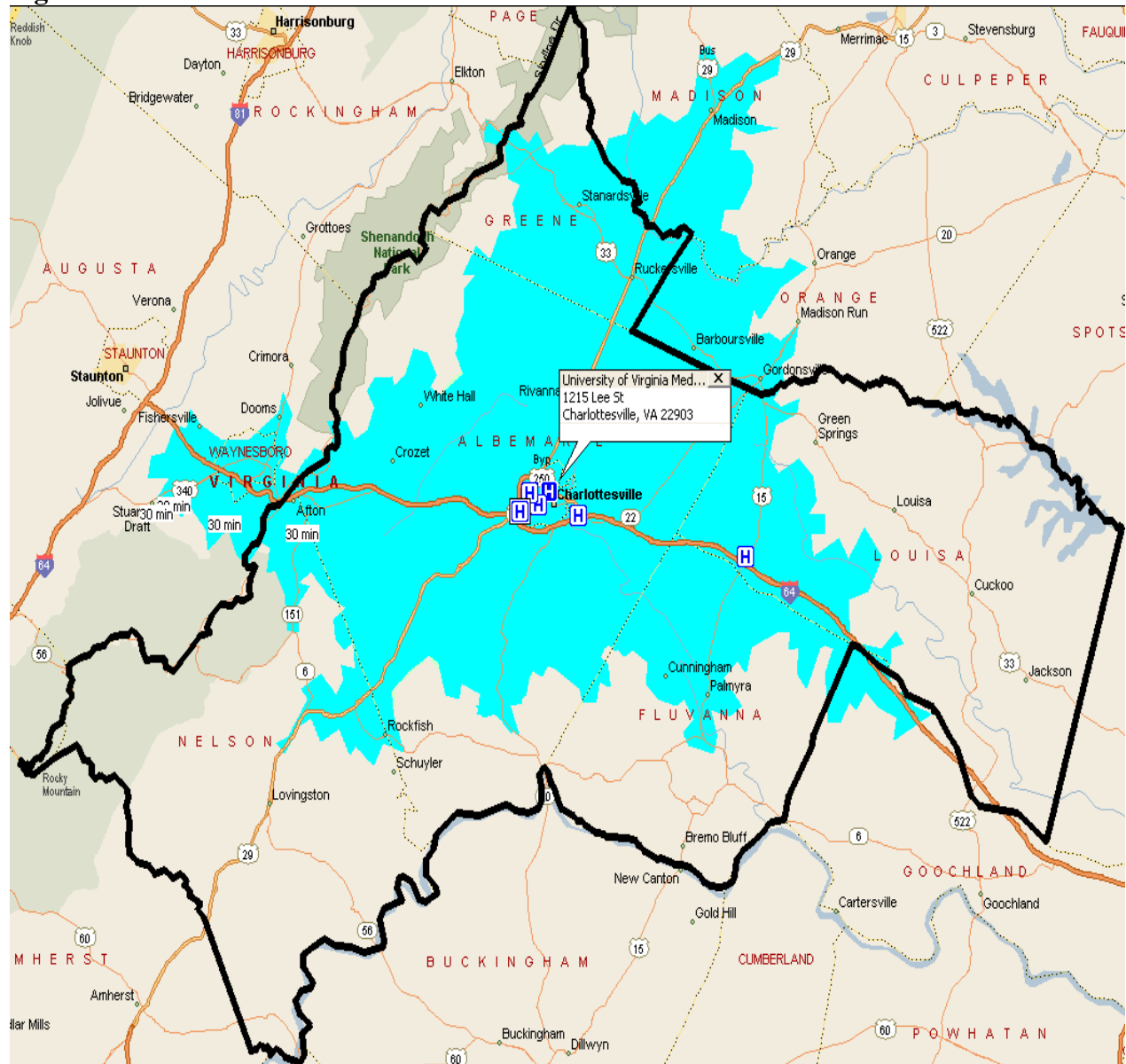
Article 2. Criteria and Standards for Magnetic Resonance Imaging

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 10. The white "H" symbols mark the locations of existing MRI providers in PD 10. The blue "H" symbol marks the location of UVAMC. The blue shaded area includes all locations that are within 30 minutes driving time one-way under normal conditions of MRI services in PD 10. 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 8** below, in 2020, the existing PD 10 fixed MRI inventory performed a collective MRI volume of 41,144 MRI procedures in 2020. Based on this data, DCOPN has calculated a current surplus of six fixed MRI scanners in PD 10 as follows:

$$\begin{aligned}
 &2022 \text{ COPN authorized fixed MRI units} = 15 \\
 &\text{Needed MRI units} = 41,144 \text{ (2020 MRI procedures)} \div 5,000 = 8.22 \text{ (9)} \\
 &\text{Fixed MRI unit surplus} = 6
 \end{aligned}$$

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.

