

# VIRGINIA DEPARTMENT OF HEALTH

## Office of Licensure and Certification

### Division of Certificate of Public Need

#### Staff Analysis Report

July 19, 2023

#### **COPN Request No. VA-8700**

IFRC, LLC  
Fairfax, Virginia  
Add one CT scanner

#### **COPN Request No. VA-8703**

Reston Hospital Center, LLC  
Reston, Virginia  
Establish a specialized center for CT imaging

#### **Applicants**

##### COPN Request No. VA-8700: IFRC, LLC

IFRC, LLC (IFRC) is a limited liability company formed in 2019 under the laws of the Commonwealth of Virginia. IFRC is jointly owned by Inova Health Care Services, the majority owner, and Fairfax Radiological Consultants, PLLC, the minority owner. IFRC, LLC does business as Fairfax Radiology Center of Prosperity in Fairfax, Virginia, which is in Planning District (PD) 8, Health Planning Region (HPR) II.

##### COPN Request No. VA-8703: Reston Hospital Center, LLC

Reston Hospital Center, LLC (RHC) is a limited liability company formed in 1999 under the laws of the State of Delaware. The ultimate corporate parent of RHC is HCA Healthcare, Inc. (HCA). RHC is located in Reston, Virginia. RHC proposes to establish a freestanding emergency center with an imaging center in Leesburg, Virginia, which is located in PD 8, HPR II.

#### **Background**

DCOPN records show that there are currently 70 COPN Authorized Computed Tomography (CT) scanners in PD 8 (**Table 1**).

**Table 1. PD 8 COPN Authorized Fixed CT Units**

Facility	Number of Scanners
Centreville-Clifton Imaging Center - Fairfax Radiology (Inova or Inova affiliated)	1
Fair Oaks Imaging Center	1
Fairfax Diagnostic Imaging Center (Inova or Inova affiliated)	1
Fairfax ENT & Plastic Surgery Center	1
Fairfax MRI and Imaging Center at Tysons (Inova or Inova affiliated)	1
<b>Fairfax Radiology Center at Prosperity</b> (Inova or Inova affiliated)	1
Fairfax Radiology Center of Reston-Herndon <sup>1</sup> (Inova or Inova affiliated)	1
Fairfax Radiology Center at Woodburn (Inova or Inova affiliated)	2
Inova Alexandria Hospital <sup>2</sup> (Inova or Inova affiliated)	4
Inova Ashburn Healthplex (Inova or Inova affiliated)	1
Inova Emergency Room of Fairfax City (Inova or Inova affiliated)	1
Inova Fair Oaks Hospital (Inova or Inova affiliated)	3
Inova Fairfax Hospital (Inova or Inova affiliated)	7
Inova HealthPlex - Franconia/Springfield (Inova or Inova affiliated)	1
Inova Imaging Center – Leesburg (Inova or Inova affiliated)	1
Inova Imaging Center-Mark Center (Inova or Inova affiliated)	1
Inova Lorton HealthPlex (Inova or Inova affiliated)	1
Inova Loudoun Hospital <sup>3</sup> (Inova or Inova affiliated)	3
Inova Mount Vernon Hospital (Inova or Inova affiliated)	2
Inova Oakville Ambulatory Center in the City of Alexandria (Inova or Inova affiliated)	1
Insight Imaging - Arlington	1
Insight Imaging - Fairfax / Medical Imaging Center of Fairfax	1
Kaiser Permanente - Reston Medical Center	1
Kaiser Permanente - Tysons Corner Imaging Center	1
Kaiser Permanente - Woodbridge Imaging Center	1
Lakeside at Loudoun Tech Center	1
Loudoun Medical Group, P.C. <sup>4</sup>	1
Metro Region PET Center <sup>5</sup>	1
Metropolitan ENT & Facial Plastic Surgery	1
Tysons Corner Diagnostic Imaging	1
UVA Health System Imaging – Centreville	1
Orthopaedic Foot and Ankle Center	1
Prince William Hospital d/b/a UVA Haymarket Medical Center	2
Prince William Hospital d/b/a UVA Prince William Medical Center	2
Radiology Imaging Associates at Lansdowne (Inova or Inova affiliated)	1
Radiology Imaging Associates at Sterling (Inova or Inova affiliated)	1

<sup>1</sup> COPN No. VA-04798, issued August 22, 2022, authorized IFRC dba Fairfax Radiology Center of Reston-Herndon to relocate and replace one CT scanner within PD 8.

<sup>2</sup> COPN No. VA-04793, issued July 7, 2022, authorized the addition of one fixed CT scanner at the relocated Inova Alexandria Hospital (Landmark).

<sup>3</sup> COPN No. VA-04830, issued February 9, 2023, authorized Inova Loudoun Hospital to add one CT scanner for a total complement of four CT scanners on the hospital campus.

<sup>4</sup> Pursuant to COPN No. VA-04799, issued August 22, 2022, Loudoun Medical Group, P.C. will add one fixed site CT scanner.

<sup>5</sup> Pursuant to COPN No. VA-04797, issued August 22, 2022, Metro Region PET Center will add one fixed site CT scanner and discontinue use of the PET/CT unit for diagnostic CT scanning.

Facility	Number of Scanners
<b>Reston Hospital Center (HCA)<sup>6</sup></b>	4
Sentara Advanced Imaging Center - Alexandria	1
Sentara Lake Ridge Ambulatory Care Center	1
Sentara Northern Virginia Medical Center	2
Sentara Northern Virginia Medical Center - Century Medical Office Building	1
StoneSprings Hospital Center (HCA)	2
Tysons Corner Emergency Center (HCA)	1
VHC Emergency & Imaging Center	1
Virginia Hospital Center	4
<b>Total</b>	<b>70</b>

Source: DCOPN records

### Proposed Projects

#### COPN Request No. VA-8700: IFRC, LLC

IFRC has expressed an institutional need to expand CT services by adding one fixed site CT scanner at its Prosperity location in Fairfax, Virginia (Prosperity Location). If the State Health Commissioner (Commissioner) approves the proposed project, IFRC will have a resulting inventory of two CT scanners at this location. To operationalize the proposed project, IFRC will repurpose an existing space that was previously occupied by a PET/CT scanner. According to the applicant, it currently operates its existing CT scanner from 7:00 a.m. to 5:00 p.m. Monday through Friday, and 8:00 a.m. through 4:00 p.m. on Saturdays. Despite the extended hours, the average wait time is 21 to 29 days.

The projected capital costs of the proposed project total \$1,084,333, the majority of which originates from the cost of the CT unit (**Table 2**). The construction portion of the proposed project will be funded from the applicant’s operating revenue. The CT unit will be leased from the vendor and IFRC will own the equipment at the end of the lease term.

**Table 2. IFRC Capital and Financing Costs**

Direct Construction Costs	\$144,672
Equipment Not Included in Construction Contract	\$922,861
Site Acquisition Costs	\$0
Site Preparation Costs	\$0
Off-Site Costs	\$0
Architectural & Engineering Fees	\$16,800
<b>Total Capital Costs</b>	<b>\$1,084,333</b>

Source: COPN Request No. VA-8700

Construction for the proposed project is expected to begin on September 15, 2023, and is expected to be completed by December 31, 2023. The applicant anticipates an opening date by January 31, 2024.

<sup>6</sup> COPN No. VA-04810, issued October 24, 2022, authorized Reston Hospital Center to add one CT scanner for a total complement of four CT scanners.

