

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

September 19, 2022

COPN Request No. VA-8637

Short Pump Imaging, LLC

Richmond, Virginia

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

COPN Request No. VA-8644

Scott's Addition ER

Richmond, Virginia

Establish a specialized center for CT imaging with one relocated and replaced CT scanner

Applicants

COPN Request No. VA-8637: Short Pump Imaging, LLC

Short Pump Imaging, LLC is owned by Chippenham & Johnston-Willis Hospitals, Inc. and Richmond Outpatient Imaging, LLC. Chippenham & Johnston-Willis Hospitals, Inc. is a for-profit Virginia stock corporation that holds 51% ownership of Short Pump Imaging, LLC. HCA Healthcare, Inc. is the ultimate corporate parent of Chippenham & Johnston-Willis Hospitals, Inc. Richmond Outpatient Imaging, LLC has 49% ownership of Short Pump Imaging, LLC. The proposed new facility would be in space rented from MESA Commercial, LLC at 12401 West Broad Street in Richmond, Virginia in Planning District (PD) 15, Health Planning Region (HPR) IV.

COPN Request No. VA-8644: Scott's Addition ER

HCA Health Services of Virginia, Inc., d/b/a Henrico Doctor's Hospital is a for-profit Virginia stock corporation. It is the parent company of the proposed new facility, which would be located in space rented from Thalhimer Realty Partners at 801 Ellen Road, Richmond, Virginia in PD 15, HPR IV.

Background

Computed Tomography (CT) Scanners and Utilization in PD 15

According to Division of Certificate of Public Need (DCOPN) records, to date, there are 53 authorized CT scanners in PD 15, all of which are fixed-site scanners (**Table 1**). Two of these are dedicated to intraoperative CT procedures, one at Bon Secours St. Mary's Hospital and one at VCU Health System. These two are not utilized for diagnostic CT scans. In 2020, the last year for which the DCOPN has data available from Virginia Health Information (VHI), utilization of the then-

existing CT scanners in PD15 was 98.1% of the State Medical Facilities Plan (SMFP) threshold for expansion, 7,400 CT scans per scanner. Excluding intraoperative CT scanners, utilization in PD15 in 2020 was 102.8% of the SMFP threshold (**Table 9**).

Table 1. PD 15 Authorized Fixed CT Units

Facility	# Scanners	# Scanners excluding Intraoperative
Bon Secours Chester Emergency and Imaging Center	1	1
Bon Secours Imaging Center at Reynolds Crossing	1	1
Bon Secours Memorial Regional Medical Center	3	3
Bon Secours Richmond Community Hospital	1	1
Bon Secours Short Pump Emergency/Imaging Center	1	1
Bon Secours St. Francis Medical Center	2	2
Bon Secours St. Mary's Hospital	4	3
Bon Secours Westchester Imaging Center	1	1
Buford Road Imaging	1	1
Chester Imaging Center	1	1
Chesterfield Imaging	1	1
Chippenham Hospital	3	3
Hanover Emergency Center	1	1
Henrico Doctor's Hospital - Parham Doctors' Hospital	1	1
Henrico Doctor's Hospital – Retreat	1	1
Henrico Doctors' Hospital – Forest	2	2
Independence Park Imaging	1	1
Virginia Cardiovascular Specialists	1	1
Johnston-Willis Hospital	3	3
Richmond Ear, Nose & Throat	1	1
Richmond Eye & Ear Healthcare Alliance d/b/a Medarva Healthcare	1	1
Swift Creek ER	1	1
VCU Health Neuroscience, Orthopedic and Wellness Center	1	1
VCU Health System	9	8
VCU Medical Center Adult Outpatient Pavilion	1	1
VCU Medical Center at Stony Point Radiology	1	1
VCU Health Emergency Center at New Kent	1	1
Virginia Cancer Institute – Harbourside	1	1
Virginia Cancer Institute - Dominion Drive	1	1
Virginia Ear Nose & Throat – Chesterfield	1	1
Virginia Ear Nose & Throat – Henrico	1	1
Virginia Urology	2	2
West Creek Medical Center	1	1
Total	53	51

Source: DCOPN Records; CT Simulators are excluded from this inventory

Magnetic Resonance Imaging (MRI) Scanners and Utilization in PD 15

MRI is relevant to COPN Request No. VA-8637 but is not a component of COPN Request No. 8644; therefore, MRI is not part of the competing project evaluation. According to DCOPN records, to date, there are 43 authorized MRI scanners in PD 15 (**Table 2**). In 2020, the last year for which the DCOPN has data available from VHI, utilization of the fixed MRI scanners in PD15 at that time was 61.1% of the SMFP threshold for expansion, 5,000 MRI scans per unit (**Table 10**).

Table 2. PD 15 Authorized Fixed MRI Units

Facility	Number of Scanners
Bon Secours Chester Emergency & Imaging Center	1
Bon Secours Imaging Center at Reynolds Crossing	2
Bon Secours Memorial Regional Medical Center	2
Bon Secours Richmond Community Hospital	1
Bon Secours Short Pump Imaging Center	1
Bon Secours St. Francis Medical Center	3
Bon Secours St. Mary's Hospital	2
Bon Secours Westchester Imaging Center	1
Chesterfield Imaging	1
Chester Imaging Center	1
Chippenham Hospital	2
Ellen Shaw De Paredes Institute For Women's Imaging	1
Henrico Doctor's Hospital - Parham Doctors' Hospital	1
Henrico Doctor's Hospital - Retreat	1
Henrico Doctors' Hospital - Forest	2
Independence Park Imaging	1
Johnston-Willis Hospital	3
MEDARVA West Creek Surgery Center	1
OrthoVirginia MRI - Parham	1
Tuckahoe Orthopaedics MRI	1
VCU Health System	9
VCU Medical Center Adult Outpatient Pavilion	1
VCU Medical Center at Stony Point Radiology	1
VCU NOW Center	1
Virginia Urology Center	1
West Creek Medical Center	1
Total	43

Source: DCOPN Records

Proposed Projects

COPN Request No. VA-8637: Short Pump Imaging, LLC

Short Pump Imaging proposes to establish a new outpatient site for imaging services to include MRI, CT and other imaging services at 12401 West Broad Street, Richmond, Virginia. The proposed project would replace and relocate one CT scanner and one MRI scanner from Independence Park Imaging 7.6 miles away within the same zip code as the proposed site. The CT and MRI scanners were authorized by COPN Nos. VA-03898 and VA-03861, respectively. The applicant describes an insufficient HVAC system at the current facility that causes discomfort for staff and patients and creates a risk for the CT and MRI scanners due to its inability to maintain prescribed temperature ranges optimal for their functioning and longevity. In addition, patients have provided feedback that the current facility is difficult to find. The total capital cost for the proposed project is \$16,855,536 (Table 3), which will be funded by the internal resources of HCA Healthcare, Inc. so there are no financing costs associated with this project.

Table 3. Projected Capital Costs, Short Pump, LLC

Direct Construction	\$5,049,000
Equipment Not Included in Construction Contract	\$3,000,000
Site Acquisition Costs	\$8,402,536
Off-Site Costs	\$117,000
Architectural and Engineering Fees	\$287,000
TOTAL Capital Cost	\$16,855,536

Source: COPN Request No. VA-8637

COPN Request No. VA-8644: Scott’s Addition ER

HCA Health Services of Virginia, Inc. proposes to establish a freestanding emergency department with one CT scanner in the Scott’s Addition neighborhood at 1801 Ellen Road, Richmond, VA in PD 15 by relocating and replacing a CT scanner from West Creek Emergency Center, also in PD 15. The CT scanner was authorized by COPN No. VA- 04179 in 2008 as part of a general acute care hospital. West Creek Medical Center (WCMC) was not completed as the infrastructure and road system in the area has not been developed adequately to provide easy access to the facility. The total capital cost for the proposed project is \$17,159,645 (**Table 4**), which will be funded through the internal resources of HCA Healthcare, Inc., so there are no financing costs associated with this project.

