

# VIRGINIA DEPARTMENT OF HEALTH

## Office of Licensure and Certification

### Division of Certificate of Public Need

#### Staff Analysis

September 19, 2022

#### **COPN Request No. VA-8642**

Bon Secours Mercy Health Petersburg LLC, d/b/a Bon Secours Southside Medical Center  
Colonial Heights, Virginia  
Add one CT scanner at Bon Secours - Colonial Heights Imaging Services

#### Applicant

Bon Secours Mercy Health Petersburg LLC d/b/a Bon Secours Southside Medical Center (BSSMC) is a Virginia Limited Liability Company formed in 2019. BSSMC operates Bon Secours Colonial Heights Imaging Services (BSCHIS) in Colonial Heights, Virginia. BSSMC and BSCHIS are located in Planning District (PD) 19, Heath Planning Region (HPR) IV.

#### Background

According to Division of Certificate of Public Need (DCOPN) records, there are eight Certificate of Public Need (COPN) authorized computed tomography (CT) scanners in PD 19 (**Table 1**).

**Table 1. PD 19 COPN Authorized CT Scanners: 2022**

<b>Facility</b>	<b>Units</b>
Appomattox Imaging	1
Bon Secours Southern Virginia Regional Medical Center	1
Bon Secours Southside Medical Center	2
Bon Secours Southside Emergency Care at Colonial Heights	1
John Randolph Medical Center	1
TriCities Emergency Center	1
VCU Health Imaging at Southpark Medical Center	1
<b>Total</b>	<b>8</b>

Source: DCOPN Records

BSSMC operates BSCHIS at 436 Clairmont Court, Suite 101, Colonial Heights, Virginia. The imaging center currently offers imaging services, including an MRI and x-ray services. BSCHIS previously offered CT services at the Clairmont Court site, but in 2018, the CT service was relocated to the Bon Secours Southside Emergency Care Center at Colonial Heights pursuant to COPN No. VA-04484, issued August 2015.

### **Proposed Project**

As previously discussed, BSSMC proposes to expand CT services to its existing freestanding imaging center, BSCHIS. Because there was previously a CT at BSCHIS there is vacant space that requires only minor renovations, such as relocation of the control room, replacement of doorways, enhancement to the HVAC system, and cosmetic updates, to place the new CT unit.

The projected capital costs of the proposed project are \$1,959,635, approximately 46% of which are attributed to direct construction costs (**Table 2**). Capital costs will be funded through the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project. If the State Health Commissioner (Commissioner) approves the proposed project, construction is expected to begin five months after COPN issuance and is projected to be complete 10 months after COPN issuance. The target date of opening is 12 months after COPN issuance.

**Table 2: BSSMC Projected Capital Costs**

Direct Construction Costs	\$906,105
Equipment Not Included in Construction Contract	\$874,125
Architectural and Engineering Fees	\$164,405
Other Consultant Fees	\$15,00
<b>Total Capital Costs</b>	<b>\$1,959,635</b>

Source: COPN Request No. VA-8642

### **Project Definition**

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

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

In determining whether a public need for a project exists, the following factors shall be considered:

- 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, BSCHIS is located at 436 Clairmont Court, Suite 101, Colonial Heights, Virginia, approximately eight miles north of BSSMC. The facility is located immediately east of Interstate-95, within one mile of the Temple Avenue exit. BSCHIS is not accessible by public transportation, but is accessible by ride-sharing services.

The most recent Weldon-Cooper data projects a total PD 19 population of 173,995 persons by 2030 (**Table 3**). This represents an approximate 0.31% increase in total population from 2010 to

2030. Comparatively, Weldon-Cooper projects the total population of Virginia to increase by approximately 16.63% for the same period. With regard to the 65 and older age cohort in PD 19, Weldon-Cooper projects a much more rapid increase. Weldon-Cooper projects a PD 19 increase of approximately 50.6% among this age cohort from 2010-2030 (**Table 3**). While this is below the projected statewide growth of 76.41% for the 65+ cohort, PD 19's growth is still significant, and this age group typically uses health care services at a rate much higher than those under the age of 65, including diagnostic imaging services.

