

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

July 19, 2022

COPN Request No. VA-8632

Inova Reston MRI Center, LLC

Herndon, Virginia

Establish a specialized center for MRI services with one relocated and replaced MRI scanner

Applicant

Inova Reston MRI Center, LLC (IRMC) is a Virginia limited liability company jointly owned by Inova Health Care Services and Fairfax Radiological Consultants, PLLC. The applicant has no subsidiaries. The applicant proposes to establish the Reston-Herndon MRI Center, to be located in Herndon, Virginia. Herndon is located in Planning District (PD) 8 within Health Planning Region (HPR) II.

Background

Division of Certificate of Public Need (DCOPN) records show that there are currently 57 COPN authorized fixed-site magnetic resonance imaging (MRI) scanners in PD 8 (**Table 1**).

Table 1. PD 8 COPN Authorized Fixed MRI Units

Facility	Scanners
Fairfax MRI and Imaging Center at Tysons	1
Fairfax MRI Center at Reston	1
Inova Alexandria Hospital	2
Inova Fair Oaks Hospital	2
Inova Fairfax Medical Campus	4
Inova Center for Personalized Health	5
Inova Imaging Center - Ballston	1
Inova Imaging Center - Mark Center	1
Inova Loudoun Diagnostic Imaging Center - Leesburg	1
Inova Lorton Healthplex	1
Inova Loudoun Hospital	1
Inova Mount Vernon Hospital	1
Inova Reston MRI Center	1
Inova Springfield HealthPlex	1
Insight Imaging - Arlington / Medical Imaging Center of Arlington	2
Insight Imaging - Fairfax / Medical Imaging Center of Fairfax	1
Insight Imaging Woodbridge / Medical Imaging Center of Woodbridge	2

Facility	Scanners
Kaiser Permanente - Reston Medical Center	1
Kaiser Permanente - Tysons Corner Imaging Center	2
Kaiser Permanente - Woodbridge Imaging Center	2
Lakeside at Loudoun Tech Center	1
MRI of Reston	4
Novant Imaging Centerville dba Vienna Diagnostic Imaging	2
Prince William Hospital d/b/a UVA Haymarket Medical Center	1
Prince William Hospital d/b/a UVA Prince William Medical Center	2
Radiology Imaging Associates at Lansdowne	2
Radiology Imaging Associates at Sterling	1
Reston Hospital Center	1
Sentara Advanced Imaging Center - Lake Ridge	1
Sentara Northern Virginia Medical Center	1
StoneSprings Hospital Center	1
Tysons Corner Diagnostic Imaging	2
Virginia Hospital Center	4
Washington Radiology Associates, PC	1
Total	57

Source: DCOPN records

Proposed Project

IRMC proposes to relocate and replace an existing fixed site MRI unit from 100 Elden Street, Suite 16, Herndon, Virginia to 450 Springpark Place, Suite 100, Herndon, Virginia. The new site is approximately one mile from the existing site. Upon relocation, the new site will include the relocated MRI services, a proposed relocated CT service (COPN Request No. VA-8633), mammography, DEXA, ultrasound and X-ray. According to the applicant, the existing site has had chronic issues related to the age and resulting deterioration of the existing plant, as well as space constraints. For these reasons, placing the necessary upgraded equipment at the current location is not possible.

The projected capital costs of the proposed project total \$3,218,756 (**Table 2**). The applicant will fund the construction portion of the project using the accumulated reserves and operational cash flow of IRMC. The MRI equipment will be leased from the vendor. At the end of the lease term, IRMC will own the MRI equipment.

Table 2. IRMC Projected Capital Costs

Direct Construction	\$807,115
Equipment Not Included in Construction Contract	\$1,784,178
Site Acquisition Costs	\$503,402
Architectural and Engineering Fees	\$110,061
Other Consultant Fees	\$14,000
Total Capital Costs	\$3,218,756

Source: COPN Request No. VA-8632

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

Project Definition

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part as the “Establishment of a medical care facility described in subsection A.” A medical care facility includes “Any specialized center or clinic or that portion of a physician's office developed for the provision of ... magnetic resonance imaging (MRI)...”