Table 4. Projected Capital Costs, Scott's Addition ER

Direct Construction	\$7,903,000
Equipment Not Included in Construction Contract	\$2,855,000
Site Acquisition Costs	\$6,401,645
Off-Site Costs	\$0
Architectural and Engineering Fees	\$0
TOTAL Capital Cost	\$17,159,645

Source: COPN Request No. VA-8644

Project Definition

COPN Request No. VA-8637: Short Pump Imaging, LLC

Section 32.1 of the Code of Virginia defines a project, in part as, “The establishment of a medical care facility”; A medical care facility includes “...Specialized centers or clinics or that portion of a physician's office developed for the provision of...computed tomographic (CT) scanning, magnetic resonance imaging (MRI)...”

COPN Request No. VA-8644: Scott’s Addition ER

Section 32.1 of the Code of Virginia defines a project, in part as, “The establishment of a medical care facility”; A medical care facility includes “...Specialized centers or clinics or that portion of a physician's office developed for the provision of...computed tomographic (CT) scanning...” and “any facility licensed as a hospital...”

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;**

COPN Request No. VA-8637: Short Pump Imaging, LLC

The proposed new facility is less than 8 miles from the existing facility (Independence Park Imaging Center) and within the same zip code, so it is likely to serve the same geographic population as the CT and MRI scanners' current location. The proposed location is directly across West Broad Street from Bon Secours Short Pump Emergency/Imaging Center, so the project doesn't expand access geographically. The area is already served by existing CT and MRI services. The project represents an improvement in access to its current patients in that it is more visible to traffic and patients arriving for CT and MRI procedures than the current site and the new site is on the Greater Richmond Transit Company (GRTC) bus line. Additionally, operating in a facility capable of maintaining prescribed temperature ranges for operation and longevity of the equipment may decrease downtime and extend the life of the equipment.

Regarding socioeconomic barriers to access DCOPN notes that according to the most recent U.S. Census data, within PD 15 only the City of Richmond and Charles City County have poverty rates higher than the 10.7% statewide average (**Table 6**). More specifically, Richmond City has the highest poverty rate in PD15 at 23.2%, nearly twice as high as Virginia overall. The applicant states that services will be available to patients regardless of their ability to pay and offer discounts for medically necessary care for patients who don't qualify for charity care. According to regional and statewide data regularly collected by VHI, for 2020, the most recent year for which such data are available, the average amount of charity care provided by HPR IV facilities was 1.3% of all reported total gross patient service revenues (**Table 5**). CJW Medical Center, which holds 51% ownership of Short Pump Imaging, LLC, had a charity care percentage of gross patient revenue just below this average, but approximately equal to the median for HPR IV. Furthermore, the pro forma budget for the project anticipates that 1.3% of gross revenue will be provided as charity care. Bon Secours St. Mary's Hospital, with which the Bon Secours Short Pump Emergency/Imaging Center is associated, had a charity percentage of 2.54% in 2020. DCOPN is not aware of, and the applicant did not identify, any other geographic, socioeconomic, cultural, or transportation barriers to access to care.

For the preceding reasons, should the Commissioner approve the proposed project, DCOPN recommends a charity care condition consistent with the 2020 HPR IV average hospital charity care rate and equal to at least 1.3% of gross patient services revenue derived from CT services.

COPN Request No. VA-8644: Scott's Addition ER

The proposed project would include a CT scanner in a new freestanding emergency department by relocating and replacing the CT scanner from 16.8 miles away at the WCMC location to the proposed Scott's Addition ER site. Whereas WCMC has minimal utilization and access, the proposed new site is near the center of PD 15. There are no existing providers of CT services within five minutes of the proposed site. DCOPN concludes that the proposed project increases access compared with the status quo location of WCMC.

The nearest provider of CT services to the proposed site is Henrico Doctor’s Hospital (HDH)-Retreat which, according to 2020 VHI data, had 40.6% utilization. HDH-Parham and HDH-Forest are each approximately 10 minutes from the proposed Scott’s Addition ER. They reported volumes consistent with 137.8% utilization and 99.8% utilization, respectively (**Table 9**).

Regarding socioeconomic barriers to access DCOPN notes that according to the most recent U.S. Census data, within PD 15 only Richmond and Charles City have poverty rates higher than the 10.7% statewide average (**Table 6**). More specifically, Richmond City has the highest poverty rate in PD15 and it is 23.2%, nearly twice as high as Virginia overall. The applicant states that services will be available to patients regardless of their ability to pay and offer discounts for medically necessary care for patients who don’t qualify for charity care. According to regional and statewide data regularly collected by VHI, for 2020, the most recent year for which such data are available, the average amount of charity care provided by Health Planning Region (HPR) IV facilities was 1.3% of all reported total gross patient service revenues (**Table 5**). HDH had a charity care percentage of gross patient revenue below this average, 1.06%. Furthermore, the pro forma for the project anticipates that 1.3% of gross revenue will be provided as charity care. DCOPN is not aware of, and the applicant did not identify, any other geographic, socioeconomic, cultural, or transportation barriers to access to care.

For the preceding reasons, should the Commissioner approve the proposed project, DCOPN recommends a charity care condition consistent with the 2020 HPR IV average hospital charity care rate and equal to at least 1.3% of gross patient services revenue derived from CT services.

Table 5. HPR IV 2020 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%
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%
Total \$ & Mean %	\$28,085,022,444	\$373,973,444	1.3%

Source: VHI

Table 6. Statewide and PD 15 Poverty Rates

Locality	Poverty Rate
Virginia	10.7%
Charles City	12.5%
Chesterfield	6.6%
Goochland	6.2%
Hanover	5.1%
Henrico	8.7%
New Kent	5.0%
Powhatan	5.4%
Richmond City	23.2%

Source: U.S. Census Data (census.gov)

The most recent Weldon-Cooper data projects a total PD 15 population of 1,219,936 persons by 2030 (Table 7). This represents an approximate 21.7% 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. (Table 7).

Table 7. Statewide and PD 15 Total Population Projections, 2010-2030

Locality	2010	2020	% Change	2030	% Change	2010-2030 % Change
Virginia	8,001,024	8,655,021	8.17%	9,331,666	7.82%	16.63%
Charles City	7,256	6,982	(3.8%)	6,941	(0.6%)	(4.3%)
Chesterfield	316,236	353,841	11.9%	396,647	12.1%	25.4%
Goochland	21,717	23,547	8.4%	26,702	13.4%	23.0%
Hanover	99,863	109,244	9.4%	119,360	9.3%	19.5%
Henrico	306,935	332,103	8.2%	363,259	9.4%	18.4%
New Kent	18,429	23,474	27.4%	28,104	19.7%	52.5%
Powhatan	28,046	29,909	6.6%	33,440	11.8%	19.2%
Richmond City	204,214	232,533	13.9%	245,483	5.6%	20.2%
TOTAL PD 15	1,002,696	1,111,633	10.9%	1,219,936	9.7%	21.7%

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

2. The extent to which the 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;

COPN Request No. VA-8637: Short Pump Imaging, LLC

DCOPN received three letters of support for the Short Pump Imaging, LLC project from physician groups that value the quality and low-cost that Short Pump Imaging offers. No letters were received in opposition to this project. During the public hearing, counsel for the applicant presented and one participant spoke in support. No one present opposed.