**Table 3. Statewide and PD 19 Total Population Projections, 2010-2030**

Locality	2010	2020	% Change 2010-2020	Avg Ann % Change 2010-2020	2030	% Change 2020-2030	Avg Ann % Change 2020-2030	% Change 2010-2030
Dinwiddie	28,001	28,669	2.39%	0.23%	30,473	6.29%	0.61%	8.83%
Greensville	12,243	11,340	-7.38%	-0.75%	11,144	-1.72%	-0.17%	-8.98%
Prince George	35,725	37,613	5.28%	0.50%	39,408	4.77%	0.47%	10.31%
Surry	7,058	6,501	-7.89%	-0.80%	6,282	-3.37%	-0.34%	-10.99%
Sussex	12,087	11,370	-5.93%	-0.59%	10,657	-6.27%	-0.65%	-11.83%
Colonial Heights	17,411	17,631	1.26%	0.12%	17,766	0.77%	0.08%	2.04%
Emporia City	5,927	5,462	-7.85%	-0.79%	5,317	-2.65%	-0.27%	-10.29%
Hopewell City	22,591	22,852	1.16%	0.11%	22,781	-0.31%	-0.03%	0.84%
Petersburg City	32,420	31,671	-2.31%	-0.23%	30,166	-4.75%	-0.49%	-6.95%
<b>Total PD 19</b>	<b>173,463</b>	<b>173,109</b>	<b>-0.20%</b>	<b>-0.20%</b>	<b>173,995</b>	<b>0.51%</b>	<b>0.05%</b>	<b>0.31%</b>
<b>PD 19 65+</b>	<b>24,581</b>	<b>30,488</b>	<b>24.03%</b>	<b>2.12%</b>	<b>37,022</b>	<b>21.43%</b>	<b>1.96%</b>	<b>50.61%</b>
Virginia	8,001,024	8,655,021	8.17%	0.77%	9,331,666	7.82%	0.76%	16.63%
Virginia 65+	976,937	1,352,448	38.44%	3.22%	1,723,382	27.43%	2.45%	76.41%

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 IV facilities was 1.3% of all reported total gross patient revenues (**Table 4**). In that same year, BSSMC provided 0.31% of its gross patient revenue in the form of charity care. 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. 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 no less than the 1.3% HPR IV average.

**Table 4: 2020 HPR IV Charity Care Contributions**

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
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%

<b>2020 Charity Care Contributions at or below 200% of Federal Poverty Level</b>			
<b>Hospital</b>	<b>Gross Patient Revenues</b>	<b>Adjusted Charity Care Contribution</b>	<b>Percent of Gross Patient Revenue</b>
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 Facilities			15
Median			1.1%
<b>Total \$ &amp; Mean %</b>	<b>\$28,085,022,444</b>	<b>\$373,973,444</b>	<b>1.3%</b>

Source: VHI (2020)

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

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

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

DCOPN received 29 letters of support for the proposed project from members of the BSSMC medical community, and local community members and leaders. Collectively, these letters addressed:

- BSSMC has served the residents of the greater Petersburg area for decades.
- Patients needing outpatient diagnostic services at the busy BSSMC or the freestanding emergency department can be bumped for a more urgent patient, causing unnecessary delays.
- BSCHIS is a multi-modality, freestanding imaging center and adding a CT unit there would help decompress the hospital’s CT service and provide residents of the area with ease of access to CT services.
- Consumers prefer an ambulatory location to a congested hospital campus for services such as diagnostic imaging. The proposed project responds to healthcare trends of more and more imaging services offered at dedicated outpatient campuses.

DCOPN received a letter of opposition from Appomattox Imaging (Appomattox Imaging Opposition Letter), dated August 24, 2022. The Appomattox Imaging Opposition Letter discussed:

- Because of its close proximity to two new CT services, the Bon Secours Mercy Health Petersburg project is likely to significantly reduce utilization of existing providers in PD 19.
- Appomattox Imaging and VCU Health are both less than three miles away [from the site of the proposed project].
- Appomattox Imaging resumed CT imaging less than a year ago, and the VCU Health Imaging CT imaging service authorized by COPN No. VA-04729 has not yet opened.
- Until the new CT services have had the chance to establish themselves, the introduction of a third CT service in such close proximity would invariably “significantly reduce the utilization of existing providers in the health planning district.”