COPN Request No. VA-8703: Reston Hospital Center, LLC

RHC proposes to establish a specialized center for CT imaging with one CT scanner within a freestanding emergency department, Leesburg Emergency and Imaging Center. DCOPN notes that the establishment of a freestanding emergency department does not require a Certificate of Public Need (COPN). This COPN request and analysis is for the CT service.

The projected capital costs of the proposed project total \$22,234,000, approximately 59% of which represent direct construction costs (**Table 3**). These costs equate to \$1,319 per square foot (16,854 building gross square feet/\$22,234,000). DCOPN notes that the diagnostic and imaging center is projected to be 4,228 square feet, with 358 square feet dedicated to the space for the CT scanner. DCOPN further notes that the cost of the CT scanner is \$2,700,000 (included in Equipment Not Included in Construction Contract line-item **Table 3**). The entirety of the capital costs will be funded using the internal resources of HCA Healthcare, Inc. Accordingly, there are no financing costs associated with this project.

**Table 3. RHC Capital and Financing Costs**

Direct Construction Costs	\$13,100,000
Equipment Not Included in Construction Contract	\$4,030,000
Site Acquisition Costs	\$3,800,000
Site Preparation Costs	\$650,000
Off-Site Costs	\$169,000
Architectural & Engineering Fees	\$485,000
<b>Total Capital Costs</b>	<b>\$22,234,000</b>

Source: COPN Request No. VA-8703

Construction for the proposed project is expected to begin 14 months after COPN approval and to be completed 24 months after COPN approval. The applicant anticipates an opening date 25 months after COPN approval.

**Project Definition**

COPN Request No. VA-8700: IFRC, LLC

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 specialized center...developed for the provision of...computed tomographic (CT) scanning...”

COPN Request No. VA-8703: Reston Hospital Center, LLC

Section 32.1-102.1:3 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;**

According to regional and statewide data regularly collected by Virginia Health Information (VHI), for 2020, the most recent year for which such data is available, the average amount of charity care provided by HPR II facilities was 3.4% of all reported total gross patient revenues (Table 4).

**Table 4. HPR II Charity Care Contributions: 2020**

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

Source: VHI (2020)

Table 5 shows projected population growth in PD 8 through 2030. Overall, the planning district was projected to add an estimated 356,377 people in the 10-year period ending in 2020. For the 10-year period ending in 2030, the planning district is projected to add an estimated 350,128 people. DCOPN notes that the population of PD 8 as a whole is expected to increase approximately 16% for the period ending in 2020 and approximately 14% for the period ending in 2030, rates nearly double that of the statewide average.

With regard to the age 65 and older age cohort in PD 8, Weldon-Cooper projects a much more rapid increase (Table 5). Specifically, Weldon-Cooper projects an increase of approximately 107,902 people, or 56% for the period ending in 2020 and approximately 112,778 people, or 38% for the period ending in 2030, much higher than the statewide growth of approximately 38% for the period ending in 2020 and approximately 27% for the period ending in 2030. This is significant, as this age group uses medical care resources, including diagnostic services, at a rate much higher than the rest of the population.

**Table 5. Population Projections for PD 8, 2010-2030**

Locality	2010	2020	% Change 2010-2020	Avg Ann % Change 2010-2020	2030	% Change 2020-2030	Avg Ann % Change 2020-2030
Arlington	207,627	249,298	20.07%	1.80%	274,339	10.04%	0.96%
Fairfax County	1,081,726	1,162,504	7.47%	0.71%	1,244,025	7.01%	0.68%
Loudoun	312,311	430,584	37.87%	3.18%	554,808	28.85%	2.57%
Prince William	402,002	478,134	18.94%	1.71%	571,844	19.60%	1.81%
Alexandria City	139,966	166,261	18.79%	1.69%	182,067	9.51%	0.91%
Fairfax City	22,565	25,047	11.00%	1.02%	26,397	5.39%	0.53%
Falls Church City	12,332	14,988	21.54%	1.92%	17,032	13.64%	1.29%
Manassas City	37,821	43,099	13.96%	1.28%	46,332	7.50%	0.73%
Manassas Park City	14,273	17,086	19.71%	1.77%	20,284	18.72%	1.73%
<b>Total PD 8</b>	<b>2,230,623</b>	<b>2,587,000</b>	<b>15.98%</b>	<b>1.46%</b>	<b>2,937,128</b>	<b>13.53%</b>	<b>1.28%</b>
PD 8 65+	192,589	300,491	56.03%	4.44%	413,269	37.53%	3.24%
Virginia	8,001,024	8,655,021	8.17%	0.77%	9,331,666	7.82%	0.76%
Virginia 65+	976,937	1,352,448	38.44%	3.22%	1,723,382	27.43%	2.45%

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

COPN Request No. VA-8700: IFRC, LLC

Geographically, the Prosperity Location is at 8503 Arlington Boulevard, Fairfax, Virginia. The Prosperity Location is at the intersection of Arlington Boulevard and Prosperity Avenue, approximately 1.5 miles from the Capital Beltway, Interstate-66 and US Route 50. There is a Washington Metro stop in front of the Prosperity Location with two bus lines. The area is also served by nearby Fairfax Connector bus routes.

Pursuant to § 32.1-102.4B of the Code of Virginia DCOPN must now place a charity care condition on every applicant seeking a COPN. Accordingly, should the Commissioner approve the proposed project, IFRC should be subject to the system-wide charity care condition applicable to Inova Health Care Services d/b/a Inova Health System pursuant to COPN No. VA-04381 (issued April 2, 2013), as amended by the State Health Commissioner by letter dated January 4, 2016 (the Inova System-Wide Condition). Pursuant to the 2016 reconsideration, the Inova System-Wide Condition reset to 3.9% as of January 1, 2022.

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

COPN Request No. VA-8703: Reston Hospital Center, LLC

Geographically, RHC’s specialized center for CT imaging will be located at 1301 Edwards Ferry Road NE, Leesburg, Virginia. The proposed site is 0.3 miles off Leesburg Bypass (US Route 15), which is a major roadway that runs through Leesburg. Additionally, the proposed site is 2.5 miles from VA Route 267 and 1.2 miles from VA Route 7. The site is accessible by Loudoun County transit buses, with bus stops within a 3–4-minute walk. The proposed site is also accessible from the Ashburn Metrorail.

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 II facilities was 3.4% of all reported total gross patient revenues (**Table 4**). Pursuant to § 32.1-102.4B of the Code of Virginia DCOPN must now place a charity care condition on every applicant seeking a COPN. Accordingly, should the Commissioner approve the proposed project, RHC should be subject to a charity care condition no less than the 3.4% HPR II average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

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;**

COPN Request No. VA-8700: IFRC, LLC

DCOPN received four letters of support for the proposed project, which addressed:

- The CT at Prosperity is in very high demand which impacts the wait time for an appointment.
- Prosperity is one of only two Fairfax Radiology Center sites with the cardiac CT package and as a result is in very high demand.
- When a patient is diagnosed with cancer, it is essential to have the evaluation performed as quickly as possible in order to start treatment. After diagnosis, patients require frequent restaging examinations where rapid, low dose scanning techniques are of the utmost importance.
- The growth in the aging of the population has led to an increase in the need for additional CT services in the community.
- The additional capacity will help alleviate the potential for an extended wait time to get an appointment for both cardiac patients as well as create more capacity for the non-cardiac population who live in the surrounding community.

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

Public Hearing

DCOPN provided notice to the public regarding these projects on May 10, 2023. The public comment period closed on June 26, 2023. On July 10, 2023, the Health Systems Agency of Northern Virginia (HSANV) held a public hearing for the project. IFRC's project was presented by its counsel. There was no public comment regarding the project, other than the letters of support filed with the application.