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

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

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

Geographically, the proposed location in Herndon is approximately one half mile northwest of Fairfax County Parkway, with the closest cross street at Spring Street, and is approximately the same distance from the Dulles Toll Road. Fairfax County Parkway and the Dulles Toll Road are both major thoroughfares in the area. The site is easily accessible from both directions of Spring Street (Route 675). Additionally, the proposed site is approximately one mile from the future Herndon Silver Line Metro station. Effective summer 2022, a new bus route on the Herndon Connector will be initiated, which connects downtown Herndon to the Herndon Metro station and serves Spring Street with stops within easy walking distance of the building. Currently, there is no public transit that serves Spring Street, but this new line will be initiated in advance of occupancy at the new site.

According to regional and statewide data regularly collected by Virginia Health Information (VHI), for 2020, the most recent year for which such data is available, the average amount of charity care provided by HPR II facilities was 3.4% of all reported total gross patient revenues (**Table 3**). Pursuant to § 32.1-102.4 of the Code of Virginia, should the Commissioner approve the proposed project, IRMC should be subject to a charity care condition no less than the 3.4% HPR II average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

Table 3. HPR II Charity Care Contributions: 2020

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

Source: VHI (2020)

Table 4 shows projected population growth in PD 8 through 2030. Overall, the planning district was projected to add an estimated 356,377 people in the 10-year period ending in 2020. For the 10-year period ending in 2030, the planning district is projected to add an estimated 350,128 people. DCOPN notes that the population of PD 8 as a whole was expected to increase approximately 16% for the period ending in 2020 and approximately 14% for the period ending in 2030, rates nearly double that of the statewide average.

With regard to the 65 and older age cohort, Weldon-Cooper projects a much more rapid increase (**Table 4**). Specifically, Weldon-Cooper projects an increase of approximately 56% for the period ending in 2020 and approximately 38% for the period ending in 2030. This is significant, as this age group uses medical care resources, including diagnostic services, at a rate much higher than the rest of the population.

Table 4. Population Projections for PD 8, 2010-2030

Locality	2010	2020	% Change 2010-2020	Avg Ann % Change 2010-2020	2030	% Change 2020-2030	Avg Ann % Change 2020-2030
Arlington	139,966	166,261	18.79%	1.69%	182,067	9.51%	0.91%
Fairfax County	207,627	249,298	20.07%	1.80%	274,339	10.04%	0.96%
Loudoun	22,565	25,047	11.00%	1.02%	26,397	5.39%	0.53%
Prince William	1,081,726	1,162,504	7.47%	0.71%	1,244,025	7.01%	0.68%

Locality	2010	2020	% Change 2010-2020	Avg Ann % Change 2010-2020	2030	% Change 2020-2030	Avg Ann % Change 2020-2030
Alexandria City	12,332	14,988	21.54%	1.92%	17,032	13.64%	1.29%
Fairfax City	312,311	430,584	37.87%	3.18%	554,808	28.85%	2.57%
Falls Church City	37,821	43,099	13.96%	1.28%	46,332	7.50%	0.73%
Manassas City	14,273	17,086	19.71%	1.77%	20,284	18.72%	1.73%
Manassas Park City	402,002	478,134	18.94%	1.71%	571,844	19.60%	1.81%
Total PD 8	2,230,623	2,587,000	15.98%	1.46%	2,937,128	13.53%	1.28%
PD 8 65+	192,589	300,491	56.03%	4.44%	413,269	37.53%	3.24%
Virginia	8,001,024	8,655,021	8.17%	0.77%	9,331,666	7.82%	0.76%
Virginia 65+	976,937	1,352,448	38.44%	3.22%	1,723,382	27.43%	2.45%

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

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

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

DCOPN received six letters of support for the proposed project from the local medical community. Collectively, these letters articulate several benefits of the project, including:

- The current MRI unit is at its end of life and a replacement is needed. The current facility cannot support a replacement MRI unit due to space constraints and the space’s physical condition.
- The new, up-to-date and modern facility and the upgraded MRI unit will result in an enhancement in quality and service for IRMC’s patients. The new location also has significantly enhanced parking and additional handicapped spaces.
- The new MRI unit will be a 3.0T scanner with state of the art capabilities, including deep learning artificial intelligence.
- Co-locating a breast mammography center with the upgraded MRI unit will improve the treatment experience for patients who are screening for breast cancer.
- The newest MRI technology allows for faster and higher resolution imaging, which is more comfortable for patients.