COPN Request No. VA-8644: Scott's Addition ER

DCOPN received two letters of support for the Scott's Addition project from radiologists and the Richmond Ambulance Authority, referencing the need to improve access to emergency and CT services in the "high-traffic Richmond Metro Area" and the importance of minutes of time savings in emergency situation. No letters were received in opposition to this project. During the public hearing, counsel for the applicant presented and one participant spoke in support. No one present opposed.

- (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;**

COPN Request No. VA-8637: Short Pump Imaging, LLC

Short Pump, LLC proposes to invest \$16.8 million to replace and relocate a CT scanner and an MRI scanner to serve the same patient base. The proposed project represents a new site, but not an additional site. In a time of global positioning system (GPS) technology, most patients will be able to find the existing site with augmented signage or instruction. Investment in a new HVAC system and replacing the CT and MRI equipment on-site at the existing facility would be a less costly solution to the leasing of a new facility.

DCOPN has concerns that the chosen proposed location directly across from another existing, underutilized, provider of both CT and MRI services may prove to be detrimental to the volumes and ultimate success of one or both the Short Pump Imaging, LLC or the Bon Secours Short Pump Emergency/Imaging Center; however, Bon Secours has not opposed the project and a different location/property has not been identified as a reasonable alternative.

COPN Request No. VA-8644: Scott's Addition ER

DCOPN concludes that the replacement and relocation of CT services from the WCMC would improve access and utilize a CT scanner that has little hope of serving PD 15 in its current, location. The proposed site represents a new site, but not an additional site, as WCMC would cease to provide CT services following the relocation of its CT scanner. The status quo would maintain utilization of the current CT unit at minimal volumes and is not a reasonable option in comparison to the proposed project.

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

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

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

COPN Request No. VA-8637: Short Pump Imaging, LLC

As illustrated in **Table 3**, the total capital cost of the proposed project is **\$16,855,536**, the entirety of which will be funded using the internal resources of HCA Healthcare, Inc., so there are no financing costs associated with this project. DCOPN notes that the costs for the

proposed project are somewhat higher than previously approved similar projects in PD 15 (COPN No. VA-04717 authorized the addition of both one fixed MRI scanner and one fixed CT scanner and had an authorized capital cost of \$6,808,481); however, construction costs have grown significantly in the past two years. The costs for the proposed project are reasonable.

With regard to benefits of the proposed project, the intended new location provides the opportunity to serve the same patient base in a site that is easier for patients to find and in a newer facility with HVAC infrastructure to maintain the temperatures prescribed by CT and MRI equipment manufacturers.

COPN Request No. VA-8644: Scott's Addition ER

As illustrated in **Table 4**, the total projected capital cost of the proposed project is **\$17,159,645**, the entirety of which will be funded using the accumulated reserves HCA Healthcare, Inc., so there are no financing costs associated with this project. DCOPN notes that the costs for the proposed project are somewhat higher than previously approved similar projects in PD 15 (COPN No. VA-04717 authorized the addition of both one fixed MRI scanner and one fixed CT scanner and had an authorized capital cost of \$6,808,481); however, construction costs have grown significantly in the past two years. The costs for the proposed project are reasonable.

With regard to benefits of the proposed project, the intended new location provides the opportunity to utilize a resource that is currently inaccessible to the population; it provides access to emergency and CT services in a busy and accessible location near the intersections of major interstate highways and major arterial roadways in Richmond. Due to high utilization of other nearby HDH sites, the proposed project also offers a means to decant volumes and perform more efficiently at HDH-Parham and HDH-Forest.

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

COPN Request No. VA-8637: Short Pump Imaging, LLC

The applicant has provided assurances that CT services at Short Pump Imaging, LLC will be accessible to all patients, regardless of financial considerations. Additionally, the pro forma provided by the applicant anticipates a charity care contribution equal to 1.3% of gross patient services revenue derived from CT services. This is consistent with the 2020 HPR IV mean (**Table 5**).

Should the location of Short Pump Imaging, LLC directly across from Bon Secours Short Pump Emergency/Imaging Center prove detrimental to that existing provider with a historically higher percentage of charity care, there is some possibility of reduction in financial accessibility. For these reasons, should the Commissioner approve the proposed project, DCOPN recommends a charity care contribution of 1.3%, to be derived from CT and MRI services at Short Pump Imaging, LLC.

COPN Request No. VA-8644: Scott's Addition ER

The applicant has provided assurances that CT services at Scott’s Addition ER will be accessible to all patients, regardless of financial considerations. Additionally, the pro forma provided by the applicant anticipates a charity care contribution equal to 1.3% of gross patient services revenue derived from CT services. This is consistent with the 2020 HPR IV mean (Table 5).

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

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

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

**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** identifies the boundary of PD 15. The labeled, blue “H” signs mark the location of each of the two proposed projects under review in this report. The white “H” signs mark the locations of all other existing CT services located in PD 15. The blue shaded area illustrates the area of PD 15 and the surrounding area that is currently within a 30-minute drive of existing CT services.

Table 8. Population by Municipality in PD 15

Locality	2020	Percent of Total PD 15 Population
Charles City	6,982	0.6%
Chesterfield	353,841	31.8%
Goochland	23,547	2.1%
Hanover	109,244	9.8%
Henrico	332,103	29.9%
New Kent	23,474	2.1%
Powhatan	29,909	2.7%
Richmond City	232,533	20.9%
Total PD 15	1,111,633	100.0%

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

Referencing **Table 8** and **Figure 1**, the densest populations in PD 15 are completely accessible within 30 minutes to CT services within the planning district. The municipalities of Chesterfield, Henrico and Richmond City account for 82.6% of the PD 15 population. There are small areas on the edges of PD 15 that are outside of the blue 30-minute drive time area, but many of those are within 30 minutes of CT sites in surrounding planning districts. It is reasonable to assert that CT services are available within a 30-minute drive for at least 95% of the population of PD 15.