The applicant responded to the Appomattox Imaging Opposition Letter, noting:

- BSSMC proposes COPN Request No. VA-8642 based on the hospital’s institution-specific need to expand CT services and for the express purpose of decompressing utilization of the CT scanners located on its inpatient hospital campus.
- Utilization of the two CT units located on the hospital campus has exceeded the SMFP utilization standard for more than five years.
- There is no basis for Appomattox Imaging’s claim that approval of COPN Request No. VA-8642 will harm other existing providers of CT services in Planning District 19. The intent of the project is to serve BSSMC’s existing patient population by simply shifting CT scans that would be performed at its inpatient campus to an existing outpatient imaging center.
- No portion of the CT volume projections is based on the redirection of patient volume from other CT providers, regardless of proximity.

#### Public Hearing

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 Commissioner, the applicant, or a member of the public. COPN Request No. VA-8642 is not competing with another project in this batch cycle and DCOPN did not receive a request to conduct a public hearing for the proposed project. Thus, 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;**

BSSMC has expressed an institutional need to expand its CT services. As noted in **Table 5** below, for 2020, the most recent year for which VHI data is available, BSSMC's three CT scanners performed 23,351 procedures with a utilization rate of 105.18%, above the SMFP expansion standard of 7,400 procedures per scanner per year. Additionally, the applicant reports, in 2021, the three CT scanners performed 26,252 CT procedures with a utilization rate of 118%. DCOPN notes that the utilization reported to VHI for BSSMC combines the two CT scanners located on the hospital campus and the CT scanner located at Bon Secours Southside Emergency Care Center at Colonial Heights (**Table 5**). Although the applicant reported to VHI combined utilization data for the three CT scanners, it also provided separate historical utilization data in the application for COPN Request No. VA-8642 (**Table 6**). As shown in **Table 6**, the CT scanner at Bon Secours Southside Emergency Care Center at Colonial Heights operated at 52.08% utilization in 2020. Additionally, the applicant reports, in 2021, the CT scanner at Bon Secours Southside Emergency Care Center at Colonial Heights performed 4,807 procedures and operated at 65% utilization. As will be discussed in greater detail later in this staff analysis report, the applicant has demonstrated an institutional need to expand. Furthermore, the Bon Secours Health System does not operate any CT scanners in PD 19 that are appropriate for reallocation because its CT scanners are well utilized, are geographically remote from the location of the proposed project, or the facility operates only one CT scanner.

Regarding placing the CT scanner at BSCHIS, as opposed to on the hospital campus, the applicant asserts there is no space available adjacent to the existing CT suite, and the hospital campus is congested and difficult to navigate. Conversely, BSCHIS is a dedicated ambulatory/outpatient imaging facility, which is easier to access, where it is easy to park, and the campus is easy to navigate.

Furthermore, regarding offloading the excess CT scans to the existing scanner at Bon Secours Southside Emergency Care Center at Colonial Heights, the applicant asserts that the CT scanner at Bon Secours Southside Emergency Care Center at Colonial Heights is needed to support the emergency service at the facility. Therefore, emergency patients will get first priority and will bump scheduled CT patients. Furthermore, DCOPN observes that if the CT scanner at Bon Secours Southside Emergency Care Center at Colonial Heights were to absorb the applicant's projected scans by year two (2,372)<sup>1</sup>, in addition to the 4,807 CT scans it performed in 2021, the CT scanner would immediately be operating at 97% utilization.

In summary, for the reasons discussed above, the proposed project is preferable to the status quo and the potential alternatives.

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<sup>1</sup> Application for COPN Request No. VA-8642, p. 21.

**(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 regional health planning agency for the Central Virginia region. Accordingly, this consideration is not applicable to this review.