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

Public Hearing

DCOPN provided notice to the public regarding these projects on May 10, 2022. The public comment period closed on June 24, 2022. On June 27, 2022, HSANV held a public hearing for the project. Representatives for IRMC presented the project. No member of the public spoke in support or opposition to the proposed project at the public hearing.

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

Neither DCOPN nor the applicant identified a reasonable alternative to the proposed project that would meet the needs of the people in the area to be served in a less costly, more efficient, or more effective manner. The applicant asserts that the Elden Street site has a number of building-related problems related to the age of and resulting deterioration of the physical plant, including chronic water infiltration into the site from rainwater. Additionally, the existing MRI unit is at the end of its life and needs upgrading. However, because of space constraints, placing a new MRI unit at the Elden Street location is not possible. The proposed project is an inventory-neutral relocation from the Elden Street location to the Springpark location, which is approximately one mile away and in the same Zip Code. Furthermore, the move is within the applicant's primary service area. As such, the proposed project is highly unlikely to affect the utilization and efficiency of existing providers. For these reasons, DCOPN finds that the proposed project to relocate one fixed MRI unit within PD 8 is more advantageous than maintaining the status quo.

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

The Health Systems Agency of Northern Virginia (HSANV) Board of Directors reviewed at its June 27, 2022 meeting the COPN application filed by Inova Reston MRI Center (COPN Request VA-8632) that seeks authorization to replace and relocate its MRI scanning service in Herndon, VA. The Board voted nine in favor and none opposed to recommend that the application be approved:

1. The MRI service IRMC proposes to relocate, and the scanner it proposes to replace, are dated. The service needs to be moved to more appropriate space. The scanner is near the end of its useful life and must be replaced, onsite or elsewhere.
2. The new location in Herndon, VA, is about 1.3 miles from the current site. There would be no noticeable change in the center's primary service area or in the population served.
3. The supply and demand for MRI scanning services in Northern Virginia is well balanced. There is no indication of a current or near term regional need for additional MRI services or additional MRI scanners.
4. A replacement and relocation proposal, the project would not change the number of local MRI scanning services or scanners.

5. Though not needed to meet current or near term community demand, relocating and updating a dated and poorly located service is a reasonable business decision that should result in more efficient operations and marginal improvement in access to care.
6. The capital cost of the project is within the range reported for similar projects locally and elsewhere in Virginia.
7. There is no indication, or reason to believe, that the project would affect any imaging service negatively.
8. The project appears to be generally consistent with applicable provisions of the Virginia State Medical Facilities Plan as they have been applied to similar proposals.

DCOPN agrees with the HSANV recommendation for approval, and concurs with, and adopts, the attached HSANV staff report and analysis.

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

As demonstrated by **Table 2**, the projected capital costs of the proposed project are \$3,218,756. The applicant will fund the construction portion of the project using the accumulated reserves and operational cash flow of IRMC. The MRI equipment will be leased from the vendor. At the end of the lease term, IRMC will own the MRI equipment. DCOPN concludes that when compared to similar projects, these costs are reasonable. For example, COPN No. VA-04744 issued to Bon Secours St. Francis, LLC to introduce MRI services with one relocated and replaced MRI unit is anticipated to cost approximately \$3,272,544.

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

- The co-located imaging modalities at the new shared site will provide needed space and a more modern environment that will improve the patient experience, providing better patient flow and greater patient convenience, and result in better coordination of care, greater efficiency and reduced wait times.
- The new location is 1.3 miles away from the current location with ample parking including better handicapped access and will include the latest ADA-compliant features.
- The existing site has had chronic issues related to the age of and resulting deterioration of the physical plant, and because of that as well space constraints, placing the necessary upgraded equipment at that location is not viable.
- The existing MRI unit is at end of life and needs upgrading and to be replaced but cannot be at the old location.
- Establishment of a specialized center for MRI services will be accomplished through relocation of an existing COPN-authorized MRI unit. Approval of the project will not result in an increase in COPN-authorized MRI units in PD 8.