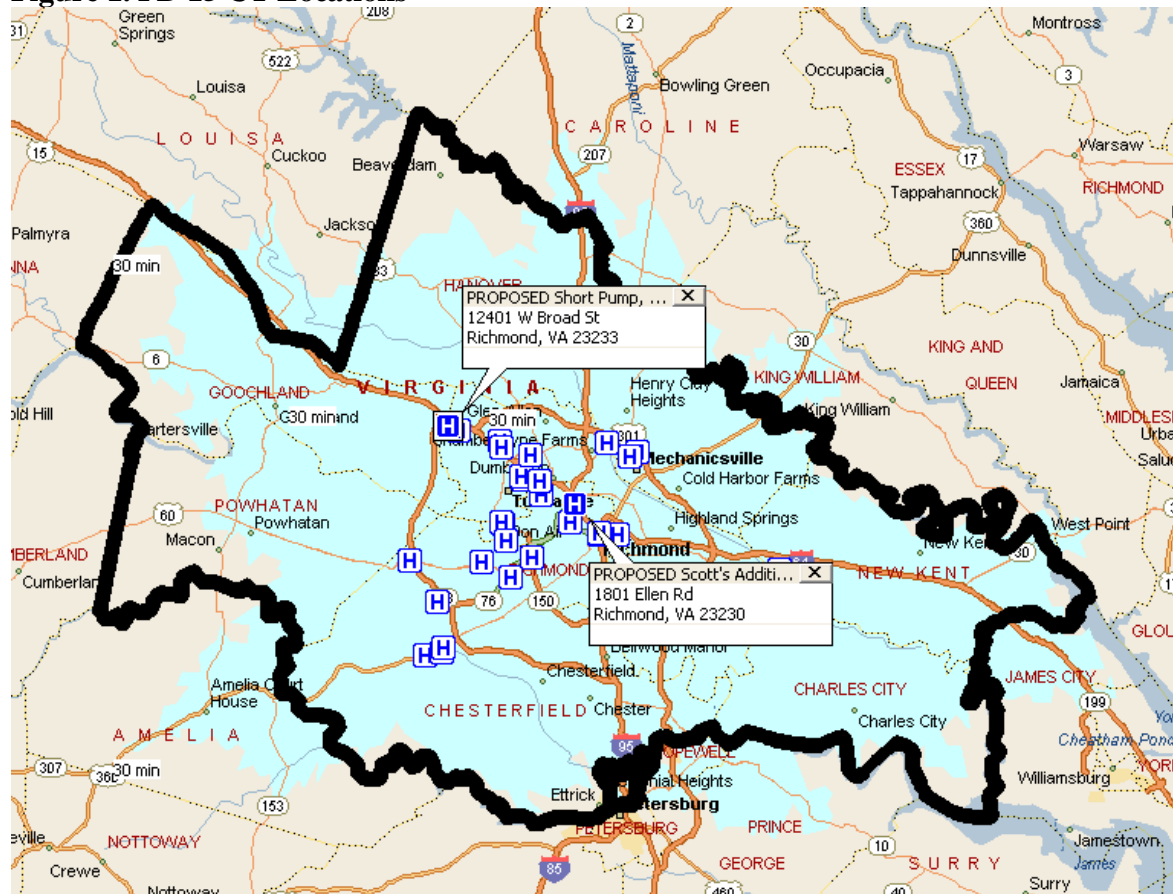
COPN Request No. VA-8637: Short Pump Imaging, LLC

DCOPN notes that the applicant's proposed new site across the street from an existing provider will have no effect on the 30-minute drive time perimeter. Accordingly, approval of the proposed project would not improve geographic access to this service for residents of PD 15 in any meaningful way.

COPN Request No. VA-8644: Scott's Addition ER

DCOPN notes that the applicant's proposed new site near the center of PD 15 will have no effect on the 30-minute drive time perimeter. Accordingly, approval of the proposed project would not improve geographic access to this service for residents of PD 15 in any meaningful way

Figure 1. PD 15 CT Locations



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.

Table 9. PD15 CT Scanners, VHI 2020

Facility Name	Diagnostic Units	Scans	Scans/ Diag. Unit	Utilization Diag. Units
Hospital-Based Facility				
Bon Secours Memorial Regional Medical Center	3	33,029	11,010	148.8%
Bon Secours Richmond Community Hospital	1	4,253	4,253	57.5%
Bon Secours St. Francis Medical Center	2	21,492	10,746	145.2%
Bon Secours St. Mary's Hospital*	3	39,563	13,188	178.2%
Chippenham Hospital	3	39,565	13,188	178.2%
Henrico Doctor's Hospital - Parham Doctors' Hospital	1	10,195	10,195	137.8%
Henrico Doctor's Hospital - Retreat	1	3,004	3,004	40.6%
Henrico Doctors' Hospital - Forest	4	29,547	7,387	99.8%
Johnston-Willis Hospital	2	27,362	13,681	184.9%
VCU Medical Center	6	67,365	11,228	151.7%
Acute Hospital-based Total	26	275,375	10,591	143.1%
Freestanding Facility				
Bon Secours Imaging Center Innsbrook	1	930	930	12.6%
Bon Secours Westchester Imaging Center	1	4,843	4,843	65.4%
Buford Road Imaging	1	569	569	7.7%
Chesterfield Imaging	1	5,140	5,140	69.5%
Independence Park Imaging	1	2,921	2,921	39.5%
Intecardia Life Imaging / Virginia Cardiovascular Specialists	1	3,445	3,445	46.6%
MEDARVA Imaging	1	34	34	0.5%
NOW Neuroscience, Orthopaedic and Wellness Center	1	1,932	1,932	26.1%
Richmond Ear Nose and Throat	1	301	301	4.1%
VCU Medical Center at Stony Point Radiology	1	4,992	4,992	67.5%
Virginia Cancer Institute - Harbourside	1	4,476	4,476	60.5%
Virginia Cancer Institute - Reynolds Crossing	1	6,135	6,135	82.9%
Virginia Ear Nose & Throat - Chesterfield	1	511	511	6.9%
Virginia Ear Nose & Throat - Henrico	1	563	563	7.6%
Virginia Urology	2	7,261	3,631	49.1%
Freestanding Total	16	44,053	2,753	37.2%
Grand Total	42	319,428	7,605	102.8%

Source: VHI 2020 Data and DCOFN Interpolations.

*Excludes two CT Scanners used solely for intraoperative procedures, one at Bon Secours St. Mary's Hospital and one at VCU Health System.

VHI data reports that the then-authorized PD 15 CT inventory performed a collective CT volume of 319,428 CT procedures (7,605 procedures per scanner) in 2020 (**Table 9**). Based on these data, and considering subsequent additions to the PD 15 CT inventory, DCOFN has calculated a current surplus of 8 CT scanners in PD 15 as follows:

$$\text{Needed CT units} = 319,428 \div 7,400 = 43$$

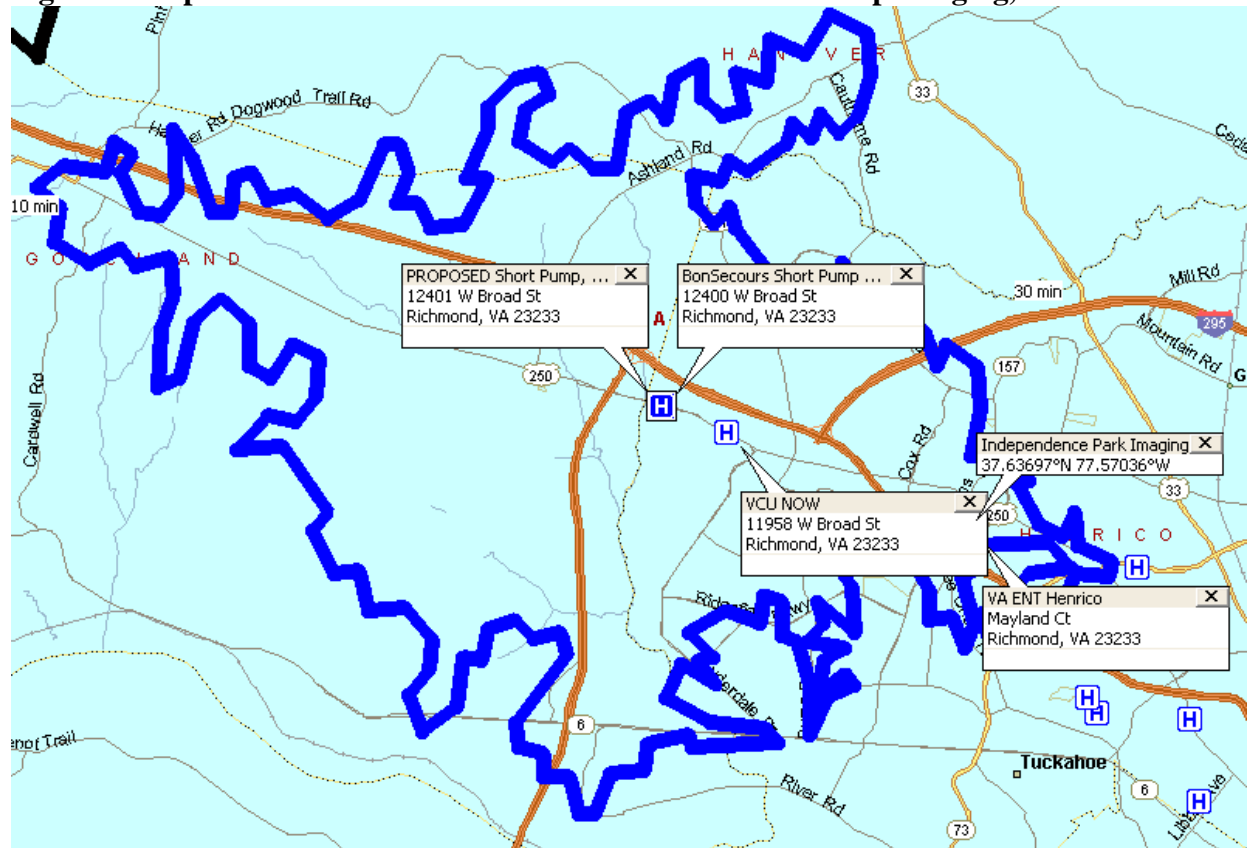
Utilization Percentage in 2020: 102.8% (excludes dedicated intraoperative scanners)
Current number of PD 15 authorized CT units: 51 (excluding dedicated intraoperative scanners)
CT unit surplus = 8