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

As shown in **Table 2**, the estimated capital costs of the proposed project are \$1,959,635. 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, when compared with similar projects, these costs are reasonable. For example, COPN No. VA-04802 issued to Shore Health Services, Inc. to add one CT scanner at Riverside Shore Memorial Hospital, which is projected to cost approximately \$1,930,939.

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

- BSSMC already leases the space occupied by BSCHIS and no additional space will be required (or additional lease expense incurred) in connection with the proposed project;
- The facility currently offers a convenient onsite surface parking lot and there is a covered entrance canopy for patient drop-off at the entrance to the facility;
- By expanding BSSMC's CT services to BSCHIS, BSSMC will be able to decompress CT utilization on its hospital campus, provide patients with access to CT imaging services closer to population centers within its service area, and better serve those who are vulnerable while helping to create healthy communities through strengthened technological and clinical capabilities.
- Upon completion of the proposed project, the BSCHIS facility will offer a full complement of advanced imaging services and serve as a comprehensive imaging alternative to the hospital campus for outpatient imaging.
- The BS-CHIS imaging facility is located in Southside's existing primary service area for CT services and in an area that is projected to experience population growth, particularly among seniors over the age of 65, who utilize services at a higher rate than the general population.
- BSSMC's CT utilization, whether evaluated on the basis of the two CT units on the main hospital campus, or including the additional CT unit at the Bon Secours Southside Emergency Care Center freestanding emergency department, reflects utilization that substantially exceeds the SMFP utilization standard and demonstrates an institution-specific need to expand.

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

The Pro Forma income statement provided by the applicant includes the provision of charity care in the amount of 1.3% of gross patient revenue (**Table 5**). As previously discussed, 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 IV facilities was 1.3% of all reported total gross patient revenues (**Table 4**). In that same year, BSSMC provided 0.31% of its gross patient revenue in the form of charity care. 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. 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 no less than the 1.3% HPR IV average.

**Table 5. BSSMC Pro Forma Income Statement**

	<b>Year 1</b>	<b>Year 2</b>
<b>Total Gross Revenue</b>	<b>\$24,125,479</b>	<b>\$25,124,640</b>
Charity Care	(\$327,189)	(\$342,417)
Contractuals, Bad Debts and Other Revenue Deductions	(\$18,919,22)	(\$19,799,740)
<b>Net Operating Revenue</b>	<b>\$4,879,078</b>	<b>\$4,982,483</b>
Total Operating Expenses (excluding depreciation)	\$96,624	\$99,261
<b>EBITDA</b>	<b>\$4,782,455</b>	<b>\$4,883,223</b>

Source: COPN Request No. VA-8642

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

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

**3. The extent to which the application is consistent with the State Medical Facilities 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 standards and criteria for the addition of diagnostic services. They are as follows:

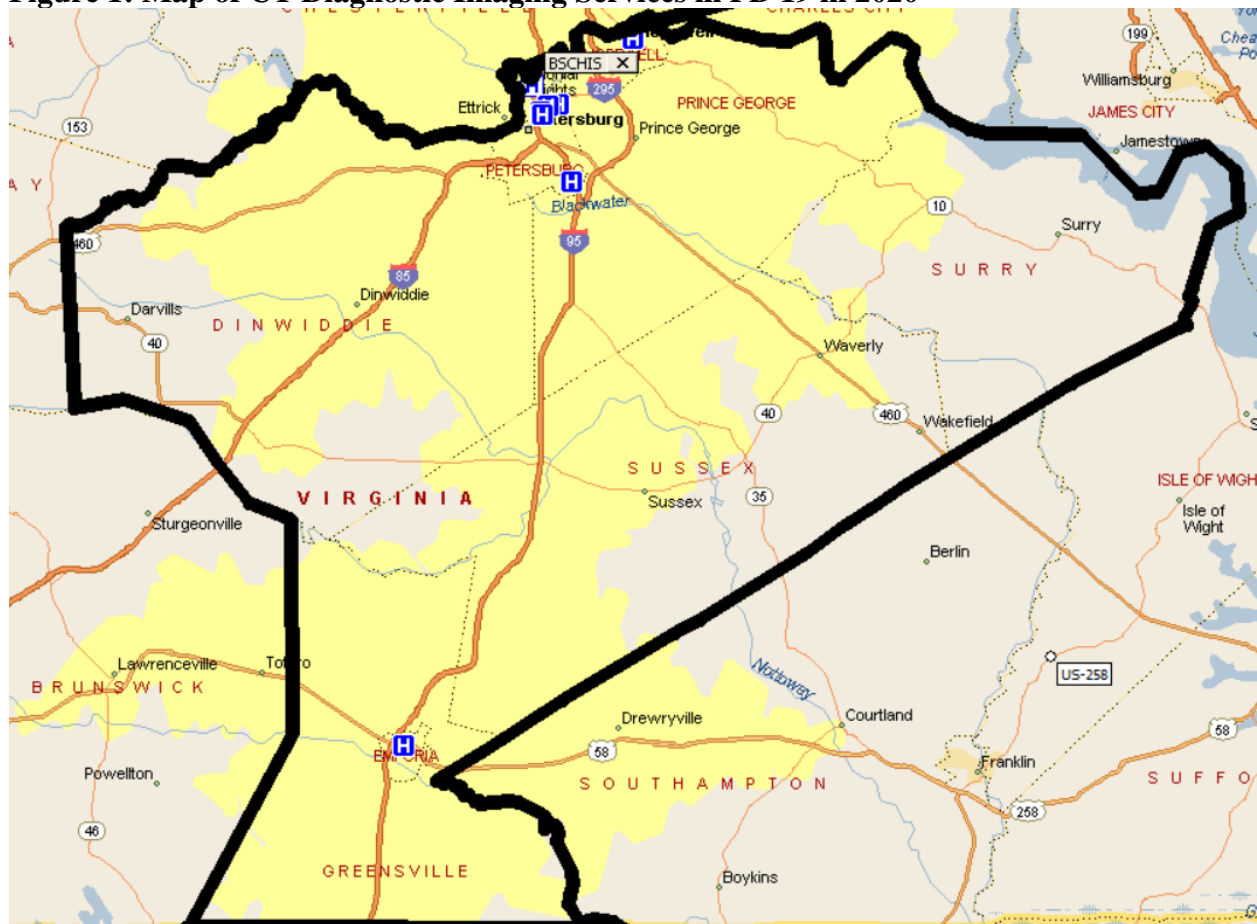
**Part II. Diagnostic Imaging Services**  
**Article 1. Criteria and Standards for Computed Tomography**

**12VAC5-230-90. Travel time.**

**CT services should be 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 19. The blue “H” symbols mark the locations of existing CT providers in PD 19. 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 CT services in PD 19. **Figure 1** illustrates that CT services are already well within a 30 minute drive under normal conditions of 95% of the residents of PD 19.

**Figure 1: Map of CT Diagnostic Imaging Services in PD 19 in 2020**



Source: DCOPN Records

**12VAC5-230-100. Need for New Fixed Site or Mobile Service.**

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

BSSMC is not proposing to establish a new service, but rather, proposes to increase its current CT scanner complement by one CT scanner. Accordingly, this provision is not applicable to the proposed project. However, DCOPN includes it in the staff analysis report for a complete picture of the public need in PD 19. Furthermore, DCOPN notes, as will be discussed later in this staff analysis report, that BSSMC’s current capacity demonstrates an institutional need for expansion. DCOPN includes the information below to present a full picture of the needs of PD 19.

As noted in **Table 5** below, in 2020, the utilization of existing CT scanners in the planning district was 100.21% of the 7,400 procedures per scanner necessary to introduce CT scanning services to a new location under this section of the SMFP. Moreover, DCOPN calculates a surplus of two fixed CT scanners in the planning district.