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

DCOPN notes that, according to regional and statewide data regularly collected by VHI, for 2020, the most recent year for which such data is available, the average amount of charity care provided by HPR II facilities was 3.4% of all reported total gross patient revenues (**Table 3**). As previously discussed, recent changes to § 32.1-102.4B of the Code of Virginia now require DCOPN to place a charity care condition on every applicant seeking a COPN. DCOPN notes that, if approved, the proposed project IFRC should be subject to the system-wide charity care condition applicable to Inova Health Care Services d/b/a Inova Health System pursuant to COPN No. VA-04381 (issued April 2, 2013), as amended by the State Health Commissioner by letter dated January 4, 2016 (the Inova System-Wide Condition). Pursuant to the 2016 reconsideration, the Inova System-Wide Condition reset to 3.9% as of January 1, 2022.

- (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 application is consistent with the State Health Services Plan;

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

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

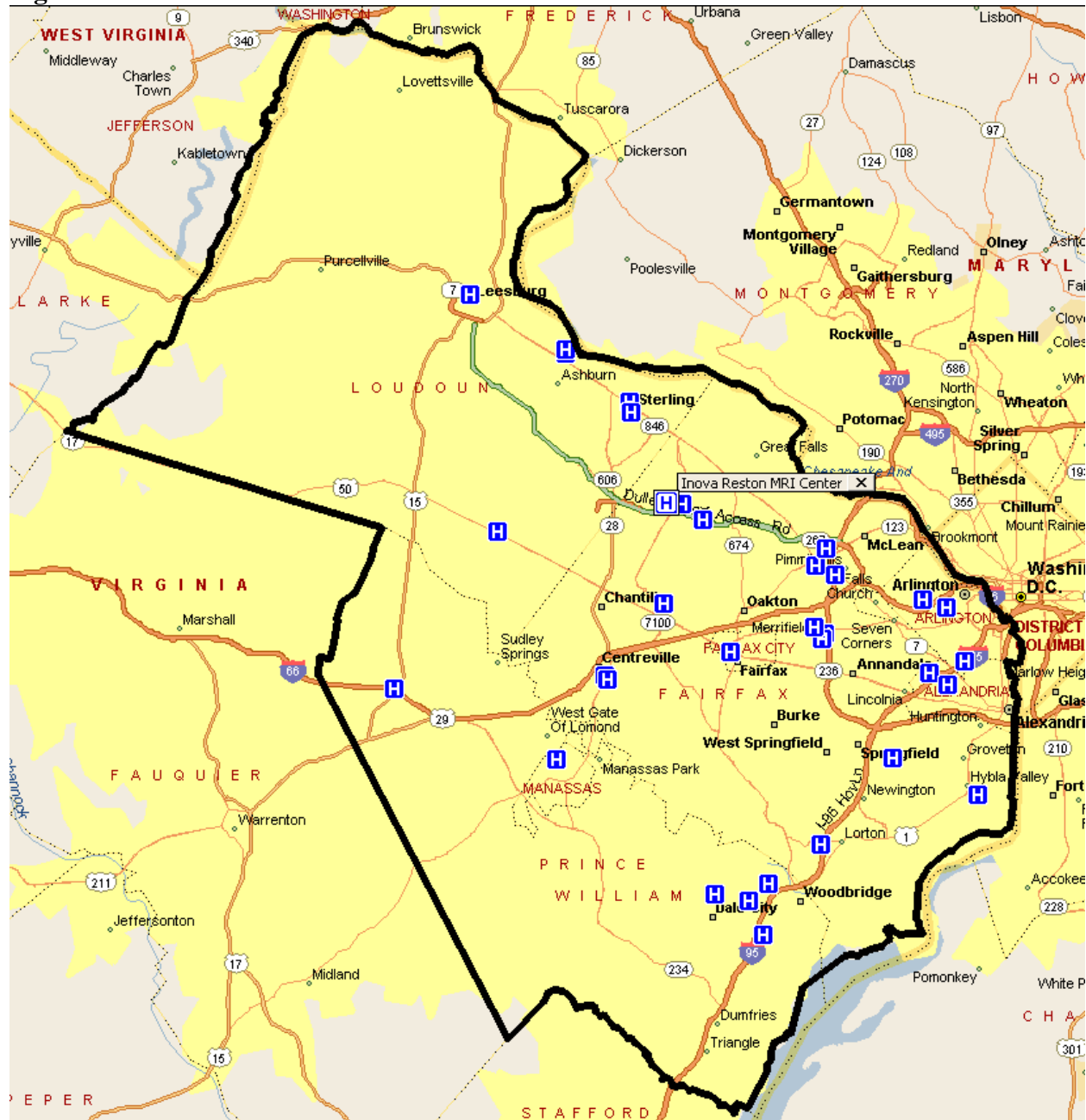
Article 2 Criteria and Standards for Magnetic Resonance Imaging

12VAC5-230-140. Travel time.