COPN Request No. VA-8703: Reston Hospital Center, LLC

DCOPN received eight letters of support for the proposed project, which addressed:

- RHC's is a well-established and highly regarded provider of high-quality patient care.
- Not only is there a public need for additional CT scanners in Northern Virginia, but RHC's existing CT scanners are highly utilized.
- Establishing the Leesburg Emergency and Imaging Center will allow RHC, as a respected provider, to improve access to critical emergency and advanced diagnostic imaging services for a significant number of patients who live closer to the proposed site than the hospital.
- Congestion in Northern Virginia routinely dissuades patients from obtaining needed care, such as a diagnostic CT scan, in a timely manner.
- For many emergency medical conditions, this project will make the difference in a patient's successful recovery or tragic outcome. A few of the most common emergency conditions for which CT imaging and timeliness of care are critical include emergency cardiothoracic conditions, stroke, and mesenteric ischemia. The faster a patient receives a CT scan, the sooner a physician can diagnose the patient and begin administering appropriate, often lifesaving treatment.
- Providing a new, more convenient site for outpatient imaging that is not part of the crowded hospital campus will improve access for patients leading to better patient outcomes and lower cost. The proposed center will also improve access and care for patients who continue to seek care at RHC by decompressing their existing and very busy CT service.
- Leesburg Emergency and Imaging Center will be ideally located to improve access to emergency and outpatient CT scanning services.
- Patients are loyal to certain hospitals and health systems. They will choose to drive further from their home when it means being seen at a hospital or health system facility they know and trust. The patients who stand to benefit from Leesburg Emergency and Imaging Center are patients who choose Reston Hospital Center already and would not otherwise be seen at an Inova facility.
- Reston is not taking patients away from Inova or any other provider. Reston is merely looking out for its existing patients to ensure they have better access to emergency and advanced diagnostic imaging services.

DCOPN received one opposition letter, dated, June 26, 2023, from Inova Health System (Inova Opposition Letter). The Inova Opposition Letter discussed:

- The proposed facility, to be known as the Leesburg Emergency and Imaging Center (the "HCA Leesburg ER"), is very clearly an attempt by Reston Hospital to increase its PD 8



market share by expanding its geographic footprint to a de novo location on the very western outskirts of its service area in order to redirect emergency and imaging patients away from, and to the significant detriment of, existing providers.

- The Town of Leesburg, and Loudoun County itself, are well served by existing providers of emergency and CT imaging services. Inova Loudoun Hospital already operates a freestanding emergency department and co-located imaging center, the Inova Leesburg Emergency Room and Imaging Center (the “Inova Leesburg ER”), in Leesburg, just 2.6 driving miles west of the proposed HCA Leesburg ER site.
- The Inova Leesburg ER is open 24 hours per day, 7 days per week, provides advanced imaging (including CT and MRI) to emergency and scheduled patients, and is certified as an Acute Stroke Ready Hospital by the Joint Commission. With an estimated population of only 48,974 people, there simply is no need for a second freestanding emergency department in Leesburg.
- In addition to the Inova Leesburg ER, Loudoun County is served by a second freestanding emergency department, the Inova Ashburn Emergency Room and Imaging Center (the “Inova Ashburn ER”), located in Ashburn. Like the Inova Leesburg ER, the Inova Ashburn ER is Joint Commission certified as an Acute Stroke Ready Hospital and offers 24/7 emergency services and emergency and scheduled imaging services, including CT services. The U.S. Census Bureau estimates the Town of Leesburg had a population of 48,974 in 2022.
- Loudoun County is also home to two inpatient acute care hospitals, Inova Loudoun Hospital and Reston Hospital’s sister HCA facility, StoneSprings Hospital Center. Notably, StoneSprings Hospital Center is closer to the proposed HCA Leesburg ER site than Reston Hospital and has substantial available capacity to serve HCA patients who reside in Loudoun County.
- Reston Hospital does not currently serve in any meaningful way the geographic area the proposed HCA Leesburg ER would serve; more than 95% of its CT patients and more than 96% of its ER patients live elsewhere.
- Reston Hospital currently serves very few patients that reside in the area that the HCA Leesburg ER would serve. Indeed, the very zip code where Reston Hospital proposes to build the HCA Leesburg ER, zip code 20176, accounted for only 301 of Reston Hospital’s 34,385 CT procedures in 2022, representing just 0.88% of its CT volume and placing the zip code on the very fringe of Reston Hospital’s primary service area (“PSA”) for CT services.
- The number of patients residing in Zip Code 20176 who receive care in Reston Hospital’s emergency department, or its Tysons Emergency Center, is so low that the Zip Code is not within the hospital’s PSA for emergency services.
- The only way Reston Hospital can achieve the proposed HCA Leesburg ER’s projected CT procedure volume is through redirection of patients away from the Inova Leesburg ER and other existing facilities.

On July 7, 2023, RHC replied to the Inova Opposition Letter (RHC Response Letter). The RHC Response Letter discussed:

- Inova does not contest the Project's consistency with the SMFP. Indeed, Inova's letter is striking in its almost complete failure to mention the SMFP at all.
- The project is consistent with 12VAC5-230-110. The four CT scanners on the Reston Hospital Center campus operated at 112% of the SMFP standard for 2022, and Leesburg is within Reston's CT primary service area.
- VHI data demonstrate that CT scanners at Leesburg and Loudoun County emergency rooms are operating far in excess of the SMFP standards. Inova Emergency Room – Leesburg, a department of Inova Loudoun Hospital, reported 12,289 CT scans in 2021, which equates to 166% of the SMFP standard. Inova Loudoun Hospital reported 39,387 CT scans in 2021, equating to 266% of the SMFP standard. And Inova Emergency Room - Ashburn HealthPlex, a department of Inova Loudoun Hospital, reported 8,092 CT scans in 2021, equating to 109% of the SMFP standard. Collectively, the CT scanners at Inova's Loudoun County emergency rooms operated above 200% of the SMFP standard in 2021.
- Contrary to Inova's assertions, the data show Leesburg and Loudoun need additional emergency and CT resources.
- As stated in the Application, in 2022, Reston performed 2,891 ED and outpatient CT scans on patients residing closer to Leesburg ER and Imaging Center than Reston Hospital Center or Tysons Emergency. That's a larger number of patients than Leesburg ER and Imaging Center projects to serve in either of its first two years of operation, demonstrating that Leesburg ER and Imaging Center can meet its volume projections without adversely impacting other providers.
- Inova notes that Inova Emergency Room – Leesburg is 2.6 miles from Reston's proposed Leesburg ER and Imaging site. Yet, Inova fails to mention that it operates Inova Emergency Room - Reston/Herndon, a Department of Inova Fairfax Hospital, 0.7 miles from Reston Hospital Center. Inova also complains that, at 18 miles, Leesburg ER and Imaging Center is too far from Reston Hospital Center. And yet, Inova operates the aforementioned Inova Emergency Room - Reston/Herndon, a Department of Inova Fairfax Hospital, 15 miles from its host hospital Inova Fairfax Hospital.
- Inova claims to have calculated the number of CT procedures that would originate from the primary care Leesburg ER and Imaging Center would serve and then inaccurately asserts that Leesburg ER and Imaging Center cannot meet its projections with existing Reston patients. This is a complete fabrication. Inova's assertion relies on multiple – and compounding – errors.
- Inova dominates the PD 8 market in a way that has led the Federal Trade Commission to intervene to block Inova actions the FTC viewed as anticompetitive. 2021 VHI data had a 60.1% share of PD 8 inpatient discharges.