Calculated Needed Fixed CT Scanners in PD 19

COPN authorized CT scanners = 8

Calculated Needed CT scanners =

44,492 scans in the PD 19 in 2020/ 7,400 scans = 6.01 (6) scanners needed

PD 19 Calculated Need = 6 CT scanners

2022 PD 19 CT Inventory = 8 CT scanners

PD 19 Calculated Surplus = 2 CT scanners

**Table 5. PD 19 COPN Authorized Fixed CT Units and Utilization: 2020**

Facility	Number of Scanners	Number of Scans	Procedures / Unit	Utilization Rate
Bon Secours Southern Virginia Medical Center	1	3,220	3,220	43.51%
Bon Secours Southside Medical Center	3	23,351	7,784	105.18%
John Randolph Medical Center	2	17,921	8,961	121.09%
<b>2020 Total/Average</b>	<b>6</b>	<b>44,492</b>	<b>7,415</b>	<b>100.21%</b>
<b>2022 PD 19 Total</b>	<b>8</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

Source: VHI (2020) and DCOPN records

**B. Existing CT scanners used solely for simulation with radiation therapy treatment shall be exempt from the utilization criteria of this article when applying for a COPN. In addition, existing CT scanners used solely for simulation with radiation therapy treatment may be disregarded in computing the average utilization of CT scanners in such health planning district.**

DCOPN has excluded existing CT scanners used solely for simulation prior to the initiation of radiation therapy from its inventory and average utilization of diagnostic CT scanners in PD 19.

**12VAC5-230-110. Expansion of Fixed Site Service.**

**Proposals to expand an existing medical care facility's CT service through the addition of a CT scanner should be approved when the existing services performed an average of 7,400 procedures per scanner for the relevant reporting period. The commissioner may authorize placement of a new unit at the applicant's existing medical care facility or at a separate location within the applicant's primary service area for CT services, provided the proposed expansion is not likely to significantly reduce the utilization of existing providers in the health planning district.**

BSSMC has cited an institutional specific need to expand its current CT services. DCOPN notes that the utilization reported to VHI for BSSMC combines the utilization of the two CT scanners located on the hospital campus and the CT scanner located at Bon Secours Southside Emergency Care Center at Colonial Heights. As noted in **Table 5** above, for 2020, the most recent year for which VHI data is available, BSSMC's three CT scanners performed 23,351 CT procedures with a utilization rate of 105.18%, above the SMFP expansion standard of 7,400 procedures per scanner per year. Additionally, the applicant reports, in 2021, the three CT scanners performed 26,252 CT procedures with a utilization rate of 118%. Finally, as shown in **Table 5** above, the applicant's three CT scanners performed an average of 7,784 procedures. The applicant meets this standard.

As described in 12VAC5-230-110, the Commissioner may authorize placement of the CT scanner at a separate location within the applicant's primary service area (PSA) for CT service, provided the proposed expansion is not likely to significantly reduce the utilization of existing providers in the PD. BSCHIS is located in Colonial Heights, in Zip Code 23834, which is approximately nine miles from BSSMC. As previously discussed, the applicant proposes to expand its CT services to BSCHIS because there is no space to expand CT services on the congested hospital campus and because the space at BSCHIS is already equipped to accommodate the CT scanner. The applicant's PSA encompasses nine Zip Codes, including 23834, the location of the proposed project.<sup>2</sup> Moreover, as shown in **Table 5** above, the CT scanners in PD 19 are well utilized. Finally, expansion of the applicant's CT services is intended to meet an established institutional need and will serve BSSMC's existing patients. The applicant meets this standard.

**12VAC5-230-120. Adding or Expanding Mobile CT Services.**

**A. Proposals for mobile CT scanners shall demonstrate that, for the relevant reporting period, at least 4,800 procedures were performed and that the proposed mobile unit will not significantly reduce the utilization of existing CT providers in the health planning district.**

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

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<sup>2</sup> Application for COPN Request No. VA-8642 Table IV.B.2.ii

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

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

**12VAC5-230-130. Staffing.**

**CT services should be under the direction or supervision of one or more qualified physicians.**

The applicant has confirmed that CT services will be under the direction and supervision of one or more qualified physicians.