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

The heavy black line in **Figure 1** is the boundary of PD 8. The blue “H” symbols mark the locations of existing MRI providers in PD 8. The white “H” symbol marks the location of the proposed project. The yellow shaded area includes the area that is within 30 minutes driving time one-way under normal conditions of existing MRI services in PD 8. **Figure 1** clearly illustrates that MRI services are already well within a 30 minute drive under normal conditions of 95% of the residents of PD 8.

Figure 1



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

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

As shown in **Table 5** below, the then-existing PD 8 fixed MRI inventory performed a collective MRI volume of 199,616 MRI procedures in 2020, with an overall utilization of 76.8%. Based on this data, DCOPN has calculated a current surplus of 17 fixed MRI scanners in PD 8 as follows:

2020 COPN authorized fixed MRI units = 52
 Needed MRI units = 199,616 (2020 MRI procedures) ÷ 5,000 = 39.92 (40)
 2022 MRI unit inventory = 57
Fixed MRI unit surplus = 17

Table 5. PD 8 COPN Authorized Fixed MRI Units and Utilization: 2020

Facility	Number of Scanners	Number of Scans	Utilization Rate
Fairfax MRI and Imaging Center at Tysons	2	8,165	81.7%
Fairfax MRI Center at Reston	1	4,633	92.7%
Fairfax Radiology Center of Sterling	1	2,682	53.6%
Inova Alexandria Hospital	2	7,062	70.6%
Inova Arlington MRI Center	1	2,291	45.8%
Inova Fair Oaks Hospital	2	6,673	66.7%
Inova Fairfax Hospital	3	13,633	90.9%
Inova Fairfax MRI Center	6	27,071	90.2%
Inova Imaging Center - Leesburg	1	2,186	43.7%
Inova Imaging Center-Mark Center	1	3,141	62.8%
Inova Lorton HealthPlex	1	1,906	38.1%
Inova Loudoun Hospital	1	5,148	103.0%
Inova Mount Vernon Hospital	1	4,477	89.5%
Inova Springfield HealthPlex	1	3,491	69.8%
Insight Imaging - Arlington / Medical Imaging Center of Arlington	2	7,199	72.0%
Insight Imaging - Fairfax / Medical Imaging Center of Fairfax	1	3,992	79.8%
Insight Imaging Woodbridge / Medical Imaging Center of Woodbridge	2	7,573	75.7%
Kaiser Permanente - Reston Medical Center	1	5,007	100.1%
Kaiser Permanente - Woodbridge Medical Center	1	4,311	86.2%
Kaiser Permanente Tysons Corner Surgery Center	1	11,166	223.3%
MRI of Reston	4	14,308	71.5%
Novant Health UVA Health System Haymarket Medical Center	1	4,110	82.2%
Novant Health UVA Health System Prince William Medical Center	2	4,614	46.1%
Novant Imaging Centerville dba Vienna Diagnostic Imaging	1	5,635	112.7%
Radiology Imaging Associates at Lansdowne	2	6,511	65.1%
Reston Hospital Center	1	4,002	80.0%
Sentara Advanced Imaging Center - Lake Ridge	1	2,123	42.5%
Sentara Northern Virginia Medical Center	1	3,398	68.0%
StoneSprings Hospital Center	1	1,208	24.2%
Tysons Corner Diagnostic Imaging	2	6,092	60.9%

Facility	Number of Scanners	Number of Scans	Utilization Rate
Virginia Hospital Center	3	12,714	84.8%
Washington Radiology Associates, PC	1	3,094	61.9%
2020 Total and Average	52	199,616	76.8%

Source: VHI Data (2020)