Public Hearing

DCOPN provided notice to the public regarding these projects on May 10, 2023. The public comment period closed on June 26, 2023. On July 10, 2023, the Health Systems Agency of Northern Virginia (HSANV) held a public hearing for the project. RHC's project was presented by its counsel and a physician with RHC. A representative from Inova Health System spoke in opposition to the project, restating Inova Health System's concerns as outlined in its written opposition letter.

**(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-8700: IFRC, LLC

Neither DCOPN nor the applicant identified a reasonable alternative to the proposed project. As will be discussed in greater detail in this staff analysis report, IFRC has expressed and demonstrated an institutional need to expand its CT services by adding one CT scanner at the Prosperity Location. As noted in **Table 8** below, for 2021, the most recent year for which VHI data is available, IFRC's one CT scanner at the Prosperity Location operated at a utilization rate of 110.97% (displayed as "Prosperity Imaging Center" in **Table 8**). Additionally, the applicant reports, in 2022, the CT scanner performed 9,151 CT procedures with a utilization rate of 124%. Furthermore, as shown in **Table 10** below, IFRC does not operate any underutilized CT scanners in PD 8.

It is also notable that a need for expansion is reflected in the Weldon Cooper population data with regard to PD 8 residents aged 65+, who are anticipated to see an increase of approximately 56% from the years 2010-2020 and approximately 38% from the years 2020-2030. In comparison, throughout Virginia, this population is expected to increase by approximately 38% from 2010-2020 and 27% from 2020-2030. These trends are significant, as these individuals represent the segment of the population that are most in need of healthcare, including diagnostic imaging services.

As previously discussed, to operationalize the proposed project, IFRC will repurpose an existing space that was previously occupied by a PET/CT scanner. Therefore, the capital costs are modest. In summary, for the reasons discussed above, the proposed project is preferable to the status quo.

COPN Request No. VA-8703: Reston Hospital Center, LLC

Neither DCOPN nor the applicant identified a reasonable alternative to the proposed project. As will be discussed in greater detail in this staff analysis report, RHC has expressed and demonstrated an institutional need to expand its CT services at RHC. It proposes to meet this institutional need by adding one CT scanner at a specialized center for CT imaging, Leesburg Emergency and Imaging Center. As noted in **Table 8** below, for 2021, the most recent year for which VHI data is available, RHC's four CT scanners operated at a utilization rate of 109.17%. Additionally, the applicant reports, in 2022, the four CT scanners performed 33,225 CT procedures with a utilization rate of 112%. Furthermore, as shown in **Table 8** below, the HCA Health System does not operate any underutilized CT scanners in PD 8. DCOPN notes that pursuant to COPN No. VA-04554, dated February 21, 2017, RHC relocated and replaced one of its

CT scanners to Tysons Corner Emergency Center. The applicant reports that it began using the Tysons Corner Emergency Center scanner in 2022. As such, VHI data is not yet available for this location.

It is also notable that a need for expansion is reflected in the Weldon Cooper population data with regard to PD 8 residents aged 65+, who are anticipated to see an increase of approximately 56% from the years 2010-2020 and approximately 38% from the years 2020-2030. In comparison, throughout Virginia, this population is expected to increase by approximately 38% from 2010-2020 and 28% from 2020-2030. These trends are significant, as these individuals represent the segment of the population that are most in need of healthcare, including diagnostic imaging services.

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

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

COPN Request No. VA-8700: IFRC, LLC

HSANV considered this proposed project at its July 10, 2023 meeting. The Board voted nine in favor, and none opposed to recommend that the application be approved. HSANV stated that their recommendation was based on its review of the application, on the HSANV staff report on the proposal, on the testimony and other evidence presented at the July 10, 2023 public hearing, and on several findings and conclusions, including:

1. Though there is no public need for additional freestanding CT services or capacity in the planning region, Fairfax Radiologic Consultants of Prosperity service has high and increasing service volumes.
2. The FRC of Prosperity scanner has had service volumes higher than the Virginia SMFP minimum service volume threshold for several years. Current use is more than 9,000 patient visits/scans annually.
3. The project is consistent with the institutional need provision of the Virginia SMFP as it has been applied in assessing similar COPN proposals.
4. The capital cost of the project is reasonable, within the range reported for similar projects locally and elsewhere in Virginia.
5. There is no indication, or reason to believe, that the project would affect any imaging service negatively.
6. The project appears to be generally consistent with applicable provisions of the Virginia State Medical Facilities Plan, specifically the institutional need provision of the plan.

COPN Request No. VA-8703: Reston Hospital Center, LLC

HSANV considered this proposed project at its July 10, 2023 meeting. The Board voted seven in favor, and two opposed to recommend that the application be denied. HSANV stated that their recommendation was based on its review of the application, on the HSANV staff report on the proposal, on the testimony and other evidence presented at the July 10, 2023 public hearing, and on several findings and conclusions, including:

1. Reston Hospital Center proposes to establish a freestanding CT service in Leesburg, Virginia. Average use of PD 8 freestanding imaging centers is low, 4,279 procedures per scanner in 2021, more than 42% below the recommended minimum service volume. There is no public need for additional freestanding CT services or capacity in the planning region.
2. Average use of RHC's five CT scanners was 7,041 scans in 2022, substantially below the Virginia SMFP minimum service volume standard. The project is not consistent with the institutional need provision of the Virginia SMFP as it has been applied in assessing similar COPN proposals. There is no current or near-term need for additional scanners at Reston Hospital Center.
3. The Loudoun Emergency Information Center (LEIC) site is distant, more than 18 miles from RHC, on the periphery of the hospital's service area. RHC obtains about 1.0% of its CT scanning patients from the zip code (20176) where LEIC would be located.
4. RHC already has a satellite emergency department and imaging center, Tysons Emergency which opened in 2022. The Virginia SMFP does not address the question of satellite emergency departments or CT scanners to facilitate such ventures. There is no indication that a second such facility is needed or otherwise warranted at RHC.
5. There is no indication additional CT capacity is needed at RHC to decompress heavily used scanners. Its average caseload per scanner (7,041 scans per scanner) is the second lowest among PD 8 hospitals. Only StoneSprings Hospital Center, RHC's nearby sister HCA hospital is lower at 4,091 scans per scanner. The RHC and SSHC primary service areas overlap substantially. Their average CT scanner caseloads per scanner are more than 36% and 67%, respectively, below the hospital regional average. There is no compression to be decompressed at either hospital.
6. Simply adding a CT scanner on or near the hospital campus is a ready, less costly, and more effective alternative to the LEIC project when additional capacity is needed at RHC.
7. The LEIC project is remarkably similar to RHC's 2022 proposal to establish a CT service to support a satellite emergency department in Woodbridge, VA. Like that project, which has been withdrawn, it would be an aggressive incursion into the core of Inova Loudoun Hospital's service area, with substantial negative implications for service volumes and revenue streams at ILH.

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

COPN Request No. VA-8700: IFRC, LLC

As demonstrated by **Table 2**, the projected capital costs of the proposed project are \$1,084,333, the majority of which originates from the cost of the CT unit. The applicant states that the construction portion of the proposed project will be funded from the applicant's operating revenue. The CT unit will be leased from the vendor and IFRC will own the equipment at the end of the lease term. DCOPN concludes that when compared to similar projects, these costs are reasonable. For example, COPN No. VA-04777 issued to Inova Health Care Services to add one CT scanner is anticipated to cost approximately \$1,412,403.