COPN Request No. VA-8637: Short Pump Imaging, LLC

The SMFP contains criteria and standards for new fixed site CT services. The applicant argues that this section is not applicable because approval of the proposed project “will neither increase the number of CT scanners in PD15 nor increase the number of sites at which CT scanning is provided in PD15.” While DCOPN agrees with the assertion that the project is inventory-neutral with regard to the CT units, 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 CT services at a West Broad Street location which does not currently offer CT 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 CT units and the addition of a fixed site service through the addition of a new CT unit.

In 2020, the last year for which DCOPN has data available from VHI, the diagnostic CT scanners in PD 15 performed at 102.8% of the 7,400 per scanner threshold (**Table 9**). 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 15 with respect to the proposed projects, per 12VAC5-230-100 B., below. Two of the CT scanners in the PD 15 CT inventory are used solely for the purpose of intraoperative procedures and are not available to perform diagnostic scans. These have also been excluded from its inventory and average utilization of diagnostic CT scanners with respect to the proposed projects.

Figure 2. Map of CT Sites within 10 minutes' drive of Short Pump Imaging, LLC



The proposed project does not increase the number of diagnostic scanners in PD 15 and is therefore not likely to impact utilization of existing providers in general; however, the proposed site of the new imaging facility directly across West Broad Street from an existing provider of CT services has potential to reduce utilization of Bon Secours Short Pump Emergency/Imaging Center significantly, or split CT use between two sites where one facility might thrive. **Figure 2**, illustrates the existing Independence Park Imaging site as well as the proposed Short Pump Imaging, LLC site and shows that there are three other imaging sites within a 10-minute drive: two sites affiliated and in support of specialty practices and Bon Secours Short Pump Emergency/Imaging Center.

Though there is a calculated surplus in PD 15, the latest year for which utilization data are available from VHI is 2020, and in that year, then-authorized CT scanners surpassed the SMFP threshold of 7,400 scans per unit (**Table 9**). DCOPN concludes that the proposed project has potential to reduce utilization of an existing provider of CT services significantly. VHI does not include CT utilization for Bon Secours Short Pump Emergency/Imaging Center separately from Bon Secours St. Mary's Hospital, but the freestanding CT sites in PD 15 had an average utilization of 37.2% of the SMFP volume threshold in 2020, well below full utilization. Independence Park Imaging had utilization slightly above this average, 39.5%. In a location where one CT provider could thrive, two providers could split demand for the service and

struggle. DCOPN notes that there is no documented opposition to the proposed project, but concludes that the proposed project is inconsistent with this SMFP standard.

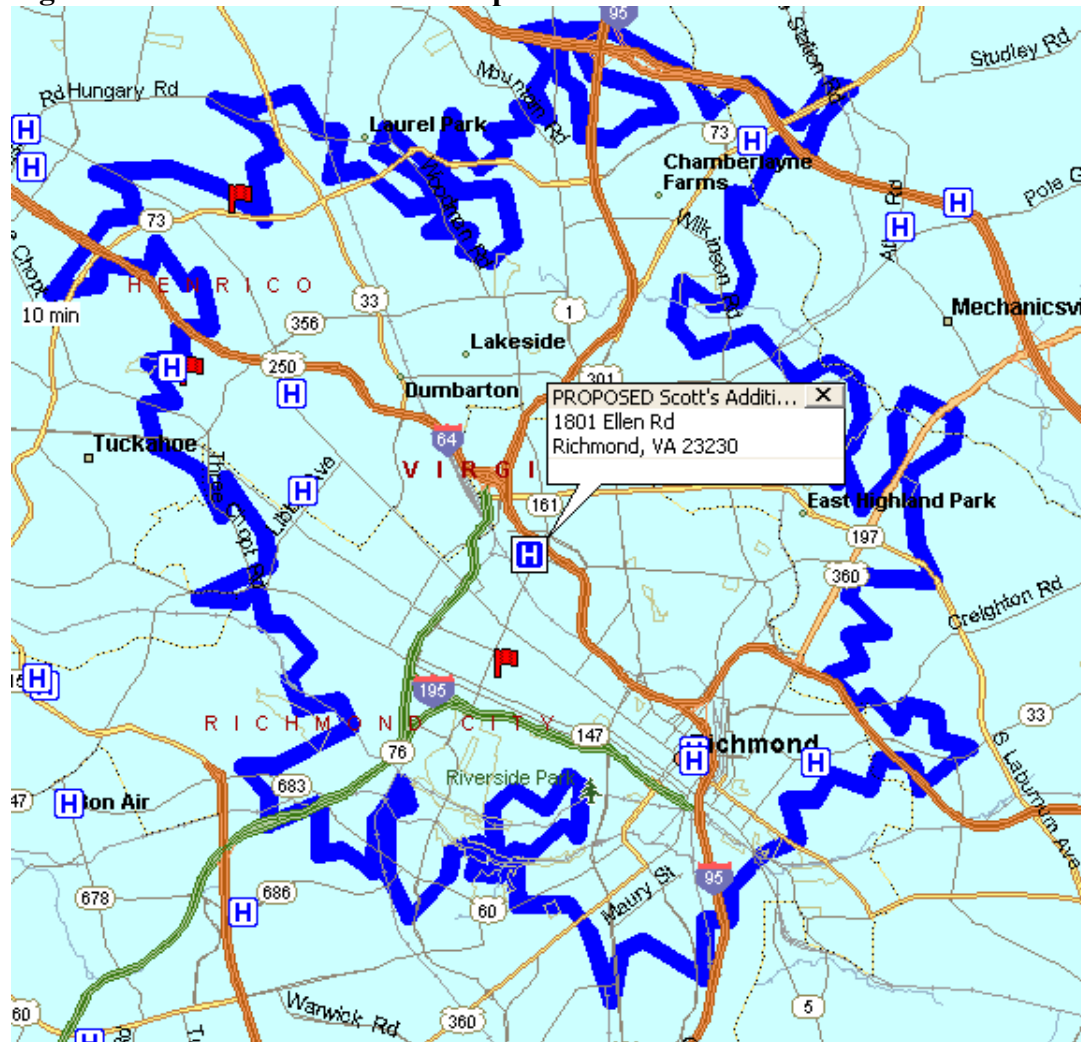
COPN Request No. VA-8644: Scott's Addition ER

The SMFP contains criteria and standards for new fixed site CT services. The applicant argues that this section is not applicable because approval of the proposed project “will neither increase the number of CT scanners in PD15 nor increase the number of sites at which CT scanning is provided in PD15.” 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 CT services at 1801 Ellen Road, Richmond, Virginia, which does not currently offer CT 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 CT units and the addition of a fixed site service through the addition of a new CT unit.