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

As noted in **Table 5** above, in 2020, the utilization of existing MRI services in the planning district was only 76.8% of the 5,000 procedures per scanner necessary to introduce MRI scanning services to a new location under this section of the SMFP. For that same year, the applicant’s one MRI unit was well utilized at 92.7% of the SMFP standard (displayed as “Fairfax MRI Center at Reston”) in **Table 5** and 2020 VHI data.) The new site is approximately one mile from the existing site. Furthermore, the move is within the applicant’s primary service area and within the same Zip Code. DCOPN notes that the site of the relocation is close to several existing facilities, including Reston Hospital Center, MRI of Reston, and Kaiser Permanente - Reston Medical Center. However, the units at these facilities were well utilized in 2020, at 80%, 71.5% and 100.1% respectively. Therefore, DCOPN concludes that approval of the proposed project is unlikely to reduce the patient loads of those nearby MRI providers.

12VAC5-230-160. Expansion of fixed site service.

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

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

12VAC5-230-170. Adding or expanding mobile MRI services.

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

Not applicable. The applicant is not proposing to add or expand mobile MRI services.

12VAC5-230-180. Staffing.

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

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

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;**

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

- 5. The relationship of the proposed project to the existing health care system of the area to be served, including the utilization and efficiency of existing services or facilities;**

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

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

As already discussed, DCOPN contends that the projected costs of \$3,218,756 are reasonable when compared to previously authorized projects similar in scope. For example, COPN No. VA-

04744 issued to Bon Secours St. Francis, LLC to introduce MRI services with one relocated and replaced MRI unit is anticipated to cost approximately \$3,272,544. The applicant will fund the construction portion of the project using the accumulated reserves and operational cash flow of IRMC. The MRI equipment will be leased from the vendor. At the end of the lease term, IRMC will own the MRI equipment. The Pro Forma Income Statement provided by the applicant projects a net profit of \$1,475 from in the first year of operation, and a net profit of \$1,492 in the second year of operation.

Table 6. IRMC Pro Forma Income Statement

	Year 1	Year 2
Total Gross Revenue	\$16,150	\$16,402
Contractual/Other Discounts	(\$9,442)	(\$9,589)
Charity Care	(\$630)	(\$640)
Net Revenue	\$6,079	\$6,174
Total Expenses	\$4,604	\$4,682
Excess of Revenue over Expenses	\$1,475	\$1,492

Source: COPN Request No. VA-8632

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

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

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

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

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

DCOPN Findings and Conclusions

DCOPN finds that Inova Reston MRI Center, LLC's COPN request to establish a specialized center for MRI services with one relocated and replaced MRI scanner is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. The proposed project is an inventory-neutral relocation of an existing COPN approved MRI unit. Additionally, the move is within the applicant's primary service area and within the same Zip Code. Finally, the current location has a number of building related issues and the existing MRI unit is nearing the end of its useful life. For these reasons, DCOPN concludes that the proposed project is more favorable than maintaining the status quo.

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

DCOPN Staff Recommendation

The Division of Certificate of Public Need recommends **conditional approval** of Inova Reston MRI Center, LLC's COPN request to establish a specialized center for MRI services with one relocated and replaced MRI scanner for the following reasons:

1. The proposed project is generally consistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The project is inventory neutral and is more favorable than maintaining the status quo.
3. The capital costs are reasonable.
4. The proposed project appears economically viable in the immediate and the long-term.
5. There is no known opposition to the proposed project.

Recommended Condition

This project shall be subject to the system-wide charity care condition applicable to Inova Health Care Services d/b/a Inova Health System pursuant to COPN No. VA-04381 (issued April 2, 2013), as amended by the State Health Commissioner by letter dated January 4, 2016 (the Inova System-Wide Condition). Pursuant to the 2016 reconsideration, the Inova System-Wide Condition reset to 3.9% as of January 1, 2022. Provided, however, that charity care provided under the Inova System-Wide condition shall be valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq.

Inova Health System will accept a revised percentage based on the regional average after such time regional charity care data valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social

Security Act, 42 U.S.C. § 1395 et seq. is available from Virginia Health Information. In addition to any right to petition the Commissioner contained in the Inova System-Wide condition, to the extent Inova Health System expects its Inova System-Wide condition as valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. or any revised percentage to materially alter the value of its charity care commitment thereunder, it may petition the Commissioner for a modification to the Inova System-Wide condition to resolve the expected discrepancy.