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

- Renovation costs associated with the project are minimized because a previously occupied PET/CT suite has been relocated, allowing the vacated space to be repurposed for the CT scan room for the second CT unit.
- Expansion of CT services through the addition of a second CT unit will improve efficiency, reduce wait times, and improve the patient experience.
- The addition of the second CT unit will enable IFRC to shift non-cardiac CT patients for imaging on the new CT unit, creating more capacity for cardiac CT imaging – approximately 16 additional cardiac CT imaging slots per week – on the existing unit and reducing wait times for cardiac CT imaging in addition to non-cardiac CT imaging.

COPN Request No. VA-8703: Reston Hospital Center, LLC

As demonstrated by **Table 3**, the projected capital costs of the proposed project are \$22,234,000 approximately 59% of which represent direct construction costs. These costs equate to \$1,319 per square foot. DCOPN notes that the diagnostic and imaging center is projected to be 4,228 square feet, with 358 square feet dedicated to the space for the CT scanner. DCOPN further notes that the cost of the CT scanner is \$2,700,000 (included in Equipment Not Included in Construction Contract line-item **Table 3**). The entirety of the capital costs will be funded using the internal resources of HCA Healthcare, Inc. Accordingly, there are no financing costs associated with this project. DCOPN concludes that when compared to similar projects, these costs are reasonable. For example, COPN No. VA-04840 issued to Chippenham and Johnston-Willis Hospitals, Inc. to establish a specialized center for CT imaging with one CT scanner is anticipated to cost approximately \$1,245 per square foot, and COPN No. VA-04803 issued to LewisGale Montgomery Hospital to establish a specialized center for CT imaging with one CT scanner is expected to cost \$14,130,000 (\$1,107 per square foot).

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

- The proposed project will serve existing Reston patients at a location closer to their homes and in an area where traffic congestion is an impediment to timely access. Establishing Leesburg Emergency and Imaging Center will significantly improve access for the thousands of patients living closer to Leesburg who already rely on Reston as their hospital provider of choice.

- Not only is there a public need for additional CT capacity in PD 8, but Reston also has an institutional need to expand its busy CT services. In 2022, Reston’s four CT scanners on the Reston campus performed 33,225 scans, equating to 112% of the SMFP standard for expansion.
- The Leesburg area is part of Reston’s primary service area. In 2022, Reston and Tyson’s Corner Emergency Center performed 2,891 ED and outpatient CT scans on patients residing closer to Leesburg Emergency and Imaging Center than Reston or Tyson’s Corner Emergency Center.
- Reston conservatively assumes that 75% of the emergency department and outpatient CT scans for Reston and Tyson’s Corner Emergency Center patients residing closer to Leesburg Emergency and Imaging Center will be performed at Leesburg Emergency and Imaging Center.
- The patients that would be served by Reston’s Leesburg facility are patients who are already choosing Reston today, so Inova will not be materially impacted.

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

COPN Request No. VA-8700: IFRC, LLC

The Pro Forma Income Statement provided by the applicant anticipates the provision of charity care in the amount of 3% of IFRC’s gross revenues (**Table 6**), which is lower than the Inova Health Care Services system-wide condition of 3.9%. As previously discussed, should the Commissioner approve the proposed project, IFRC should be subject to the system-wide charity care condition applicable to Inova Health Care Services d/b/a Inova Health System pursuant to COPN No. VA-04381 (issued April 2, 2013), as amended by the State Health Commissioner by letter dated January 4, 2016 (the Inova System-Wide Condition). Pursuant to the 2016 reconsideration, the Inova System-Wide Condition reset to 3.9% as of January 1, 2022.

**Table 6. IFRC Pro Forma Income Statement**

	<b>Year 1</b>	<b>Year 2</b>
<b>Total Gross Patient Revenue</b>	<b>\$16,387,000</b>	<b>\$17,187,000</b>
Charity Care	(\$492,000)	(\$516,000)
Contractuals/Other Discounts	(\$11,052,000)	(\$12,202,000)
<b>Net Operating Revenue</b>	<b>\$4,843,000</b>	<b>\$4,984,000</b>
Total Operating Expenses	\$3,302,000	\$3,572,000
<b>Net Income</b>	<b>\$1,541,000</b>	<b>\$1,412,000</b>

Source: COPN Request No. VA-8700

COPN Request No. VA-8703: Reston Hospital Center, LLC

The Pro Forma Income Statement provided by the applicant anticipates the provision of charity care in the amount of 2.7% of RHC’s gross revenues (**Table 7**), which is lower than the HPR II average. DCOFN notes that, according to regional and statewide data regularly collected by VHI, for 2020, the most recent year for which such data is available, the average amount of

charity care provided by HPR II facilities was 3.4% of all reported total gross patient revenues (Table 4). Pursuant to § 32.1-102.4 of the Code of Virginia, should the Commissioner approve the proposed project, RHC should be subject to a charity care condition no less than the 3.4% HPR II average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

**Table 7. RHC Pro Forma Income Statement**

	Year 1	Year 2
<b>Total Gross Revenue</b>	<b>\$10,048,500</b>	<b>\$11,000,325</b>
Charity Care	(\$271,310)	(\$297,009)
Bad Debts	(\$136,660)	(\$149,604)
Contractual Adjustments	(\$7,932,286)	(\$8,683,657)
<b>Net Operating Revenue</b>	<b>\$1,708,245</b>	<b>\$1,870,055</b>
Total Operating Expenses	\$1,160,077	\$1,220,844
<b>Net Income</b>	<b>\$548,168</b>	<b>\$649,212</b>

Source: COPN Request No. VA-8703

**(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 proposed project is consistent with the State Health Services Plan;**