As noted in **Table 8** below, for 2020, the most recent year for which VHI data is available, UVAMC’s four MRI units performed 13,254 MRI procedures with a utilization rate of 66.3%, well below the SMFP expansion standard of 5,000 procedures per scanner per year. However, based on data provided by the applicant, in 2021, UVAMC’s four MRI scanners performed 14,075 scans, at a utilization rate of 70.8%, which still falls considerably short of the SMFP standard (**Table 9**).

Table 8. PD 10 COPN Authorized Fixed MRI Units and Utilization: 2020

Facility	Number of MRI Scanners	Number of MRI Scans	Utilization Rate
Sentara Martha Jefferson Hospital	2	8,427	84.3%
University of Virginia Medical Center	4	13,254	66.3%
UVA Imaging - Transitional Care Hospital (Northridge)	2	8,314	83.1%
UVA Imaging Center Fontaine (MOB 1)	3	11,149	74.3%
TOTAL and Average	11	41,144	74.8%

Source: VHI Data (2020)

Table 9. UVAMC COPN Authorized Fixed MRI Units and Utilization: 2021

Facility	Number of MRI Scanners	Number of MRI Scans	Utilization Rate
University of Virginia Medical Center	4	14,075	70.8%

Source: COPN Request No. VA-8630

12VAC5-230-170. Adding or Expanding Mobile MRI Services.

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

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 minimal additional staff. Given current staffing levels, and UVAMC's existing recruiting strategies and resources, there is no impact anticipated for the staffing at UVAMC, or other area providers.

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 10, it is unlikely that the proposed project would foster institutional competition that benefits the area to be served. It will, to the contrary, further solidify UVAMC's dominance in the PD 10 MRI market.

- 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 introduce a technological innovation in the field of diagnostic imaging, as well as lessening the wait times for patients already seeking care from UVAMC.

- 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 \$467,190. 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**

One of the main benefits of the proposed project is that would offer the introduction of new technology that promotes quality and cost effectiveness in the delivery of health care services. Outside of these improvements, DCOPN finds approval of the proposed project would only marginally improve access to essential health care services for people in PD 10. 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.**

UVAMC is a state owned academic medical center. UVAMC asserts that they have a tripartite mission to provide research, training, and clinical care to benefit the citizens of the Commonwealth. The applicant additionally asserts that approval of the project inherently enhance their ability to carry out their clinical mission. Moreover, UVAMC asserts that their research and teaching missions will be aided and enhanced. Finally, the applicant states that innovations in inpatient services are intended to reach indigent and underserved populations and that the research, training, and clinical care at UVAMC will undoubtedly lead to innovation in the provision of healthcare for all citizens of the Commonwealth.

DCOPN Staff Findings and Conclusion

DCOPN finds that the proposed project to expand UVAMC's existing MRI services through the addition of one fixed MRI is not generally consistent with the applicable criteria and standards of the State Medical Facilities Plan and the eight Required Considerations of the Code of Virginia. As discussed, based on the current inventory of authorized MRI scanners in PD 10, there is an existing surplus of six MRI scanners.

Moreover, there are reasonable alternatives that are as advantageous, or more advantageous, than the proposed project. Namely, UVAMC could simply replace one of its existing fixed MRI

scanners with the Hyperfine unit. This alternative would be more beneficial than both the status quo, and the proposed project, for several reasons:

- (1) Replacement of an existing unit would not exacerbate the current surplus of fixed MRI units in PD 10.
- (2) Based on data provided by the applicant, even with the replacement of one of the existing MRI units with the Hyperfine unit, UVAMC would still have ample capacity to meet its current and future need. For example, based on 2021 data provided by the applicant, along with the applicant's assertion that the Hyperfine unit would perform 1,200 scans in Year 1, the remaining three fixed MRI scanners would perform approximately 12,875 scans, which amounts to a utilization rate of 85.8% for the three remaining fixed scans, which would still be well short of the SMFP threshold for expansion.
- (3) Moreover, it is arguable that the reduction in existing fixed units would likely encourage more utilization of the Hyperfine unit, which, as highlighted by the applicant, has the added benefits of portability, comfortability, as well as reduced costs for patients.

It is also notable that, among the four UVA Health System outpatient facilities in PD 10 that are providing MRI services, there are currently eight authorized MRI scanners. Based on 2020 data, the five functioning fixed MRI scanners performed at a collective utilization rate of 77.8%, demonstrating that UVA Health System has additional capacity within the health system should it need to offload cases to decompress demand at UVAMC. For these reasons, DCOPN concludes that there are reasonable alternatives to the proposed project that would meet the needs of the population in a less costly, more efficient, or more effective manner.

DCOPN Staff Recommendation

The Division of Certificate of Public Need recommends **denial** of the University of Virginia Medical Center's request to expand its existing MRI services through the addition of one fixed MRI unit, for the following reasons:

1. The project is not 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 an existing surplus of fixed MRI scanners in PD 10.
3. There are reasonable alternatives that are as advantageous, or more advantageous, than the proposed project.