In 2020, the last year for which DCOPN has data available from VHI, the diagnostic CT scanners in PD 15 performed at 102.8% of the 7,400 per scanner threshold (Table 9). 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 15 with respect to the proposed projects, per 12VAC5-230-100 B., below. Two of the CT scanners in the PD 15 CT inventory are used solely for the purpose of intraoperative procedures and are not available to perform diagnostic scans. These have also been excluded from its inventory and average utilization of diagnostic CT scanners with respect to the proposed projects.

The proposed project does not, strictly speaking, increase the number of diagnostic scanners in PD 15; however, the volume of one procedure reported each of the past three years is indicative of a non-operational CT scanner that is nonetheless compliant and rightfully counted in the CT inventory. The relocation and replacement of this scanner to a site where it can become fully-operational is, in effect, adding an operational scanner to PD 15 in that it has potential to shift volumes from other existing CT providers. In the case of the proposed project, however, the Scott's Addition ER site is closer to another HDH site than any other existing CT provider. Referring to **Figure 4**, it is within ten minutes' drive from HDH-Parham (red flags are HDH sites), which, according to VHI data had volumes that utilized its CT scanners at 137.8% of the SMFP threshold. HDH-Forest reported volumes in 2020 that utilized 99.8% of the SMFP threshold (**Table 9**). The applicant notes that the Scott's Addition site is within HDH-Forest's primary service area, and states that it is nearer to 4,546 emergency CT patients scanned at its other three sites in 2021 than to any of its other sites. This indicates that the proposed project is likely to decant volumes from HDH's highest-utilized sites. DCOPN also notes that there are nine existing CT sites within the ten minute drive ring, including the HDH sites, reducing the risk of the Scott's Addition site significantly impacting volumes of any single existing provider.

Figure 4. 10-minute drive from Proposed Scott's Addition



Though there is a calculated surplus in PD 15, the latest year for which utilization data are available from VHI is 2020, and in that year, then-authorized CT scanners surpassed the SMFP threshold of 7,400 scans per unit (Table 9). In addition, there is no documented opposition to the project. DCOPN concludes that the proposed project is consistent with the SMFP standard.

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 scanner sin 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 4 with respect to the proposed projects.

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.

COPN Request No. VA-8637: Short Pump Imaging, LLC and COPN Request No. VA-8644: Scott's Addition ER

This standard is not applicable to either project since the proposed projects will not add a CT scanner at an existing fixed site service.

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.**
- 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.**

COPN Request No. VA-8637: Short Pump Imaging, LLC and COPN Request No. VA-8644: Scott's Addition ER

This standard is not applicable to either project since the proposed projects will not add or expand mobile CT services or convert a mobile service to a fixed site service.

12VAC5-230-130. Staffing.

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

COPN Request No. VA-8637: Short Pump Imaging, LLC

The applicant has provided assurances that the proposed project would be under the direction or supervision of one or more qualified physicians.

COPN Request No. VA-8644: Scott's Addition ER

The applicant has provided assurances that the proposed project would be under the direction or supervision of one or more qualified physicians.

Article 2.
Criteria and Standards for Magnetic Resonance Imaging

Only COPN Request No. VA-8637 includes a Magnetic Resonance Imaging (MRI) component. This portion of the project is not competing with another project.

12VAC5-230-140. Travel time.

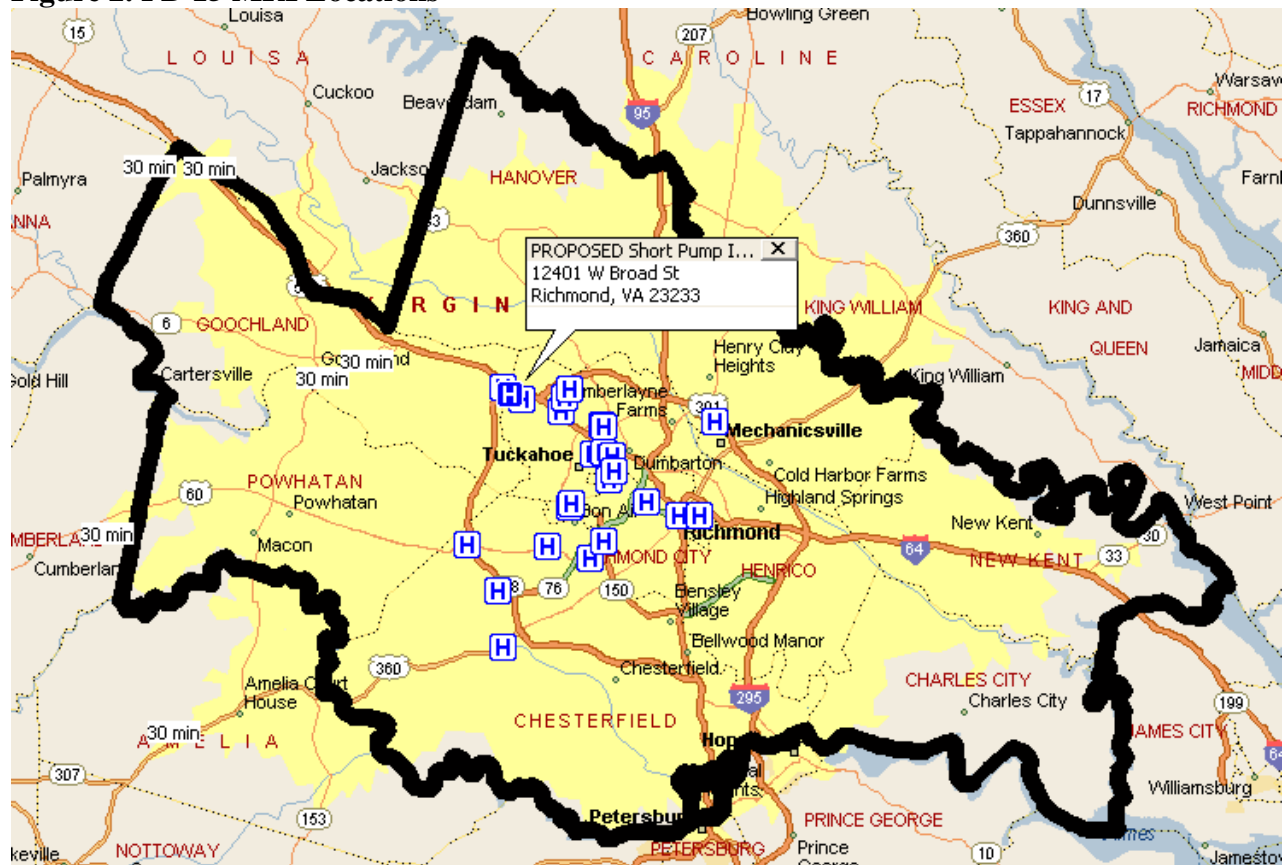
MRI services should be within 30 minutes driving time one way under normal conditions of 95% of the population of the health planning district using a mapping software as determined by the commissioner.