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

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

**Diagnostic Imaging Services  
 Criteria and Standards for Computed Tomography**

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

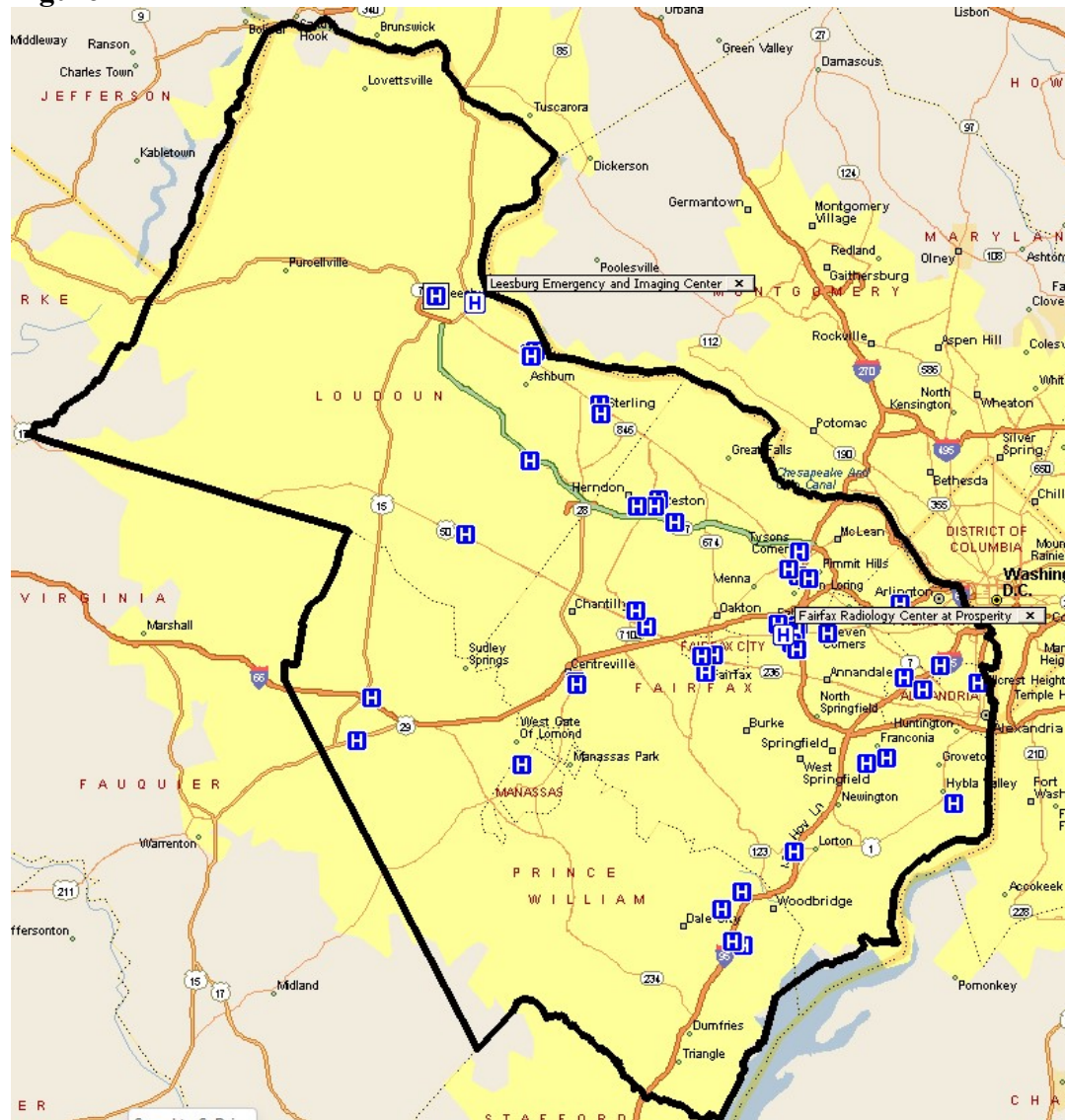
**CT services should be available within 30 minutes driving time one way under normal conditions of 95% of the population of the health planning district using mapping software as determined by the commissioner.**

The heavy black line in **Figure 1** is the boundary of PD 8. The blue “H” symbols mark the locations of existing CT providers in PD 8. The white “H” symbols mark the locations of the proposed projects. 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 8. **Figure 1** clearly illustrates that CT services are already well within a 30-minute drive under normal conditions of



95% of the residents of PD 8. DCOPN notes that **Figure 1** also shows that the majority of imaging services are concentrated in the eastern portion of PD 8.

**Figure 1**



**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.**

The applicants are not proposing to establish new services, but rather, propose to expand existing services. Accordingly, DCOPN concludes that this provision is not applicable to the proposed

project. However, DCOPN includes the information below to present a full picture of the diagnostic imaging needs in PD 8.

As noted in **Table 8** below, in 2021, the utilization of existing CT scanners in PD 8 was 130.8% of the 7,400 procedures per scanner necessary to introduce CT scanning services under this section of the SMFP. Moreover, DCOPN calculates a need for nine fixed CT scanners in the planning district.

Calculated Needed Fixed CT Scanners in PD 8

COPN authorized CT scanners = 70 (**Table 1**)

Calculated Needed CT scanners = 580,752 scans in the PD in 2021 (**Table 8**) / 7,400 scans = 78.48 (79) scanners needed

PD 8 Calculated Need = 79 CT scanners

2023 COPN authorized CT scanners = 70

PD 8 Calculated Need = 9 CT scanners

**Table 8. PD 8 COPN Authorized Fixed CT Units and Utilization: 2021**

<b>Facility</b>	<b>Number of Scanners</b>	<b>Number of Scans</b>	<b>Procedures / Unit</b>	<b>Utilization Rate</b>
Centreville / Clifton Imaging Center	1	6,462	6,462	87.32%
Fair Oaks Imaging Center	1	2,605	2,605	35.20%
Fairfax Diagnostic Imaging Center	1	6,430	6,430	86.89%
Fairfax ENT & Facial Plastic Surgery	1	533	533	7.20%
Fairfax MRI and Imaging Center at Tysons	1	3,524	3,524	47.62%
Fairfax Radiology Center of Reston-Herndon	1	6,300	6,300	85.14%
Fairfax Radiology Center of Sterling	1	4,670	4,670	63.11%
Inova Alexandria Hospital	3	41,411	13,804	186.54%
Inova Ashburn Healthplex	1	8,092	8,092	109.35%
Inova Fair Oaks Hospital	3	34,828	11,609	156.88%
Inova Fairfax Hospital	7	112,482	16,069	217.15%
Inova Imaging Center - Leesburg	1	12,289	12,289	166.07%
Inova Imaging Center-Mark Center	1	4,533	4,533	61.26%
Inova Lorton HealthPlex	1	7,504	7,504	101.41%
Inova Loudoun Hospital	2	39,387	19,694	266.13%
Inova Mount Vernon Hospital	2	20,977	10,489	141.74%
Inova Springfield HealthPlex	1	16,679	16,679	225.39%
Insight Imaging - Arlington / Medical Imaging Center of Arlington	1	199	199	2.69%
Insight Imaging - Fairfax / Medical Imaging Center of Fairfax	1	4,299	4,299	58.09%
Kaiser Permanente - Reston Medical Center	1	5,252	5,252	70.97%
Kaiser Permanente - Woodbridge Medical Center	1	10,952	10,952	148.00%
Kaiser Permanente Tyson's Corner	1	19,218	19,218	259.70%
Kaiser Permanente Tysons Corner Surgery Center	1	19,128	19,128	258.49%
Metro Region PET Center	1	2,815	2,815	38.04%
Vienna Diagnostic Imaging	1	1,249	1,249	16.88%

**Table 8. PD 8 COPN Authorized Fixed CT Units and Utilization: 2021**

Facility	Number of Scanners	Number of Scans	Procedures / Unit	Utilization Rate
Orthopaedic Foot and Ankle Center of Washington	1	168	168	2.27%
Prince William Hospital	2	23,716	11,858	160.24%
<b>Prosperity Imaging Center</b>	1	8,212	8,212	110.97%
Radiology Imaging Associates at Lansdowne	1	6,091	6,091	82.31%
<b>Reston Hospital Center (HCA)</b>	4	32,315	8,079	109.17%
Sentara Advanced Imaging Center - Lake Ridge	1	8,941	8,941	120.82%
Sentara Advanced Imaging Center - Lorton	1	2	2	0.03%
Sentara Advanced Imaging Center - Springfield	1	0	0	0.00%
Sentara Northern Virginia Medical Center	3	26,169	8,723	117.88%
Stone Springs Hospital Center (HCA)	1	8,182	8,182	110.57%
Tysons Corner Diagnostic Imaging	1	1,064	1,064	14.38%
UVA Haymarket Medical Center	1	14,665	14,665	198.18%
Virginia Hospital Center	3	47,231	15,744	212.75%
Woodburn Diagnostic Center	2	12,178	6,089	82.28%
<b>Total/Average</b>	<b>60<sup>7</sup></b>	<b>580,752</b>	<b>312,214</b>	<b>130.80%</b>

Source: VHI (2021) and DCOPN records.

COPN Request No. VA-8700: IFRC, LLC and COPN Request No. VA-8703: Reston Hospital Center, LLC

Neither applicant is proposing to add a new service, but instead the applicants seek to expand existing CT services.