The SMFP also contains criteria/standards for when institutional expansion is needed. They are as follows:

**Part 1  
Definitions and General Information**

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

- 1. Notwithstanding any other provisions of this chapter, the commissioner may grant approval for the expansion of services at an existing medical facility in a health planning district with an excess supply of such services when the proposed expansion can be justified on the basis of a facility's need having exceeded its current service capacity to provide such service or on the geographic remoteness of the facility.**
- 2. If a facility with an institutional need to expand is part of a health system, the underutilized services at other facilities within the health system should be reallocated, when appropriate, to the facility with the institutional need to expand before additional services are approved for the applicant. However, underutilized services located at a health system's geographically remote facility may be disregarded when determining institutional need for the proposed project.**
- 3. This section is not applicable to nursing facilities pursuant to §32.1-102.3:2 of the Code of Virginia.**
- 4. Applicants shall not use this section to justify a need to establish new services.**

As previously discussed, BSSMC has cited an institutional specific need to expand its current CT services. As noted in **Table 5** above, for 2020, the most recent year for which VHI data is available, BSSMC's three CT scanners performed 23,351 CT procedures with a utilization rate of 105.18%, above the SMFP expansion standard of 7,400 procedures per scanner per year. Additionally, the applicant reports, in 2021, the three CT scanners performed 26,252 CT procedures with a utilization rate of 118%.

With regard to reallocating underutilized CT capacity in the health system, **Table 6** displays the PD 19 CT scanners operated by Bon Secours Health System. As previously discussed, DCOPN notes that the utilization reported to VHI for BSSMC combines the two CT scanners located on

the hospital campus and the CT scanner located at Bon Secours Southside Emergency Care Center at Colonial Heights (**Table 5**). Although the applicant reported to VHI combined utilization data for the three CT scanners, it also provided separate historical utilization data in the application for COPN Request No. VA-8642 (**Table 6**). As shown in **Table 6**, the CT scanner at Bon Secours Southside Emergency Care Center at Colonial Heights operated at 52.08% utilization in 2020. Additionally, the applicant reports, in 2021, the CT scanner at Bon Secours Southside Emergency Care Center at Colonial Heights performed 4,807 procedures and operated at 65% utilization. Bon Secours Health System also operates a CT scanner at Bon Secours Southern Virginia Medical Center, which is in a geographically remote area in PD 19. Therefore, DCOPN concludes that the Bon Secours Health System does not have any underutilized capacity that would be appropriate for reallocation.

**Table 6. Bon Secours Health System PD 19 COPN Authorized Fixed CT Units and Utilization: 2020**

Facility	Number of Scanners	Number of Scans	Procedures / Unit	Utilization Rate
Bon Secours Southern Virginia Medical Center	1	3,220	3,220	43.51%
Bon Secours Southside Medical Center (on campus)	2	19,497	9,749	131.74%
Bon Secours Southside Emergency Care Center at Colonial Heights	1	3,854	3,854	52.08%
<b>Total/Average</b>	<b>4</b>	<b>44,492</b>	<b>11,123</b>	<b>150.31%</b>

Source: VHI (2020) and COPN Request No. VA-8642

**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 would provide outpatient diagnostic imaging, thereby potentially offering services to patients of PD 19 at a lower price point than when received in hospitals. DCOPN contends that approval of the proposed project will not introduce institutional competition, as the applicant is part of a health system that operates the largest number of CT scanners operated by one health system in PD 19 (**Table 1**). However, as previously discussed, the applicant has demonstrated an institutional need to expand and the project warrants approval.

**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 already discussed, DCOPN maintains that the applicant has adequately demonstrated an institutional need for the additional CT scanner. Furthermore, as already discussed, DCOPN further concludes that transferring the requested CT scanner from another Bon Secours Health System facility is not a reasonable alternative to the proposed project. Therefore, DCOPN contends that although the proposed project would add to the existing PD 19 surplus, the project warrants approval. Lastly, because the project hinges upon an institutional need, DCOPN contends that approval of the proposed project is not likely to have a significant negative impact on existing providers of CT services in PD 19.

**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 5**) provided by the applicant projects excess revenue of \$4,782,455 by the end of the first full year of operations and excess revenue of \$4,982,223 by the end of the second full year of operations, indicating that the proposed project is financially feasible in the immediate and long-term. The projected capital costs of the proposed project are \$1,959,635, approximately 46% of which are attributed to direct construction costs (**Table 2**). Capital costs will be funded through the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project. As previously discussed, DCOPN concludes that, when compared with similar projects, these costs are reasonable. For example, COPN No. VA-04802 issued to Shore Health Services, Inc. to add one CT scanner at Riverside Shore Memorial Hospital, which is projected to cost approximately \$1,930,939.