COPN Request No. VA-8637: Short Pump Imaging, LLC

The heavy black line in **Figure 2** identifies the boundary of PD 15. The blue “H” sign marks the location of the proposed project. The white “H” signs mark the locations of all other existing MRI services located in PD 15. The yellow shaded area illustrates the area of PD 15 and the surrounding area that is currently within a 30-minute drive of existing MRI services. Referencing **Table 6** and **Figure 2**, the most densely-populated municipalities in PD 15 are completely accessible within 30 minutes to CT services within the planning district. The municipalities of Chesterfield, Henrico and Richmond City account for 82.6% of the PD 15 population. There is a large portion of Charles City County outside of the 30 minute drive from a PD15 provider of MRI services, but its total population represents only 0.6% of the population of PD 15. Other small areas on the edges of PD 15 are outside of the yellow 30-minute drive time area for a PD15 provider, but many of those are within 30 minutes of CT sites in surrounding planning districts. It is reasonable to assert that CT services are available within a 30-minute drive for at least 95% of the population of PD 15.

DCOPN also notes that the applicant is a current provider of MRI services and proposes to locate the new MRI site directly across the street from an existing MRI provider. Accordingly, approval of the proposed project would not improve geographic access to this service for residents of PD 15 in any meaningful way.

Figure 2. PD 15 MRI Locations



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 site may be disregarded in computing the average utilization of MRI scanners in such health planning district.

Table 10. 2020 COPN-Authorized MRI Units in PD 15

Facility	MRI Scanners	MRI Scans	Scans/Scanner	Utilization
Fixed				
Bon Secours Imaging Center at Reynolds Crossng	2	2,228	1,114	22.3%
Bon Secours Imaging Center Innsbrook	1	966	966	19.3%
Bon Secours Memorial Regional Medical Center	2	8,538	4,269	85.4%
Bon Secours Midlothian Imaging Center	1	1,590	1,590	31.8%
Bon Secours Richmond Community Hospital	1	648	648	13.0%
Bon Secours St. Francis Medical Center	1	6,343	6,343	126.9%
Bon Secours St. Mary's Hospital	3	10,563	3,521	70.4%
Bon Secours West End MRI	1	98	98	2.0%
Bon Secours Westchester Imaging Center	1	2,253	2,253	45.1%
Chesterfield Imaging	1	3,635	3,635	72.7%
Chippenham Hospital	1	6,278	6,278	125.6%
Henrico Doctor's Hospital - Parham Doctors' Hospital	1	2,071	2,071	41.4%
Henrico Doctor's Hospital - Retreat	1	713	713	14.3%
Henrico Doctors' Hospital - Forest	2	4,968	2,484	49.7%
Independence Park Imaging	1	3,040	3,040	60.8%
Johnston-Willis Hospital	2	10,661	5,331	106.6%
MEDARVA Imaging	1	75	75	1.5%
NOW Neuroscience, Orthopaedic and Wellness Center	1	3,029	3,029	60.6%
OrthoVirginia MRI - Parham	1	4,515	4,515	90.3%
Tuckahoe Orthopaedics MRI	1	4,274	4,274	85.5%
VCU Medical Center	6	19,857	3,310	66.2%
VCU Medical Center at Stony Point Radiology	1	4,416	4,416	88.3%
Total Fixed MRI Scanners	33	100,759	3,053	61.1%
Mobile				
Bon Secours St. Francis Medical Center	1	2,312	2,312	46.2%
Virginia Urology	1	1,639	1,639	32.8%
Total Mobile MRI Scanners	2	3951	1,976	39.5%
Grand Total	35	104,710	2,992	59.8%

Source: VHI and DCOPN Interpolations

The SMFP contains criteria and standards for new fixed site MRI services. The applicant argues that this section is not applicable because approval of the proposed project “will neither increase the number of MRI scanners in PD15 nor increase the number of sites at which MRI scanning is provided in PD15.” While DCOPN agrees with the assertion that the project is inventory-neutral with regard to the MRI units, 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 a West Broad Street 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.

VHI data reports that the then-authorized fixed-site MRI inventory in PD 15 performed a collective MRI volume of 104,710 MRI procedures (2,992 procedures per scanner) in 2020 (**Table 10**). Based

on these data, and considering subsequent additions to the PD 15 fixed MRI inventory, DCOPN has calculated a current surplus of 22 MRI scanners in PD 15 as follows:

Needed MRI units = $104,710 \div 5,000 = 20.9$ (21)
Utilization Percentage in 2020: 59.8%
Current number of PD 15 authorized MRI units: 43
Fixed MRI unit surplus = 22

In 2020, the last year for which DCOPN has data available from VHI, the MRI fixed site scanners in PD 15 performed at 61.6% of the 5,000 per scanner threshold, falling far short of this standard.

The proposed site of the new imaging facility directly across West Broad Street from an existing provider of MRI services has potential to reduce utilization of Bon Secours Short Pump Emergency/Imaging Center significantly, or split MRI use between two sites where one facility might thrive. For this reason and because MRI services in PD 15 fail to meet the average volumes per scanner threshold. DCOPN concludes that the MRI portion of the project is not consistent with this standard.

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.

This standard is not applicable since the proposed project will not add an MRI scanner at an existing fixed site service.

12VAC-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.**

The applicant is not proposing to add or expand a mobile MRI service. Accordingly, this standard is not applicable.

12VAC5-230-180. Staffing.

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

The applicant provided assurances that the proposed project would be under the direction or supervision of one or more qualified positions.

12VAC5-230-80. When institutional expansion needed.

- A. Notwithstanding any other provisions of this chapter, the commissioner may grant approval for the expansion of services at an existing medical care 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.**
- B. 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.**
- C. This section is not applicable to nursing facilities pursuant to § 32.1-102.3:2 of the Code of Virginia.**
- D. Applicants shall not use this section to justify a need to establish new services.**

This standard is not applicable to the proposed project. There is no institutional need for MRI services.

- 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;**

COPN Request No. VA-8637: Short Pump Imaging, LLC

The proposed project would foster institutional competition because it is directly across West Broad Street from the existing underutilized Bon Secours Short Pump Emergency/Imaging Center; however, DCOPN concludes that the placement of two underutilized CT scanners in close proximity is likely to divide demand for imaging services such that neither provider is able to thrive.

COPN Request No. VA-8644: Scott's Addition ER

The proposed project would be located five minutes from any other existing CT provider and is closest to another HDH CT provider. There are several other CT providers within a 10-minute drive time radius so the proposed Scott's Addition ER may foster beneficial institutional competition, as well as decant volumes from over-utilized HDH facilities; however, it is not likely to decrease substantially utilization of existing CT providers.

- 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;**

COPN Request No. VA-8637: Short Pump Imaging, LLC

PD 15 diagnostic CT scanners operated at 102.8% of the SMHP standard in 2020 (**Table 9**) and PD 15 fixed MRI services operated at 61.1% of the SMFP threshold in 2020 (**Table 10**). Independence Park Imaging had 39.5% utilization of the SMFP standard for CT service volumes in 2020 and 60.8% of the SMFP standard for MRI service volumes the same year. The project proposes to replace and relocate its CT and MRI services to a location on West Broad Street that is more visible to patients and has an HVAC system better able to maintain temperatures in the optimal range for operating and maintaining the equipment

COPN Request No. VA-8644: Scott's Addition ER

PD 15 diagnostic CT scanners operated at 102.8% of the SMHP standard in 2020 (**Table 9**). In the case of the proposed project, however, the Scott's Addition ER site is closer to another HDH site than any other existing CT provider. It is within 10 minutes' drive from HDH-Parham, which, according to VHI data had volumes that utilized its CT scanners at 137.8% of the SMFP threshold. HDH-Forest reported volumes in 2020 that utilized 99.8% of the SMFP threshold (**Table 9**). The applicant notes that the Scott's Addition site is within HDH-Forest's primary service area, and states that it is nearer to 4,546 emergency CT patients scanned at its other three sites in 2021 than to any of its other sites. This indicates that the proposed project is likely to decant volumes from HDH's highest-utilized sites with potential to increase efficiency within HDH facilities and reduce patient wait times.