**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 8 with respect to the proposed project.

**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**

<sup>7</sup> VHI data for 2021 reported that Kaiser Permanente - Tyson’s Corner had two CT scanners and Kaiser Permanente Tysons Corner Surgery Center had two CT scanners. These inventory numbers are incorrect and have been corrected in **Table 8** to reflect the correct inventory of one CT scanner at each facility.

**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-8700: IFRC, LLC

As previously discussed, IFRC has cited an institutional specific need to expand its current CT services. As noted in **Table 8** above, for 2021, the most recent year for which VHI data is available, IFRC’s one CT scanner at the Prosperity location operated at a utilization rate of 110.97% (displayed as “Prosperity Imaging Center” in **Table 8**). Additionally, the applicant reports, in 2022, the CT scanner performed 9,151 CT procedures with a utilization rate of 124%. Finally, according to VHI, in 2021, the utilization of existing CT scanners in PD 8 was 130.8% of the 7,400 procedures per scanner necessary to introduce CT scanning services under this section of the SMFP.

COPN Request No. VA-8703: Reston Hospital Center, LLC

RHC has cited an institutional specific need to expand its current CT services. RHC proposes to expand its CT services at a separate location within its primary service area consistent with this standard. As noted in **Table 8** below, for 2021, the most recent year for which VHI data is available, RHC’s four CT scanners operated at a utilization rate of 109.17%. Additionally, the applicant reports, in 2022, the four CT scanners performed 33,225 CT procedures with a utilization rate of 112%. Finally, according to VHI, in 2021, the utilization of existing CT scanners in PD 8 was 130.8% of the 7,400 procedures per scanner necessary to introduce CT scanning services under this section of the SMFP.

As previously discussed, RHC proposes to establish a specialized center for CT imaging with one CT scanner within a freestanding emergency department, Leesburg Emergency and Imaging Center. The applicant has provided RHC’s CT procedures by Zip Code and a map of RHC’s primary service area. Additionally, the applicant reports that in 2022, RHC and Tyson’s Corner Emergency Center performed 2,891 emergency department and outpatient CT scans on patients residing closer to the site of the proposed project than to RHC or Tyson’s Corner Emergency Center. The applicant asserts that Leesburg is part of RHC’s service area and explains:

- Patients do not simply go to the closest hospital. Some patients prefer one health system over another based on good experiences at one or maybe bad experiences at another. Other patients go to one health system over another based on their doctor’s recommendation. And some patients go to one health system over another based on their health insurance. As a result, the service areas of hospitals in Northern Virginia overlap substantially.
- As one would expect, there is significant overlap between the service areas of Inova Loudoun and RHC. Inova Loudoun’s October 3, 2022 application for COPN Request No. VA-8673 listed eight Zip Codes in Inova Loudoun’s CT primary service area. Six of those eight Zip Codes are also in Reston’s primary service area, including Leesburg ZIP Code 20176. 75% of the ZIP Codes in Inova Loudoun’s CT primary service area – including Leesburg – are also part of RHC’s CT primary service area.

- The Leesburg area does not “belong” to Inova. There are many patients who live in and near Leesburg who prefer Reston to Inova. These patients today already choose to go to Reston instead of Inova, even though Reston is farther away. These patients are not going to Inova today, and they’ll continue to go Reston even if Reston’s Leesburg project is denied, so approval is not likely to adversely impact Inova.

The applicant has demonstrated that the proposed location is within its primary service area.

Furthermore, as shown in **Table 9** below, the seven CT services in proximity to the proposed site are well utilized. DCOPN notes that VHI data was not provided for Lakeside at Loudoun Tech Center or Loudoun Medical Group (which is a new facility). It is reasonable to conclude that the proposed project is not likely to impact any single existing provider significantly because the utilization of nearby facilities is very high, in some cases well above the SMFP standard for expansion.

**Table 9. PD 8 Existing CT Services and Proximity to Proposed Project**

Facility	Street	City	Zip	Distance to Leesburg ER	2021 Utilization
Inova Ashburn Healthplex	22505 Landmark Court, Suite 210	Ashburn	20148	13.7 miles (19 minutes)	109.35%
Inova Imaging Center - Leesburg	224A Cornwall Street Northwest	Leesburg	20176	3.6 miles (9 minutes)	166.07%
Inova Loudoun Hospital	44045 Riverside Parkway	Leesburg	20176	4.7 miles (11 minutes)	266.13%
Lakeside at Loudoun Tech Center	21351 Ridgetop Circle, Suite 100	Sterling	20166	9.9 miles (15 minutes)	N/A
Loudoun Medical Group	19500 Sandridge Way	Leesburg	20176	4.2 miles (9 minutes)	N/A
Radiology Imaging Associates at Lansdowne	19455 Deerfield Avenue #102	Lansdowne	20176	4.6 miles (10 minutes)	82.31%
Radiology Imaging Associates at Sterling	4 Pidgeon Hill Drive	Sterling	20165	9.3 miles (15 minutes)	82.31%
StoneSprings Hospital Center (HCA)	24440 Stone Springs Boulevard	Dulles	20166	14.3 miles (27 minutes)	110.57%

Source: DCOPN Records and Google Maps

**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 CT 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-8700: IFRC, LLC and COPN Request No. VA-8703: Reston Hospital Center, LLC

Not applicable. Neither applicant proposes to add or expand mobile CT services or to convert authorized mobile CT scanners to fixed site scanners.

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

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

COPN Request No. VA-8700: IFRC, LLC and COPN Request No. VA-8703: Reston Hospital Center, LLC

Both applicants assert that CT services will be under the direction 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.**

COPN Request No. VA-8700: IFRC, LLC

As previously discussed, IFRC has expressed and demonstrated an institutional need to expand its CT services by adding one CT scanner at the Prosperity Location. As noted in **Table 8**, for 2021, the most recent year for which VHI data is available, IFRC's one CT scanner at the Prosperity Location operated at a utilization rate of 110.97% (displayed as "Prosperity Imaging Center" in **Table 8**). Additionally, the applicant reports, in 2022, the CT scanner performed 9,151 CT procedures with a utilization rate of 124%. In addition to the CT unit at the Prosperity Location, IFRC owns six other CT imaging centers in PD 8, as shown in **Table 10**. As shown in **Table 10**, IFRC does not operate any underutilized CT scanners in PD 8 that would be appropriate for relocation. The applicant satisfies this standard.

**Table 10. IFRC CT Utilization: 2021**

Facility	Number of Scanners	Number of Scans	Procedures / Unit	Utilization Rate
Centreville / Clifton Imaging Center	1	6,462	6,462	87.32%
Fairfax Diagnostic Imaging Center	1	6,430	6,430	86.89%
Fairfax Radiology Center of Reston-Herndon	1	6,300	6,300	85.14%
Fairfax Radiology Center of Sterling	1	4,670	4,670	63.11%
Prosperity Imaging Center	1	8,212	8,212	110.97%
Radiology Imaging Associates at Lansdowne	1	6,091	6,091	82.31%
Woodburn Diagnostic Center	2	12,178	6,089	82.28%

Source: VHI (2021) and COPN Request No. VA-8700

COPN Request No. VA-8703: Reston Hospital Center, LLC

As previously discussed, RHC has cited an institutional specific need to expand its current CT services. As noted in **Table 8**, for 2021, the most recent year for which VHI data is available, RHC’s four CT scanners operated at a utilization rate of 109.17%. Additionally, the applicant reports, in 2022, the four CT scanners performed 33,225 CT procedures with a utilization rate of 112%. Finally, as shown in **Table 8**, the HCA Health System does not operate any underutilized CT scanners. The applicant satisfies this standard.