The applicant anticipates the need to hire one additional full-time equivalent person (FTE), a registrar, for the proposed project. The applicant asserts that any additional FTEs needed to staff the proposed project will be relocated from BSSMC. However, DCOPN notes that the Bon Secours careers website lists current recruitment for CT technologists in PD 19, indicating some need for additional FTEs. Although the applicant is an established provider of diagnostic imaging services and has a well-developed and effective recruitment and employee retention program, DCOPN finds that the applicant may have difficulty filling the required position based on current staffing shortages and the applicant's apparent ongoing recruitment of CT technologists.

**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 diagnostic services. As an outpatient facility, the proposed project could offer lower cost of health care for patients who do not require diagnostic imaging services in a hospital setting, thereby providing beneficial market competition and offering services to patients of PD 19 at a lower price point.

**8. In the case of a project proposed by or affecting a teaching hospital associated with a public institution of higher education or a medical school in the area to be served, (i) the unique research, training, and clinical mission of the teaching hospital or medical school, 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 a public institution of higher education or medical school in the area to be served. Approval of the proposed project would not contribute to the unique research, training or clinical mission of a teaching hospital or medical school.

### **DCOPN Staff Findings and Conclusions**

DCOPN finds that Bon Secours Mercy Health Petersburg LLC d/b/a Bon Secours Southside Medical Center's proposed project to expand CT services with one CT scanner at Bon Secours - Colonial Heights Imaging Services is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. As previously discussed, the applicant's three COPN approved CT scanners operated at 105.18% utilization in 2020, above the SMFP threshold for expansion. Additionally, DCOPN concludes that Bon Secours Health System does not have any underutilized capacity that would be appropriate for reallocation, and that the applicant has demonstrated an institutional need to expand. Moreover, for the reasons discussed, the status quo is not a preferable alternative to the proposed project.

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.

### **DCOPN Staff Recommendation**

The Division of Certificate of Public Need recommends **conditional approval** of Bon Secours Mercy Health Petersburg LLC d/b/a Bon Secours Southside Medical Center's request to add one CT scanner at Bon Secours - Colonial Heights Imaging Services 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 applicant has demonstrated an institutional need to expand its CT services.
3. The capital costs are reasonable.
4. The proposed project appears economically viable in the long-term.
5. The project is more favorable than maintaining the status quo.

DCOPN's recommendation is contingent on Bon Secours Mercy Health Petersburg LLC d/b/a Bon Secours Southside Medical Center's agreement to the following charity care condition:

Bon Secours Mercy Health Petersburg LLC d/b/a Bon Secours Southside Medical Center will provide CT services to all persons in need of these services, regardless of their ability to pay, and will provide as charity care to all indigent persons free services or rate reductions in services and will facilitate the development and operation of primary medical care services to medically underserved persons in PD 19 in an aggregate amount equal to at least 1.3% of Bon Secours Mercy Health Petersburg LLC d/b/a Bon Secours Southside Medical Center's gross patient revenue

derived from CT services. Compliance with this condition will be documented to the Division of Certificate of Public Need annually by providing audited or otherwise appropriately certified financial statements documenting compliance with the preceding requirement. Bon Secours Mercy Health Petersburg LLC d/b/a Bon Secours Southside Medical Center will accept a revised percentage based on the regional average after such time regional charity care data valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. is available from Virginia Health Information. The value of charity care provided individuals pursuant to this condition shall be based on the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq.

Bon Secours Mercy Health Petersburg LLC d/b/a Bon Secours Southside Medical Center will provide CT care to individuals who are eligible for benefits under Title XVIII of the Social Security Act (42 U.S.C. § 1395 et seq.), Title XIX of the Social Security Act (42 U.S.C. § 1396 et seq.), and 10 U.S.C. § 1071 et seq. Bon Secours Mercy Health Petersburg LLC d/b/a Bon Secours Southside Medical Center will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.