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;

COPN Request No. VA-8637: Short Pump Imaging, LLC

The estimated capital cost of \$16,855,536 (**Table 3**) is higher than other recent projects to establish a center for CT and MRI, but building expenses have increased significantly in the past two years. Also, the applicant will fund the project through its internal resources and its pro forma indicates the expectation of a positive net income the first year. It represents a new site but does not add to the CT or MRI inventory in PD 15. Because the project involves the relocation of existing resources, including staff, DCOPN concludes the project is financially feasible.

COPN Request No. VA-8644: Scott's Addition ER

The estimated capital cost of \$17,159,645 (**Table 4**) is higher than other recent projects to establish a center for CT, but building expenses have increased significantly in the past two years. The applicant will fund the project through its internal resources and its pro forma indicates the expectation of a positive net income the first year. Because the project involves the relocation of existing resources, including staff, DCOPN concludes the project is feasible.

With regard to staffing, the applicant anticipates the need to hire an additional 4.7 full-time employees (FTEs) to staff the proposed project. DCOPN notes that the applicant is an established provider of CT services with a robust employee recruitment and retention plan. Accordingly, DCOPN does not anticipate that the applicant will have difficulty staffing the proposed project or that doing so will have a significant negative impact on existing providers of CT services. DCOPN concludes the project is financially feasible.

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**

COPN Request No. VA-8637: Short Pump Imaging, LLC

The proposed project does not offer the introduction of new technology that promotes quality, cost effectiveness, or both in the delivery of health care services. It does provide for the continued provision of services on an outpatient basis.

COPN Request No. VA-8644: Scott's Addition ER

The proposed project does not offer the introduction of new technology that promotes quality, cost effectiveness, or both in the delivery of health care services. It does provide for the provision of 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 services for citizens of the Commonwealth, including indigent or underserved populations.**

COPN Request No. VA-8637: Short Pump Imaging, LLC

The applicant does not describe affiliations with a medical school or public institution of higher education with regard to the proposed project.

COPN Request No. VA-8644: Scott's Addition ER

The applicant does not describe affiliations with a medical school or public institution of higher education with regard to the proposed project.

DCOPN Staff Findings and Conclusions

COPN Request No. VA-8637: Short Pump Imaging, LLC

Short Pump Imaging, LLC proposes to establish a new fixed site for the provision of CT and MRI services on West Broad Street by replacing and relocating an existing CT scanner and MRI scanner from Independence Park Imaging. The stated benefits of the project are a more visible, accessible facility for patients with an HVAC system capable of maintaining temperatures within ranges recommended for optimal function and longevity of equipment and comfort of patients and staff. The estimated capital costs of the proposed project are \$16,855,536, to be funded entirely from HCA Healthcare, Inc. internal resources. Consequently, there are no financing costs associated with the proposed project. The applicant has provided a projected opening date of 25 months following COPN approval.

There is a calculated surplus of both CT and MRI services in PD 15, but CT utilization from the last year for which VHI data are available (2020) and prior to adding nine additional CT scanners was over the SMFP threshold for adding a fixed site CT service. Fixed MRI services in PD 15, however, had a utilization of 61.6% of then-authorized MRI in 2020. DCOPN has concerns related to the location of the proposed project in that it is directly across West Broad Street from an existing provider of both CT and MRI services, Bon Secours Emergency/Imaging Center. Whereas one provider of these services may thrive in the proposed location, two providers may divide volumes and both struggle. DCOPN notes that Bon Secours has not documented opposition to the proposed project. Though the project does not add to the CT or MRI inventory in PD 15. DCOPN concludes that it does not satisfy the SMFP guidelines for the addition of a fixed site service.

Should the Commissioner approve all or part of the proposed project, DCOPN recommends a charity care condition equal to the 1.3% contribution anticipated by the applicant, to be derived from CT and/or MRI gross patient services revenue at the Short Pump Imaging, LLC.

COPN Request No. VA-8644: Scott's Addition ER

HDH proposes to establish a new fixed site for the provision of CT services on Ellen Road in Richmond by replacing and relocating an existing CT scanner from WCMC. The benefits of the project are to utilize an essentially non-operational CT scanner in a more accessible facility near the center of PD 15 and in a location that could serve to decant volumes from over-utilized CT services at other HDH facilities. Estimated capital costs of the proposed project are \$17,159,645, to be funded entirely from HCA Healthcare, Inc. internal resources. Consequently, there are no financing costs associated with the proposed project. The applicant has provided a projected opening date of 25 months following COPN approval.

There is a calculated surplus of CT service in PD 15, but CT utilization from the last year for which VHI data are available (2020), and prior to adding nine additional CT scanners, was over the SMFP threshold for adding a fixed site CT service. The proposed project does not, technically, add to the CT inventory in PD 15, though it brings into service an essentially non-operational CT scanner. The DCOPN concludes that the project substantially satisfies SMFP guidelines to recommend approval of the project

Should the Commissioner approve the proposed project, DCOPN recommends a charity care condition equal to the 1.3% contribution anticipated by the applicant, to be derived from CT gross patient services revenue at the Scott's Addition ER.

DCOPN Staff Recommendations

COPN Request No. VA-8637: Short Pump Imaging, LLC

The Division of Certificate of Public Need recommends **denial** of the proposed project to establish a new fixed site service for CT and MRI by replacing and relocating one CT and one MRI at Short Pump Imaging, LLC for the following reasons:

1. The proposed project is inconsistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia with regard to the addition of a fixed site CT service. Although the project

- does not add to the CT inventory, and existing providers exceeded the volume threshold set forth in the SMFP in 2020, DCOPN concludes that the proposed project would significantly decrease the CT volumes of an existing provider.
2. The proposed project is not consistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia with regard to the addition of a fixed site MRI service. Although the project does not add to the MRI inventory, existing providers did not meet the volume threshold set forth in the SMFP in 2020, and DCOPN concludes that the proposed project would significantly decrease the MRI volumes of an existing provider.
 3. The capital costs are somewhat higher than recently approved similar projects.
 4. Reasonable, more cost-effective alternatives exist to the proposed project.
 5. Approval of the proposed project is likely to have a significant negative impact on existing providers of CT or MRI services

COPN Request No. VA-8644: Scott's Addition ER

The Division of Certificate of Public Need recommends **conditional approval** of the proposed project to establish a new fixed site service for CT by replacing and relocating one CT from WCMC 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 with regard to the addition of a fixed site CT service.
2. The capital costs are reasonable.
3. The proposed project appears economically viable both in the immediate and in the long-term.
4. The status quo would maintain minimal utilization of a CT scanner in an inaccessible location, so the proposed project represents a better use of existing CT resources.
5. There is no documented opposition to the proposed project.
6. Approval of the proposed project is not likely to have a significant negative impact on existing providers of CT services.

DCOPN's recommendation is contingent upon Henrico Doctor's Hospital's agreement to the following charity care condition:

Henrico Doctor's Hospital will provide CT services to all persons in need of this service, regardless of their ability to pay, and will facilitate the development and operation of primary medical care services to medically underserved persons in PD 15 in an aggregate amount equal

to at least 1.3% of Henrico Doctor's Hospital'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. Henrico Doctor's Hospital 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.

Henrico Doctor's Hospital's 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. Additionally, Henrico Doctor's Hospital's will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.