**Required Considerations Continued**

- 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-8700: IFRC, LLC

The applicant has expressed an institutional need to expand. As such, the proposed project is not meant to, and will not foster institutional competition that will benefit the area to be served.

COPN Request No. VA-8703: Reston Hospital Center, LLC

DCOPN records indicate that of the current inventory of 70 CT scanners in PD 8 (**Table 1**), 35, or 50%, are owned by, or in partnership with, Inova Health Care Services. In contrast, seven, or 10%, of the CT scanners in the PD 8 inventory are owned by the HCA Health System. Moreover, all but one (Loudon Medical Group) of the existing CT scanners in Leesburg, the location of the proposed project, are owned by, or in partnership with Inova Health Care Services. Therefore, approval of the proposed project would introduce beneficial institutional competition that would increase patient choice for CT providers in western PD 8.

- 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-8700: IFRC, LLC

As already discussed, DCOPN maintains that the applicant has adequately demonstrated an institutional need for an additional CT scanner. Furthermore, as already discussed, DCOPN further concludes that transferring the requested CT scanner from another IFRC facility is not a

reasonable alternative to the proposed project. 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 8.

COPN Request No. VA-8703: Reston Hospital Center, LLC

As already discussed, DCOPN maintains that the applicant has adequately demonstrated an institutional need for the additional CT scanner. Additionally, DCOPN further concludes that transferring the requested CT scanner from another HCA Health System facility is not a reasonable alternative to the proposed project. Moreover, DCOPN observes that the existing CT scanners proximal to the proposed project are well utilized (**Table 9**). Finally, DCOPN records indicate that of the current inventory of 70 CT scanners in PD 8 (**Table 1**), 35, or 50%, are owned by, or in partnership with, Inova Health Care Services. In contrast, seven, or 10% of the CT scanners in the PD 8 inventory are owned by the HCA Health System. Therefore, DCOPN contends that although the proposed project would add to the existing PD 8 surplus, the project warrants approval.

**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-8700: IFRC, LLC

As already discussed, DCOPN contends that the projected costs of \$1,084,333 are reasonable when compared to previously authorized projects similar in scope. For example, COPN No. VA-04777 issued to Inova Health Care Services to add one CT scanner is anticipated to cost approximately \$1,412,403. The Pro Forma Income Statement provided by the applicant (**Table 6**) projects a net profit of \$1,541,000 from in the first year of operation, and a net profit of \$1,412,000 in the second year of operation.

With regard to staffing, the applicant anticipates the need to hire four full-time equivalent employees (FTE) to staff the proposed project: two administrative professionals and two radiologic technologists. The applicant is an established provider of CT services and has a well-developed and effective recruitment and employee retention program. Taken together with the limited number of employees needed for this project, DCOPN concludes that the applicant will not have difficulty filling the required position or that doing so will have a negative impact on other area healthcare providers.

COPN Request No. VA-8703: Reston Hospital Center, LLC

As already discussed, DCOPN contends that the projected costs of \$22,234,000 (\$1,319 per square foot) are reasonable when compared to previously authorized projects similar in scope. For example, COPN No. VA-04840 issued to Chippenham and Johnston-Willis Hospitals, Inc. to establish a specialized center for CT imaging with one CT scanner is anticipated to cost approximately \$1,245 per square foot and COPN No. VA-04803 issued to LewisGale Montgomery Hospital to establish a specialized center for CT imaging with one C scanner is expected to cost \$14,130,000 (\$1107 per square foot). The Pro Forma Income Statement provided by the applicant (**Table 7**) projects a net profit of \$548,168 from in the first year of operation, and a net profit of \$649,212 in the second year of operation.



With regard to staffing, the applicant anticipates the need to hire 4.2 radiologic technologists. DCOPN notes that the HCA Health System has a robust employee recruitment and retention program. Taken together with the limited number of employees needed for this project, DCOPN concludes that the applicant will not have difficulty filling the required position or that doing so will have a negative impact on other area healthcare providers.

- 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-8700: IFRC, LLC

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

COPN Request No. VA-8703: Reston Hospital Center, LLC

The proposed project would not introduce new technology that would promote quality or cost effectiveness in the delivery of inpatient acute care. As an alternative to hospital-based services, the proposed project would offer outpatient CT services for patients who do not require diagnostic imaging services in a hospital setting, outside of the congested hospital campus.

- 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. (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.**

COPN Request No. VA-8700: IFRC, LLC and COPN Request No. VA-8703: Reston Hospital Center, LLC

Not applicable. These facilities are not affiliated with a teaching hospital associated with a public institution of higher education or a medical school in the area to be served.

**DCOPN Staff Findings and Conclusion**

COPN Request No. VA-8700: IFRC, LLC

DCOPN finds that IFRC's COPN request to expand CT services with one CT scanner at its Prosperity Location 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 has adequately demonstrated an institutional need to expand. Additionally, DCOPN concludes that IFRC does not have any underutilized capacity that would be appropriate

for reallocation. Moreover, for the reasons discussed, the status quo is not a preferable alternative to the proposed project.

Also, the Board of the Health Systems Agency of Northern Virginia voted unanimously to recommend that the application be approved. Also, DCOPN finds that the total capital costs of the proposed project are reasonable and consistent with previously approved projects similar in scope. Furthermore, DCOPN finds that the project appears to be economically feasible both in the immediate and long-term. Finally, there is no known opposition to the proposed project.

COPN Request No. VA-8703: Reston Hospital Center, LLC

DCOPN finds that Reston Hospital Center, LLC's COPN request to establish a specialized center for CT services with one CT scanner 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 has adequately demonstrated an institutional need to expand. Additionally, DCOPN concludes that RHC does not have any underutilized capacity that would be appropriate for reallocation. For these reasons, DCOPN concludes that the proposed project is more favorable than maintaining the status quo.

Moreover, DCOPN finds that the total capital costs of the proposed project are reasonable and consistent with previously approved projects similar in scope. Finally, DCOPN finds that the project appears to be economically feasible both in the immediate and long-term.

**Staff Recommendation**

COPN Request No. VA-8700: IFRC, LLC

The Division of Certificate of Public Need recommends **conditional approval** of IFRC's COPN request to add one fixed CT scanner at its Prosperity Location 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 proposed project appears economically viable in the long-term.
4. There is no known opposition to the proposed project.
5. The project is more favorable than maintaining the status quo.
6. The Board of the Health Systems Agency of Northern Virginia voted unanimously to recommend that the application be approved.

**Recommended Condition**

This project shall be subject to the system-wide charity care condition applicable to Inova Health Care Services d/b/a Inova Health System pursuant to COPN No. VA-04381 (issued April 2, 2013), as amended by the State Health Commissioner by letter dated January 4, 2016 (the Inova System-

Wide Condition). Pursuant to the 2016 reconsideration, the Inova System-Wide Condition reset to 3.9% as of January 1, 2022. Provided, however, that charity care provided under the Inova System-Wide condition shall be valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq.

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

COPN Request No. VA-8703: Reston Hospital Center, LLC

The Division of Certificate of Public Need recommends **conditional approval** of Reston Hospital Center, LLC's COPN request to establish a specialized center for CT imaging with one CT scanner for the following reasons:

1. The proposed project is generally consistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The applicant has demonstrated an institutional need to expand its CT services.
3. The proposed project appears economically viable in the long-term.
4. The project is more favorable than maintaining the status quo.

**Recommended Condition**

Reston Hospital Center, LLC 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 8 in an aggregate amount equal to at least 3.4% of Reston Hospital Center, LLC'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. Reston Hospital 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.

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